

IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering memorandum (the “Offering Memorandum”) received by e-mail or otherwise received as a result of electronic communication, and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: By accepting the email and accessing the attached Offering Memorandum you will be deemed to have represented to Merrill Lynch (Singapore) Pte. Ltd. and Morgan Stanley & Co. International plc (the “Initial Purchasers”) that (1) either (i) you are not resident in the United States and, to the extent you purchase the securities described in the attached Offering Memorandum, you will be doing so pursuant to Regulation S under the Securities Act of 1933, as amended (the “Securities Act”) or (ii) you are acting on behalf of, or you are, a qualified institutional buyer (“QIB”), as defined in Rule 144A under the Securities Act (“Rule 144A”), (2) you are not a Sanctions Restricted Person (as defined herein) and (3) you consent to delivery of the attached Offering Memorandum and any amendments or supplements thereto by electronic transmission. The attached Offering Memorandum has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Company, the Initial Purchasers, Citicorp International Limited (the “Trustee”), Citibank, N.A., London Branch (the “Paying Agent”, the “Transfer Agent” and the “Registrar” and collectively, the “Agents”), or any person who controls, or is a director, officer, employee, agent, representative or affiliate of, any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic form and the hard copy version available to you on request from the Initial Purchasers.

Restrictions: The attached Offering Memorandum is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the Offering Memorandum. You are reminded that the information in the attached document is not complete and may be changed. Any investment decision should be made on the basis of a complete final Offering Memorandum.

Nothing in this electronic transmission constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so.

The Notes may be offered and sold (A) outside the United States in reliance on Regulation S and (B) within the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Notes, see “*Plan of Distribution*” and “*Transfer Restrictions*”.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED OR SOLD WITHIN THE U.S., EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS.

You are reminded that you have accessed the attached Offering Memorandum on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

Actions that You May Not Take: You should not reply by e-mail to this electronic transmission, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

THE ATTACHED OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



NICKEL INDUSTRIES LIMITED

(ACN 127 510 589)

(incorporated with limited liability under the laws of Australia)

U.S.\$400,000,000 11.250% Notes due 2028

Issue Price: 100.0%

Nickel Industries Limited (ACN 127 510 589) (the "Company"), a company incorporated with limited liability under the laws of Australia, is offering (the "Offering") U.S.\$400,000,000 in aggregate principal amount of its 11.250% Notes due 2028 ("Notes"). The Notes will bear interest at the rate of 11.250% per annum, payable semi-annually in arrears on April 21 and October 21 of each year, commencing on October 21, 2023, and will mature on October 21, 2028. The aggregate principal amount of the Notes will be amortized as described under "*Description of the Notes — Amortization of Principal.*"

At any time and from time to time prior to October 21, 2025, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the aggregate principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, and Additional Amounts, if any, on the Notes redeemed, to (but not including) the redemption date. At any time on or after October 21, 2025, the Company may at its option redeem the Notes, in whole or in part, at the redemption prices set forth in this Offering Memorandum, plus accrued and unpaid interest, if any, and any Additional Amounts, if any, on the Notes redeemed, to (but not including) the redemption date. At any time and from time to time prior to October 21, 2025, the Company may redeem up to 40% of the aggregate principal amount of the Notes with the net cash proceeds from certain equity offerings at a redemption price of 111.250% of the aggregate principal amount of the Notes redeemed plus accrued and unpaid interest, if any, and any Additional Amounts, if any, on the Notes redeemed, to (but not including) the redemption date; provided that at least 60% of the aggregate principal amount of the Notes (excluding Notes held by the Company and its Restricted Subsidiaries) remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

If the Company fails to redeem all outstanding Senior Secured Notes (as defined below) by September 1, 2023, the Company shall on such date make an offer to repurchase all outstanding Notes. In addition, upon the occurrence of certain events constituting a Change of Control Triggering Event (as defined in the indenture governing the Notes (the "Indenture")) or upon the occurrence of certain Asset Sales (as defined in the Indenture), the Company may be required to make an offer to repurchase the Notes. The Company may redeem all but not less than all of the Notes at the principal amount plus accrued and unpaid interest (including any Additional Amounts) upon certain changes in tax law.

The Notes will be unsecured and unsubordinated obligations of the Company and will rank *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to priority rights under applicable law). The Notes will be subordinated to all liabilities of the Company's subsidiaries. For a more detailed description of the Notes, see "*Description of the Notes*".

Application will be made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing of and quotation for the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Memorandum. Approval in-principle from, admission to the Official List of, and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Company, the Group, their subsidiaries, their associated companies or the Notes.

The Notes are expected to be rated "B1" by Moody's Investors Service ("Moody's") and "B+" by Fitch Ratings Limited ("Fitch"). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency. Credit ratings are for distribution only to a person (a) who is not a "retail client" within the meaning of sections 761G and 761GA of the Corporations Act 2001 (Cth) (the "Corporations Act") and who is a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Offering Memorandum and anyone who receives this Offering Memorandum must not distribute it to any person who is not entitled to receive it.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 29.

The Notes have not been and will not be registered under the Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any other jurisdiction and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes may be offered and sold only: (1) outside the United States in offshore transactions in reliance on Regulation S or (2) to a person who is a qualified institutional buyer (“QIB”, as defined in Rule 144A) in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A, and in each case, in accordance with any other applicable law. For further details about eligible offerees and resale restrictions, see “*Plan of Distribution*” and “*Transfer Restrictions*”. Offering of the Notes does not constitute a public offering or private placement of debt securities in Indonesia under Law No. 8 of 1995 on Capital Market (as amended, “Indonesian Capital Markets Law”) and OJK Rule No. 30/POJK.04/2019 of 2019 on the Issuance of Debt-Linked Securities and/or Sukuk issued by ways of Private Placement (“OJK Rule No. 30”). This Offering Memorandum may not be distributed in Indonesia and the Notes may not be offered or sold in Indonesia, to Indonesian citizens or entities, whether domiciled in Indonesia or elsewhere, or to Indonesian residents, in a manner which constitutes a public offering or private placement under the laws and regulations in Indonesia, including OJK Rule No. 30.

Delivery of the Notes is expected to be made to investors in book-entry form through the facilities of The Depository Trust Company (“DTC”) and its participants, on or about April 21, 2023 (the “Closing Date”). See “*Plan of Distribution*”.

Joint Global Coordinators and Joint Bookrunners

BofA Securities

Morgan Stanley

The date of this Offering Memorandum is April 13, 2023.

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NOTICE TO INVESTORS

This Offering Memorandum is a confidential document that we are providing only to prospective purchasers of the Notes. You should read this Offering Memorandum before making a decision whether to purchase any Notes. You must not:

- use this Offering Memorandum for any other purpose;
- make copies of any part of this Offering Memorandum or give a copy of it to any other person; or
- disclose any information in this Offering Memorandum to any other person, other than a person retained to advise you in connection with the purchase of the Notes.

We have prepared this Offering Memorandum and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. You may contact us if you need any additional information. By purchasing any Notes, you will be deemed to have acknowledged that:

- you have reviewed this Offering Memorandum;
- you have had an opportunity to request and to review, and you have received, any additional information that you need from us;
- you have not relied upon Merrill Lynch (Singapore) Pte. Ltd. and Morgan Stanley & Co. International plc (the “Initial Purchasers”) or any person affiliated with the Initial Purchasers in connection with your investigation of the accuracy of such information or your investment decision;
- this Offering Memorandum relates to an offering that is exempt from registration under the Securities Act and may not comply in important respects with the rules of the U.S. Securities and Exchange Commission (the “SEC”) that would apply to an offering document relating to a public offering of securities; and
- no person has been authorized to give information or to make any representation concerning us, this offering or the Notes, other than as contained in this Offering Memorandum in connection with your examination of us and the terms of this offering.

We have prepared this Offering Memorandum based on information we have or have obtained from sources we believe to be reliable. Summaries of documents contained in this Offering Memorandum may not be complete. We will make copies of actual documents available to you upon request. Neither we nor the Initial Purchasers, nor the Trustee or any of the Paying Agent, Transfer Agent or the Registrar (each as defined in the “Summary of the Offering” and collectively, the “Agents”) are providing you with any legal, investment, business, tax or other advice in this Offering Memorandum. You should consult with your own counsel, accountants and other advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Notes.

This Offering Memorandum is not intended to provide the basis of any credit or other evaluation, and is not (nor is it intended to be, nor should it be considered as) a recommendation or a statement of opinion (or a report of either of those things) by us, the Initial Purchasers nor the Trustee or any Agent that any recipient of this Offering Memorandum should subscribe for, purchase or otherwise deal in any Notes.

Furthermore, this Offering Memorandum contains only general information and does not take into account the objectives, financial situation or needs of any prospective investor. Each prospective investor contemplating subscribing for, purchasing or otherwise dealing in any Notes should determine for itself the relevance of the

information contained in this Offering Memorandum and make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Company.

In particular, each prospective investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes, and the information contained in this Offering Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the prospective investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A prospective investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the prospective investor's overall investment portfolio. Any prospective investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

This Offering Memorandum is not intended to constitute and does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where any action would be required for that purpose. Accordingly, the Notes may not be offered, sold or delivered, directly or indirectly, and this Offering Memorandum, any advertisement or other offering material relating to any Notes may not be distributed or published in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. For a description of certain restrictions on offers, sales and resales of the Notes and distribution of this Offering Memorandum, see "*Plan of Distribution*" and "*Transfer Restrictions*".

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. You may be required to bear the financial risk of an investment in the Notes for an indefinite period. Neither we nor the Initial Purchasers are making an offer to sell the Notes in any jurisdiction where the offer and sale of the Notes is prohibited. Neither we nor the Initial Purchasers nor the Trustee or any Agent are making any representation to you that the Notes are a legal investment for you. By purchasing any Notes, you will be deemed to have made certain acknowledgments, representations and agreements as described in the "*Transfer Restrictions*" section of this Offering Memorandum.

Each prospective purchaser of the Notes must comply with all applicable laws and rules and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the Initial Purchasers nor the Trustee or any Agent shall have any responsibility therefor.

Neither the SEC, any U.S. state securities commission, any non-U.S. securities authority or any other authority has approved or disapproved of the Notes or determined if this Offering Memorandum is truthful or complete. Any representation to the contrary is a criminal offense. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A and Regulation S.

We accept responsibility for the information contained in this Offering Memorandum. We have made reasonable inquiries and confirm to the best of our knowledge, information and belief that the information contained in this Offering Memorandum with regard to us and our subsidiaries and affiliates and the Notes is true and accurate in all material respects in the context of the issue and offering of the Notes, that the opinions and intentions expressed in this Offering Memorandum are honestly held and that we are not aware of any other facts, the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

No person is or has been authorized by any of the Company, the Initial Purchasers nor the Trustee or any Agent to give any information or to make any representation not contained in or consistent with this Offering Memorandum or any other information provided by the Company in connection with any Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Company, the Initial Purchasers nor the Trustee or any Agent.

None of the Initial Purchasers, the Trustee, the Agents or any of their respective affiliates, directors, officers or advisers makes any representation or warranty, express or implied, as to, and assume no responsibility for, the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers, the Trustee or the Agents as to the past, the present or the future. The information contained in this Offering Memorandum is as of the date of this Offering Memorandum and is subject to change, completion or amendment without notice. Neither the delivery of this Offering Memorandum at any time nor the offer, sale or delivery of any Notes shall under any circumstances create any implication that there has been no change in the information set forth in this Offering Memorandum since the date of this Offering Memorandum or that the information contained in this Offering Memorandum is correct at any time subsequent to its date. To the fullest extent permitted by law, none of the Initial Purchasers, the Trustee, the Agents or any of their respective affiliates, directors, officers or advisers accepts any responsibility for the contents of or any omission from this Offering Memorandum or for any statement made or purported to be made by it or on its behalf in connection with the Company, or the issue and offering of the Notes.

The Initial Purchasers, the Trustee, the Agents and their respective affiliates, directors, officers and advisers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which any of them might otherwise have in respect of this Offering Memorandum or any such statement or any omission therefrom.

We reserve the right to withdraw this offering at any time. We and the Initial Purchasers may reject any offer to purchase the Notes in whole or in part for any reason or no reason, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes for which it has subscribed. The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Notes.

The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including in the “*Description of the Notes*” is subject to a change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream”) currently in effect. While we accept responsibility for accurately summarizing the information concerning DTC, Euroclear or Clearstream, we accept no further responsibility in respect of such information.

IN CONNECTION WITH THE ISSUE AND DISTRIBUTION OF THE SECURITIES, MERRILL LYNCH (SINGAPORE) PTE. LTD. (THE “STABILIZING MANAGER”) OR ANY PERSON ACTING ON ITS BEHALF MAY, SUBJECT TO APPLICABLE LAWS AND REGULATIONS, OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD OF TIME (OTHER THAN IN CIRCUMSTANCES WHERE SUCH ACTION WOULD REASONABLY BE EXPECTED TO SUPPORT, MAINTAIN OR OTHERWISE HAVE AN EFFECT ON THE MARKET FOR OR THE PRICE OF THE NOTES TRADED WITHIN AUSTRALIA OR ON A FINANCIAL MARKET AS DEFINED IN THE CORPORATIONS ACT, SPECIFIED WITHIN AUSTRALIA). HOWEVER, THE STABILIZING MANAGER OR ANY PERSON ACTING FOR IT IS UNDER NO OBLIGATION TO DO SO. FURTHERMORE, SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD.

PRIIPS REGULATIONS/PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “EU PRIIPS Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPS Regulation.

PRIIPS REGULATIONS/PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “FSMA”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Consequently, no key information document required by the EU PRIIPS Regulation as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPS Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPS Regulation.

NOTICE TO PROSPECTIVE INVESTORS IN AUSTRALIA

This Offering Memorandum is not, and is not intended to be, a prospectus or disclosure document within the meaning of the Corporations Act, or a Product Disclosure Statement for the purposes of Chapter 7 of the Corporations Act. No action has been taken by the Company that would permit a public offering of the Notes in Australia. This Offering Memorandum has not been, and will not be, lodged with the Australian Securities

and Investments Commission or the Australian Securities Exchange and is not, and does not purport to be, a document containing disclosure to investors for the purposes of Parts 6D.2 or 7.9 of the Corporations Act. It is not intended to be used in connection with any offer for which such disclosure is required and does not contain all the information that would be required by those provisions if they applied. It is not to be provided to any “retail client” for the purposes of sections 761G and 761GA of the Corporations Act. The Company is not licensed to provide financial product advice in respect of the Notes. Cooling-off rights do not apply to the acquisition of the Notes.

NOTICE TO PROSPECTIVE INVESTORS IN INDONESIA

The Notes have not been offered or sold and will not be offered or sold in Indonesia or to any Indonesian nationals, corporations or residents, including by way of invitation, offering or advertisement, and this Offering Memorandum and any other offering material relating to the Notes have not been distributed, and will not be distributed, in Indonesia or to any Indonesian nationals, corporations or residents in a manner which would constitute a public offering or private placement in Indonesia under Law No. 8 of 1995 on Capital Markets as amended by Law No. 4 of 2023 on the Development and Enhancement of the Financial Sector (“Indonesian Capital Markets Law”) and its implementing regulation, including the Financial Services Authority (*Otoritas Jasa Keuangan* or “OJK”) Regulation No. 30/POJK.04/2019 on the Issuance of Debt Securities and/or Sukuk without Public Offering. The OJK does not review or declare its approval or disapproval of the issue of the Notes, nor does it make any determination as to the accuracy or adequacy of this Offering Memorandum. Any statement to the contrary is a violation of Indonesian law.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SFA

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including the Initial Purchasers, are “capital market intermediaries” (“CMIs”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “Code of Conduct”). This notice to prospective investors is a summary of certain obligations the Code of Conduct imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (“OCs”) for this offering and are subject to additional requirements under the Code of Conduct.

Prospective investors who are the directors, employees or major shareholders of the Company, a CMI or its group companies would be considered under the Code of Conduct as having an association (“Association”) with the Company, the CMI or the relevant group company. Prospective investors associated with the Company or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process

in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Initial Purchaser, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Initial Purchaser or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the Code of Conduct and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a “proprietary order”. If a prospective investor is otherwise affiliated with any Initial Purchaser, such that its order may be considered to be a “proprietary order” (pursuant to the Code of Conduct), such prospective investor should indicate to the relevant Initial Purchaser when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including Private Banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Initial Purchasers and/or any other third parties as may be required by the Code of Conduct, including to the Company, any OCs, relevant regulators and/or any other third parties as may be required by the Code of Conduct, it being understood and agreed that such information shall only be used for the purpose of complying with the Code of Conduct, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

CERTAIN DEFINED TERMS AND CONVENTIONS

As used in this Offering Memorandum, unless the context otherwise requires, the terms “we”, “us”, “our”, “the Company”, “the Group” and “our Group” refer to Nickel Industries Limited and its controlled subsidiaries, taken as a whole, unless the context indicates otherwise.

References to “U.S.\$”, “\$” and “U.S. dollars” are to United States dollars, the legal currency of the United States, references to “Rupiah” and “Rp.” are to Indonesian Rupiah, the legal currency of Indonesia, references to “A\$” and “AUD” are to Australian dollars, the legal currency of Australia and references to “S\$” are to Singapore dollars, the legal currency of the Republic of Singapore. Unless otherwise specified or the context otherwise requires, all references to “Indonesia” are references to the Republic of Indonesia, all references to “Indonesian Government” are references to the Government of Indonesia, all references to “Australia” are references to the Commonwealth of Australia, all references to “Australian Government” are references to the Government of Australia, and all references to “United States” or “U.S.” herein are references to the United States of America. Certain terms used herein are defined in the “Glossary” contained in this Offering Memorandum.

References to “Noteholders” and “Holders” are to the holders of the Notes.

CURRENCY PRESENTATIONS AND EXCHANGE RATES

For the reader’s convenience, this Offering Memorandum contains translations of certain Australian dollar amounts into U.S. dollars. Unless otherwise stated, such translations of Australian dollar amounts into U.S. dollars have been made at the noon buying rate in New York City for cable transfers in Australian dollars as certified by the Federal Reserve Bank of New York on December 31, 2022, which rate was A\$1.00 = U.S.\$0.6805. These translations should not be construed as representations that the Australian dollar amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated.

INDUSTRY AND MARKET DATA

This Offering Memorandum includes certain industry and market data (including forecasts and other forward-looking information) obtained from, among others, the report entitled “Nickel Market Report Prepared for Nickel Industries Limited” dated March 17, 2023 (the “Industry Report”) which we have commissioned AME Mineral Economics Pty Ltd (“AME”) to prepare at our request and attached as Appendix A to this Offering Memorandum, as well as reports of governmental agencies, industry publications and surveys and internal company surveys. Such industry publications and surveys and forecasts generally state that the data contained therein has been obtained from sources believed to be reliable, but except for any data we may have provided to AME, we cannot assure you that such data is complete or accurate. Such data has not been independently verified, and neither we, except with respect to any data we may have provided to AME, nor the Initial Purchasers, make any representation as to the accuracy or completeness of such data or any assumptions relied upon therein.

Financial data with respect to Australia or Indonesia provided in this Offering Memorandum may be subsequently revised in accordance with Australia’s or Indonesia’s ongoing maintenance of their respective economic data, and such revised data will not be updated or distributed by us to any holder of the Notes.

ENFORCEABILITY OF CIVIL LIABILITIES

The Company is an Australian company incorporated under the laws of Australia with limited liability. All of the directors and executive officers of the Company and its subsidiaries and the experts named in this document reside outside the United States, principally in Australia and Indonesia.

Substantially all of our assets and the assets of such persons are located outside the United States, principally in Australia and Indonesia. As a result, it may be difficult for investors to effect service within the United States upon us or such directors, executive officers or experts, or to enforce against such persons judgments obtained in U.S. courts predicated upon the civil liability of such persons under U.S. federal or state securities laws.

We have been advised by our Indonesian legal advisers that judgments of non-Indonesian courts are not enforceable in Indonesian courts, although such judgments could be admissible as non-conclusive evidence in a proceeding on the underlying claim in an Indonesian court. Our Indonesian legal advisers have also advised us that there is doubt as to whether Indonesian courts will enter judgments in original actions brought in Indonesian courts predicated solely upon the civil liability provisions of jurisdictions other than Indonesia. As a result, Noteholders, as claimants, would be required to pursue claims against us or our commissioners and directors in Indonesian courts on the basis of Indonesian law, which would require re-examination of the underlying claim. Claims or remedies available under Indonesian law may not be the same, or as extensive, as those available in other jurisdictions, and Indonesian courts may not protect the interests of the Noteholders in the same manner or to the same extent as would courts in more developed countries outside of Indonesia.

There is doubt as to the enforceability in Australia, in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities based on U.S. federal or state securities laws. Also, judgments of U.S. courts (whether or not such judgment relates to U.S. federal or state securities laws) will or may not be enforceable in Australia in certain other circumstances, including, among others, where the U.S. court has not exercised jurisdiction in the international sense or where such judgments contravene local public policy, breach the rules of natural justice or general principles of fairness or are obtained by fraud, are not for a fixed or readily ascertainable sum, are subject to appeal, dismissal, stay of execution or are otherwise not final and conclusive, or involve multiple or punitive damages or where the proceedings in such courts were of a revenue or penal nature.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with resales of the Notes, the Company is required to furnish upon request of a holder of a Note and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Company is not subject to the periodic reporting requirements of Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”) nor exempt from such reporting requirements pursuant to Rule 12g3-2(b) thereunder.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER DATA

This Offering Memorandum contains:

- (i) our consolidated financial statements as of and for the year ended December 31, 2022 which were audited in accordance with Australian Auditing Standards;
- (ii) our consolidated financial statements as of and for the year ended December 31, 2021 which were audited in accordance with Australian Auditing Standards; and
- (iii) our consolidated financial statements as of and for the year ended December 31, 2020 which were audited in accordance with Australian Auditing Standards,

(collectively, our “Financial Statements”).

Our Financial Statements have been prepared in accordance with the Corporations Act, Australian Accounting Standards (“AAS”) and other authoritative pronouncements of the Australian Accounting Standards Board, and comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Please refer to the “Independent Auditors” section for further information.

Comparability of Financial Information

There are a number of factors affecting the comparability of our financial statements as of and for the periods presented in this Offering Memorandum, as further described below.

Increase in the Scope of our Operations

Our historical financial statements are not comparable to our future financial results primarily as a result of the significant increase in the scope of our operations over the last few years.

We currently own an 80% direct equity interest in the Hengjaya Mine, an 80% indirect equity interests in the Hengjaya Nickel Project, the Ranger Nickel Project and the Angel Nickel Project and a 70% indirect equity interest in the Oracle Nickel Project.

Our initial investment in the Hengjaya Nickel Project was a 25% indirect equity interest, which was undertaken in April 2018, and then increased to 60% in September 2018. Prior to April 1, 2019 the Hengjaya Nickel Project was accounted for as an equity accounted investee. Our initial investment in the Ranger Nickel Project was a 17% indirect equity interest, which was effected in November 2018, and then increased to 60% in August 2019. Until August 14, 2019, the Ranger Nickel Project was accounted for as an equity accounted investee. In June 2020, we increased our indirect equity ownership in both the Hengjaya Nickel Project and the Ranger Nickel Project from 60% to 80%. Our initial investment in the Angel Nickel Project was a 30% indirect equity interest, which was effected in January 2021, increased to 50% in April 2021 and then to 80% in September 2021. Prior to September 30, 2021, the Angel Nickel Project was accounted for as an equity accounted investee. Our initial investment in Oracle Nickel Project was a 10% indirect equity interest which was effected in February 2022, increased to 40% in May 2022 and then to 70% in September 2022. We also signed a binding agreement in January 2023 to acquire an additional 10% indirect equity interest in the Oracle Nickel Project, subject to satisfaction of certain conditions and approvals. Prior to September 27, 2022 the Angel Nickel Project was accounted for as an equity accounted investee.

For more information, see “*Business — Our Business*”.

We produced our first batch of nickel pig iron (“NPI”) in January 2019 at the Hengjaya Nickel Project. The Ranger Nickel Project produced its first batch of NPI in May 2019. Both the Hengjaya Nickel Project and the Ranger Nickel Project reached steady-state production by the fourth quarter of 2019. The Angel Nickel Project

produced its first batch of NPI in late January 2022, with steady state operations following the commissioning of the 380MW power plant in August 2022. The Oracle Nickel Project produced its first batch of NPI in November 2022 and is expected to reach steady state operations following the commissioning of the 380MW power plant which is scheduled in the second quarter of 2023. In October 2022, we also converted two RKEF lines at the Hengjaya Nickel Project to the production of nickel matte.

As a result, we have transitioned from being exclusively an upstream miner of nickel ore prior to 2019 to becoming a globally significant producer of NPI and are transitioning into a leading producer of battery grade Class 1 nickel products. We have thus significantly increased our total assets and our revenues during each financial period presented in this Offering Memorandum. Accordingly, our revenues and expenses over that time period reflect the significant ramp up and changes in the nature of our operations, which diminish the comparability of our financial statements across periods.

As of December 31, 2021, we reported on a provisional basis the business combination acquisition of the Angel Nickel Project as the measurement period had not yet concluded. During the year ended December 31, 2022, we reviewed the business combination accounting for the Angel Nickel Project and determined that an adjustment against prepaid construction costs totaling U.S.\$32.0 million was required, resulting in a change of the fair value of property, plant and equipment. This adjustment did not have a tax effected impact, meaning that no adjustment to the deferred tax liability or goodwill was required. The adjustment against the prepaid construction costs has impacted the total consideration with 80% of this amount representing our indirect equity interest in the Angel Nickel Project and the balance being attributable to non-controlling interests. As a result, we have restated financial amounts as of and for the year ended December 31, 2021 in our financial statements as of and for the year ended December 31, 2022. For more information on the effect of this change in estimate, see Note 16 to our financial statements for the year ended December 31, 2022. Currently, the accounting of the business combination acquisition of the Oracle Nickel Project remains on a provisional basis.

For more information, see *“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting the Comparability of Our Financial Information”* and our historical consolidated financial statements and the related notes thereto included elsewhere in this Offering Memorandum.

Rounding

Rounding adjustments have been made in calculating some of the financial information included in this Offering Memorandum. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

Non-IFRS Financial Measures

This Offering Memorandum includes certain non-IFRS financial measures, including EBITDA, EBITDA Margin, Attributable EBITDA, Adjusted Opex, Free Operating Cash Flow, Gross Debt, Net Debt/(Cash), Gross Leverage Ratio, Net Leverage Ratio and Attributable Capitalization. For more information on how we calculate these non-IFRS financial measures, including reconciliations to their respective most directly comparable measures under IFRS, see *“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-IFRS Metrics”*.

EBITDA, EBITDA Margin, Attributable EBITDA, Adjusted Opex, Free Operating Cash Flow, Gross Debt, Net Debt/(Cash), Gross Leverage Ratio, Net Leverage Ratio and Attributable Capitalization are supplemental measures of our performance, liquidity and indebtedness that are not required by, or presented in accordance with, IFRS. Such non-IFRS financial measures are not measurements of financial performance, liquidity or

indebtedness under IFRS and should not be considered as alternatives to our profit after tax, operating income, operating expenses, or any other performance measures derived in accordance with IFRS; as alternatives to cash flow from operating activities or any other measures of liquidity derived in accordance with IFRS; or as alternatives to our borrowings or other measures of indebtedness derived in accordance with IFRS.

We believe that such non-IFRS financial measures serve as useful indicators of our operating performance, liquidity and indebtedness, and are measures commonly used by analysts, investors and peers in our industry. Accordingly, we have disclosed this information to permit a more complete analysis of our operating performance, liquidity and indebtedness. However, EBITDA, EBITDA Margin, Attributable EBITDA, Adjusted Opex, Free Operating Cash Flow, Gross Debt, Net Debt/(Cash), Gross Leverage Ratio, Net Leverage Ratio and Attributable Capitalization are not standardized terms; hence, such non-IFRS financial measures, as calculated by us, may not be comparable to similarly titled measures reported by other companies and a direct comparison between companies using similar terms may not be possible.

MINERAL RESOURCES INFORMATION

We report our nickel ore resources in accordance with the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the “JORC Code”), published by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

The JORC Code distinguishes between “mineral resources” and “mineral reserves”, based on the nature of the technical and economic evaluation carried out. Pursuant to the JORC Code:

- a “mineral resource” is a concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. The term mineral resource covers mineralization, including dumps and tailings, which has been identified and estimated through exploration and sampling and within which ore reserves may be defined by the consideration and application of modifying factors, including but not restricted to mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, infrastructure, social and governmental factors. Mineral resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories; and
- a “mineral reserve” or “ore reserve” is the economically mineable part of a measured and/or indicated mineral resource.

Our mineral resource estimates are classified as measured, indicated and inferred resources, and we do not currently report ore reserve estimates; accordingly, such information has not been presented in this Offering Memorandum.

Our ability to achieve forward-looking production and economic targets is dependent on numerous factors that are beyond the control of and cannot be fully anticipated by the Qualified Person. These factors include the site-specific mining and geological conditions, the capabilities of management and employees, availability of funding to properly operate and capitalize the operation, variations in cost elements and market conditions, development and operation of the Hengjaya Mine in an efficient manner and others. Any unforeseen changes in the legislation and new industry developments could also substantially alter the performance of any mining operation. Therefore, mineral resources should not be interpreted as assurances of mine life or of the profitability of current or future operations.

You should not assume that all or any part of measured or indicated resources will ever be converted into reserves. You are also cautioned not to assume that all or any part of an inferred resource exists or is economically or legally mineable.

Resources Statement

In this Offering Memorandum, we have derived the information relating to our estimates of nickel resources from the PT Hengjaya Mineralindo (“PT Hengjaya”) — Nickel Resource Estimate Qualified Persons Report dated June 30, 2022 (the “Nickel Resources Statement”), attached as Appendix B to this Offering Memorandum, which was prepared in accordance with the JORC Code by PT Danmar Explorindo, an independent mining consultant, for the purpose of estimating our nickel resources at the Hengjaya mining project within the laterite nickel mine, in the Regency of Morowali, Province of Central Sulawesi, Indonesia. The Nickel Resources Statement utilizes exploration and mining data up to July 15, 2022 (in the case of exploration data) and June 30, 2022 (in the case of mining progress data). For more information, see the Nickel Resources Statement attached as Appendix B to this Offering Memorandum.

The estimates of nickel ore resources derived from the Nickel Resources Statement were reported by the Company to the Australian Securities Exchange on September 16, 2022. The competent persons responsible for reporting those estimates of nickel ore resources were Daniel Madre, Tobias Maya and Charles Watson, each of whom is a member of the Australasian Institute of Mining and Metallurgy. The competent persons have consented to the inclusion in this Offering Memorandum of the Nickel Resources Statement and the estimates and other information derived from that report in the form and context in which they appear.

We have also derived the information relating to our exploration results of the Siduarsa Nickel-Cobalt project from the information and supporting documentation compiled by Daniel Madre (the “Exploration Results”). The competent person responsible for reporting those results was Daniel Madre, who is a member of the Australasian Institute of Mining and Metallurgy. The competent person has consented to the inclusion in this Offering Memorandum of the extracts and information derived from the Exploration Results in the form and context in which they appear.

Our estimates of nickel ore resources are performed using various assumptions regarding loss and dilution, drilling depth and other geotechnical constraints. Our resources are sensitive to the cost and revenue assumptions used due to the geological structure of our deposits, which means that, all other factors being the same, if the cost assumption is higher or the price assumption is lower, we estimate lower resources, and if the cost assumption is lower or the price assumption is higher, we estimate more resources. Some of our deposits are more sensitive to the cost and revenue assumptions used than others due to the characteristics and geological structure of those deposits. For more information regarding the factors used to estimate our nickel ore resources presented in this Offering Memorandum, see the Nickel Resources Statement attached as Appendix B to this Offering Memorandum.

Statements of resources prepared by different engineers are estimates based on different technical assumptions and may vary as a result. There is no assurance that had such statements been prepared by the same engineers applying a uniform methodology, they would not differ substantially from the estimates included in this Offering Memorandum.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources for Mining Operations

On October 31, 2018, the SEC adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC under the Exchange Act. These amendments became effective February 25, 2019, with compliance required for the first fiscal year beginning

on or after January 1, 2021. Under such SEC amendments, the historical property disclosure requirements for mining registrants included in Industry Guide 7 under the Securities Act have been rescinded and replaced with disclosure requirements in subpart 1300 of Regulation S-K.

As a result of the adoption of subpart 1300 of Regulation S-K, the SEC's standards for mining property disclosures are now more closely aligned to the JORC Code's requirements. For example, the SEC now recognizes estimates of "measured mineral resources", "indicated mineral resources" and "inferred mineral resources". In addition, the SEC has amended its definitions of "proven mineral reserves" and "probable mineral reserves" to be "substantially similar" to the corresponding standards under the JORC Code. However, despite these similarities, the SEC standards are still not identical to the JORC Code. Accordingly, investors are cautioned that there can be no assurance that the reserves and resources estimates reported by the Company under the JORC Code would be the same had it prepared its reserve or resource estimates under the standards adopted under subpart 1300 of Regulation S-K and that the technical information contained within this document does not constitute a Technical Report Summary in accordance with the requirements of subpart 1300 of Regulation S-K.

UNITED STATES INVESTORS ARE ADVISED THAT THE REPORTING OF MINERAL RESOURCES IN THIS OFFERING MEMORANDUM IS ACCORDINGLY NOT COMPLIANT WITH SUBPART 1300 OF REGULATION S-K.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes, and any amendment or supplement, may include forward-looking statements. All statements other than statements of historical facts included in this Offering Memorandum and any amendment or supplement regarding, among other things, our future financial position and results of operations, business, strategy, plans, developments and prospects, the condition and prospects of the mining and nickel industries, and Indonesia's economy, fiscal condition, debt or prospects may constitute forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue" or similar terminology.

These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results, performance or achievements, to differ materially from those expressed, suggested or implied by the forward-looking statements. Forward-looking statements should therefore be considered in light of various important factors, including those set out in this Offering Memorandum. Factors that could cause actual results to differ include, but are not limited to, the following:

- changes in our relationship with the Tsingshan group, our significant shareholder, sole offtaker for NPI and primary supplier of utilities and logistics to our operations;
- changes in terms and conditions of the agreements under which we operate our business, such as our collaboration agreements with the Tsingshan group, and the ability of our partners to perform in accordance with contractual terms and specifications;
- economic, social and political conditions in Australia, China, Indonesia or Singapore where we and/or the Tsingshan group has a presence;
- conflict of interests arising out of common business objectives shared by the Tsingshan group and us;
- difficulties executing our growth strategy, as it depends on various factors, some of which are outside our control, or integrating future acquisitions;

- increases or other changes in regulatory burdens and obligations in Australia, Indonesia and other countries, dividend obligations and environmental regulations and compliance costs;
- accidents, natural disasters, and other catastrophes;
- changes and volatility in market prices of or demand for the nickel products that we produce and sell or key commodities consumed by us as an input in our operations, as a result of competitive actions, economic factors such as inflation or exchange rate fluctuations, or otherwise;
- our ability to ensure the continuity of senior management and ability to attract and retain key personnel;
- changes in our relationship with government authorities in Australia, Indonesia and other countries in which we and/or the Tsingshan group have/has a presence;
- the implementation of new projects, including future acquisitions and financings;
- changes in import or export controls, duties, levies or taxes, either in international markets or in Indonesia;
- the effects of the COVID-19 pandemic and related response measures, including lockdowns and travel restrictions, and the impact on economic conditions in countries where we operate, our business and operations and our employees, customers and counterparties;
- changes in laws and regulations and their interpretation, applicable taxes and tax rates, accounting standards or practices, and reserve reporting guidelines; and
- our ability to manage the risks described above and in the section entitled “*Risk Factors*”.

Although we believe that the expectations of our management as reflected by such forward-looking statements are reasonable based on information currently available to us, no assurances can be given that such expectations will prove to be correct.

Our ability to grow our revenues, profit after tax and cash flows depends upon continued capital expenditure. In addition, our capital expenditure and investment plans are subject to a number of risks, contingencies and other factors, such as fluctuations in the price of, or demand for, the nickel products we sell, unexpected or prolonged disruptions at our production or other facilities, and our inability to obtain, maintain or renew necessary government permits and approvals for our operations, some of which are beyond our control. We may make additional capital expenditures and investments as opportunities or needs arise, and may increase, reduce or suspend our planned capital expenditures or investments or change the timing and use of our capital expenditures from what is currently planned in response to market conditions, feasibility studies, changes in government policies, or for other reasons.

Should one or more of these uncertainties or risks, among others, materialize, our actual results may vary materially from those estimated, anticipated or projected. Specifically, but without limitation, capital costs could increase, expansion projects could be delayed, and anticipated improvements in capacity or performance might not be fully realized or realized at all.

Accordingly, prospective purchasers are cautioned not to place undue reliance on forward-looking statements. In any event, these statements speak only as of their dates, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

SUMMARY

This summary highlights information contained elsewhere in this Offering Memorandum. This summary is qualified by, and must be read in conjunction with, the more detailed information and the consolidated financial statements appearing elsewhere in this Offering Memorandum. Prospective investors should read this entire Offering Memorandum carefully, including the information set forth in the section entitled “Risk Factors”, and our consolidated financial statements and the related notes thereto included in this Offering Memorandum.

Overview

We are an ASX-listed company and a significant player in the global nickel industry. We have a financial, operational and strategic partnership with Shanghai Decent, a member of the Tsingshan group. The Tsingshan group is a privately-held group based in China and, we believe, is the world’s largest producer of stainless-steel by capacity, with stainless-steel production of 12.4 Mt and 13.9 Mt in 2021 and 2022, respectively. AME estimates that global stainless-steel production will be 60.4Mt in 2023, implying Tsingshan has approximately 20% of the market if volumes are held constant. By virtue of our mutually beneficial partnership with the Tsingshan group, we have transitioned from being an exclusively upstream miner of nickel ore to a leading nickel processing business, positioned as a top 10 finished nickel producer globally as of December 31, 2022 with NPI operations in the lowest quartile of the global NPI cost curve. Since its Initial Public Offering in 2018 the Company has established itself as a globally significant downstream producer of higher value-added NPI – an essential component in the manufacture of stainless-steel. Leveraging our existing production capabilities and strategic partnership with the Tsingshan group, we have also diversified into the Class 1 nickel electric vehicle (“EV”) battery supply chain by converting some of our current production from NPI into nickel matte, an intermediate nickel product used in the production of electric vehicle batteries. We have also recently executed an Electric Vehicle Battery Supply Chain Strategic Framework Agreement (the “Strategic Framework Agreement”) with Shanghai Decent to grow and further diversify its production into the EV battery supply chain.

We believe we currently operate some of the world’s lowest capital intensive and most profitable nickel processing facilities, each of which benefit from a low-cost position on their respective nickel cost curves. The industrial RKEF operations where we produce our NPI have been designed and built by the Tsingshan group, which was the pioneer of the RKEF process for producing NPI from nickel laterite ore. Our RKEF lines are integrated and centrally managed in IMIP and IWIP, two of the largest producers of nickel globally, by the Tsingshan group. We believe that the centrally managed industrial park RKEFs provide cost-efficient scale benefits in procurement, infrastructure, labour and human resources. These factors allow us to produce NPI at a significant cost advantage to most other producers of NPI in the world. In addition, we benefit from tax concessions granted to us by Indonesian tax authorities that amount to significant competitive advantages for our business.

We undertake all stages of mining and processing of the nickel ore into NPI. We currently have an 80% equity ownership interest in, and operate, each of the following nickel-producing assets, except with respect to Oracle Nickel Project in which we have a 70% indirect equity interest as of the date of this Offering Memorandum:

- **Hengjaya Nickel Project:** located within the IMIP, the Hengjaya Nickel Project comprises two RKEF lines with an aggregate nameplate production capacity of 15,000 NiEq tonnes per annum (100% basis). For the year ended December 31, 2020, this project exceeded its aggregate nameplate production capacity by approximately 43%, producing 21,514 NiEq tonnes of NPI. For the year ended December 31, 2021, the Hengjaya Nickel Project produced 20,020 NiEq tonnes of NPI, exceeding its aggregate

nameplate production capacity by approximately 33%. Following the switch of two RKEF lines at the Hengjaya Nickel Project to production of nickel matte, the Hengjaya Nickel Project produced a total of 19,363 NiEq tonnes for the year ended December 31, 2022, including 14,620 NiEq tonnes of NPI and 4,743 NiEq tonnes of nickel matte, exceeding its aggregate nameplate production capacity by approximately 29%.

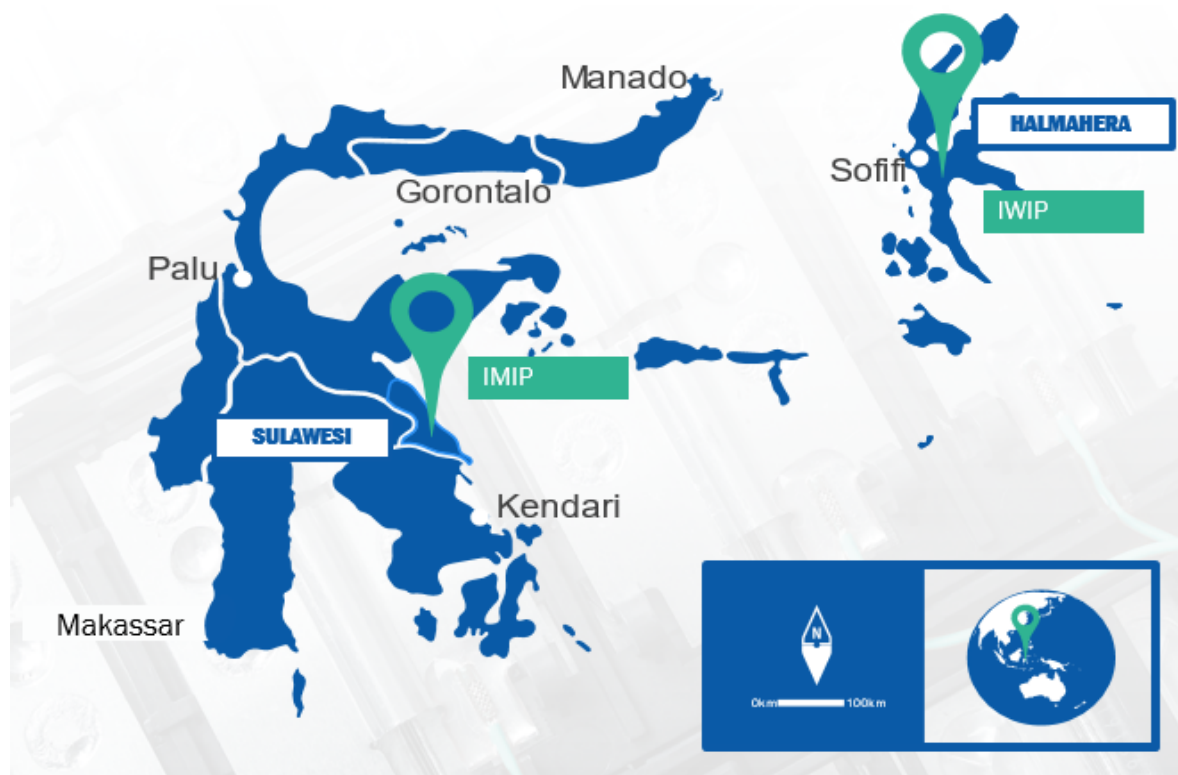
- **Ranger Nickel Project:** also located within the IMIP, the Ranger Nickel Project similarly comprises two RKEF lines with an aggregate nameplate production capacity of 15,000 NiEq tonnes per annum (100% basis). For the year ended December 31, 2020, this project exceeded its nameplate production capacity by approximately 47%, producing 22,107 NiEq tonnes of NPI. For the year ended December 31, 2021, the Ranger Nickel Project produced 20,390 NiEq tonnes of NPI, exceeding its aggregate nameplate production capacity by approximately 36%. For the year ended December 31, 2022, the Ranger Nickel Project produced 20,082 NiEq tonnes of NPI, exceeding its aggregate nameplate production capacity by approximately 34%.
- **Angel Nickel Project:** located within the IWIP, the Angel Nickel Project comprises four RKEF lines with an aggregate nameplate production capacity of 36,000 NiEq tonnes per annum (100% basis), a 380MW power plant and ancillary facilities. In January 2022, the commissioning of the first of the Angel Nickel Project's four RKEF lines commenced, well ahead of the October 2022 contractual delivery date for the commencement of commissioning. In May 2022, the commissioning of the fourth RKEF line commenced commissioning and commercial sales also commenced. The Angel Nickel Project's 380MW power plant was commissioned in August 2022. For the year ended December 31, 2022, the Angel Nickel Project produced 29,887 NiEq tonnes of NPI. In addition, we intend to switch two of the Angel Nickel Project's RKEF lines to nickel matte production. The switch to nickel matte production, which will be subject to market conditions, is not expected to occur until early 2024, as low-grade to high-grade converter capacity is currently under construction within the IWIP.
- **Oracle Nickel Project:** as of the date of this Offering Memorandum, we also own a 70% indirect equity interest in the Oracle Nickel Project, an NPI-producing RKEF project within the IMIP. The commissioning process for the first, second, third and fourth RKEF lines at the Oracle Nickel Project commenced in November 2022, December 2022, February 2023 and March 2023, respectively. The 380MW power plant is scheduled for commissioning during the second quarter of 2023. The Oracle Nickel Project comprises four RKEF lines, with an aggregate nameplate production capacity of 36,000 NiEq tonnes per annum (100% basis), the 380MW power plant, as well as the ancillary facilities required for the operation of each of the RKEF lines and the power plant. For the year ended December 31, 2022, the Oracle Nickel Project produced 747 NiEq tonnes of NPI. In January 2023, we entered into a binding agreement with Shanghai Decent to acquire an additional 10% indirect equity interest in the Oracle Nickel Project (the "Additional Oracle Acquisition"), subject to certain approvals and conditions. Completion of this acquisition would increase ownership in the Oracle Nickel Project to 80%, aligned with our other RKEF ownership interests.
- **Hengjaya Mine:** a long-life, high-grade nickel laterite deposit located approximately 12 kilometers from the IMIP, with a JORC-compliant Resource of 185 dmt at 1.3% nickel including 39.7 dmt at 1.8% nickel. Since December 2018, all of the Hengjaya Mine's saprolite nickel ore production has been delivered to the IMIP. Following expansion activities, the Hengjaya Mine delivered record nickel ore production of ~6.8 million wet metric tonnes ("wmt") for the year ended December 31, 2022. The mine increased saprolite production and began producing limonite to cater for increasing demand from the IMIP's operating HPAL projects.

As part of the Strategic Framework Agreement in January 2023, we entered into a binding agreement with Shanghai Decent to acquire a 10% indirect equity interest in the HNC Project (the “HNC Acquisition”), subject to certain approvals and conditions. The HNC Project is a high-pressure acid leach (“HPAL”) project located within the IMIP, with a nameplate annual production capacity of 60,000 NiEq tonnes and 5,000 CoEq tonnes. We also acquired options to future battery nickel opportunities for U.S.\$40 million under the Strategic Framework Agreement (the “Acquired Options”), including: participation in, and construction of, a nickel sulphate and electrolytic nickel plant using the HPAL process (the “ENC Project”); and investment in, and construction of, a low-grade to high-grade nickel matte converter at the Oracle Nickel Project.

Following our completion of the commissioning of the Oracle Nickel Project in March 2023, our aggregate nameplate production capacity totalled 102,000 NiEq tonnes per annum (78,000 NiEq tonnes per annum attributable nameplate production capacity), which would place us within the top 3 largest Indonesian nickel producers and among top 10 largest nickel producers by production capacity based on market data provided by AME as of December 31, 2022. The Additional Oracle Acquisition, the HNC Acquisition as well as the Acquired Options are expected to provide increased scale (and further add to our aggregate nameplate production capacity), as well as product and customer diversification.

Our NPI-producing assets are integrated into some of the world’s largest nickel production centers in terms of production output: the IMIP is estimated to be the largest producer of processed nickel globally and the fourth largest producer of stainless-steel by production capacity with a production capacity of 3.0 million tonnes of stainless-steel per annum in 2023, and the IWIP, which began operations in 2020 and is expected to be the fifth largest producer of processed nickel globally by 2023, according to AME.

The map below shows the location and extension of our current operations:



Despite only reaching a steady-state level of operations at the Hengjaya and Ranger Nickel Projects in the fourth quarter of 2019, we have been able to leverage our structural competitive advantages to expand our business in a sustainable manner while maintaining a high level of operating and financial performance. Our sales revenue has increased from U.S.\$645.9 million for the fiscal year ended December 31, 2021 to U.S.\$1,217.0 million for the fiscal year ended December 31, 2022. Meanwhile, our profit after tax has increased from U.S.\$176.0 million for the fiscal year ended December 31, 2021 to U.S.\$209.4 million for the fiscal year ended December 31, 2022. Our EBITDA has increased from U.S.\$242.5 million for the fiscal year ended December 31, 2021 to U.S.\$339.2 million for the fiscal year ended December 31, 2022. As of December 31, 2022, our market capitalization was A\$2.6 billion (approximately U.S.\$1.8 billion).

The business is expected to grow further following our transition to producing Class 1 nickel products. On May 3, 2021, we signed a non-binding memorandum of understanding with Shanghai Decent expressing our mutual intention to modify two of our existing RKEF lines at the IMIP so that they would be able to produce a low-grade nickel matte. Additionally, we intend to switch two of the RKEF lines at the Angel Nickel Project to the production of nickel matte, the completion of which is subject to market conditions and is not expected to occur until early 2024. The low-grade nickel matte would be further processed into a high-grade nickel matte (higher than 74% NiEq) that can be sold into the EV battery supply chain. The modification has now taken place at the Hengjaya Nickel Project and we are producing nickel matte. Further, the modification allows us to shift production between NPI and nickel matte based on prevailing market demand and prices with minimal capital expenditure and process retooling downtime, further strengthening our ability to take advantage of supply and demand dynamics underpinning key segments of the nickel market.

Strengths

We believe that we have the following key competitive strengths:

Large, established top 10 global nickel producer

Since producing our first batch of NPI in 2019, we have become a globally significant, low-cost producer of NPI, a key ingredient in the production of stainless-steel. Our production rate as at the end of 2022 was 73kt of finished nickel (annualised Q4 2022 production) which places us among the top 10 largest nickel producers globally by production as of December 31, 2022, based on market data provided by AME. Following the ramp up of Oracle Nickel Project and incorporating the production from the Acquired Assets (10% indirect equity interest in the HNC Project and an additional 10% indirect equity interest in the Oracle Nickel Project), production is expected to be 114ktpa of finished nickel. If the Acquired Options are exercised and both the Oracle Nickel Project is converted to produce nickel matte and the ENC Project (HPAL production) is developed, there is potential to increase our attributable finished nickel production by 42ktpa to 156ktpa, with approximately 37ktpa production in Class 1 nickel. We believe that the scale of our operations provides us with a key competitive advantage relative to our peers.

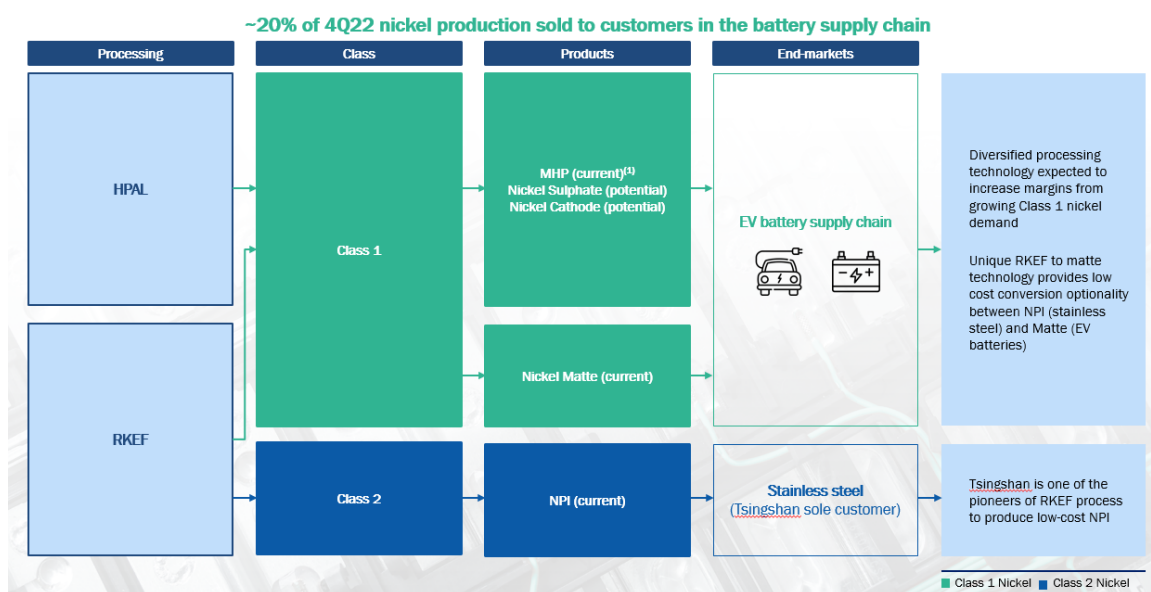
Diversified production by asset and product to support an expanding customer base

In the fourth quarter of 2022, we diversified our product offering by commencing the production of nickel matte at the 80%-owned Hengjaya Nickel Project within the IMIP. Nickel matte produced from laterite ore is now able to be sold into the Class 1 nickel EV battery supply chain to third party customers. Approximately 20% of our nickel production in the fourth quarter of 2022 was Class 1 nickel sold to customers in the battery supply chain.

In January 2023, we executed the Strategic Framework Agreement with Shanghai Decent. The Strategic Framework Agreement establishes three key pillars for us to transform our business from a historical focus on the stainless-steel market to becoming a leading producer of battery grade Class 1 nickel:

- Increasing our exposure to nickel matte production;

- Providing de-risked exposure to next-generation HPAL operations; and
- Collaboration with Shanghai Decent on the potential development of the ENC Project.



Note:

- (1) The HNC Acquisition is subject to our shareholders' approval, the approval of the FIRB, the consent of HNC's lenders and the completion of the Conditional Placement.

The HNC Acquisition, Additional Oracle Acquisition, as well as the Acquired Options to collaborate with Shanghai Decent on the ENC Project and a nickel matte conversion opportunity for the Oracle Nickel Project provide a pathway to further expand both our Class 1 nickel product offering and customer base. Completion of these acquisitions, the expected ramp up of the Oracle Nickel Project and conversion of 50% of the Angel Nickel Project to nickel matte would be expected to see our production reach approximately 36% Class 1 nickel. The Acquired Options, if exercised in the future, have the potential to further increase our Class 1 nickel production to be approximately 78%. As our Class 1 nickel production increases, our customer base is also expected to expand, giving us an increasingly diversified business by asset, product and customer base.

Low risk processing in integrated industrial parks partnering with the world's largest nickel and stainless-steel producer

Our operations are located in Indonesia, a leading nickel producing jurisdiction with access to high-grade, abundant nickel or supporting low-cost NPI production. Indonesia currently accounts for over 50% of global nickel production according to AME and is ranked 8th on the Fraser Institute Mining Attractiveness Index. Our operations are integrated within the leading IMIP and IWIP industrial parks in Indonesia, which are both economic zones co-sanctioned by the Indonesian and Chinese governments. The establishment of the industrial parks has been a cornerstone of policy to promote the development of strategic industries. Indonesian government policy is expected to encourage further expansion of downstream processing capacity and extend Indonesia's influence down the supply chain.

IMIP and IWIP are some of the world's largest nickel production centers in terms of production output. The IMIP, where the Hengjaya Nickel Project, the Ranger Nickel Project and the Oracle Nickel Project are located, is the largest producer of processed nickel globally and among the world's largest vertically integrated stainless-steel production centers, with a production capacity of 3.0 million tonnes of stainless-steel per annum, according

to AME. The IWIP, where the Angel Nickel Project is located, began operations in 2020 and is expected to be the fifth largest producer of processed nickel globally by 2023, according to AME.

Both the IMIP and the IWIP are operated by the Tsingshan group. The Tsingshan group operates the IMIP and the IWIP centrally across all its industrial production lines. As a result, we have become a growing part of the Tsingshan group's global stainless-steel supply chain. NPI comprises approximately 65% of the stainless-steel mix by volume, and the NPI that we produce at our RKEF plants is either "hot-charged" in molten form as a feedstock into the Tsingshan group's stainless-steel production facilities at the IMIP, or in the case of the IWIP, exported in the form of ingots to feed the Tsingshan group's stainless-steel operations in China.

Moreover, the Tsingshan group provides us with access to utilities and logistics to support our operations, such as the supply of power, raw materials and other consumables, as well as access to port facilities and ancillary services required for our NPI operations – for example, training for our staff and providing support and maintenance services, among others. As a result, we derive significant benefits from the Tsingshan group's large scale, vertical integration and logistics management. In particular, we benefit from access to the Tsingshan group's large supply base, which it obtains at favorable prices due to their large scale and greater bargaining power with suppliers, thus yielding cost savings and other optimizations and efficiencies for our operations. Our mutually beneficial and proven partnership with Tsingshan group has formed the foundation of our growth. Tsingshan group has been a pioneer of the RKEF process to produce low cost NPI. Tsingshan group's more recent development of technology to produce nickel matte from laterite ore has led to margin uplift at the Hengjaya Nickel Project relative to the Ranger Nickel Project. This technology and partnership are expected to deliver additional benefits to our business moving forward.

Significant commitment to ESG with strong, recognised environmental track record

Our commitment to sustainability is reflected in our strategy. As a business, we are conscious of the responsibilities of being a globally significant nickel producer. We always strive to operate in a responsible manner and take pride in our significant contribution to the sustainable development of the regions in which we operate. Environmental stewardship is a core pillar of our operations which produce products essential for the global energy transition.

In 2022, we released our inaugural Sustainability Report 2021 to take an additional step forward in demonstrating accountability for our activities in an ever-more sustainable and responsible approach.

Our ESG reporting frameworks are aligned with international standards including the Global Reporting Initiative (GRI) Standards: Core Option, Metals and Mining (MM) Supplement Sector, Sustainability Accounting Standards Board (SASB) for Metals and Mining Standard and the Task Force on Climate-Related Financial Disclosures (TCFD) for selected disclosure indicators.



Our sustainability strategy is focused on 3 core pillars:

- Environmental Stewardship: Committed to reducing carbon footprint and developing products essential for the global energy transition and the stability of our operating environment;
- Economic Development: Long-term vision to grow the business in a way that optimally benefits local communities; and
- Social Responsibility: Dedicated towards stimulating local socioeconomic development and sustainably contributing to the wellbeing of local communities and the surrounding environment.

We are committed to further reducing our carbon footprint:

- We reduced greenhouse gas emissions by 100,000 tonnes of CO₂eq in 2021 (Scope 1 & 2 plus partial data from Scope 3) despite production increases.
- The HNC Project adopts the most advanced 'third-generation' HPAL process with the energy consumption and carbon emissions only approximately 25% and approximately 20% of similar pyrometallurgical products, respectively.
- The HNC Project is currently operating at less than 10 CO₂ tonnes / tonne nickel production and future carbon reduction plan which aims to see the project become carbon-neutral by 2030.

Lower quartile operating costs reflecting advantages of integrated production chain

The IMIP and the IWIP are competitively positioned on the global nickel cost curves, thus placing our NPI and nickel matte operations within the lowest cost quartile of NPI producers globally, according to AME. In addition, as a result of our nickel ore sales from the Hengjaya Mine, we enjoy a partial natural hedge against higher nickel ore costs within our NPI operations that can result from a rising LME nickel price. This provides us with a relative degree of protection from downside fluctuations in nickel prices.

Our competitive operational cost structure is underpinned by the following key factors:

- the ability to source an abundance of local, higher grade (>1.7% nickel grade) nickel ore, which is restricted from export as a result of the Indonesian Government's ban on the exportation of unprocessed nickel ore;

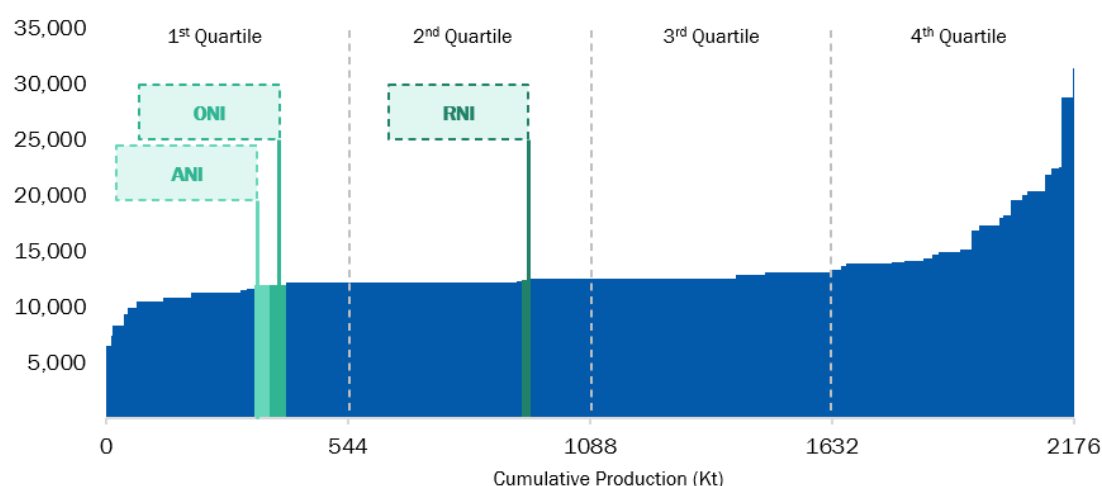
- the availability of competitive electricity costs stemming from the IMIP's purpose-built power generation plants (totalling 3GW);
- the vertically integrated nature of centrally managed operations within the IMIP, which delivers significant cost savings and other optimizations and efficiencies as a result of the supply by the Tsingshan group and its affiliated companies of the logistics, utilities, including access to port facilities, and power and consumables required to operate our RKEF plants in the IMIP.

Angel Nickel Project at IWIP has been operation since January 2022 and has provided us with structural cost advantages relative to our initial Hengjaya Nickel Project and Ranger Nickel Project due to its larger capacity, four RKEF lines and its 380MW power plant, which supplies power to the IWIP and delivers 20% in power cost savings.

According to AME, the Angel Nickel Project is one of the lowest-cost nickel producers globally. We expect the Oracle Nickel Project to provide us with further structural cost advantages, as it is expected to operate with a cost base consistent with the Angel Nickel Project. We believe this will allow us to a enjoy further margin advantage over other NPI producers and provide us with an additional degree of protection against downturns in the nickel price cycle.

These cost advantages are illustrated by the cost curve analysis below:

AME Nickel Smelter Cost Curves by Global Ferronickel Producers 2023 (US\$/t)



Source: Industry Report prepared by AME. See Appendix A to this Offering Memorandum

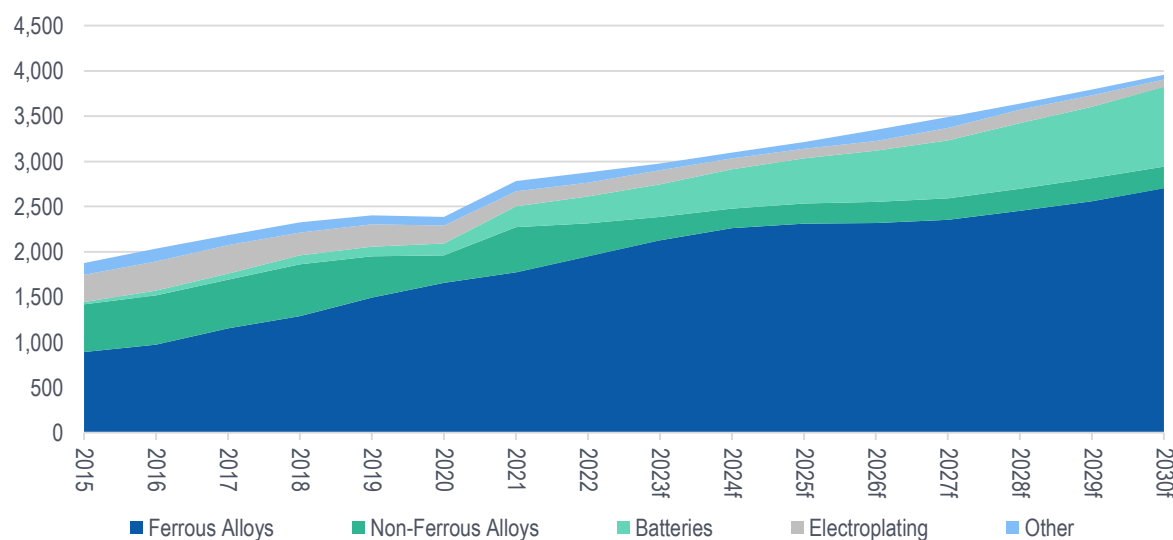
We believe that the lower-cost base of the IMIP and the IWIP operations, of which we are a part, along with the technical expertise we have derived from the Tsingshan group's advanced RKEF process, provide us with a distinct competitive advantage and can act as a significant barrier to entry for new producers of NPI outside of the IMIP and the IWIP.

Well-positioned to capitalize on favorable supply/demand dynamics underpinning the nickel market

According to AME, the outlook for the NPI market currently exhibits favorable supply/demand fundamentals. According to AME, forecast finished nickel demand is forecast to grow 3.4% to 2,979kt in 2023. Stainless-steel will account for up to 71% of total finished demand in 2023, with batteries growing from a smaller fraction of 11%. Demand will continue to be dominated by Asia, with over 57% coming from China alone in 2023, according to AME. China is also the largest producer of lithium-ion batteries, manufacturing 80% of the world's

production in 2023. Indonesia will be the second largest demand source, accounting for 13% in 2023. Based on AME estimates, finished nickel demand is forecast to grow at a CAGR of 4.1% reaching 3,957kt in 2030. The largest contributor to demand, stainless-steel production, is forecast to be 60.4Mt in 2023, growing by a CAGR of 4.5% to 78.7Mt in 2030.

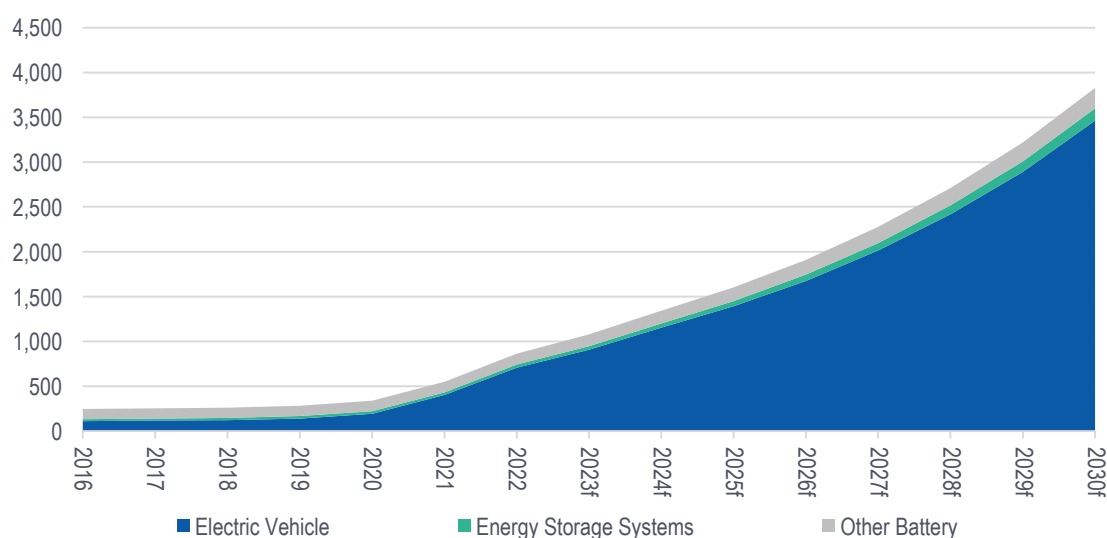
The graph below sets forth AME's estimated global finished nickel demand:



Source: Industry Report prepared by AME. See Appendix A to this Offering Memorandum

The fastest growing demand source is the production of lithium-ion batteries, which is estimated to account for 11% of global demand by 2023 by AME. Total lithium-ion batteries demand is forecast to be 1,078GWh in 2023, which AME estimates will balloon to 3,830GWh in 2030. Almost 85% of this demand will come from EV batteries production. Given our increasing proportion of Class 1 nickel production, the business is well positioned to gain further exposure to this trend.

The graph below sets forth AME's estimated global lithium-ion battery demand from 2016 to 2030 in GWh:



Conservative capital structure and high cash conversion supporting the expansion of our operations and sustainable, robust profitability

We conduct our operations within a strong financial framework underpinned by robust financial risk management policies and processes. We believe these factors have allowed us to maintain a strong balance sheet despite the rapid rate of our growth in recent years. As of December 31, 2022, we had U.S.\$144.2 million in cash and cash equivalents and debt with a face value of U.S.\$563.4 million, U.S.\$325.0 million being the 2024 Notes, U.S.\$225.0 million being the 2025 Notes, U.S.\$10.4 million being a working capital loan for the Angel Nickel Project from Shanghai Decent and U.S.\$3.0 million being a working capital loan for the Oracle Nickel Project from Shanghai Decent.

In addition, the Hengjaya Nickel Project, the Ranger Nickel Project, the Angel Nickel Project and the Oracle Nickel Project currently benefit from tax concessions granted by the Indonesian Government. This effectively sees both the Hengjaya Nickel Project and the Ranger Nickel Project paying zero corporate income tax for seven tax years until 2026, with an additional two-year period thereafter where our RKEF projects will enjoy a 50% discount to the prevailing Indonesian corporate tax rate. In September 2021 and March 2022, the Angel Nickel Project and Oracle Nickel Project, respectively, received material tax concessions, with the period of zero income tax being for 10 years rather than seven years, with an additional two-year period thereafter and a 50% discount to the prevailing Indonesian corporate tax rate. These material tax concessions combined with our low levels of sustaining capital expenditures have resulted in high cash flows from operating activities. For the fiscal years ended December 31, 2020, 2021 and 2022, we derived U.S.\$150.0 million, U.S.\$189.0 million and U.S.\$63.0 million, respectively, in cash flows from operating activities. Our business has a track record of maintaining a conservative balance sheet supported by EBITDA growth and high cash flow conversion. Additional production from the Angel Nickel Project, the Oracle Nickel Project and the HNC Project has the potential to further strengthen our credit metrics.

Proven and highly experienced management team

We have a highly experienced management team with a successful track record of executing our growth and development strategies. This team includes Norman Seckold, our Deputy Chairman, with over 40 years of full-time management experience of natural resource companies both in Australia and overseas. Additionally, our Managing Director, Justin Werner, has been involved in the mining industry for 20 years including being a founding partner of PT Gemala Borneo Utama, a private Indonesian exploration and mining company. Our Chief Financial Officer, Chris Shepherd, is a Chartered Accountant with over 20 years' experience in private equity, investment banking and corporate finance, including most recently as a Partner and Managing Director of The Pallinghurst Group in London. Further, our Chief Development Officer, Zhao (Rachel) Fanfan, has obtained over 15 years of investment experience in China and overseas, and was involved in the establishment of the IMIP. Ms. Zhao has been a key contributor to the establishment and growth of the collaboration between us and the Tsingshan group.

Our management team has guided us from owning an 80% direct equity interest in the Hengjaya Mine in 2009, to progressively stepping up our acquisition of indirect equity interests in the Hengjaya Nickel Project, the Ranger Nickel Project and the Angel Nickel Project to 80% and in the Oracle Nickel Project to 70%, and entering into the agreement with the Tsingshan group to acquire an additional 10% indirect equity interest in the Oracle Nickel Project in 2023 and a 10% indirect equity interest in HNC Project. Specifically, they have demonstrated a strong track record for project delivery, with the Hengjaya Nickel Project, the Ranger Nickel Project and Angel Nickel Project completing construction and ramp-up in a timely fashion and consistently exceeding nameplate production capacity since ramp-up while maintaining competitive operating costs. We believe that the experience of our management team in developing the Hengjaya Nickel Project, the Ranger

Nickel Project, the Angel Nickel Project and the Oracle Nickel Project, and fostering the relationship we have with the Tsingshan group will contribute to the ongoing success of our future operations.

Strategies

The main elements of our business strategy include the following:

Transitioning into a leading producer of battery grade Class 1 nickel in the electric vehicle market

In January 2023, we entered into the Strategic Framework Agreement with Shanghai Decent. This established the strategic pillars for our transition into a leading producer of battery grade Class 1 nickel in the EV market. The pillars to our battery metals strategy include delivering nickel matte production leveraging our existing RKEF operations, acquiring next-generation operational HPAL project as well as acquiring an option for the construction of a nickel sulphate and electrolytic nickel plant using the HPAL process.

We are currently producing nickel matte at the Hengjaya Nickel Project. On May 3, 2021, we signed a non-binding memorandum of understanding with Shanghai Decent expressing our mutual intention to modify two of our existing RKEF lines at the IMIP to enable them to produce low-grade nickel matte. The low-grade nickel matte can be further processed into high-grade nickel matte (higher than 74% NiEq) that can be used to make battery grade nickel for the electric vehicle market. Following the switch of the two RKEF lines at the Hengjaya Nickel Project from NPI to nickel matte production in October 2022, the Hengjaya Nickel Project produced 4,743 NiEq tonnes of high-grade nickel matte in 2022 and achieved a higher profit margin than NPI for the fourth quarter of 2022. In addition, we intend to switch two of our RKEF lines at the Angel Nickel Project to the production of nickel matte, the completion of which is subject to market conditions and is not expected to occur until early 2024.

We also entered into binding agreement to acquire a 10% indirect equity interest in the HNC Project, a HPAL project in the IMIP for U.S.\$270 million. The HNC Project has a nameplate annual production capacity of 60,000 NiEq tonnes and 5,000 CoEq tonnes. We believe the HNC Acquisition, if completed, will increase our institutional HPAL knowledge and lay the foundation for future HPAL projects.

Pursuant to the Strategic Framework Agreement, we have also acquired an option to participate in and construct a nickel sulphate and electrolytic nickel plant using the HPAL process (the “ENC Project”). Prior to the final investment decision by our Board, the ENC Project is subject to a feasibility study which will be undertaken jointly by Shanghai Decent and us. If approval and completed, we will be able to leverage our resource base and Shanghai Decent’s project development expertise to produce Class 1 nickel and aim to establish ourselves as a nickel battery powerhouse.

Scale up operations at the Oracle Nickel Project and complete the acquisition of an additional 10% indirect equity interest in the Oracle Nickel Project

On December 7, 2021, we executed a binding definitive agreement with Shanghai Decent to acquire a 70% indirect equity interest in the Oracle Nickel Project, a development project within the IMIP for U.S.\$525 million.

The commissioning process for the first, second, third and fourth RKEF lines at the Oracle Nickel Project commenced in November 2022, December 2022, February 2023 and March 2023, respectively. The Oracle Nickel Project replicates the Angel Nickel Project and comprises (a) four RKEF lines, with an aggregate nameplate production capacity of 36,000 NiEq tonnes per annum (100% basis); (b) a 380MW power plant which will supply power to the IMIP; and (c) ancillary facilities required for the operation of each of the RKEF lines and the power plant. The 380MW power plant is scheduled for commissioning during the second quarter of 2023.

For the year ended December 31, 2022, the Oracle Nickel Project produced 747 NiEq of NPI. The Oracle Nickel Project is also expected to have relatively low operating costs. As a joint collaboration with Shanghai Decent, we also expect the Oracle Nickel Project to further strengthen our relationship with Tsingshan group. Similar to the Hengjaya Nickel Project, the Ranger Nickel Project and the Angel Nickel Project, Shanghai Decent has committed to purchase, and we have agreed to sell, all offtake of NPI produced by the Oracle Nickel Project at a third-party, arm's length price based on the average market price for NPI in China. In January 2023, we entered into a binding agreement with Shanghai Decent to acquire an additional 10% indirect equity interest in the Oracle Nickel Project, subject to certain approvals and conditions. Once completed, our equity interest in the Oracle Nickel Project will increase to 80%.

Evaluate and selectively pursue growth opportunities

We will continue selectively evaluating opportunities to expand the scale and scope of our operations, including, but not limited to new acquisitions and joint ventures opportunities. With regard to upstream operations, we may seek to acquire additional mining assets that are located in regions other than our existing Hengjaya Mine with the objective of securing additional strategic ore resources for the IMIP and/or the IWIP. We may also consider downstream acquisitions, including smelters, to the extent that they would beneficially complement our operations, meet our targeted returns on invested capital, and potentially increase our margins.

We may use debt, cash, equity, or a combination of all three, in order to finance any such acquisitions.

Continue to implement initiatives to keep costs structurally low, increase operational efficiencies and exercise prudent financial management and flexibility

We plan to continue to undertake initiatives to develop the Hengjaya Mine, our RKEF plants and associated infrastructure to maintain our cost-competitive position and maximize our profitability. For example, construction is currently underway on a main haul road to connect the Hengjaya Mine to the IMIP, with over nine kilometers already completed out of the total 16 kilometers of pilot road already planned. We expect this will reduce haulage costs for our nickel ore, which is currently transported by barges to the IMIP, as well as the related risks involved with barge transit. The addition of the haul road operations will also open other opportunities to increase production of both saprolite and limonite ores to IMIP while further optimizing the mines resources and reducing mining costs on an ore tonnage basis.

We also seek to maintain a conservative financial position and intend to maintain the financial flexibility to pursue opportunities that fit our operating profile and support our long-term growth strategies. We intend to continue to prioritize financial management and focus on maintaining healthy operating cash flows in order to allow us to ramp up our production capacity and further diversify our production and customer base to achieve long-term sustainable growth.

Maintain compliance with all applicable environmental laws, promote high safety standards and deepen commitment to the community

Our commitment to sustainability is reflected in our strategy. Environmental stewardship is a core part of our operations and our nickel products are essential for the global energy transition. Our ESG reporting frameworks are aligned with a range of international standards. Our inaugural 2021 Sustainability Report complies with the requirements of GRI Standards: Core Options and refers to several international frameworks such as SASB, TCFD and the ACSI Guide. We promote compliance with all laws, rules and regulations applicable to our operations, including environmental laws.

We are subject to environmental regulations in Indonesia, and we regularly monitor compliance with those regulations which mandate, among other things, the establishment of adequate environmental protection and enhancement measures, including safety and housekeeping, and implementation of progressive rehabilitation of mined-out areas. As a key focus area for our operations, we perform environmental rehabilitation at waste

dump areas and participate in numerous local and regional environmental rehabilitation programs, including regional forestry rehabilitation projects. In 2022, we were included as one of the “green” ranked companies by the Indonesian Minister of Environment and Forestry, indicating that we were considered to have been beyond complied with all applicable environmental regulations based on the Minister of Environment and Forestry’s assessment. We were one of only two nickel companies in Indonesia with a “green” rating and were the third highest rating in the mineral sector in Indonesia in 2022.

We are committed to further reducing our carbon footprint. We reduced greenhouse gas emissions by 100,000 tonnes of CO₂eq in 2021 despite production increases. Our recent Strategic Framework Agreement also supports this aim. The HNC Project adopts the most advanced “third generation” HPAL process with the energy consumption and carbon emissions at only approximately 25% and approximately 20% of similar pyrometallurgical products, respectively. The HNC Project is currently operating at less than 10 CO₂ tonnes / tonne of nickel production. It has a future carbon reduction plan which aims to see the HNC Project become carbon-neutral by 2030.

Recent Developments

Entry into agreements to acquire interests in two producing nickel assets and acquired options on future battery nickel opportunities

In January 2023, we entered into the Strategic Framework Agreement with Shanghai Decent, and entered into binding agreements with Shanghai Decent to acquire 10% equity interests in two producing nickel assets (collectively the “Acquired Assets”):

- The HNC Acquisition: a 10% indirect equity interest in HNC, a HPAL project in the IMIP, from Newstride Development Limited (“NewStride”), an entity within the Tsingshan group and an affiliate of Shanghai Decent, for U.S.\$270 million; and
- The Additional Oracle Acquisition: an additional 10% indirect equity interest in the Oracle Nickel Project, increasing our interest in the Oracle Nickel Project to 80% upon completion.

The HNC Acquisition is subject to our shareholders’ approval, the approval of the Australian Foreign Investment Review Board (the “FIRB”), the consent of HNC’s lenders and the completion of the Conditional Placement (as discussed below).

The Additional Oracle Acquisition is subject to our shareholders’ approval, the approval of the FIRB and the completion of the HNC Acquisition.

We also acquired options to collaborate with Shanghai Decent on future battery nickel opportunities for U.S.\$40 million, including:

- ENC Project: participation in, and construction of, a nickel sulphate and electrolytic nickel plant using the HPAL process; and
- future nickel matte conversion opportunity: investing in, and constructing, a low-grade to high-grade nickel matte converter at the Oracle Nickel Project.

Equity Raise

To fund the Acquired Assets and Acquired Options under the Strategic Framework Agreement, we announced an equity raise (the “Equity Raise”) in January 2023, comprising:

- U.S.\$185 million institutional placement, comprising the issuance of 259.1 million new ordinary shares at A\$1.02 per new share (the “Institutional Placement”) which has been completed. The new

shares issued under the Institutional Placement represented approximately 9.5% of our total shares immediately prior to the issue of new shares;

- U.S.\$270 million placement to Newstride (or its nominee), U.S.\$15 million placement to Shanghai Wanlu Investment Co. Ltd. (“Wanlu”) (or its nominee) and U.S.\$1.4 million placement to Non-Executive Director Mark Lochtenberg (or his nominee) on a non-underwritten basis (the “Conditional Placement”); and
- a non-underwritten share purchase plan (“SPP”) to eligible shareholders in Australia and New Zealand with the SPP targeting to raise up to U.S.\$20 million which has been completed.

The Conditional Placement is subject to certain conditions precedent, including our shareholders’ approval for purposes of certain ASX Listing Rules (with respect to Newstride, Wanlu and Lochtenberg) and FIRB approval (with respect to Newstride).

On January 23, 2023, we completed the Institutional Placement. The new shares commenced trading on January 24, 2023.

On February 24, 2023, we completed the SPP, accepted all valid applications made under the SPP and issued 33,880,135 new shares at A\$1.02 per share for total receipts of A\$34.6 million (U.S.\$23.4 million). The new shares were issued on March 3, 2023 and commenced trading on March 6, 2023.

Conversion of Additional RKEF Lines to Nickel Matte

In March 2023, we announced our intention to modify two of the Angel Nickel Project’s RKEF lines to enable the transition to nickel matte production. The two RKEF lines will undergo minor capital modifications in the amount of approximately U.S.\$2 million. A switch from NPI to nickel matte production, which will be subject to market conditions, is not expected to occur until early 2024.

Declared Dividend

On February 28, 2023, we declared a final dividend of A\$60.5 million (A\$0.02 per share) (U.S.\$39.9 million) for the year ended December 31, 2022, which was paid out on March 17, 2023.

Change in Substantial Shareholding

On January 24, 2023, the voting power of Shanghai Decent in the Company changed from 21.15% to 19.45% due to the Institutional Placement, which is expected to increase to approximately 28% upon completion of the Conditional Placement. On February 2, 2023, the voting power of PT. Karunia Bara Perkasa and certain of its affiliates’ in the Company changed from 13.37% to 12.24%.

COVID-19 pandemic

In December 2019, a novel strain of the coronavirus (also known as COVID-19), was reported to have surfaced in Wuhan, China. COVID-19 has since spread to over 200 countries and territories and has been declared a pandemic by the World Health Organization. The current COVID-19 pandemic and the preventative or protective actions that governments around the world have taken to counter the effects of the pandemic have resulted in a period of business disruption and a decrease in economic activity in several countries, including in Indonesia and countries where our suppliers, customers and third-party contractors are located. As a result, the COVID-19 pandemic has led to uncertainty in the global economy and significant volatility in global financial markets. In addition, since March 2020, the Indonesian Government has issued several regulations in response to the current COVID-19 pandemic in order to contain the spread of the virus across the country as well as curb the negative financial impact of the outbreak on the country’s economy. However, there is no assurance that such measures will be effective in ending or restricting the spread of COVID-19, and many countries have experienced further COVID-19 outbreaks even after such measures had been eased. Further, since May 2021,

Indonesia has been experiencing an intense second wave of the pandemic which has led to further lockdowns and restrictive measures, and there could be further disruptions and potential lockdowns in the near future.

Although we have not yet observed any material direct impacts on our operations from the COVID-19 pandemic, the COVID-19 pandemic and the measures being put in place to combat its effects continue to pose risks to our operations and our profitability. The indirect impacts we have observed to date have included periods of significant volatility in financial, commodities and other markets. For example, in the first quarter of 2020, the nickel price dropped to U.S.\$11,000 per tonne caused by the COVID-19 outbreak and the resulting fragile industrial demand. This volatility, if it re-emerges, could have an adverse impact on our suppliers, businesses, financial condition and results of operations.

The COVID-19 pandemic has nonetheless created new challenges in maintaining the health and safety of our employees. The IMIP has had one incident of COVID-19 infection among its workforce which has not impacted our RKEF operations and has resulted in an increased vaccination program within the IMIP. We have been monitoring developments relating to the COVID-19 pandemic, and we have implemented strict access controls and procedures in order to mitigate the potential impact of the COVID-19 pandemic on the health and wellbeing of our employees. These have included:

- regular temperature checks and symptom screenings carried out prior to every shift;
- personal protective equipment, hygiene and monitoring of workers health conducted daily;
- mine site medical clinic with additional medical supplies, medical staff and quarantine rooms;
- work rosters being rescheduled to ensure the continuation of normal operations; and
- restrictions on nonessential movements in and out of the Hengjaya Mine.

We continue to proactively identify and manage the challenges presented by the COVID-19 pandemic, with a focus on protecting our people, working closely with our key stakeholders to ensure operational continuity and preparing our business for future scenarios that may result from the COVID-19 pandemic.

Addressing the disruptions caused by the COVID-19 pandemic has required our senior management team and staff to devote time and resources to address the impact of the COVID-19 pandemic on our business. For example, the Tsingshan group's operations at the IWIP experienced worker demonstrations during the COVID-19 pandemic in May 2020, including demonstrations from workers demanding a lockdown of the IWIP during that period. The occurrence of similar types of worker demonstrations at our operations in the future could adversely affect our business.

Nonetheless, our operating performance has thus far remained largely unaffected. Our workforce is made up of more than 90% local employees from the surrounding community, which has allowed us to continue our operations despite the border closures by the Indonesian Government of Central Sulawesi in March 2020.

Given the ongoing and dynamic nature of the circumstances surrounding the COVID-19 pandemic, it is difficult to predict the impact of the COVID-19 pandemic on our business or operations, and there is no guarantee that our efforts to address the adverse impacts of COVID-19 will be effective.

There continues to be considerable uncertainty as to the duration and further impact of the COVID-19 pandemic, including, but not limited to, government, regulatory or health authority actions, work stoppages, the effectiveness of vaccines, lockdowns, quarantines, and travel restrictions in Australia, China and Indonesia in particular, as well as globally. It is also possible that the Indonesian Government may shut down all operating work sites, even without a positive case of COVID-19. A suspension of business operations will affect our overall operations and operating results. The quarantining of our employees and contractors may affect our overall operations, investments and operating results. However, given the rapidly changing implications of the

spread of the COVID-19 pandemic, it is difficult to assess its impact on our business and results of operations at this time. To the extent the current COVID-19 pandemic adversely affects us, it may also significantly increase the effect of the aforementioned factors affecting our business and results of operations.

See “*Risk Factors — Risks relating to our business — An outbreak of an infectious disease, or fear of an outbreak, or any other serious public health concerns in Asia, including Indonesia, and elsewhere may adversely impact our business, financial condition and results of operations*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Factors affecting our Business and Results of Operations — COVID-19 pandemic*”.

Concurrent Transactions

Concurrent Tender Offer

We are concurrently making a separate invitation to eligible holders of our outstanding U.S.\$325.0 million Regulation S 6.50% Notes due 2024 (the “2024 Notes”) to tender their 2024 Notes for purchase for cash up to a maximum acceptance amount (the “Maximum Acceptance Amount”) (the “Concurrent Tender Offer”). The Concurrent Tender Offer is being made available on the terms and subject to the conditions in a tender offer memorandum dated April 11, 2023 (the “Tender Offer Memorandum”).

Noteholders that wish to tender their 2024 Notes for purchase in addition to subscribing for the Notes in this Offering can receive priority of acceptance (the “Priority of Acceptance”). Priority of Acceptance may be given for an aggregate principal amount of 2024 Notes equal to the aggregate principal amount allocated to the relevant noteholder in the distribution of the Notes. The Maximum Acceptance Amount shall be no less than the aggregate principal amount of 2024 Notes tendered and given Priority of Acceptance (the “Priority Tendered Notes”) in accordance with the terms and conditions of Concurrent Tender Offer (the “Maximum Acceptance Base Amount”). In the event we decide to accept any validly tendered 2024 Notes for purchase, determine a Maximum Acceptance Amount higher than the Maximum Acceptance Base Amount and the aggregate principal amount of the 2024 Notes validly tendered is greater than the Maximum Acceptance Amount, any tenders of Notes not given Priority of Acceptance by us in our sole and absolute discretion (the “Non-Priority Tendered Notes”) will be scaled by a factor.

The Concurrent Tender Offer is subject to the terms and conditions set out in the Tender Offer Memorandum, including a new financing condition which provides that the Concurrent Tender Offer is subject to the successful settlement and completion of this Offering (the “New Financing Condition”).

We will pay, for 2024 Notes accepted for purchase pursuant to the Concurrent Tender Offer (and subject to satisfaction or waiver of certain conditions including the New Financing Condition), a cash purchase price equal to 102.00 per cent. of the principal amount of the 2024 Notes plus accrued interest.

The Concurrent Tender Offer will expire on April 18, 2023, unless extended, re-opened, amended or terminated in our sole and absolute discretion. Settlement of the Concurrent Tender Offer is expected to occur on or around April 21, 2023. We will cancel the 2024 Notes that we accept for purchase pursuant to the Concurrent Tender Offer and those 2024 Notes will cease to be outstanding. Any 2024 Notes that remain outstanding after the Concurrent Tender Offer will continue to be our obligations.

Private Notes Purchase

We are also engaging in separate discussions with holders of our outstanding U.S.\$225.0 million 10.00% Senior Secured Notes due 2025 (the “2025 Notes”) to purchase any and all of our 2025 Notes (the “Private Notes Purchase” and together with the Concurrent Tender Offer, the “Concurrent Transactions”). If noteholders of our 2025 Notes agree to participate in the Private Notes Purchase, they will enter into an agreement with us to (i) participate in this Offering and purchase an aggregate principal amount of Notes and (ii) tender to us an

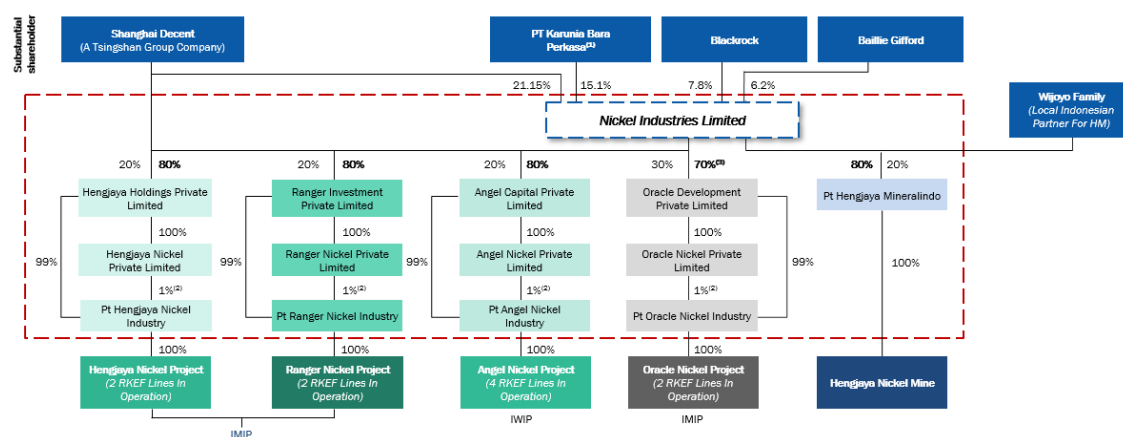
aggregate amount of 2025 Notes which is equal to the aggregate principal amount of Notes allocated to them in this Offering, and, in turn, we will agree to purchase such amount of the 2025 Notes tendered under the agreement for a cash purchase price in U.S. dollars.

Settlement of the Private Notes Purchase will be on or around April 21, 2023. We will cancel the 2025 Notes that we accept for purchase pursuant to the Private Notes Purchase and those 2025 Notes will cease to be outstanding. Any 2025 Notes that remain outstanding after the settlement of the Private Notes Purchase will continue to be our obligations.

We intend to use the net proceeds of the offering of the Notes hereby to fund the Concurrent Transactions and for general corporate purposes. See “*Use of Proceeds*”.

Corporate Structure

The organizational chart below shows our corporate structure as of December 31, 2022:



Source: Company filings.

Notes:

- (1) PT Karunia Bara Perkasa is an Indonesian private company located in Jakarta that provides coal mining services.
- (2) It is a requirement of Indonesian PMA companies to have at least two shareholders so each PT company has two shareholders in Singapore.
- (3) In January 2023, we entered into a binding agreement with Shanghai Decent to acquire an additional 10% indirect equity interest in the Oracle Nickel Project, subject to certain approvals and conditions. Once completed, our indirect equity interest in the Oracle Nickel Project will increase to 80%.

Corporate Information

Our full legal name is Nickel Industries Limited. Our headquarters are located in Level 2, 66 Hunter Street, Sydney, NSW, 2000 Australia. Our Board of Directors and executive team perform their activities from various locations across the world. Our website is www.nickelmines.com.au/. Information provided on our website is not part of this Offering Memorandum and is not incorporated by reference herein.

SUMMARY OF THE OFFERING

The following is a brief summary of the terms of the offering and is qualified in its entirety by the remainder of this Offering Memorandum. It is not intended to be complete and is subject to important limitations and exceptions. For a more complete description of the terms of the Notes, see the section entitled “Description of the Notes”. Terms used in this summary and not otherwise defined shall have the meanings given to them in “Description of the Notes”.

Company	Nickel Industries Limited (ACN 127 510 589), a company incorporated with limited liability under the laws of Australia.
Notes Offered	U.S.\$400,000,000 in aggregate principal amount of 11.250% Notes due 2028 (the “Notes”).
Issue Price	100.00% of the principal amount of the Notes.
Maturity Date	Unless previously repurchased, canceled or redeemed in accordance with their terms, the Notes will mature on October 21, 2028.
Amortization of Principal	The aggregate principal amount of the Notes will be amortized as described under “ <i>Description of the Notes — Amortization of Principal.</i> ”
Interest and Interest Payment Dates	The Notes will bear interest at the rate of 11.250% per annum, payable semi-annually in arrears on April 21 and October 21 of each year, commencing on October 21, 2023 Interest will be calculated on the basis of a 360 day year, consisting of twelve 30 day months.
Ranking	The Notes will be: • general unsecured obligations of the Company; • senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; • <i>pari passu</i> in right of payment with all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and • effectively subordinated in right of payment to all secured Indebtedness of the Company to the extent of the value of the assets serving as security therefor, and to all liabilities (including trade payables and indebtedness) of each Subsidiary of the Company that does not guarantee the Notes.
Optional Redemption	At any time and from time to time prior to October 21, 2025, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the aggregate principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, and Additional Amounts, if any, on the Notes redeemed, to (but not including) the redemption date. On or after October 21, 2025, the Company may at its option redeem the Notes, in whole or in part, at the redemption prices set forth under “<i>Description of the Notes — Optional Redemption</i>”, plus accrued and

unpaid interest, if any, and Additional Amounts, if any, on the Notes redeemed, to (but not including) the redemption date.

At any time and from time to time prior to October 21, 2025, the Company may at its option redeem up to 40% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 111.250% of the aggregate principal amount of the Notes, plus accrued and unpaid interest, if any, and Additional Amounts, if any, on the Notes redeemed, to (but not including) the redemption date; provided that at least 60% of the aggregate principal amount of the Notes (excluding Notes held by the Company and its Restricted Subsidiaries) remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

Mandatory Offer to Purchase

If the Company fails to redeem all outstanding U.S.\$225,000,000 10.00% senior secured notes due 2025 (“Senior Secured Notes”) by September 1, 2023, the Company shall on such date make an Offer to Purchase all outstanding Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, and Additional Amounts, if any, to (but not including) the Offer to Purchase Payment Date. See “*Description of the Notes — Mandatory Offer to Purchase*”.

Repurchase of Notes upon a Change of Control Triggering Event

If the Company experiences a Change of Control Triggering Event (as defined in “*Description of the Notes*”), the Company will make an Offer to Purchase all outstanding Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date. See “*Description of the Notes — Change of Control Triggering Event*”.

Additional Amounts

All payments of principal of, and premium (if any) and interest on the Notes and any future Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, any Subsidiary Guarantor or any Surviving Person of the Company or any Subsidiary Guarantor is organized or resident for tax purposes or through which payment is made (or any political subdivision or taxing authority thereof or therein), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required by a Relevant Jurisdiction, the Company, the applicable Subsidiary Guarantor or any Surviving Person of any of the foregoing, as the case may be, subject to certain exceptions, will pay such additional amounts as will result in receipt by the Holder of such amounts as would have been received by such Holder had no such withholding or deduction been required. See “*Description of the Notes — Additional Amounts*”.

Redemption for Taxation Reasons

Subject to certain exceptions and as more fully described herein, the Company may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the relevant Notes outstanding plus accrued and unpaid interest (including any Additional

Covenants

Amounts), if any, upon the occurrence of certain changes in applicable tax law. See “*Description of the Notes — Redemption for Taxation Reasons*”.

The Indenture will limit the ability of the Company and the Restricted Subsidiaries to, among other things:

- incur additional Indebtedness and issue preferred stock;
- make investments or other specified Restricted Payments;
- enter into agreements that restrict the Restricted Subsidiaries’ ability to pay dividends and transfer assets or make intercompany loans;
- issue guarantees by Restricted Subsidiaries;
- enter into transactions with equity holders or affiliates;
- create any Lien;
- sell assets;
- engage in different business activities; and
- effect a consolidation or merger

These covenants will be subject to a number of important exceptions and qualifications. See “*Description of the Notes — Certain Covenants*”.

Selling and Transfer Restrictions

The Notes will not be registered under the Securities Act or under any state securities law of the United States and will be subject to customary restrictions on transfer and resale. See “*Plan of Distribution*” and “*Transfer Restrictions*”.

Form, Denomination and Registrations

The Notes will be issued only in fully registered form, without coupons, in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof and will be initially represented by one or more global notes (the “*Global Notes*”) registered in the name of a nominee of DTC. For more information, see “*Transfer Restrictions*”.

Book-Entry Only

The Notes will be issued in book-entry form through the facilities of DTC for the accounts of its participants, including Euroclear and Clearstream. For a description of certain factors relating to clearance and settlement, see “*Description of the Notes — Book-Entry; Delivery and Form*”.

Delivery of the Notes

We expect that delivery of the Notes will be made on or about the closing date specified on the cover page of this Offering Memorandum, which we expect will be the sixth business day following the date of this Offering Memorandum, which we refer to as “*T+6*”. You should note that initial trading of the Notes may be affected by the T+6 settlement. See “*Plan of Distribution*”.

Use of Proceeds

We expect the net proceeds of the offering of the Notes, after deduction of fees and commissions and estimated expenses in connection with the offering of the Notes, to be approximately U.S.\$394.4 million.

We intend to use the net proceeds of the offering of the Notes to fund the Concurrent Transactions as well as for general corporate purposes.

For more information, see “*Use of Proceeds*”.

Governing Law

The Notes and the Indenture will be governed by, and will be construed in accordance with, the laws of the State of New York.

Security Codes

	Rule 144A	Regulation S
CUSIP	653890 AA1	Q67949 AC3
ISIN	US653890AA15	USQ67949AC34

Trustee Citicorp International Limited

Paying Agent, Citibank, N.A., London Branch

**Transfer Agent and
Registrar**

Listing Application will be made to the SGX-ST for the listing of and quotation for the Notes on the Official List of the SGX-ST.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of U.S.\$200,000.

Ratings The Notes are expected to be rated “B1” by Moody’s and “B+” by Fitch. The credit ratings accorded the Notes are not a recommendation to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgment, circumstances so warrant. See “*Risk Factors — Risks Relating to the Notes — The ratings assigned to the Notes may be lowered or withdrawn*”.

Risk Factors See “*Risk Factors*” and the other information in this Offering Memorandum for a discussion of factors that should be carefully considered before deciding to invest in the Notes.

**Issuer Legal Entity
Identifier** 54930007K0WX53TSIK16

SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

You should read the following summary consolidated financial information in conjunction with our consolidated financial statements and the related notes thereto included in this Offering Memorandum and the sections entitled “Presentation of Financial Information and Other Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. Our consolidated financial statements have been prepared and presented in accordance with AAS and other authoritative pronouncements of the AASB and the Corporations Act, which also comply with IFRS.

Consolidated Financial Data

Our summary consolidated financial information included below is derived from our consolidated financial statements and the related notes thereto included in this Offering Memorandum.

Consolidated Statements of Profit or Loss and Other Comprehensive Income Data for the years ended December 31, 2020, 2021 and 2022

	Year ended December 31,		
	2020	2021	2022
	(U.S.\$ in thousands)		
Sales revenue.....	523,492	645,936	1,217,042
Cost of sales.....	(321,566)	(393,203)	(856,618)
Depreciation and amortization expense.....	(36,787)	(35,977)	(66,598)
Gross profit.....	165,140	216,755	293,826
Directors’ fees and consultants’ expenses	(4,068)	(9,432)	(9,289)
Exploration and evaluation expenditure	—	—	(3,348)
Share of profit/(loss) of equity accounted investees	—	(50)	405
Other expenses	(3,403)	(13,256)	(22,711)
Results from operating activities.....	157,668	194,016	258,882
Financial income	2,166	2,786	1,008
Financial expense	(5,268)	(15,763)	(42,844)
Net financial expenses	(3,102)	(12,977)	(41,837)
Profit before income tax.....	154,567	181,040	217,046
Income tax expense	(868)	(5,063)	(7,678)
Profit for the period.....	153,699	175,977	209,368

Consolidated Statements of Financial Position Data as at December 31, 2020, 2021 and 2022

	As at December 31,		
	2020	2021 – Restated ⁽¹⁾	2022
	(U.S.\$ in thousands)		
Current assets			
Cash and cash equivalents	351,445	137,862	144,242
Trade and other receivables	117,759	125,094	235,618
Inventory	61,285	106,997	204,845
Other current assets	8,151	15,208	47,794
Total current assets	538,640	385,161	632,499
Non-current assets			
Other non-current asset.....	9,868	13,193	15,163
Deposits.....	30,000	30,000	—
Property, plant and equipment.....	600,764	1,264,282	1,922,109
Goodwill.....	55,405	77,982	102,748
Total non-current assets.....	696,037	1,385,457	2,040,021
Total assets	1,234,677	1,770,619	2,672,520
Current liabilities			
Trade and other payables	40,260	55,738	177,185
Current tax payable.....	3,751	7,648	21,245
Provision – employee’s benefit obligation	841	1,159	1,174
Borrowings	12,857	9,284	7,773
Total current liabilities.....	57,709	73,829	207,377
Non-current liabilities			
Provision – rehabilitation.....	1,929	1,956	2,035
Deferred income tax liability	55,405	77,982	96,100
Other non-current liability	1,261	618	948
Borrowings	32,143	318,322	551,515
Total non-current liabilities	90,739	398,878	650,599
Total liabilities	148,448	472,707	857,975
Net assets	1,086,229	1,297,912	1,814,544
Equity			
Share capital	732,929	732,929	942,443
Reserves	19,205	19,139	19,145
Retained profits	187,927	250,777	337,032
Total equity attributable to equity holders of the Company	940,061	1,002,846	1,298,619
Non-controlling interest.....	146,168	295,066	515,925

	As at December 31,		
	2020	2021 – Restated ⁽¹⁾	2022
Total equity	1,086,229	1,297,912	1,814,544

Note:

- (1) Following adjustment to provisional accounting for acquisition of the Angel Nickel Project, we have restated financial amounts as of and for the year ended December 31, 2021 in our financial statements as of and for the year ended December 31, 2022. For more information on the effect of this change in estimate, see Note 16 to our financial statements for the year ended December 31, 2022.

Resources Data

The following table sets forth our aggregate net working interest resources, as of June 30, 2022.

	Resources ⁽¹⁾			
	Measured	Indicated	Inferred	Total
Nickel (dmt in millions).....	85	130	85	300
Ni (%)	1.3	1.2	1.2	1.2
Co (%)	0.1	0.1	0.1	0.1
Fe (%)	30.4	28.6	29.1	29.2

Note:

- (1) According to the Nickel Resources Statement attached as Appendix B to this Offering Memorandum.

Selected Production, Sales and Operating Data

The following table sets forth certain of our production, sales and operating data for the periods indicated.

	For the year ended December 31,		
	2020	2021	2022
Hengjaya Mine			
Tonnes mined (wmt)	870,503	2,457,694	6,972,851
Overburden mined (bcm)	1,432,626	2,787,895	2,592,396
Strip ratio (bcm/wmt).....	1.6 ⁽¹⁾	1.6 ⁽¹⁾	0.38
Tonnes sold (wmt)	795,650	2,169,972	3,519,352
Average saprolite grade (%)	1.82	1.76	1.71
Average limonite grade (%).....	—	—	1.18
Average saprolite price received (U.S.\$/tonne)	29.98	36.48	44.42
Average limonite price received (U.S.\$/tonne)	—	—	17.01
average saprolite mining cash cost ⁽²⁾	28.69	24.20	26.49
average limonite mining cash cost ⁽²⁾	—	—	5.93
RKEFs			
NPI production (tonnes).....	295,897	298,353	473,116

	For the year ended December 31,		
	2020	2021	2022
NPI grade (%).....	14.7	13.5	13.8
NiEq production (tonnes).....	43,621	40,410	65,336
NiEq production attributable to the Company (tonnes) ⁽³⁾	30,617	32,328	52,199
Low-grade nickel matte converted.....	—	—	5,904
High-grade nickel matte production (tonnes)	—	—	4,743
High-grade nickel matte production attributable to the company (tonnes) ⁽⁴⁾	—	—	3,794

Notes:

- (1) Strip ratio includes limonite as overburden.
- (2) Mining cash cost is a standard industry measure used by most major nickel mining companies which reflects the direct costs involved in producing each tonne of nickel ore, including related transportation costs. Mining Cash Cost is calculated as U.S. dollars per tonne of payable nickel ore produced.
- (3) NiEq production attributable to the Company is calculated as NiEq production for the period multiplied by the Company's controlling interest percentage as of the end of the relevant period.
- (4) High-grade nickel matte production attributable to the Company is calculated as High-grade nickel matte Production for the period multiplied by the Company's controlling interest percentage as of the end of the relevant period.

The following table sets forth certain financial information for the periods indicated:

	As of / for the year ended December 31,		
	2020	2021 – Restated ⁽¹⁵⁾	2022
	<i>(U.S.\$ in thousands, except as otherwise stated)</i>		
Sales revenue	523,492	645,936	1,217,042
EBITDA ⁽¹⁾	197,116	242,521	339,183
Attributable EBITDA ⁽²⁾	141,942	193,143	268,681
Adjusted Opex ⁽³⁾	324,593	404,654	882,410
EBITDA Margin ⁽⁴⁾	38%	38%	28%
Profit for the year	153,699	175,977	209,368
Profit for the year margin ⁽⁵⁾	29%	27%	17%
Net cash from operating activities	149,955	189,021	63,043
Free Operating Cash Flow ⁽⁶⁾	142,567	182,527	53,650
Cash and cash equivalents (at period end) ..	351,445 ⁽⁷⁾	137,862 ⁽⁸⁾	144,242 ⁽⁹⁾
Gross Debt (at period-end) ⁽¹⁰⁾	45,000	327,606	559,288
Net Debt/(Cash) ⁽¹¹⁾	(306,445)	189,744	415,046
Gross Leverage Ratio ⁽¹²⁾	0.32x	1.70x	2.08x

	As of / for the year ended December 31,		
	2020	2021 – Restated ⁽¹⁵⁾	2022
Net Leverage Ratio ⁽¹³⁾	(2.16)x	0.98x	1.54x
Attributable Capitalization ⁽¹⁴⁾	985,061	1,330,452	1,857,907

Notes:

- (1) We define EBITDA as profit/(loss) for the year, plus depreciation and amortization expense, plus net financial income/(costs), plus tax expense, less reversal of income tax expenses. EBITDA is not a measurement of financial performance or liquidity under IFRS. For a reconciliation of EBITDA to profit/(loss) for a period, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-IFRS Metrics — EBITDA, EBITDA Margin and Attributable EBITDA*” and “*Presentation of Financial Information and Other Data – Non-IFRS Financial Measures*”.
- (2) We define Attributable EBITDA as EBITDA adjusted for our indirect controlling equity interest in our consolidated operating assets, which is 80% for all operating assets with the exception of the Oracle Nickel Project in which we own a 70% indirect equity interest as of December 31, 2022, plus 100% of the parent entity EBITDA. Attributable EBITDA is not a measurement of financial performance or liquidity under IFRS. For a reconciliation of Attributable EBITDA to profit/(loss) for a period, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-IFRS Metrics — EBITDA, EBITDA Margin and Attributable EBITDA*” and “*Presentation of Financial Information and Other Data – Non-IFRS Financial Measures*”.
- (3) We define Adjusted Opex as our cost of sales, plus directors’ fees and consultants’ expenses, plus exploration and evaluation expenditure, plus share of gain/(loss) of equity accounted investees, plus other expenses (excluding withholding tax expenses), plus net financial expenses and minus net interest (income)/expense. Adjusted Opex is not a measurement of financial performance or liquidity under IFRS. For a reconciliation of Adjusted Opex to cost of sales for a period, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-IFRS Metrics — Adjusted Opex*” and “*Presentation of Financial Information and Other Data – Non-IFRS Financial Measures*”.
- (4) We define EBITDA Margin as EBITDA divided by sales revenue. EBITDA Margin is not a measurement of financial performance or liquidity under IFRS. For a reconciliation of EBITDA Margin to profit/(loss) for a period, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-IFRS Metrics — EBITDA, EBITDA Margin and Attributable EBITDA*” and “*Presentation of Financial Information and Other Data – Non-IFRS Financial Measures*”.
- (5) We define profit for the year margin as profit for the year divided by sales revenue.
- (6) We define Free Operating Cash Flow as net cash from/(used in) operating activities less purchases of property, plant and equipment. Free Operating Cash Flow is not a measurement of financial performance or liquidity under IFRS and should not be considered as an alternative to cash flow from operating activities or other measures of liquidity derived in accordance with IFRS. For a reconciliation of Free Operating Cash Flow to net cash from/(used in) operating activities for a period, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-IFRS Metrics — Free Operating Cash Flow*” and “*Presentation of Financial Information and Other Data – Non-IFRS Financial Measures*”.
- (7) As of December 31, 2020, our cash and cash equivalents were comprised of the following:

	(in U.S.\$ millions)
Nickel Industries	321.3
Hengjaya Nickel Project	10.0
Ranger Nickel Project	18.1
Hengjaya Mine	2.0
Total	351.4

- (8) As of December 31, 2021, our cash and cash equivalents were comprised of the following:

	(in U.S.\$ millions)
Nickel Industries	55.4
Hengjaya Nickel Project	33.1
Ranger Nickel Project	20.7
Angel Nickel Project	21.7
Hengjaya Mine	6.9
Total	137.9

- (9) As of December 31, 2022, our cash and cash equivalents were comprised of the following:

	(in U.S.\$ millions)
Nickel Industries	35.0
Hengjaya Nickel Project	25.3
Ranger Nickel Project	24.5
Oracle Nickel Project	20.2
Angel Nickel Project	26.5
Hengjaya Mine	12.7
Total	144.2

On January 23, 2023, we completed our U.S.\$185 million institutional placement (“Institutional Placement”), comprising the issuance of 259.1 million new ordinary shares at A\$1.02 per new share. The new shares commenced trading on January 24, 2023. The capital raising cost of the Institutional Placement was U.S.\$4.7 million.

On February 24, 2023, we completed our share purchase plan transaction (“SPP”), accepted all valid applications made under the SPP and issued 33,880,135 new shares at A\$1.02 per share for total receipts of A\$34.6 million (U.S.\$23.4 million). The new shares were issued on March 3, 2023 and commenced trading on March 6, 2023. The capital raising cost of the SPP was A\$0.1 million (U.S.\$0.1 million).

On February 28, 2023, we declared a final dividend of A\$60.5 million (A\$0.02 per share) (U.S.\$39.9 million) for the year ended December 31, 2022, which was paid out on March 17, 2023.

- (10) We define Gross Debt as the sum of our borrowings (current) and borrowings (noncurrent). For a reconciliation of Gross Debt to our borrowings (current and noncurrent), see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-IFRS Metrics — Gross Debt, Net Debt/(Cash), Gross Leverage Ratio and Net Leverage Ratio*” and “*Presentation of Financial Information and Other Data – Non-IFRS Financial Measures*”.
- (11) We define Net Debt/(Cash) as the sum of our borrowings (current and noncurrent), less consolidated cash and cash equivalents. Net Debt/(Cash) is not a measurement of financial performance or liquidity under IFRS. Cash and cash equivalents used to calculate Net Debt/(Cash) is on a consolidated basis and includes 100% of the cash balances in subsidiaries which have minority interests. For a reconciliation of Net Debt/(Cash) to our borrowings (current and noncurrent), see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-IFRS Metrics — Gross Debt, Net Debt/(Cash), Gross Leverage Ratio and Net Leverage Ratio*” and “*Presentation of Financial Information and Other Data – Non-IFRS Financial Measures*”.
- (12) We define Gross Leverage Ratio as our borrowings (current and noncurrent) as of December 31, 2020, December 31, 2021 or December 31, 2022 divided by Attributable EBITDA. Gross Leverage Ratio is not a measurement of financial performance or liquidity under IFRS. For a reconciliation of Gross Leverage Ratio to borrowings (current and non-current) for a period, see “*Management’s Discussion and Analysis of Financial Condition and Results of*

Operations — Non-IFRS Metrics — Gross Debt, Net Debt/(Cash), Gross Leverage Ratio and Net Leverage Ratio” and “Presentation of Financial Information and Other Data – Non-IFRS Financial Measures”.

- (13) We define Net Leverage Ratio as Net Debt/(Cash) as of December 31, 2020, December 31, 2021 or December 31, 2022 divided by Attributable EBITDA. Net Leverage Ratio is not a measurement of financial performance or liquidity under IFRS. For a reconciliation of Net Leverage Ratio to borrowings (current and non-current) for a period, see *“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-IFRS Metrics — Gross Debt, Net Debt/(Cash), Gross Leverage Ratio and Net Leverage Ratio”* and *“Presentation of Financial Information and Other Data – Non-IFRS Financial Measures”*.
- (14) Attributable Capitalization consists of Gross Debt, plus total equity attributable to equity holders of the Company. Attributable Capitalization is not a measurement of financial performance or liquidity under IFRS. For a reconciliation of Gross Debt to our borrowings (current and noncurrent), see *“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-IFRS Metrics — Attributable Capitalization”* and *“Presentation of Financial Information and Other Data – Non-IFRS Financial Measures”*.
- (15) Following adjustment to provisional accounting for acquisition of the Angel Nickel Project, we have restated financial amounts as of and for the year ended December 31, 2021 in our financial statements as of and for the year ended December 31, 2022. For more information on the effect of this change in estimate, see Note 16 to our financial statements for the year ended December 31, 2022.

RISK FACTORS

An investment in the Notes is subject to significant risks. Before investing in the Notes, prospective investors should pay particular attention to the fact that to a large extent, our activities are governed by the legal, regulatory and business environment in Indonesia, which differs from that which prevails in other countries. In general, investing in securities of companies operating in emerging market countries such as Indonesia involves risks not typically associated with investing in the securities of companies in countries with more developed economies. Our business is subject to a number of factors, many of which are outside of our control. You should carefully consider all of the information in this Offering Memorandum and, in particular, the risks described below before deciding to invest in the Notes. The following describes some of the significant risks that could affect us and the value of the Notes as well as our ability to pay interest on, and repay the principal of, the Notes. The risks and investment considerations set forth below are not an exhaustive list of the challenges which we currently face or that may develop in the future. Additionally, some risks may be unknown to us and other risks, currently believed to be immaterial, could turn out to be material. All of these could materially and adversely affect our business, financial condition and results of operations. The market price of the Notes could decline due to any of these risks and you may lose all or part of your investment. This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties including those described under “Forward-Looking Statements” elsewhere in this Offering Memorandum. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this Offering Memorandum.

Risks relating to our Business

We derive the majority of our revenue from sales to Tsingshan group companies, and the partial or full loss of this revenue would adversely affect us.

All of our revenue for the year ended December 31, 2020, and the vast majority of our revenue for the years ended December 31, 2021 and 2022 were derived from sales of NPI produced at the Hengjaya Nickel Project, the Ranger Nickel Project and the Angel Nickel Project to companies within the Tsingshan group. While we commenced the sale of limonite nickel ore to the HNC Project in November 2021 and sold limonite nickel ore to the HNC Project and the QMB HPAL Nickel Project in 2022, we still rely exclusively on companies within the Tsingshan group as offtakers of the NPI that we produce. In the event that the Tsingshan group companies cease to purchase our NPI and we are not able to find alternative customers in a timely manner, our business, financial condition and results of operations may be materially and adversely affected.

Although Shanghai Decent, a member of the Tsingshan group, has agreed to purchase, and we have agreed to sell to Shanghai Decent, all offtake of NPI produced by the Hengjaya Nickel Project, the Ranger Nickel Project, the Angel Nickel Project and the Oracle Nickel Project, we cannot assure you that the Tsingshan group will not attempt to temporarily suspend or renegotiate such commitments, for example, under certain force majeure scenarios that are beyond our control. Furthermore, the Tsingshan group may decide to not comply with their contractual obligations, challenge certain provisions of contracts, or repudiate contracts in their entirety. The ability of the Tsingshan group to perform its obligations under a contract with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the commodities industry, prevailing prices for oil, nickel ore and other inputs, the overall financial condition of the Tsingshan group, and general market conditions. If the Tsingshan group defaults on a contract, we may seek to replace such lost revenue by entering into new contracts with other offtakers, which may not be on the same or similar terms as our previous contracts. Since the markets in which we operate have a high concentration of large customers, it is also possible that we would be unable

to secure any contract at all. If we enter into new contracts at lower rates or are unable to replace the contracts, our financial condition and our results of operations could be materially and adversely affected. For more information on our material agreements with the Tsingshan group, see “*Business — Our Partnership with the Tsingshan Group — Our Material Agreements with Shanghai Decent*”.

As of December 31, 2022, we had trade and other receivables of U.S.\$235.6 million, substantially all of which was from Tsingshan group companies. Should the creditworthiness of the Tsingshan group deteriorate, or should it fail to settle its trade and bills receivables in full for any reason, we may incur impairment losses and our results of operations and financial position could be materially and adversely affected. In addition, there may be a risk of delay in payment by the Tsingshan group, which in turn may also result in our taking impairment loss provisions. There can also be no assurance that we will be able to fully recover our trade and bills receivables from the Tsingshan group or that it will settle our trade and bills receivables in a timely manner.

During periods of challenging market conditions, our risks associated with the Tsingshan group increase, since the Tsingshan group’s ability to perform their obligations under their multi-year contracts with us may be negatively impacted by the prevailing uncertainty surrounding its industry and the credit markets. We could also become involved in legal disputes relating to our contracts, through litigation, arbitration or otherwise, which could lead to delays in, or suspension or termination of our offtake agreements and result in time-consuming, disruptive and expensive litigation or arbitration. If our contracts are suspended for an extended period of time, or if our material contracts are terminated or renegotiated, our financial condition and results of operations could be materially and adversely affected. Even if we prevail in legal disputes relating to our offtake agreements, which could entitle us to compensation, we cannot assure you that we would receive such compensation on a timely basis or in an amount that would fully compensate us for our losses.

We rely on the support of Tsingshan group companies for our operations, and the cessation of support from Tsingshan group companies could have an adverse effect on our business.

The overall prospects of our business are closely tied to our relationship with the Tsingshan group companies. The collaboration agreements we have in place with Shanghai Decent are material contracts which set out the terms of our relationship with Shanghai Decent and its associates in respect of the Hengjaya Nickel Project, the Ranger Nickel Project, the Angel Nickel Project and the Oracle Nickel Project. Pursuant to our collaboration agreements, the Tsingshan group is required to procure that its affiliated companies supply utilities and logistics within the IMIP required to operate the Hengjaya Nickel Project, the Ranger Nickel Project and the Oracle Nickel Project, and within the IWIP for the Angel Nickel Project. These services include training our staff, providing technical and maintenance services to support and optimize our operations, and supplying power and consumables, as well as access to port facilities, among others. Beyond these contractual requirements, although the Tsingshan group has continued to support our operations by providing us with technology, raw material supplies (such as nickel ore) and ancillary services necessary for the operations of (i) the Hengjaya Nickel Project, the Ranger Nickel Project and the Oracle Nickel Project within the IMIP and (ii) the Angel Nickel Project within the IWIP, among other things, we do not have any formal agreements governing such arrangements. For more information, see “*Business—Our Partnership with the Tsingshan Group— Our Material Agreements with Shanghai Decent*”. In particular, we are reliant on the Tsingshan group to design and construct the Oracle Nickel Project in accordance with the specifications and terms agreed in the collaboration agreement, and we also rely on Shanghai Decent and its associates to procure or obtain all the relevant permits, licenses, land and other requirements to develop the Oracle Nickel Project. For more information, see “*Business—Our Partnership with the Tsingshan Group— Our Material Agreements with Shanghai Decent*”.

Any refusal, significant delay or failure by the Tsingshan group in the performance of their obligations under our collaboration agreements to a satisfactory level, or at all, whether as a result of financial or operational difficulties or otherwise, or if they fail or refuse to continue carrying out our informal arrangements whereby they support our operations by providing us with technology, raw material supplies (such as nickel ore) and ancillary services, among other things, may result in production delays and/or shortfalls in our planned productions or inability to move products. In particular, if the Tsingshan group breaches its obligations under one of our collaboration agreements, or otherwise fails or refuses to provide any services necessary for the operations of the Hengjaya Nickel Project, the Ranger Nickel Project, the Angel Nickel Project or the Oracle Nickel Project, our RKEF facilities may not operate in accordance with the manner specified under the applicable collaboration agreements or at all, which may have a material adverse impact on our results, operations and financial performance. If such delays, failures and/or contractual breaches were to occur, we may be exposed to, lost revenue and additional costs which could adversely affect our business, financial condition and results of operation.

There can be no assurance that Shanghai Decent and its associates will continue to supply the necessary raw materials and ancillary services or continue to provide us with access to utilities and logistics to support our operations on competitive terms. In the absence of the Tsingshan group as a provider of these goods and services, we would likely be unable to procure alternative vendors to support our operations at the IMIP or the IWIP at viable commercial costs or at all. In addition, our cost of production may increase, and our business, financial condition and results of operations may be materially and adversely affected.

In addition, in connection with the acquisition of a 10% indirect equity interest in PT Huayue Nickel Cobalt (the “HNC Acquisition”), the Tsingshan group has provided a guarantee of obligation by Tsing Creation International Holding Limited (“Tsing Creation”) to supply the HNC Project with laterite nickel ore with a supply grade of more than 1.0% of the nickel metal content and of no less than 60,000 tonnes of nickel metal per year from completion of the HNC Acquisition until 2032. If Tsing Creation fails to fulfil its obligation and the Tsingshan group’s guarantee fails, operations at HNC could be materially and adversely affected. For more information on the HNC Acquisition, see “ — *We may face difficulties executing our growth strategy, as it depends on various factors, some of which are outside our control, or integrating future acquisitions, which could lower projected profits*” and “*Business — Recent Developments*”.

We do not have any control over the Tsingshan group companies. Any adverse changes in our relationship with the Tsingshan group could have an adverse impact on our business, results of operations and financial condition. For example, we have entered into lease agreements with the Tsingshan group companies for certain equipment required for our operations, which agreements were entered into in English and/or Chinese language. Certain of these agreements are subject to the requirement to use the Indonesian language. Any challenge from the relevant Tsingshan group companies on the validity of any such lease agreements due to the absence of Indonesian language versions of such agreements may impact our business. See “*Regulatory Framework – Indonesian Language Law*”.

Conflicts of interest may arise out of common business objectives shared by the Tsingshan group and us.

The Tsingshan group is a large, vertically integrated steelmaker with global operations. Accordingly, it engages in a broad spectrum of activities, including the operation of RKEF projects for the production of NPI that it uses as a feedstock in its stainless-steel production processes. In the ordinary course of its activities, the Tsingshan group may engage in activities where the interests of certain of its business divisions, its affiliates, or the interests of its clients may conflict with our interests. In particular, we may compete with any other existing RKEF projects that may be either owned or operated by the Tsingshan group, or future RKEF plants that the Tsingshan group may establish or invest in. Certain of these divisions and entities have or may

have a business or investment strategy similar to our business strategy and therefore may compete with us, which may present various conflicts of interest. For example, the Tsingshan group owns numerous RKEF projects globally with the capacity to produce NPI, some of which are located within the IMIP or the IWIP and have a common business pursuit as ours. Upon completion of the Conditional Placement, Shanghai Decent, an affiliate of Tsingshan group, will increase its shareholding in our Group from 19.2% as of the date of this Memorandum to approximately 28% immediately following the completion of the Conditional Placement. See “*Business — Recent Developments*”.

In the event that any such conflicts of interest arise, the Tsingshan group may make decisions regarding our operations, supplies or offtake arrangements that may not be in our best interests. It may also enable a competitor to take advantage of a corporate opportunity at our expense. Such decisions could have a material adverse effect on our business, financial condition, results of operations and prospects.

We have relied on information provided by the Tsingshan group for certain data included in this Offering Memorandum, which we have not independently verified.

Our business prospects are closely tied to the Tsingshan group, from which we derived all of our NPI sales in the years ended December 31, 2020, 2021 and 2022 and which is one of our principal suppliers. There is no audited financial information publicly available on the Tsingshan group, which is a private group of companies, and therefore this Offering Memorandum does not contain any Tsingshan group financial information. In addition, our RKEF operations are all currently located within the IMIP and the IWIP, both of which are private entities for which there is no publicly available information.

This Offering Memorandum includes certain data that we have obtained from the Tsingshan group which we believe to be reliable. Such data includes, but is not limited to, the Tsingshan group’s production levels, capacity and operations, cost base, details in respect of the IMIP and the IWIP, among others. However, their accuracy and completeness have not been independently verified by us or any independent source and their reliability cannot be assured by us, nor do we make any representation regarding the accuracy of such third-party data.

An outbreak of an infectious disease, or fear of an outbreak, or any other serious public health concerns in Asia, including Indonesia, and elsewhere may adversely impact our business, financial condition and results of operations.

The outbreak of an infectious disease in Asia, including Indonesia, or elsewhere, or fear of an outbreak, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy and business activity in Indonesia and thereby adversely impact our revenue. Examples include the outbreak in 2003 of Severe Acute Respiratory Syndrome (“SARS”), the outbreak in 2004 and 2005 of avian influenza (also known as bird flu), the outbreak in 2009 of influenza H1N1 and the outbreak from 2014 through 2016 of Ebola.

More recently, in December 2019, a human infection originating in China was traced to a novel strain of coronavirus (also known as “COVID-19”). The COVID-19 virus has since spread to most countries and territories around the world. On March 11, 2020, the World Health Organization declared the current outbreak of COVID-19 a pandemic, expanding its assessment of the threat beyond the global health emergency it had announced in January. On April 13, 2020, the President of Indonesia issued Presidential Decree No. 12 of 2020 on the Stipulation of Non-Natural Disaster of the Spread of Corona Virus Disease 2019 (COVID-19) as National Disaster declaring the COVID-19 pandemic a national disaster. The COVID-19 pandemic and preventative or protective actions that governmental authorities around the world have taken to counter the effects of the COVID-19 pandemic, including social distancing, office closures, travel restrictions and the imposition of quarantines, have resulted in a period of business disruption, including prolonged disruptions to manufacturing and global supply chains as well as restrictions on business activity and the movement of

people comprising a significant portion of the world's population, and a decrease in economic activity in several countries, including Indonesia. As a result, the COVID-19 pandemic has led to uncertainty in the global economy and significant volatility in global financial markets, which may have a negative impact on global economic conditions and lead to significant declines in the demand for and prices of the commodities we produce and sell. Moreover, there is no assurance that such measures will be effective in ending or restricting the spread of COVID-19, and many countries have experienced further COVID-19 outbreaks even after such measures had been eased. In early 2022, Indonesia registered an increase in COVID-19 cases with the Omicron strain reported throughout Indonesia. The reinstatement of certain restrictions was re-introduced including social distancing, PCR test requirements before travelling and restrictions in public venues and the continuation of working from home for a number of businesses. By late February 2022, the number of Omicron cases had started to decrease. At the same time the Indonesian Government continues to deliver the second vaccination and booster shots to the population. On February 28, 2022, the Government advised that 86.6% of the population had received their first vaccine, 78.4% of the population had received their second vaccine dose and 13.5% had received a booster shot. Travel restrictions also began to ease with the first tourist flight arriving in Bali in February 2022. Quarantine requirements were reduced from seven days to three days in February 2022 and have now been removed for fully vaccinated travellers. Most regional air travel routes are fully operational and schedules are back to normal. Indonesia has also officially revoked the enforcement of public mobility restrictions (*Pemberlakuan Pembatasan Kegiatan Masyarakat* or "PPKM") as at 30 December 2022, by way of Minister of Internal Affairs Instruction No.53 of 2022 on the Prevention and Control of Corona Virus Disease 2019 During Endemic Transitional Period. As at March 7, 2023, the Government advised that from their vaccination target population, 86.85% of the population had received their first vaccine dose, 74.51% of the population had received their second vaccine dose, 29.84% of the population had received the third vaccine dose, and 1.18% of the population have received the fourth vaccine dose.

We rely on freedom of movement of our workforce, functioning transport routes and reliable logistics services including road, rail, aviation and ports in order to maintain our operations at ideal levels, to receive the necessary inputs and raw materials for our operations, as well as to deliver our products to their off-takers. We have not yet observed any material direct impacts on our operations from the COVID-19 pandemic. The indirect impacts we have observed to date have included periods of significant volatility in financial, commodities and other markets. For example, in the first quarter of 2020, the nickel price dropped to U.S.\$11,000 per tonne caused by the COVID-19 outbreak and the resulting fragile industrial demand. This volatility, if it re-emerges, could have an adverse impact on our suppliers, businesses, financial condition and results of operations.

The COVID-19 pandemic has also created new challenges in maintaining the health and safety of employees. The Tsingshan group's operations at the IWIP experienced worker demonstrations during the COVID-19 pandemic in May 2020, including demonstrations from workers demanding a lockdown of the IWIP during that period. In order to mitigate the potential impact of the COVID-19 pandemic on the health and wellbeing of our employees and other stakeholders and on our business and operations, we have been monitoring developments relating to the COVID-19 pandemic and have implemented strict access controls and procedures. Addressing the disruptions caused by the COVID-19 pandemic has also required our senior management team and staff to devote time and resources to address the impact of the COVID-19 pandemic on our business.

Although the COVID-19 pandemic has not led to any major disruptions to operations at our mine or production facilities, we may be required to suspend or shut down operations at some or all of our facilities as a result of the COVID-19 pandemic. In such event, our business, financial condition and results of operations may be materially and adversely affected.

There continues to be considerable uncertainty as to the duration and further impact of the COVID-19 pandemic, including, but not limited to, government, regulatory or health authority actions, work stoppages, the effectiveness of vaccines, lockdowns, quarantines, and travel restrictions in Australia, China and Indonesia in particular, as well as globally. It is also possible that the Indonesian Government may shut down all operating work sites, even without a positive case of COVID-19. A suspension of business operations would affect our overall operations and operating results. The quarantining of our employees and contractors may affect our overall operations, investments and operating results. The extent to which the COVID-19 pandemic will impact our operations and revenue will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain COVID-19 or mitigate its impact, and the direct and indirect economic effects of the illness and containment measures, among others.

Any intensification of the COVID-19 pandemic or any recurrence of SARS, influenza, Ebola or other contagious diseases in Asia, including Indonesia, or elsewhere may adversely affect our business, financial condition and results of operations. Furthermore, to the extent the outbreak of any infectious disease, including the COVID-19 pandemic, adversely affects our business and financial results, it may also have the effect of exacerbating many of the other risks described in this “Risk Factors” section, such as those relating to the fluctuations in the demand, supply and prices for the products we sell, successful implementation of our expansion projects, the downgrade of credit ratings of Indonesia, and our ability to maintain sufficient levels of working capital and comply with the restrictions and covenants contained in our debt agreements. See also “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Business and Results of Operations — COVID-19 Pandemic*” and “*Business — Recent Developments — COVID-19 pandemic*”.

We may face difficulties executing our growth strategy, as it depends on various factors, some of which are outside our control, or integrating future acquisitions, which could lower projected profits.

From time to time, we may consider making acquisitions to pursue market opportunities and increase our existing capabilities. For example, we completed the acquisition of Angel Nickel Project (the “Angel Nickel Acquisition”) on September 30, 2021. In 2022, the four RKEF lines of the Angel Nickel Project underwent commissioning, with the commissioning of the first RKEF line commencing at the end of January 2022 and the commissioning of the fourth RKEF line commencing in mid-May 2022. We also completed the acquisition of a 70% indirect equity interest in the Oracle Nickel Project in 2022 and entered into a binding agreement with Shanghai Decent to acquire an additional 10% indirect equity interest in the Oracle Nickel Project in January 2023 (the “Additional Oracle Acquisition”). The Additional Oracle Acquisition is conditional upon the completion of the HNC Acquisition (as discussed below). The commissioning process for the first, second, third and fourth RKEF lines at the Oracle Nickel Project commenced in November 2022, December 2022, February 2023 and March 2023, respectively. Construction of a 380MW power plant is also underway at the Oracle Nickel Project and is scheduled to commission in the second quarter of 2023. The commissioning process and initial operations may uncover failures or deficiencies in processes, systems, plant and equipment required for the Oracle Nickel Project and addressing such failures or deficiencies may result in the Tsingshan group or us incurring unexpected costs. Although the Tsingshan group has agreed to indemnify us for any construction costs exceeding U.S.\$750 million for the Oracle Nickel Project, we are exposed to counterparty risks in these arrangements, and we cannot assure you that the Tsingshan group would not renege on its contractual obligations. Any of these outcomes could have a material adverse impact on our results of operation and financial performance.

In addition, we entered into a binding agreement with Shanghai Decent for the HNC Acquisition, the completion of which is subject to certain approvals and conditions which we cannot guarantee. Despite

making reasonable efforts as part of our due diligence investigations in the HNC Acquisition, we have not been able to verify the accuracy, reliability or completeness of all the information which was provided. If any information provided and relied on by us in our due diligence for the HNC Acquisition proves to be incorrect, incomplete or misleading, our financial position and performance may be materially and adversely impacted. The HNC construction costs were partially funded by a U.S.\$760 million term loan facility. HNC has granted security over the HNC Project to the lenders and Tsing Creation has also granted security over the shares it owns in HNC to the lenders. If HNC breaches or defaults under the terms of the loan facility, or an event of default occurs which gives a lender the right to accelerate or require repayment of the debt or call on any security (or other similar material event occurs in respect of such debt, financing and/or security arrangement), our business, financial condition and results of operations may be materially and adversely impacted. There can be no assurance that additional capital or debt financing will be available to HNC, either on acceptable terms or at all. Furthermore, as Tsing Creation has certain negative control rights over HNC's operations under the HNC shareholders agreement, HNC may be required to undertake a mandatory notification to the Indonesian Competition Commission (*Komisi Pengawas Persaingan Usaha* — “KPPU”) following completion of the HNC Acquisition. Following such notification, KPPU will review the HNC Acquisition from an Indonesian anti-monopoly law perspective and has broad powers if it forms the view that the HNC Acquisition will result in either monopolistic practice or unfair competition, including the power to annul the transfer. While we do not consider that the HNC Acquisition is anti-competitive and are not aware of KPPU having previously taken such an action in similar circumstances, we cannot assure you that clearance from KPPU will be obtained.

We have also executed an Electric Vehicle Battery Supply Chain Strategic Framework Agreement with Shanghai Decent (the “Strategic Framework Agreement”), pursuant to which we have acquired options to collaborate with Shanghai Decent on future battery nickel opportunities for U.S.\$40 million, including participation in and construction of a nickel sulphate and electrolytic nickel plant using the HPAL process (the “ENC Project”) and the option to invest in and construct a low-grade to high-grade nickel matte converter at the Oracle Nickel Project. There can be no assurance that these opportunities will materialize or, once materialized, will achieve the anticipated benefits. While we expect that the HNC Acquisition, if completed, will increase our institutional HPAL knowledge and lay the foundation for the ENC Project, we will face certain technical and operational risks in connection with HPAL plants, including potential difficulties in ramping up production and equipment failures, which could result in production delays, plant shutdowns or increased costs of operation.

For more information, see “*Business — Our Partnership with the Tsingshan Group — Our Material Agreements with Shanghai Decent*”.

Moreover, there can be no assurance that the Oracle Nickel Project or the HNC Project will achieve their production and cost expectations, which could have a material adverse effect on our cash flows and profitability. Production and cost estimates are dependent on many factors including, but not limited to, mine, power station and processing plant commissioning, our ability to procure resources and other requirements at competitive prices, and logistic challenges such as barging and shipping. Other factors that may affect production and costs include industrial accidents, natural phenomena such as weather conditions, floods, rock slides and earthquakes, changes in fuel and power costs and potential fuel and power shortages, shortages of and cost of supplies, costs, shortages or strikes, civil unrest and restrictions or regulations imposed by government agencies or other changes in the regulatory environment.

As part of our overall business strategy, we may also pursue additional, select acquisitions in the future, in which case we could encounter some difficulties integrating any such acquisitions and/or in successfully managing or realizing the growth we expect from any such acquisitions.

Acquisitions involve various typical risks, including:

- the ability to identify appropriate businesses or assets for acquisition or to negotiate acquisitions on favorable terms;
- obtaining the financing necessary to complete future acquisitions;
- difficulties in assimilating the operations of the acquired business;
- difficulties in maintaining financial and strategic focus while integrating the acquired business;
- adequately addressing any pre-existing liabilities or claims involving the acquired business;
- unexpected increases in costs;
- historical under-investment in sustaining capital expenditure; and
- the ability to successfully integrate the acquired business, including by implementing uniform standards, controls, procedures and policies.

Business combinations and acquisitions may entail a number of risks including the effective integration of acquisitions to realize synergies, significant one-time write-offs or restructuring charges, and unanticipated costs and liabilities. We may also be liable for the past acts, omissions or liabilities of the acquired business that are unforeseen or greater than anticipated. Where we actively pursue a number of opportunities simultaneously, we may encounter unforeseen expenses, complications and delays, including difficulties in employing sufficient staff and maintaining operational and management oversight. To the extent we encounter problems integrating any of our acquisitions, our operations could be impaired as a result of business disruptions and lost management time, which could materially and adversely affect our results of operations.

We may not be able to complete our planned acquisitions.

The completion of our planned acquisitions is subject to various approvals and conditions precedent which we cannot guarantee. Specifically, the HNC Acquisition is subject to our shareholders' approval, the approval of the Australian Foreign Investment Review Board (the "FIRB"), the consent of HNC's lenders and the completion of the Conditional Placement. The Additional Oracle Acquisition is subject to our shareholders' approval, the approval of the FIRB and the completion of the HNC Acquisition. The Conditional Placement is subject to certain conditions precedent, including our shareholders' approval for purposes of certain ASX Listing Rules (with respect to Newstride, Wanlu and Lochtenberg) and FIRB approval (with respect to Newstride). See "*Business — Recent Developments*".

If shareholder approval, FIRB approval or the lender approval is not obtained (or waived, in the case of lender approval), neither the HNC Acquisition nor the Additional Oracle Acquisition will proceed, which could materially and adversely our growth strategies and our results of operations. See "*Business — Strategies*".

Our NPI processing business may be adversely affected by increases in the cost of raw materials, power and other key inputs.

Our NPI processing business is affected by changes in the cost of these raw materials, power and other key inputs, as well as freight costs associated with the transportation of raw materials to our RKEF facilities. The principal cost components of our NPI business are nickel ore (generally representing between 35% and 45% of input costs), power usage (generally representing between 20% and 30% of input costs) and other ancillary costs including labor costs (generally representing between 30% and 40% of input costs).

The cost of raw materials, power and other key inputs have presented a challenge for our operations in the past and any future increases in these cost components could decrease the competitiveness of our operations,

which could adversely affect us. To the extent that we are unable to fully offset the effects of higher costs of raw materials, power and other key inputs through price increases, productivity improvements, cost reduction programs or otherwise, our business, financial condition and results of operations may be adversely affected.

Shortages of electricity or water supply may adversely affect our operations.

We require significant amounts of electricity for our operations at the Hengjaya Nickel Project, the Ranger Nickel Project, the Angel Nickel Project and the Oracle Nickel Project and we obtain substantially all of the necessary electric power for the operation of our equipment and facilities from power plants operated by the Tsingshan group within the IMIP and IWIP.

Prolonged interruptions of electricity supply can result in lengthy production shutdowns, increased costs associated with restarting production and the waste of production in progress. In extreme cases, interruptions of electricity supply can also cause damage to or destruction of the equipment and facilities. In addition, the prices for energy resources may be subject to volatility or curtailment, respectively, due to, among other factors, new laws or regulations, imposition of new taxes or tariffs, supply interruptions and equipment damage. In the event of any disruptions in our electricity plants, we cannot assure you that we will have access to other sufficient electricity sources at favorable prices and conditions, which could have a material adverse effect on our business, financial condition and results of operations.

We also require significant quantities of water for our operations and obtain the majority of the water we use for our operations from IMIP's and IWIP's water facilities. Although each operation currently has access to sufficient water resources to cover its operational demands, the extinction of some or all water resources, failure in the water supply infrastructure, or the loss of some or all water supply contracts or relevant rights in relation to our mine or operations, in whole or in part, or shortages of water, could require us to curtail or shut down operations and could prevent us from pursuing expansion opportunities. We cannot assure you that water will be available in sufficient quantities to meet our future production needs or will prove sufficient to meet our water supply needs particularly if other conflicting uses of water, such as human consumption, are prioritized over industrial uses. A reduction of our water supply may adversely affect our business, financial condition and results of operation.

The prices of the products we sell are cyclical in nature and subject to fluctuations.

Our revenue is primarily derived from our sales of the NPI that we produce, which is sold at a price based on average prices for NPI in China, with minor adjustments applied for nickel grade specifications, freight and foreign exchange. Accordingly, results of our operations are highly dependent upon the prices we receive for the sale of our NPI. In addition, we have converted two of our RKEF lines at the Hengjaya Nickel Project, and reached an agreement with Shanghai Decent to convert two of our RKEF lines at the Angel Nickel Project to produce nickel matte, to enable them to produce nickel matte in addition to NPI. In addition, we may invest in and construct a low-grade to high-grade nickel matte converter at the Oracle Nickel Project. If we ultimately become significant producers of nickel matte, our operations will also be affected by the prices we receive for the sale of our nickel matte, which may not be as attractive as compared to the prices we would have received for the sale of NPI.

The pricing of nickel limonite that we sell to external parties is based on Indonesia's Mineral Ore Benchmark Price formula, which is derived from the LME nickel price. Prices of NPI have historically been correlated to LME nickel prices. In recent years, however, the pricing of specific nickel products, such as NPI, has increasingly been driven by their own supply/demand fundamentals rather than the prices of nickel, with the NPI market being particularly China-centric and featuring its own particular characteristics as compared to LME-deliverable nickel metal. These demand characteristics include Chinese demand for NPI, production cost levels, macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, commodities as well as general global economic conditions. Demand for

NPI is driven by its use in the stainless-steel industry. A decrease in demand for our products as a result of economic slowdowns or recessions or other factors could decrease the demand for and the volume of products we sell. Any significant decrease in the demand for the products we sell may adversely affect our business, financial condition and results of operations. In addition, an increase in the global supply of NPI and/or a decrease in world consumption levels of NPI may result in an oversupply of and downward selling pressure on such products. An oversupply in the global markets in any of the products we sell could, in turn, reduce global prices of such products and the prices we receive under new sales contracts, and may also result in customers' unwillingness to honour their contractual commitments to purchase our metal products at pre-agreed pricing terms. Such reductions in prices may also result in a reduction in our sales and earnings; a decline in the value of the products we supply, which may result in write-downs to our assets; and may make it more difficult for us to obtain financing and may increase the financing costs for our businesses.

We may also be unable to identify changing market and/or industry trends and adapt or develop products to meet changing customer requirements and/or preferences. An extended or substantial decline in NPI prices may materially and adversely affect our business, financial condition and results of operations. Conversely, if we become significant producers of nickel matte, an extended or substantial increase in NPI prices without a corresponding increase in nickel matte prices may result in lost revenue to the extent our RKEF lines may be geared up for the production of nickel matte rather than NPI, considering that the conversion of our RKEF lines back to NPI production can take up to a number of weeks.

Although we did not observe any material direct impacts on our operations from the COVID-19 pandemic, the indirect impacts we have observed to date have included periods of significant volatility in financial, commodities and other markets. For example, in the first quarter of 2020, nickel price fell to U.S.\$11,000 per tonne associated with the COVID-19 outbreak and the resulting fragile industrial demand while in 2022, nickel price has risen to above U.S.\$20,000 per tonne. This volatility, if it re-emerges, could have an adverse impact on our employees, communities, suppliers, businesses, financial condition and results of operations. Given the rapidly changing implications of the COVID-19 pandemic, it is difficult to assess the full nature and extent of the impact that the outbreak will have on the demand and prices for our products and, in turn, our financial performance for the remainder of 2023 and future periods. We cannot assure you that commodity prices will not continue to decrease, and a prolonged or significant decline in the prices for our products may materially and adversely affect our business, financial condition and results of operations. See also the Industry Report included as Appendix A to this Offering Memorandum.

Other than NPI, nickel limonite and nickel matte, as we expand our business segments vertically across the EV battery value chain and produce other cobalt-based and nickel-based products, we expect our revenue to be largely dependent generally on the average price for these metal products. As metal products are priced based on the prevailing market price with reference to the global markets metal pricing index, any significant decline in the market prevailing prices of the metals related to our products could materially and adversely affect our business, results of operations, financial condition and prospects. An increase in the global or Indonesian supply of metal and/or a decrease in world consumption levels of metal may result in an oversupply of and downward selling pressure on our metal products. An oversupply in the global markets in any of the products we sell could, in turn, reduce global prices of such products and the prices we receive under new sales contracts.

A fall in prices of nickel and cobalt may occur. These factors may materially and adversely affect us in various ways, including, but not limited to, the following:

- a significant or sustained reduction in the prices of the metals related to our business could result in customers' unwillingness to honor their contractual commitments to purchase our metal products at pre-agreed pricing terms;

- a significant or sustained reduction in the prices of the metals related to our business could result in a reduction in our sales and earnings;
- a significant or sustained reduction in the prices of the metals related to our business could result in a decline in the value of the products we supply, which may result in write-downs to our assets;
- a significant or sustained reduction in the prices of the metals related to our businesses could make it more difficult for us to obtain financing and may increase the financing costs for our businesses; and
- the production of our metal products may be curtailed or suspended if they are no longer economically viable.

On the other hand, increases in metal prices increase our production costs. For example, the recent spikes in LME nickel price caused by the Russian-Ukraine conflict have increased the price of nickel ore we source. While prices of nickel products that we sell, including NPI, have also increased, our business, results of operations, financial condition and prospects will be adversely affected if the prices that we sell our nickel products do not increase proportionately with the increase in the prices of nickel we source. We may not be able to pass on, or pass on fully, the increase in the price of nickel we source to our customers. Consequently, the sales volumes of our nickel-related products and our business, results of operations, financial condition and prospects may be materially and adversely affected.

The Hengjaya Mine is a supplier of nickel ore to the Hengjaya Nickel Project and the Ranger Nickel Project, and we expect to begin relinquishing control over its operations after February 2030.

The Hengjaya Mine is a significant supplier of the nickel ore that we use as an input in our RKEF operations, having supplied approximately 40%, 50% and 38% of our nickel ore needs in the years ended December 31, 2020, 2021 and 2022, respectively, with the balance of ore supplied from the IMIP's nickel ore stockpiles which are acquired from numerous mines across the Indonesian archipelago.

To the extent that our operations at the Hengjaya Mine may be subject to a temporary or prolonged disruption as a result of risks inherent to its operations, such as a suspension or termination of mining licenses, major equipment failure, failure to receive required supplies in a timely manner or at all, dispute with local communities or the occurrence of catastrophic events such as fires, floods or adverse weather conditions, we may be unable to source the nickel ore needed to produce NPI at our RKEF plants at commercial terms which we deem timely and reasonable, or at all.

Moreover, our ownership of the Hengjaya Mine is subject to divestment. Following the several amendments to Indonesia's 2009 Minerals and Coal Mining Law (the "Mining Law") and its implementing regulations, a foreign investment company in Indonesia (a "PMA Company") holding a Production Operation IUP ("PO IUP") and carrying out open pit mining, without being integrated with domestic mineral processing and/or refining activities, must start divesting its shares after 10 years of "production" such that by the 15th year of "production", 51% of its total issued shares (the "Divestiture Shares") are owned by qualified Indonesian entities (as set out in the following paragraph below) (the "Divestiture Requirement"). For the purposes of the Divestiture Requirement, the word "production" means when the relevant PO IUP holder starts its mining activities, which in general, would commence within two years since the date of the PO IUP. In the case of the Hengjaya Mine, its PO IUP was issued in June 2011 and the production commenced in April 2013. For further details, see the "*Regulatory Framework – Indonesian Regulatory Framework – Regulation of Nickel Mining in Indonesia*" paragraph below.

The Divestiture Shares must be offered, in instalments, to qualified Indonesian entities, being (i) the Central Government, (ii) the relevant Regional Government which includes district and city administrations within the relevant Regional Government area, (iii) State Owned Enterprises (*Badan Usaha Milik Negara* or “BUMN”) or Regional Government-Owned Enterprises (*Badan Usaha Milik Daerah* or “BUMD”) and (iv) Indonesian companies wholly owned by Indonesian nationals (i.e., “Non-PMA Companies”) (the “Qualified Indonesian Entities”) in descending order.

Government Regulation 96/2021 (being one of the implementing regulations of the Mining Law) specifies the instalment timeline for the offering of Divestiture Shares to Qualified Indonesian Entities as being:

Mine Characteristics	Year of Production	Minimum Indonesian Shares
PO IUP holders implementing open-pit method mining and not integrated with processing, refining and/or coal development and utilization facilities	10 th	5%
	11 th	10%
	12 th	15%
	13 th	20%
	14 th	30%
	15 th	51%

A PO IUP holder must initially offer the Divestiture Shares to the Central Government, the relevant Regional Government, BUMNs or BUMDs (in that particular order). In the event that none of the Central Government, the relevant Regional Government, BUMNs or BUMDs are interested in acquiring the Divestiture Shares, the Divestiture Shares must then be offered to Non-PMA Companies by way of an auction.

Finally, and only in the event that none of the Qualified Indonesian Entities are interested in acquiring the Divestiture Shares, the divestment process must be carried out by the relevant PMA Company through the Indonesian Stock Exchange.

As the Hengjaya Mine already has 20% of local shareholders, it is likely the case that no Divestiture Shares have to be offered, in respect of the Hengjaya Mine, to Qualified Indonesian Entities until the 14th year of production, with the Divestiture Requirement to be fully satisfied in the 15th year of production.

The divestiture price is determined on the basis of “fair market value” but without taking into consideration the mineral or coal reserves of the relevant PO IUP holder except for that part of the mineral or coal reserves that can be mined during the validity period of the relevant PO IUP (the “Fair Market Value”).

The Fair Market Value is calculated using two alternative methods as follows:

- (a) the discounted cash flow method reflecting the economic benefits to be derived by the relevant PO IUP holder until the end of the validity period of the relevant PO IUP (“Alternative 1”); and/or
- (b) the comparison of market data method (market data benchmarking) (“Alternative 2”).

Once the Fair Market Value has been determined in accordance with Alternative 1 and/or Alternative 2, this Fair Market Value becomes:

- (a) the highest possible divestiture price in the case of Divestiture Shares offered to the Central Government, the relevant Regional Government, BUMNs, BUMDs or a special purpose vehicle

formed or appointed by MEMR and owned by the Central Government, the relevant Regional Government, a BUMN and/or a BUMD (a “Government SPV”); or

- (b) in the event none of the Central Government, the relevant Regional Government, BUMNs, BUMDs or a Government SPV is interested in acquiring the Divestiture Shares, the “base” (i.e., lowest possible) divestiture price for Divestiture Shares offered to private Non-PMA Companies by way of auction.

Notwithstanding that the divestiture price is meant to be determined on the basis of Fair Market Value, we may be unable to divest the ownership of the Hengjaya Mine on terms that we deem to be commercially attractive. Furthermore, we cannot assure you that our own assessments of the inherent commercial value of the Hengjaya Mine to our operations, including related synergies, will be fully realized in any such sale.

We also cannot assure you that the Hengjaya Mine’s future controlling shareholder will continue to supply us with the nickel ore we need for our operations, or that we would be able to replace this source of nickel ore at the same commercial terms or at all. In that case, our smelting operations at our RKEF plants may be adversely affected, which could adversely affect our business, financial condition and results of operations.

Moreover, once we no longer hold a controlling equity stake in the Hengjaya Mine, we will be exposed to actions by the new controlling shareholder which may be inconsistent with or adverse to our interests. For example, the new controlling shareholder may exercise its voting rights so as to block actions that we believe to be in our best interest or in the best interest of the Hengjaya Mine, take actions which are contrary to our policies and objectives, or as a result of financial or other difficulties, be unable or unwilling to fulfill their obligations to the Hengjaya Mine, such as contributing capital to expansion or maintenance projects. These circumstances could adversely impact our business, financial condition and results of operation.

We may be adversely affected by changes to laws and regulations relating to our operations, and our failure to comply with those regulations, may adversely affect us.

The Indonesian mining industry is subject to extensive regulation within Indonesia, and there have been major developments in laws and regulations applicable to mining concession holders and related businesses, such as ours. For example, on January 11, 2014, the Indonesian Government introduced a ban on the export of unprocessed minerals, including the export of low-grade nickel ore. As a consequence, our mining operations at the Hengjaya Mine were temporarily ceased. Mining operations at the Hengjaya Mine recommenced in October 2015 following the signing of a series of ore offtake agreements to supply nickel ore to Tsingshan group companies within the IMIP. In 2017, there was some relaxation of such export ban. However, on January 1, 2020, the ban on the export of low-grade nickel ore was fully reinstated by the Indonesian Government. The Indonesian export ban has significantly benefited the large-scale adoption of RKEF processing in Indonesia, in light of an abundance of high-grade nickel ore no longer able to be exported. Therefore, if this ban is overturned or relaxed, there is a risk that the domestic unprocessed ore producers may supply international markets, driving up prices for Indonesian high-grade nickel ore and negatively impacting the profitability of our NPI processing business. On November 30, 2022, the panel established by the Dispute Settlement Body of the World Trade Organization (“WTO DSB”) issued a panel report concluding that Indonesia’s (i) export ban and (ii) domestic processing requirement on nickel ore, are inconsistent with the General Agreement on Tariffs and Trade 1994. On December 8, 2022, Indonesia notified the WTO DSB of its decision to appeal to the Appellate Body with respect to certain issues of law and legal interpretations in the relevant panel report.

We have no control over changes in Indonesian laws and regulations, and we are not able to accurately predict all future developments in this space. Future developments and changes to laws and regulations relating to our operations could adversely affect us. Compliance with these laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings. Failure to comply with the laws and regulations may result in the imposition of penalties or other sanctions.

We currently do not have valid legal title to certain plots of land on which our RKEFs at IMIP are located.

Although we have the contractual rights to possess the land on which our RKEF facilities are located for the Ranger Nickel Project pursuant to conditional land sale agreement, as of the date of this Offering Memorandum, we do not have valid legal titles to such plots of land. Pursuant to the conditional land sale agreements, IMIP is obliged to obtain the land right certificates on such plots of land. After IMIP has obtained such land titles, the titles will be transferred to us pursuant to land sale agreements which will be drawn up before an Indonesian land deed official. Afterwards, our title to such plots of land will be subject to registration and certification formalities with the relevant land office. Furthermore, in respect of the Oracle Nickel Project, under our collaboration agreement with Shanghai Decent pertaining to the Oracle Nickel Project, Shanghai Decent is required to ensure that the relevant landowner provides the Oracle Nickel Project with rights to occupy and construct on the relevant land pending formal registration and transfer of that land to the Oracle Nickel Project. We also have the contractual rights to possess, but not valid legal titles over, Hengjaya Nickel Project's stocking yard. Likewise, Hengjaya Nickel Project's stocking yard is also subject to land sale agreement(s) which will be drawn up before an Indonesian land deed official once IMIP has obtained the relevant land certificates. While we believe that there are no legal or constructive obligations under Indonesian laws to decommission these assets, in the event that we do not obtain valid legal title to the plots of land or procure the necessary registration formalities in relation to the plots of land where our operations are located, our business, financial condition and results of operations may be materially and adversely affected.

Furthermore, the aforementioned conditional land sale agreements are subject to the requirement to use Indonesian language, but certain of these conditional land sale agreements were entered into in English and/or Chinese language. Any challenge from the relevant seller on the validity of any such conditional land sale agreements due to the absence of Indonesian language versions of such agreements may adversely affect our acquisition of the relevant land parcels. See "*Regulatory Framework — Indonesian Language Law*".

Certain of our subsidiaries do not maintain company work guidelines.

The Indonesian Labor Law (and its implementing regulations) provides that any employer that employs 10 or more employees is required to maintain company work guidelines (*Peraturan Perusahaan*) ("CWR"). Company work guidelines must be approved by the Minister of Manpower ("MOM") and are valid for two years from the date they are registered with the MOM and must be renewed once expired. If the employer maintains a collective labor agreement (*Perjanjian Kerja Bersama*) ("CLA") with its labor union, the maintenance of company work rules is not necessary. We operate in labor-intensive industries and depend on more than 4,000 workers to carry out our operations, most of whom are employed in Indonesia and are therefore subject to the Indonesian Labor Law. As of the date of this Offering Memorandum, certain of our Indonesian subsidiaries do not maintain either company work rules or a CLA and therefore may be subject to warning letters and/or criminal monetary fines prescribed under the Indonesian Labor Law. Although as of the date of this Offering Memorandum, none of our subsidiaries has received any correspondence from the MOM with respect to this, there can be no assurance that the MOM will not impose the prescribed sanctions on us. Any such imposition might expose us to fines, and in turn could have an adverse effect on our reputation, business and results of operations. See "*Regulatory Framework – Indonesian Labor Law*".

PT Hengjaya did not obtain approval from, and/or provide notification to, MEMR for the change of its shareholders, directors and commissioners, and has not yet updated the information on its shareholders, directors and commissioners in the Mineral One Data Indonesia (MODI) system.

Pursuant to Law No. 3 of 2020 on the Amendment to the 2009 Minerals and Coal Mining Law ("Law 3/2020") including MEMR Regulation No. 7 of 2020 on Procedures for Granting Area, Licensing and Reporting in Mineral and Coal Mining Business Activities, as amended by MEMR Regulation No. 16 of 2021 (the "Mining

License Regulation”) and MEMR Regulation No. 48 of 2017 on the Monitoring of the Business Activities in Energy and Mineral Resources Sector, as partly revoked by MEMR Regulation No. 41 of 2018 and the Mining License Regulation, a holder of a Mining Business License (*Izin Usaha Pertambangan* or “IUP”), such as PT Hengjaya, is required to obtain a prior approval from the MEMR to make changes to its shareholders composition. PT Hengjaya is also required to notify the MEMR to make changes to the composition of its board of directors and/or board of commissioners no later than 14 business days after it obtains a ratification on the composition change by the Ministry of Law and Human Rights. PT Hengjaya did not obtain any such approvals from, nor provide any notifications to, the MEMR with respect to the changes of its shareholding, board of directors and board of commissioners’ compositions. The Mining Law (as amended) and the Mining License Regulation prescribe various administrative sanctions ranging from warning letters to revocation of IUP for failure to comply with such approval and notification requirements, see *“Regulatory Framework – Mandatory approval from MEMR, notification to MEMR and update corporate information to the Minerba One Data Indonesia (MODI) System”*. As of the date of this Offering Memorandum, PT Hengjaya has not received any correspondence from the MEMR on the absence of such approvals and notifications. While we have notified the local MEMR agency of the past changes to the directors and commissioners of PT Hengjaya in May 2019 and the annual Work and Budget Plan (*Rencana Kerja Anggaran dan Biaya* or “RKAB”) has been approved every year, up to the latest RKAB for 2023, there can be no assurance that the MEMR will not impose the prescribed sanctions on PT Hengjaya which in turn could have an adverse effect on PT Hengjaya, our Indonesian subsidiaries, and, consequently, our reputation, business and results of operations due to our failure to obtain prior approval from and notify the MEMR on the changes to the shareholders, board of directors and board of commissioners composition of PT Hengjaya.

Further, as of April 2022, the MEMR issued a decree which obliged all PO IUP holders to update the information of their shareholders, board of directors and board of commissioners to the Minerba One Data Indonesia (MODI) system. We have not officially updated the latest change to the shareholders, board of directors, and board of commissioners compositions of PT Hengjaya in the MODI system, and therefore, PT Hengjaya latest shareholders, board of directors, and board of commissioners compositions have not yet been reflected in the MODI system. As a result, any subsequent changes to the shareholders, board of directors, and board of commissioners compositions of PT Hengjaya (as well as any efforts to update such changes in the MODI system) may be met with scrutiny from the MEMR on PT Hengjaya’s failure to obtain prior approval from and notify the MEMR on the previous changes its shareholders, board of directors, and board of commissioners composition which may result in sanctions being imposed on PT Hengjaya. See *“Regulatory Framework — Indonesian Regulatory Framework – Mandatory approval from MEMR, notification to MEMR, and update corporate information to the Minerba One Data Indonesia (MODI) System.”*

Our operations and expansion programs depend on our ability to obtain, maintain and renew necessary permits and approvals from the Indonesian Government.

We are required to obtain, maintain and renew various permits and approvals from the Indonesian Government for our operations. Moreover, we rely on the Tsingshan group to procure and obtain all the relevant permits, licenses, land and other requirements to develop and operate the Angel Nickel Project and the Oracle Nickel Project. The permits and approvals required for operating a mining and NPI processing business include, among others, general corporate, mining, capital investment, labor, environmental and land utilization licenses. We also rely on the IMIP to obtain and maintain certain licenses required for our RKEF operations located in the IMIP. Similar arrangements apply in respect of the Angel Nickel Project between us and the IWIP. Most of these permits have various expiration dates and we must renew all of our permits and approvals before they expire, as well as obtain new permits and approvals when required.

We cannot assure you that the relevant government authorities (whether at the Indonesian Government or regional government level) will not revoke or renew our existing permits, refuse to issue new permits, or issue permits for our concessions that conflict with the approvals which we require to operate our business and implement any expansion programs or that they will not impose unfavorable terms and conditions in connection with the issuance or renewal of such permits or approvals. This uncertainty partly arises as a result of the regulatory regime within which we operate. For example, since April 2021, PT Hengjaya has not processed its monthly obligation to pay Provision of Forestry Resource (*Provisi Sumber Daya Hutan*, or “PSDH”) and/or Reforestation Fund (*Dana Reboisasi*, or “DR”), which may result in PT Hengjaya being subjected to fines, administration sanctions, suspension or revocation of its forestry permits. PT Hengjaya is also in the process of obtaining another Forestry Area Utilization Approval (*Izin Persetujuan Penggunaan Kawasan Hutan*, “IPPKH”) in relation to its drilling near the Bete Bete pit. Furthermore, commercial sales of NPI from the Oracle Nickel Project will commence following the issuance of the Industrial Business License upon the final importation of construction materials to complete the RKEF lines. While PT Hengjaya has paid PSDH and DR for PPKH 2 and is scheduled to pay the PSDH and DR for PPKH 1 in the following months due in June 2023 and, to the extent of our knowledge, no such sanction has been imposed to date, we cannot assure you that the fines, sanctions or revocations of such license will not be imposed before PT Hengjaya could be able to fulfill such obligation. We also cannot assure you that the necessary licenses for the operations on the Hengjaya Mine, Hengjaya Nickel Project, Ranger Nickel Project, the Angel Nickel Project, the Oracle Nickel Project and the HNC Project will be granted or that unfavorable terms and conditions will not be imposed in relation to such licenses. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Factors affecting our Business and Results of Operations — Government Policies and Changes in Law*”, “*— Risks relating to Australia and Indonesia — The interpretation and implementation of legislation on regional governance in Indonesia is uncertain and may adversely affect our business, financial condition, results of operations and prospects*” and “*Regulatory Framework – Indonesian Regulatory Framework – Regulation of Nickel Mining in Indonesia*”.

Although we have not yet experienced any material issues or an inability to obtain, maintain or renew a license required to operate our business, we cannot assure you that the Indonesian Government will not revoke existing licenses and permits for whatever reason or that it will issue or renew the required licenses or permits within the anticipated timeframe or at all. A loss of, or failure to obtain, maintain or renew, any permits, agreements and approvals necessary for our business operations may adversely affect our business, financial condition and results of operations. In addition, if laws and regulations applicable to these authorizations, concessions, permits or licenses change, modifications to our technologies and operations could be required, and we may need to make unexpected capital expenditures and even make certain of our operations economically or otherwise unfeasible, which could adversely affect us.

We may be adversely affected if any of the tax benefits granted to us expire or are revoked or if we are unsuccessful in qualifying for, renewing or extending such tax benefits.

Our operations at the Hengjaya Nickel Project and the Ranger Nickel Project currently benefit from certain tax benefits granted to us by the Government of Indonesia on the following basis:

- a corporate income tax reduction of 100% for a period of seven tax years, starting from the tax year in which commercial production is achieved (i.e. 2019);
- a corporate income tax reduction of 50% of payable income tax for a period of two tax years, starting from the end of the initial seven-year period; and
- exemption from withholding and tax collection by third parties on sales proceeds that would normally be remitted to the Indonesian Revenue Department for a period of seven years, also commencing from the tax year in which commercial production is achieved.

In addition, the Angel Nickel Project currently benefits from certain tax benefits granted to us by the Government of Indonesia on the following basis:

- a corporate income tax reduction of 100% for a period of 10 tax years, starting from the tax year in which commercial production is achieved (i.e. 2022);
- a corporate income tax reduction of 50% of payable income tax for a period of two tax years, starting from the end of the initial 10-year period; and
- exemption from withholding and tax collection by third parties on sales proceeds that would normally be remitted to the Indonesian Revenue Department for a period of 10 years, also commencing from the tax year in which commercial production is achieved.

In March 2022, the Government of Indonesia granted the Oracle Nickel Project tax benefits on a basis consistent with those granted to the Angel Nickel Project. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Factors affecting our Business and Results of Operations – Government Policies and Changes in Law — Regulation on Divestiture of Ownership*”. We may also seek to qualify for or obtain additional tax benefits in the future whenever available and practicable. However, we cannot assure you that we will be able to obtain any such tax concessions on acceptable terms or at all.

In order to qualify for and maintain such tax benefits, we are required to comply with certain general requirements, such as timely filing of tax returns, compliance with certain applicable laws and meeting the defined level of investment and expenditure, and we may be unable to retain such tax benefits if we fail to satisfy the conditions on which such benefits are granted. Penalties for noncompliance with such obligations may result in suspension of incentives until they are corrected, loss of tax incentives and under certain circumstances, payment of penalties.

Such tax benefits may also be revoked, may not continue beyond their scheduled expiration date or, if they continue, the benefits received may not be at the same level. The revocation, expiration or amendment of any one or more of these tax benefits, or our failure to comply with the applicable legal requirements, could cause us to lose these tax benefits and our effective tax rate to increase, which could adversely affect us.

The Hengjaya Mine and our RKEF plants are subject to inclement weather and natural disasters.

Our operations are located in Indonesia, which is subject to inclement weather, particularly during the rainy season, as well as natural disasters such as earthquakes and landslides. See “— *Risks relating to Australia and Indonesia — Indonesia is located in an earthquake zone and is subject to significant geological risk and other natural disasters that could lead to property damage, loss of life, social unrest and economic loss*”. A prolonged rainy season can have a significant impact on mining operations, equipment utilization rates and overburden removal rates. In addition, actual rainfall and rain hours can vary significantly in the regions where we operate from year to year and can result in our utilization and production volumes for a period or a particular year being significantly lower than anticipated and targeted, even after we build in allowances for typical rainfall and rain hours due to seasonal weather conditions. We are also subject to the risks of natural disasters such as earthquakes and landslides, which could significantly damage our mining and RKEF plants and general infrastructure. Furthermore, extensive damage to our facilities and employee casualties whether as a result of earthquakes, landslides or other natural disasters may adversely affect our ability to conduct our operations and, as a result, reduce our future operating results. These risks may be heightened by the geographical proximity of our existing operations, which are all located within or nearby the IMIP. Our insurance policies may not be adequate to cover any losses or liabilities resulting from the occurrence of these events, and such events may adversely affect our business, financial condition and results of operations. See “— *Risks relating to our Business — Our insurance may not be adequate to cover our losses or liabilities*”.

We may not be able to realize any or all of the anticipated benefits of our contemplated diversification into nickel matte and other nickel products.

On May 3, 2021, we signed a non-binding memorandum of understanding with Shanghai Decent expressing our mutual intention to modify two of our existing RKEF lines at the IMIP to enable them to produce a low-grade nickel matte. Additionally, we intend to convert two of our RKEF lines at the Angel Nickel Project to produce nickel matte, the completion of which is subject to market conditions and is not expected to occur until early 2024. As part of our Strategic Framework Agreement with Shanghai Decent, we also acquired a U.S.\$15 million option to invest in and construct a low-grade to high-grade nickel matte converter at the Oracle Nickel Project. The low-grade nickel matte would be sold for further processing into a high-grade nickel matte (higher than 74% NiEq) that can be used to make battery grade nickel for the electric vehicle market. In addition to expansion into nickel matte production, we will also diversify towards other nickel products like MHP through the HNC Acquisition and the ENC Project. We have not made the decision to exercise the option to invest and construct, or obtained funding for, the ENC Project or the nickel matte converter at the Oracle Nickel Project and there is no assurance that either or both of these projects will proceed or be completed.

While we have converted production at the two RKEF lines at the Hengjaya Nickel Project from NPI to nickel matte in October 2022 and have realized higher gross margins from nickel matte products, our further transition into nickel matte and Class-1 nickel production may cause production cost to significantly exceed our current expectations, which could decrease or eliminate the expected benefits from these investments. Accordingly, we may not be able to realize any or all of the anticipated benefits of our contemplated diversification into nickel matte production.

Global economic, political and other conditions, including in China and the United States, as well as government policies, could adversely affect our business and prospects.

Our business depends on the general economic conditions in China, as well as its political and social conditions. The Chinese market has become a significant source of global demand for commodities and our entire revenue are derived from sales to entities affiliated with the China-based Tsingshan group, and whether the NPI that we produce is utilized within Indonesia or exported to China is largely a function of the Tsingshan group's overall stainless-steel requirements. For the fiscal years ended December 31, 2020, 2021 and 2022, our export sales to China accounted for 100%, 55% and 40%, respectively, of our total sales.

The Chinese economy is in the process of transitioning from a centrally planned economy to a more market-oriented economy. For approximately three decades, the Chinese government has implemented economic reform measures to utilize market forces in the development of the economy. However, the Chinese government continues to play a significant role in regulating industries and the economy through policy measures.

Any political tension between the Chinese and Indonesian or Australian governments may also have an adverse effect on our business and operations if such tension escalates and has effects on commerce and economic relations. We cannot predict the extent of any adverse effect on our current or future business, financial condition or results of operations that could be caused by any changes in Chinese economic, political or social conditions and in Chinese laws, regulations and policies. Any such changes may cause restrictions or impose costs on our business and may inhibit our future opportunities.

Moreover, particularly related to our business, China, in response to its increased demand for commodities, is increasingly seeking self-sufficiency in key commodities, including nickel, through investments in nickel mining operations in other countries. In addition, NPI is used in the production of stainless-steel and a slowdown in the stainless-steel industry in China, or China's economic growth in general, could result in lower Chinese demand for our products and therefore reduce our revenue. In the event that the demand for

our NPI from our China-based Tsingshan affiliated offtakers materially decreases and we are unable to find new customers to replace these customers, our business, results of operations, and financial condition could be materially and adversely affected.

In addition, certain governmental incentives and tax credits or breaks may not be available to us, which may reduce the demand for the nickel products that we export. For instance, the recently enacted Inflation Reduction Act of 2022 (the “Inflation Reduction Act”) positions the United States to reach net-zero emissions by no later than 2050. The Inflation Reduction Act appropriates hundreds of billions of dollars to incentivize the development of renewable energy, clean hydrogen, clean fuels, electric vehicles and supporting infrastructure and carbon capture and sequestration, amongst other measures. Some of the climate-related provisions that the Inflation Reduction Act introduces are consumer tax credits for EV purchases. The credits aim to make EVs more affordable, but are limited by the requirement that a threshold amount of the battery minerals in qualifying vehicles must have been extracted or processed in the United States or free trade partner countries or recycled in North America. EV tax credits will increase producer demand for new sources of battery metals and tie United States EV sales to investments in alternative mineral supply chains. The Inflation Reduction Act names 50 “applicable critical minerals” for the energy transition in section 45X(c)(6), including cobalt and nickel. To qualify for one half of the consumer credit under the Inflation Reduction Act, at least 40% of critical minerals in U.S.-made EV batteries must come from U.S. miners or recycling plants, or mines in countries with free trade deals with the United States. The threshold amount will rise by 10% of total battery material each calendar year, to a maximum of 80% in 2027. The other half of the consumer credit is earned through a similar rising threshold amount of battery components which must be manufactured or assembled in North America. Additionally, under the Inflation Reduction Act, vehicles are only eligible for the credit if final assembly occurs within North America and no critical minerals are sourced from a “foreign entity of concern,” including China and Russia. Currently, U.S. EV manufacturers sourcing cobalt or nickel from Indonesia would not benefit from the tax credits under the Inflation Reduction Act as Indonesia is not a partner country that has signed an FTA with the United States. Therefore, U.S.-based EV manufacturers may choose to source their cobalt or nickel from countries which have signed FTAs with the United States to enjoy the tax credits, thus reducing demand for our cobalt or nickel products.

The Inflation Reduction Act also introduces new production tax credits and investment tax credits that are similarly conditioned on U.S. sourcing of the critical minerals (including nickel and cobalt) identified by the consumer tax credit. Both the manufacturers of clean energy project components and the critical mineral processors who supply the manufacturers are eligible for the credits. To the extent that the credits may be claimed by clean energy projects, they may further shift demand for nickel and cobalt towards U.S.-based supply chains.

Our operations may be disrupted by opposition from local communities.

We face the risk that our operations may be disrupted by local community opposition or unrest. Due to the adverse environmental impact associated with our mining and NPI processing activities, local communities surrounding the areas in which we conduct our operations may oppose, at times violently, the carrying out of further mining and NPI processing activities. Local communities may also cause disruptions arising out of, but not limited to, disputes relating to compensation claims for land acquisitions and land use rights, and contractor or employee death or serious injury. We cannot assure you that we will be able to successfully resolve or overcome opposition from local communities that we may encounter in the future. In the event that our operations are disrupted by local community opposition or unrest and we are unable to resolve such disruption in an amicable or timely manner or at all, we may not be able to meet production targets, and our business, financial condition and results of operations may be adversely affected.

Our operations are subject to environmental laws and regulations which may cause us to incur significant costs, liabilities or interrupt or cease operations, any of which may adversely affect our results of operations.

Due to the significant impact of our mining and NPI processing operations on the environment, our facilities and operations are subject to a variety of national, state and local environmental laws and regulations in Indonesia, which are becoming more stringent and more strictly enforced, and may result in increased liabilities and impose additional compliance costs on us. These laws and regulations can cause delays, cause us to incur significant costs to comply with them, or even prohibit or restrict certain activities in regions or areas subject to environmental protection. In addition, new or more stringent environmental standards (including measures seeking to address global warming) imposed on us, or stricter enforcement of such standards, could require us to make increased capital expenditures that may vary widely from those currently anticipated, and which could adversely affect us. We expend significant financial and managerial resources to comply with these regulations, and we anticipate that we will be required to continue to do so in the future as the recent trend towards stricter environmental laws is likely to continue. Failure to comply with these laws and regulations (including failure to obtain or maintain relevant environmental permits, as well as compliance with the technical constraints imposed in the environmental licensing process) may subject the offender to administrative sanctions, such as warnings, fines, compulsory interruption of activities, demolition and criminal sanctions, in addition to the obligation to repair environmental damages and indemnify third parties.

Mining for nickel ore and processing NPI can be potentially environmentally hazardous and may give rise to potentially substantial costs for environmental rehabilitation, damage control and losses, which risks may not be covered by our insurance policies. For example, there could be spills and discharges from maintenance and service activities at our facilities and our other logistical operations, or environmental damage caused by previous occupiers, for which the extent and costs of our liability we are not able to determine. In addition, air pollution from coal-fired power plants has been linked to significant environmental and public health impacts. We may be required to clean up any contamination resulting from accidents caused by us and would be required to pay fines in connection with some of these accidents, as well as to monitor and manage any related legal or administrative proceedings, which could adversely affect us.

Our mine reclamation and post-mining liabilities could change significantly if our actual costs incurred in connection with mine reclamation and post-mining activities vary from our assumptions or if governmental laws or regulations change either while we hold the current license or upon the renewal of our licenses. See *“Regulatory Framework — Indonesian Regulatory Framework — Regulation of Nickel Mining in Indonesia”*. Any significant unanticipated increase in our reclamation and rehabilitation costs may adversely affect our business, financial condition and results of operations. If we or any of our third-party contractors fail to comply with applicable Indonesian environmental laws and regulations, or if an incident were to occur on a site owned by us, we may be liable for any damages or expenses arising out of or in connection with such incident, and our business, financial condition and our results of operations may be adversely affected.

Climate change, as well as the regulatory and industry responses to it, could significantly increase our operating costs and adversely affect our operations.

We conduct our operations in the Central Sulawesi and North Maluku regions of Indonesia. We are therefore subject to the local climate patterns of these regions. Exploration, mining production and transportation activities may be susceptible to risks and hazards resulting from sustained precipitation or other weather conditions. An intensification of extreme weather events and longer-term changes in weather patterns may impact our operations, resulting in more frequent production delays, increased costs and increased liabilities.

In addition, regulatory and industry response to climate change, restrictions, caps, taxes, or other controls on emissions of greenhouse gases, including on emissions from the combustion of carbon-based fuels, controls

on effluents and restrictions on the use of certain substances or materials, could significantly increase our operating costs. A number of governmental bodies have introduced or are contemplating regulatory changes in response to the potential impacts of climate change. For example, Indonesia and many other nations are signatories to international agreements related to climate change including the 1992 United Nations Framework Convention on Climate Change, which is intended to limit or capture emissions of greenhouse gas, such as carbon dioxide, the 1997 Kyoto Protocol, which established a potentially binding set of emissions targets for developed nations, the 2016 Paris Agreement, which extended the potentially binding set of emissions targets to all nations, and most recently, the 2021 Glasgow Climate Change Conference, which involved a series of decisions in a Glasgow Climate Pact to provide more ambitious emissions cuts intended to limit the global temperature rise to 1.5 degrees. The enactment of comprehensive legislation focusing on greenhouse gas emissions could adversely affect us due to the high energy usage involved in the RKEF process, which can make it uncompetitive in regions with high energy prices.

Although this has not yet presented a significant challenge for our operations due to the availability of low energy prices as a result of the abundance of relatively inexpensive coal resources near the IMIP, any changes in laws and policies, including in relation to carbon pricing, greenhouse gas emissions, energy efficiency or restricting our access to or use of coal as an energy source, could adversely affect us. Furthermore, our compliance with any new environmental laws or regulations, particularly relating to greenhouse gas emissions, may require significant capital expenditure or result in the incurrence of fees and other penalties in the event of noncompliance. Shifts in commodity demand may also arise in response to climate risks and opportunities, including a potential decrease in demand for NPI and nickel.

We cannot assure you that future legislative, regulatory, international law, industry, trade or other developments will not negatively impact our operations and the demand for the NPI we sell. In addition, we may be subject to activism from environmental groups and organizations campaigning against our mining and NPI processing activities, which could affect our reputation and disrupt our operations. See also “— *Risks relating to our Business — Our operations may be disrupted by opposition from local communities*” and “— *Risks relating to our Business — Our operations are subject to environmental laws and regulations which may cause us to incur significant costs, liabilities or interrupt or cease operations, any of which may adversely affect our results of operations*”. If any of the foregoing were to occur, our business, financial condition and results of operations may be adversely affected.

Our operations require a significant amount of working capital and may be adversely affected if we experience limited availability of funds.

We expend a significant amount of cash as part of our operations, principally on nickel ore (generally representing between 35% and 45% of input costs), power usage (generally representing between 20% and 30% of input costs) and other ancillary costs including labor costs (generally representing between 30% and 40% of input costs). We may also require additional capital expenditures to maintain, upgrade and expand our facilities to keep pace with competitive developments, technological advances and changing safety and environmental standards in our industry.

We fund our operations principally through equity and debt funding and cash flow from our operations. In relation to the proposed ENC Project, the investment in and construction of the nickel matte converter, as provided under the Strategic Framework Agreement, the HNC Acquisition or the Additional Oracle Acquisition would require additional capital. To fund these opportunities and acquisitions, we conducted a series of equity raises, including the Institutional Placement which was completed in January 2023, the SPP which was completed in February 2023 and an ongoing Conditional Placement. The HNC Acquisition is subject to, among other conditions, the completion of the Conditional Placement, which in turn is subject to certain conditions precedent including shareholders’ approval and FIRB approval. See “*Business — Recent*

Developments — Equity Raise". There can be no assurance that all conditions precedent to the Conditional Placement be satisfied or waived, or, if satisfied or waived, when they will be satisfied or waived. If the Conditional Placement or the HNC Acquisition is not completed, our business and results of operations may be adversely affected.

As of December 31, 2022, we had cash and cash equivalents of U.S.\$144.2 million. We cannot assure you that we will not experience negative cash flows in the future. Changes to operational requirements, market conditions and the identification of other opportunities may mean further funding is required by us at an earlier stage than is currently anticipated.

We may be required to meet our funding needs by procuring financing on commercially unattractive and/or restrictive terms. In particular, funding of power-intensive operations which consume significant amounts of power derived from thermal coal power plants, such as ours, is becoming increasingly restricted, including in connection with climate change, or may require covenants that impact pricing or operations. Our ability to attract future funding and investment may be impacted by changing business and community expectations regarding environmental, social and governance matters and more stringent environmental assessments of proposed projects. These changes may increase our cost of funding or otherwise increase the cost of our development and mining activities or delay or preclude those activities altogether.

In the event that we are unable to obtain or secure sufficient borrowings or generate sufficient revenue from our operations, or if we fail to maintain sufficient cash to meet our operating requirements, we may not have sufficient cash flow to fund our operations and our business and results of operations will be adversely affected. Furthermore, an increase in our level of borrowings would mean that an increased portion of our expected cash flow may have to be set aside for the payment of interest and principal repayment on our borrowings, thereby reducing the funds available to us for use in our general business operations.

Our exploration efforts are highly speculative in nature and we may be unable to locate additional resources at the Hengjaya Mine or elsewhere.

Our resources will decline as mining continues and we depend on our ability to replenish our resources for our long-term viability. This, in turn, depends on our ability to acquire additional mining concessions and/or locate additional resources that are economically recoverable within our concession areas or in such other areas where we have permission to carry out exploration activities. See "*Business — Our Mining Operations — Exploration*". Mining exploration is highly speculative in nature, involves many risks, including the risk that we will encounter no commercially mineable reserves, and is frequently unsuccessful.

Furthermore, we cannot assure you that, even if an economic deposit of minerals is located in the Hengjaya Mine, any of our property interests can be commercially mined. The exploration and development of mineral deposits involves a high degree of financial risk over a significant period which a combination of careful evaluation, experience and knowledge of management may not eliminate. While discovery of additional ore-bearing deposits may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that our current exploration programs will result in profitable commercial mining operations. The profitability of our operations will, in part, be related to the cost and success of our exploration and development programs which may be affected by several factors. Additional expenditures are required to establish reserves which are sufficient to commercially mine and to construct, complete and install mining and processing facilities in those properties that are mined and developed.

Moreover, once mineable reserves are discovered, it may take a number of years from the initial phases of drilling before production is possible, during which time the economic feasibility of production may change.

Substantial expenditures are required to establish resources through drilling, to determine processes to extract the metals and, if required, to construct mining and processing facilities and obtain the rights on the land and resources required to develop the mining activities. Although we devote efforts to undertake exploration activities at the Hengjaya Mine, we cannot assure you that our exploration programs will result in the expansion or replacement of current production with new resources. Our inability to acquire additional mining concessions or locate economically viable reserves could lead to a decrease in our production levels, which may adversely affect our business, financial condition and results of operations.

If a project proves not to be economically feasible by the time we are able to exploit it, we may incur substantial write-offs. In addition, potential changes or complications involving metallurgical and other technological processes arising during the life of a project may result in cost overruns that may render the project not economically feasible.

Exploration project items, such as any future estimates of reserves, metal recoveries or cash operating costs will, also, to a large extent, be based upon the interpretation of geologic data, obtained from a limited number of drill holes and other sampling techniques, as well as future feasibility studies. Actual operating costs and economic returns of all exploration projects may materially differ from the costs and returns estimated, and accordingly our financial condition, results of operations, and cash flows may be negatively affected.

In addition, there is a significant degree of uncertainty attributable to the estimation of resources. The process of estimating resources is complex and requires us to make significant assumptions in the evaluation of available geological, metallurgical and other data. In addition, for reserve estimates, we must make assumptions as to commodity prices, drilling expenses, operating expenses and royalty taxes as well as legal, environmental and social factors, among other things. Many of these assumptions are inherently subjective, and the accuracy of our estimates relies in part on our ability to make accurate assumptions. Actual future commodity prices, production, operating expenses, royalty taxes and quantities of recoverable minerals may vary substantially from our assumptions. As a result, our estimates of resources may be materially inaccurate. The resources disclosed by us are not necessarily indicative of future results of operations and should not be interpreted as assurances of mining life or the profitability of our future operations. Until minerals are actually mined and processed, the quantity of ore and grades must be considered as estimates only. We cannot assure you that our resources conform to geological, metallurgical or other expectations or that the estimated volume or grade of ore will be recovered.

We may experience unexpected disruptions to our mining and NPI processing operations as a result of operational and infrastructure risks.

Our mining and NPI processing operations and transportation activities are subject to risks that could disrupt production for varying lengths of time. These risks and changing conditions include operating and infrastructure risks such as fires, explosions, embargoes, injuries and casualties arising from industrial and mining accidents, labor disputes, unexpected geological conditions, engineering and design issues, mine collapses and environmental hazards; failure by us or any of our contractors to obtain key machinery, equipment and spare parts; unexpected failures and maintenance problems of machinery, equipment, and power plants; changes in geological conditions and geotechnical instability of our mining pits; delays or disruptions in drilling, excavating and other third-party delays; barging delays due to port congestion and limited capacity at the port facilities we use in our barging operations; and inability to access haulage roads, jetties, ports and other infrastructure, which we do not currently own. For example, unexpected maintenance and repairs at one of our RKEF plants in July 2020 resulted in production halts for a period of approximately 10 days. Future occurrences of such mechanical failures may lead to interruptions in our operations and the incurrence of associated costs. We do not maintain any business interruption insurance. If any of the foregoing operational and infrastructure risks were to reoccur or materialize, we could incur substantial losses that may

involve serious personal injury or loss of life, severe damage to or destruction of property and equipment, pollution, destruction of natural resources or other environmental damage, environmental remediation responsibilities, regulatory investigation and penalties and suspension of operations. As a result, our business, financial condition and results of operations may be adversely affected.

We may be adversely affected by labor disputes and may not be able to renew our arrangements with our employees on favorable terms.

We operate in labor -intensive industries and depend on more than 4,000 workers to carry out our operations. Although we consider that our relations with employees and contractors are currently positive, we cannot assure you that we will not experience work slowdowns, work stoppages, strikes or other labor disputes in the future. For example, during the COVID-19 pandemic in May 2020, the Tsingshan group's operations at the IWIP experienced worker demonstrations during the COVID-19 pandemic in May 2020, including demonstrations from workers demanding a lockdown of the IWIP during that period. The occurrence of similar types of work stoppages, other work slowdowns, strikes or other labor disputes at our operations in the future may adversely affect our business, results of operations and financial condition. As of the date of this Offering Memorandum, there have been no labor issues at any of the work sites since the incident at the IWIP in May 2020 and industrial relations remain positive.

We may experience safety incidents or accidents at the Hengjaya Mine or our RKEF plants.

Operations at our mine sites and our RKEF plants are subject to inherent risks which involve, among other things, the operation of heavy machinery and exposure to energy sources; accordingly, industrial accidents may occur, resulting in damage to property, personal injury or death. Although we employ risk management strategies aimed at maintaining a safe workplace, if such events were to occur, we may still be liable for loss of life and property, medical expenses, medical leave payments and fines or penalties for violation of applicable Indonesian laws and regulations. For example, in November 2019, an employee of a contractor was fatally injured when the air pressure system of the brakes of his truck failed. Since this mining accident in 2019, the Hengjaya Mine had successfully recorded more than 5.3 million work hours with no lost time injury. However, in November 2021, an accident occurred in the Hengjaya Mine site involving a mine haul truck which resulted in a fatality. The MEMR assisted in the associated investigation which found that the root cause of the accident was due to speeding and loss of control. Additional safety systems and controls have since been introduced, including real time GPS monitoring and procedural controls. In December 2022, we reported the unfortunate death of two construction contractors working at the Oracle Nickel Project. An Indonesian Government investigation on the incident was completed as well as on how safety measures can be improved across our operations. We do not maintain any business interruption insurance and we may also be subject to business interruption or negative publicity as a result of equipment shutdowns for Indonesian Government investigations or the implementation or imposition of enhanced safety measures as a result of such accidents. See *"Business — Environment, Health and Safety"*. These types of accidents or enhanced safety measures imposed by Indonesian Government authorities could have a material adverse effect on the manner in which we conduct our operations, thereby materially and adversely affecting our business, financial condition and results of operations.

We are dependent on the experience and expertise of our key management personnel and failure to retain such personnel may materially and adversely affect our business, results of operations, financial condition and prospects.

We depend on the vision, expertise, experience, risk management and managerial skills of our Board of Directors and other members of our management team, who have all been critical to the success of our business. However, there is no assurance that we will be able to retain the services of our Board of Directors and other members of our management team. A loss of any member of our management team could adversely

affect our ability to operate our business efficiently and may also result in changes in the implementation of our existing strategies and expansion plans. As a result, if for any reason one or more of the management personnel cease to be involved in our management, our business, results of operations, financial condition and prospects may be materially and adversely affected.

In addition, our success also depends to a significant extent upon the abilities and collective efforts of a number of our key senior management and personnel, in particular our highly skilled technical team, including mining, environment engineers, geologists and other disciplines such as environment and safety. Experienced engineers and geologists are not quickly replaceable and the loss of highly skilled employees over a short period of time could impair our ability to conduct our operations. Factors critical to retaining our staff and attracting additional highly qualified personnel include, among others, our ability to provide competitive compensation arrangements. Difficulties in retaining or attracting highly qualified individuals in key management positions and highly skilled engineers and geologists could adversely affect our business, financial condition and results of operations.

Failure to hire and retain sufficient numbers of management and other skilled personnel could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We have experienced substantial growth in the past. Our operating revenue increased from U.S.\$523.5 million in 2020 to U.S.\$645.9 million in 2021 and to U.S.\$1,217.0 million in 2022, representing a year-over-year growth rate of 23% and 88% in 2021 and 2022, respectively. We have been expanding the scale and scope of our operations by new acquisitions and vertical integration. As we implement our business growth strategies to strengthen our core product offerings and enter new segments, we may also strain our existing management resources and operational, financial and management information systems such that they may no longer be adequate to support our operations, requiring us to make significant expenditures. We also will need to develop further financial, operational and management controls, reporting systems and procedures to accommodate future growth. We cannot assure you that we will be able to develop these controls, systems or procedures on a timely basis, or at all.

Our insurance may not be adequate to cover our losses or liabilities.

Our business is subject to a number of risks and hazards generally, including without limitation, adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or facilities, personal injury or death, environmental damage to our properties, delays in development, monetary losses and possible legal liability. We maintain insurance against risks incurred in the operation of our business, in the types and amounts which our management believes to be consistent with industry practice. We also maintain insurance against some, but not all, operational and infrastructure risks and natural disasters.

We cannot assure you that our insurance will be adequate to cover losses or liabilities that may arise or the continued availability of insurance at acceptable premium levels or at all. In particular, certain financial institutions, asset managers and insurance companies could in the future limit the availability of insurance coverage to enterprises which derive their revenue from the use of thermal coal power plants, such as us, or other fossil fuels. Accordingly, we may not always be able to obtain insurance for certain risks because of high premiums or other reasons, and we may ultimately incur uninsured losses which could adversely affect us.

Deterioration in our credit profile could increase our costs of borrowing money and limit our access to the capital markets and commercial credit.

The major credit rating agencies have evaluated our creditworthiness and assigned corporate credit ratings of “B1” from Moody’s and “B+” from Fitch. These ratings are based on a number of factors, including our financial strength and financial policies as well as our strategies, operations and execution. These credit ratings are limited in scope, and do not address all material risks related to investment in us, but rather reflect only the view of each rating agency at the time the rating was issued. Nonetheless, the credit ratings we receive impact our cost of borrowings as well as our ability to access sources of capital on terms that will be advantageous to our business. Failure to obtain sufficiently high credit ratings could adversely affect the interest rate in future financings, our liquidity or our competitive position and could also restrict our access to capital markets. In addition, our credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. If a rating agency were to downgrade our credit rating, our borrowing costs may increase and our funding sources could decrease. As a result of these factors, a downgrade of our credit ratings may adversely affect our business, financial condition and results of operation.

The nature of our business includes risks related to litigation and administrative proceedings that may adversely affect our business and financial performance in the event of an unfavorable ruling.

The nature of our business exposes us to litigation relating to labor, environmental, health and safety matters, regulatory, tax and administrative proceedings, governmental investigations, tort claims and contract disputes, and criminal prosecution, among other matters. In the context of these and any future proceedings we may not only be required to pay fines or money damages but also be subject to complementary sanctions or injunctions affecting our ability to continue our operations. While we may contest these matters vigorously and make insurance claims when appropriate, litigation and other proceedings are inherently costly and unpredictable, making it difficult to accurately estimate the outcome of actual or potential litigation or proceedings. Although we may establish provisions as we deem necessary, the amounts that we reserve could vary significantly from any amounts we actually pay due to the inherent uncertainties in the estimation and judicial processes. We cannot assure you that administrative or other legal proceedings will not have a material adverse effect on our ability to conduct our business, financial condition and results of operations in the event of an unfavorable ruling.

We may not be able to detect and prevent fraud or other misconduct committed by our employees, representatives, agents, customers or other third parties.

We may be exposed to fraud or other misconduct committed by our employees, representatives, agents, customers or other third parties that could subject us to litigation, financial losses and sanctions imposed by governmental authorities, as well as affect our reputation. Such misconduct could include:

- hiding unauthorized or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failure to perform necessary due diligence to identify potential risks which are material to us in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- engaging in improper activities such as accepting or offering bribes;
- misappropriation of funds;
- conducting transactions that exceed authorized limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities;

- engaging in unauthorized or excessive transactions to the detriment of our customers; or
- otherwise not complying with applicable laws or our internal policies and procedures.

Our internal control procedures are designed to monitor our operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner, if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective. However, we cannot assure you that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result, and may adversely affect our reputation, businesses, financial condition and results of operations.

Our estimates of resources may be inaccurate and materially different from mineral quantities we actually recover.

There is a significant degree of uncertainty attributable to the estimation of resources. The process of estimating resources is complex and requires us to make significant assumptions in the evaluation of available geological, metallurgical and other data. In addition, for reserve estimates, we must make assumptions as to commodity prices, drilling expenses, operating expenses and royalty taxes as well as legal, environmental and social factors, among other things. Many of these assumptions are inherently subjective, and the accuracy of our estimates relies in part on our ability to make accurate assumptions. Actual future commodity prices, production, operating expenses, royalty taxes and quantities of recoverable minerals may vary substantially from our assumptions. As a result, our estimates of resources may be materially inaccurate. The resources disclosed by us are not necessarily indicative of future results of operations and should not be interpreted as assurances of mining life or the profitability of our future operations. Until minerals are actually mined and processed, the quantity of ore and grades must be considered as estimates only. We cannot assure you that our resources conform to geological, metallurgical or other expectations or that the estimated volume or grade of ore will be recovered.

The Hengjaya Mine’s mineral resource estimate is classified as measured, indicated and inferred resources. Mineral resources, which are not ore reserves, do not have demonstrated economic viability. An ore reserve is the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. Such study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. Approximately one third of the Hengjaya Mine mineral resource estimate falls into the “inferred” category. Inferred resources provide a low level of confidence in the continuity of grade. There can be no assurance that there will not be further reduction in the continuity of the grade, which may adversely affect our business, financial condition and results of operations.

Increased availability of alternative nickel sources or substitution of nickel from end use applications could adversely affect our nickel business.

Demand for nickel could be adversely impacted by the substitution of nickel by other materials in present applications. Technology changes rapidly in the industries and end markets that utilize nickel. For example, the pace of advances in current battery technologies, development and adoption of new battery technologies that rely on inputs other than nickel compounds or a delay in the development and adoption of future high nickel battery technologies could significantly and adversely impact our prospects and future revenue. Many materials and technologies are being researched and developed with the goal of making batteries lighter, more efficient, faster charging and less expensive, some of which could be less reliant on nickel or cobalt compounds. Some of these technologies, such as commercialized battery technologies that use no, or significantly less, nickel compounds, could be successful and could adversely affect demand for batteries in electric and hybrid vehicles and other applications. For instance, there could be broader nickel-cobalt-

manganese materials due to lithium ferro phosphate batteries gaining more market share. We cannot predict which new technologies may ultimately prove to be commercially viable and on what time horizon. In addition, alternatives to industrial applications dependent on nickel compounds may become more economically attractive as global commodity prices shift. If these industries introduce new technologies or products that no longer require nickel that we intend to collect and process, or if suitable substitutes become available, it could result in a decline in demand for our nickel products. If the demand for our nickel product decreases, it will have a material adverse effect on our business and the results of our operations, financial condition and prospects.

We are subject to inventory risks.

To operate our business successfully and meet our customers' demands and expectations, we must maintain a certain level of inventory including raw materials and finished goods. As of December 31, 2022, our inventories amounted to U.S.\$204.8 million. Such inventories may be subject to the fluctuations in the market prices of raw materials. As of December 31, 2022, our NPI production raw materials and nickel matte production raw materials accounted for 74.4% of our total inventories. As we generally purchase raw materials in advance in accordance with our procurement and inventory policy, changes to the prevailing market prices for raw materials cannot be timely reflected in our actual production costs. Such time lag in reflecting the market price fluctuations in the balance of the inventories may adversely affect our business, results of operations and financial condition.

In addition, forecasts for our inventory volume are inherently uncertain. If the forecasted demand is lower than what eventually transpires, we may not be able to maintain an adequate inventory level or manufacture the products in a timely manner, and we may lose sales and market share to the competitors. On the other hand, we may also be exposed to increased inventory risks due to accumulated excess inventory. Excess inventory levels may lead to increases in inventory costs and provisions for write-downs, which will materially and adversely affect our business, results of operations, financial condition and prospects.

In order to maintain an appropriate inventory level to meet market demand, we may adjust the procurement amount and production schedule from time to time based on customers' orders and anticipated demand. We also carry out inventory review and aging analysis on a regular basis. We make provision for slow-moving inventory of raw materials and finished products that are no longer suitable for use in production or for sale. However, there is no guarantee that these measures will always be effective and that we will be able to maintain an appropriate inventory level. We may still be exposed to the risk of holding excessive inventory, which may increase the inventory holding costs and subject us to the risk of write-offs, which could have a material and adverse effect on our business, results of operations and financial condition.

We rely on contractors for a substantial portion of our mining activities.

A substantial portion of our group exploration, mining and mine construction supporting works are subcontracted to third-party contractors, principally in the areas of production and heavy equipment rental. Such arrangements with these contractors carry risks associated with the possibility that the contractors may take actions contrary to our instructions or requests, be unable, or unwilling, to fulfil their obligations, or have economic or other interests or goals that are inconsistent with our own. For example, in times of shortfall, such contractors may not always prioritize our operations as this depends on their internal policies and decision-making. Our operations can also be affected by the performance of our contractors. If any contractor fails to perform their tasks or if we fail to maintain a long-term and stable working relationship with them and we are unable to find suitable alternative suppliers, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Under the Mining Law (as amended), we are responsible and may be held liable for all activities conducted by mining services contractors engaged by us. As a result, our operations are subject to a number of risks, some of which are outside our control, including:

- negotiating agreements with contractors on acceptable terms;
- the inability to replace a contractor and its operating equipment in the event that either party terminates the agreement;
- reduced control over those aspects of operations which are the responsibility of the contractor;
- failure of a contractor to perform under its agreement;
- interruption of operations or increased costs in the event that a contractor ceases its business due to insolvency or other unforeseen events;
- failure of a contractor to comply with applicable legal and regulatory requirements, to the extent it is responsible for such compliance; and
- problems of a contractor with managing its workforce, labor unrest or other employment issues.

Furthermore, mining requires skilled labor. As our mining operations expand, our future success will depend significantly on our contractors' continued ability to attract and retain additional skilled and qualified personnel. Any future difficulty in our contractors' ability to attract, recruit, train, and retain skilled and qualified personnel could materially and adversely affect our business, financial condition, results of operations and prospects.

Our failure to maintain an effective quality management system may result in a material adverse effect on our business, reputation, financial condition and results of operations.

Our product quality is critical to our success. The effectiveness of our quality management system, in turn, depends on a number of factors, including the design of the system, the machineries used, the quality of our staff and related training programs and our ability to ensure that our employees adhere to our quality management policies and guidelines. We are required to comply with specific guidelines based on product safety and restricted and hazardous materials laws and regulations that are applicable in the jurisdictions into which our customers sell their products. Our safety standards for the inspection of our products are also based on relevant national and industry standards. We cannot assure you that our quality management system will continue to be effective and in compliance with relevant laws and regulations and standards. Any significant failure in or deterioration of the efficacy of our quality management system could result in us losing accreditations and requisite certifications or qualifications, which could in turn have a material adverse effect on our business, financial condition and results of operations.

We face increasing competition from domestic and foreign competitors. Competition can materially and adversely affect our prospects for success in mineral exploration and sales of products and services.

We face increasing competition from both domestic and international non-ferrous metals producers and the mining industry is intensely competitive at all stages. Some of our domestic competitors may have certain advantages over us, including greater financial and technical resources and nickel and cobalt reserves, greater economies of scale, better name recognition and more established relationships in certain markets. Competition in selling minerals intensifies depending on factors such as: (i) finding mineral-rich properties whose development and production is economically viable; (ii) the technical expertise to find, develop and operate these properties; (iii) the labor to operate the properties; (iv) the capital to finance such properties and mineral research; and (v) the potential establishment of competitive advantages by our competitors. Such

competition may result in our inability to acquire desired concession areas, to recruit or retain qualified employees or to acquire the capital necessary to fund research, operations or exploration. While we believe that our key sponsors are experienced Indonesian operators with a strong track record in building value and attracting blue chip international institutional investors which allows us to differentiate ourselves from our competitors, a significant increase in competition may force us to lower our prices, lead to a decrease in our sales and ultimately may have a material adverse impact on our business, financial position and results of operations.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws, and non-compliance with such laws can subject us to administrative, civil, and criminal penalties, collateral consequences, remedial measures, and legal expenses, all of which could adversely affect our business, results of operations, financial condition, and reputation.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations in various jurisdictions in which we conduct activities. We have adopted policies and procedures designed to ensure compliance by us and our directors, officers, employees, representatives, consultants, agents, and business partners with applicable anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations. However, our policies and procedures may not be sufficient, and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

In particular, corruption in Indonesia has historically been a hindrance to the Indonesian Government's ability to attract foreign investment and stimulate economic growth. For example, according to the 2022 corruption perception index published by Transparency International, a non-governmental organization for combating global corruption and preventing criminal activities arising from corruption, Indonesia ranked 110 out of 180 countries and regions, with a score of 34 out of 100. Failure of the Indonesian Government to continue to fight corruption or the perceived risk of corruption in Indonesia, including those at the central and local governments levels, could have an adverse effect on the Indonesian economy. The risks of corruption, bribery and other unethical practices of local government and the lack of transparency within the Indonesian legal systems may adversely affect our businesses.

In addition, non-compliance with anti-corruption, anti-bribery, anti-money laundering, or financial and economic sanctions laws, including by parties outside of our control, could subject us to whistleblower complaints, adverse media coverage, investigations, reputational damage and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures, and legal expenses, any of which could materially and adversely affect our business, financial condition and results of operations. Furthermore, our business partners or affiliates may be subject to adverse political exposure that could subject us to reputational damage, which could then materially and adversely affect our business, financial condition, and results of operations.

Our information technology systems may be subject to cyberattacks.

We may face a heightened risk of cyberattacks from internal or external sources. Our information technology systems may be vulnerable to unauthorized external or internal access due to hacking, ransomware, viruses, or other cybersecurity breaches. Unauthorized access to confidential information located or stored on these systems could negatively and materially impact our customers, employees, suppliers and other third parties. For example, the unauthorized access or leak of corporate documents and key agreements, such as the shareholders agreements or joint venture agreements; finance, accounting and tax records and information; and operational information such as production plans, could result in a loss of confidentiality, integrity or availability, which may pose a risk or cause harm to our brand, reputation, operations or assets. Furthermore,

third parties, including vendors, suppliers, and contractors, who perform certain services for us or administer and maintain our sensitive information, could also be targets of cyberattacks and unauthorized access. While we have instituted safeguards to protect our information technology systems, those safeguards may not always be effective due to the evolving nature of cyberattacks and cyber vulnerabilities. We cannot guarantee that such protections will be completely successful in the event of a cyberattack.

If our information technology systems, or those of third parties on which we rely, are affected by a significant cyber breach, this could result in, among other things, a significant disruption to operations; misappropriation of our confidential information or that of our customers, employees, business partners or others; litigation and potential liability; enforcement actions and investigations by regulatory authorities; loss of customers and contracts; harm to our reputation; and a loss of management time, attention and resources from regular business operations, any of which could have a negative impact on our business, results of operations, and cash flows. These types of events, either impacting our assets and facilities or the industry in general, could also cause us to incur additional security and insurance related costs.

Non-compliance with contracts and obligations by suppliers, contractors, contracted companies and other counterparties could have a material adverse effect on our activities and result in material adverse effect on our business, financial condition and results of operations.

We are subject to a number of risks involving our suppliers, contractors, contracted companies and other counterparties, including:

- failures in the performance of the product supplied or service provided;
- non-compliance with contractual provisions, including in relation to performance guarantees for equipment crucial to our operations;
- inability to negotiate and renew contracts on acceptable terms;
- difficulties in replacing contractors and suppliers;
- problems of contractors regarding the local availability of quality labor;
- increases in the price of electricity;
- interruptions in the supply of electricity or water;
- financial difficulties, judicial recovery, extrajudicial recovery, bankruptcy, insolvency and similar situations; and
- other situations that may lead to the interruption of our activities.

Non-compliance with contracts and obligations by suppliers, contractors, contracted companies, and other counterparties could have a material adverse effect on our business, financial condition and results of operations.

Governmental import or export taxes or controls could materially and adversely affect our business, results of operations, financial condition and prospects.

While we do not currently carry out any import activities, we may carry out any such activities in the future as we continue to expand our business operations and markets we operate in. To the extent we do so, our raw materials and products may be subject to governmental import and export controls in the markets we currently operate in or plan to operate in. Failure to comply with governmental regulations on the import or export of the raw materials and products, or the failure to obtain any required import or export authorization for the raw materials and products, if any, may harm our business and adversely affect our revenue. Compliance with

applicable regulatory requirements regarding the export of the products may create delays in the introduction of the products in international markets or, in some cases, prevent the export of the products to some countries altogether. Further, the Indonesian Government, through the Ministry of Trade, has amended the regulation on export policies and arrangement (which was initially promulgated in November 2021) thrice, the last being in March 2022. As the regulation on export is dynamically moving, there could also be the risk of the Indonesian Government mandating further downstream integration or the banning of exports, even for intermediate products such as mixed hydroxide precipitate.

Further, the MEMR Regulation No. 25 of 2018 on Mineral and Coal Mining Activity, as last amended by MEMR Regulation No. 17 of 2020, provides that raw nickel export from Indonesia is subject to an export approval from the Ministry of Trade after receiving the export recommendation from the Directorate General of Mineral and Coal. In particular, the regulation prohibits the activity of exporting nickel ore, by limiting the latest date of the export recommendation from the MEMR to December 31, 2019.

If we fail to comply with export and import regulations and such economic sanctions, we may be fined or subject to other penalties, including a denial of certain export privileges. Moreover, any new import or export restrictions, new legislation (including any changes in applicable tax regulations or in applicable regulations related to our business) or shifting approaches in the enforcement or scope of existing regulations, could result in increased operating costs, or the decreased ability to export the products to existing or potential international customers, which could materially and adversely affect our business, results of operations, financial condition and prospects

Risks relating to Australia and Indonesia

Our financial statements are subject to changes in accounting standards.

We prepare our financial statements in accordance with the Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act. The Australian Accounting Standards Board may issue new and revised accounting standards and pronouncements from time to time. Applying such standards and pronouncements to our financial statements may result in a change in our accounting policies and the recognition, measurement and presentation of our financial information, and thus may result in a change in the way we record our revenues, expenses, assets, liabilities or reserves, among other items. Changes to the Australian Accounting Standards, the Corporations Act or interpretations thereof may also cause our future reported results and financial position to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards.

Going forward, we may elect or be required to revise our accounting policies and estimates according to the amendment of domestic and international accounting standards, the interpretation and guidance of promulgations and other regulatory changes. If we implement significant changes to our accounting policies, our business, financial condition and results of operations may be materially and adversely affected.

Insolvency laws of Australia may differ from equivalent laws of another jurisdiction with which Noteholders may be familiar.

In the event that we become subject to insolvent external administration, that administration will be governed by Australian law.

Australian insolvency laws are different from the insolvency laws of other jurisdictions with which Noteholders may be familiar. If we become insolvent, the treatment and ranking of Noteholders, our other creditors and shareholders under Australian law may be different from the treatment and ranking of Noteholders, other creditors and shareholders if we were subject to the bankruptcy or insolvency laws of other jurisdictions with which Noteholders may be familiar.

Political and social instability in Indonesia may materially and adversely affect us.

We are incorporated in Australia and substantially all of our assets and operations are located in Indonesia. As a result, future political, economic, legal and social conditions in Indonesia, as well as certain actions and policies that the Indonesian Government may, or may not, take or adopt could materially and adversely affect our business, financial condition, results of operations and prospects and our ability to make payments under the Notes.

Indonesia continues to face various socio-political issues and has, from time to time, experienced political instability and social and civil unrest. Such instances of unrest have highlighted the unpredictable nature of Indonesia's changing political landscape. Indonesia also has many political parties, with no political party winning a clear electoral majority to date. These events have resulted in political instability, as well as general social and civil unrest on certain occasions in recent years.

Following the collapse of President Soeharto's regime in 1998, Indonesia has experienced a process of democratic change and successfully conducted its first free elections for Parliament and President in 1999. In 2004, Indonesians directly elected the President, the Vice President and representatives of the Indonesian Parliament through a proportional voting system for the first time. Direct elections were also held in 2009, 2014 and 2019 in Indonesia to elect the President, Vice President and representatives in the Indonesian Parliament. Increased political activities can be expected in Indonesia as a result of these democratic developments in its political system. Although the 2009, 2014 and 2019 elections were conducted peacefully, any future political campaigns and elections may bring a degree of political and social uncertainty to Indonesia. As a new democratic country, Indonesia continues to face various socio-political issues and has, from time to time, experienced political instability and social and civil unrest.

Since 2000, there have been numerous demonstrations involving thousands of Indonesians in Jakarta and other Indonesian cities both for and against several of Indonesia's former presidents and current President Joko Widodo, as well as in response to specific issues, including fuel tariff increases, fuel subsidy reductions, potential increases in electricity tariffs, labor matters, privatizations of state assets, anti-corruption measures, decentralizations and provincial autonomy, actions of former Indonesian Government officials and their family members and the U.S. led military campaigns in Afghanistan and Iraq. Although these demonstrations were generally peaceful, some have turned violent.

For example, gubernatorial elections in Jakarta in February and April 2017 led to protests with religious undertones against Basuki Tjahaja Purnama (also known as "Ahok"), a Christian and the incumbent Governor of Jakarta at that time. Former education and culture minister Anies Baswedan won the election for Governor of Jakarta in April 2017, defeating Ahok, who was later convicted and imprisoned for blasphemy of the Quran, the Islamic holy book. Further, on April 17, 2019, for the first time in history, Indonesia held a general election where the President, Vice President and members of the People's Consultative Assembly (*Majelis Permusyawaratan Rakyat*) and the People's Representative Council (*Dewan Perwakilan Rakyat*) were elected on the same day. Following the official announcement by the General Elections Commission (*Komisi Pemilihan Umum*) on May 21, 2019 that incumbent President Joko Widodo had been re-elected as the President of Indonesia, protests and demonstrations erupted throughout Jakarta over two days, from May 21 to 22, 2019, which resulted in hundreds of civilians being injured and several deaths. On May 24, 2019, the defeated presidential candidate, Prabowo Subianto, filed a lawsuit with the Indonesian Constitutional Court contesting the official results of the presidential election. On June 27, 2019, the Indonesia Constitutional Court issued a final and binding decision in which it rejected the entirety of the lawsuit filed by Prabowo Subianto and upheld the results of the 2019 presidential election. As events surrounding these recent elections have highlighted, political campaigns in Indonesia may result in civil disturbances and political and social instability. We cannot assure you that any future election disputes or results, including the upcoming 2024 elections, will not lead to further political and social instability in Indonesia.

Political and social developments have been unpredictable in the past and, as a result, confidence in the Indonesian economy has remained low. Any resurgence of political instability could adversely affect the Indonesian economy, which could adversely affect our business. We cannot assure you that social and civil disturbances will not occur in the future and on a wider scale, or that any such disturbances will not, directly or indirectly, materially and adversely, affect our business, financial condition, results of operations and prospects.

Indonesia is located in an earthquake zone and is subject to significant geological risk and other natural disasters that could lead to property damage, loss of life, social unrest and economic loss.

The Indonesian archipelago is one of the most volcanically active regions in the world. Because it is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity that can lead to destructive volcanoes, earthquakes, tsunamis and tidal waves. In recent years, a number of natural disasters have occurred in Indonesia such as heavy rain, flooding and major earthquakes that resulted in tsunamis and volcanic activity. These disasters have resulted in the loss of life, displacement of a large number of people and widespread destruction of property. For example, in December 2004, an underwater earthquake off the coast of Sumatra released a tsunami that devastated coastal communities in Indonesia, Thailand, India and Sri Lanka. In Indonesia, more than 220,000 people died or were recorded as missing in the disaster. Aftershocks from the December 2004 tsunami and additional high-magnitude earthquakes have occurred in Indonesia, causing significant fatalities and damage. More recently, in December 2018, a tsunami occurred in the Sunda Strait as a result of the eruption of the Anak Krakatau volcano, which killed more than 400 people and injured more than 7,000 people. There have been several other earthquakes throughout Indonesia with some of the most recent major earthquakes occurring in Sumatra, Java, Sulawesi, Manokwari and Maluku.

In addition to these geological events, heavy rains in December 2006 resulted in floods that killed more than 100 people and displaced over 400,000 people on the northwestern Sumatra island. More flooding in January and February 2007 around the capital, Jakarta, killed at least 30 people and displaced at least 340,000 people from their homes. In July 2007, at least seven people were killed and at least 16,000 people were forced to flee their homes because of floods and landslides caused by torrential rains on the island of Sulawesi. In January 2009, torrential rain caused a colonial-era dam to burst outside Jakarta, sending a wall of muddy water crashing into a densely packed neighborhood and killing at least 58 people. The flood also left scores missing and submerged hundreds of homes. In October 2010, at least 158 people died and 148 people were declared missing in a flash flood in Wasior district, West Papua. In January 2013, floods in Jakarta resulted in disruptions to businesses and extensive evacuations in the city. More recently, throughout the first week of January 2020, heavy and persistent rainfall caused severe flooding in and around Jakarta which killed at least 67 people and displaced nearly 400,000 people.

While recent seismic events and meteorological occurrences have not had a significant economic impact on Indonesian capital markets, the Indonesian Government has had to spend significant amounts on emergency aid and resettlement efforts. Most of these costs have been underwritten by foreign governments and international aid agencies. However, we cannot assure you that such aid will continue to be forthcoming, or that it will be delivered to recipients on a timely basis. If the Indonesian Government is unable to timely deliver foreign aid to affected communities, political and social unrest could result. Additionally, recovery and relief efforts are likely to continue to impose a strain on the Indonesian Government's finances and may affect its ability to meet its obligations on its sovereign debt. Any such failure on the part of the Indonesian Government, or declaration by it of a moratorium on its sovereign debt, could trigger an event of default under numerous private-sector borrowings, including ours, thereby materially and adversely affecting our business, financial condition and results of operations.

In addition, we cannot assure you that future geological or meteorological occurrences will not significantly harm the Indonesian economy. A significant earthquake or other geological disturbance or weather-related natural disasters in any of Indonesia's more populated cities and financial centers could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting our business, financial condition, results of operations and prospects, and our ability to make payments under the Notes.

Terrorist attacks, terrorist activities and certain destabilizing events have led to substantial and continuing economic and social volatility in Indonesia, which may materially and adversely affect our business.

In Indonesia during the last two decades, there have been numerous bombing incidents directed towards the Indonesian Government and foreign governments, and public and commercial buildings frequented by foreigners, including the Jakarta Stock Exchange Building and Jakarta's Soekarno-Hatta International Airport. In October 2002, over 200 people were killed in a bombing at a tourist area in Bali. In April 2003, bombs exploded outside the main United Nations building in Jakarta and in front of the domestic terminal at Jakarta's Soekarno-Hatta International Airport. In August 2003, a bomb exploded at the JW Marriott Hotel in Jakarta, killing at least 13 people and injuring 149 others. In September 2004, a car bomb exploded in front of the Australian Embassy in Jakarta, killing more than six people. In May 2005, bomb blasts in Central Sulawesi killed at least 21 people and injured at least 60 people. In October 2005, bomb blasts in Bali killed at least 23 people and injured at least 101 others. In July 2009, two separate bomb explosions occurred at the JW Marriott Hotel and the Ritz Carlton Hotel in Jakarta, killing at least nine people and injuring 40 others. In January 2016, two suicide bombers and two gunmen exchanged gunfire with police before bombing a police post and cafe in central Jakarta, killing at least four people and injuring more than 20. Indonesian, Australian and U.S. government officials have indicated that these bombings may be linked to an international terrorist organization. In May 2017, two suicide bombers attacked a bus station in Jakarta, killing three people and injuring 10 others. In May 2018, terrorist bombings at three churches in Surabaya resulted in the death of more than 10 people and injuries to more than 40 people. More recently, in November 2019, a suicide bomber affiliated with Jamaah Ansharut Daulah, a terrorist group, attacked the metropolitan police headquarters in Medan, North Sumatra, Indonesia. While in response to the terrorist attacks, the Indonesian Government has institutionalized certain security improvements and undertaken certain legal reforms which seek to better implement anti-terrorism measures, and some suspected key terrorist figures have been arrested and tried, we cannot assure you that further terrorist acts will not occur in the future.

A number of governments have issued warnings to their citizens in relation to a perceived increase in the possibility of terrorist activities in Indonesia, targeting foreign, particularly U.S., interests. Such terrorist activities could destabilize Indonesia and increase internal divisions within the Indonesian Government as it considers responses to such instability and unrest, thereby adversely affecting investors' confidence in Indonesia and the Indonesian economy. Violent acts arising from and leading to instability and unrest have in the past had, and could continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, and in turn our business. Any of the foregoing events, including damage to our infrastructure or that of our suppliers and customers, could materially and adversely affect international financial markets and the Indonesian economy. We cannot assure you that our properties will not be subject to acts of terrorism, violent acts and adverse political developments which may materially and adversely affect our business, financial condition, results of operations and prospects.

Labor activism or increases in labor costs could adversely affect Indonesian companies, including us, which in turn could affect our business, financial condition, results of operations and prospects.

Laws and regulations which facilitate the forming of labor unions, combined with weak economic conditions, have resulted and may continue to result in labor unrest and activism in Indonesia. In 2000, the Indonesian

Government issued Law No. 21 of 2000 on Labor Union (the “Labor Union Law”). The Labor Union Law permits employees to form unions without employer intervention. In March 2003, the Indonesian Government enacted Law No. 13 of 2003 on Labor (the “Indonesian Labor Law”), which has been amended on several occasions, lastly by the Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation (the “2022 Job Creation Law”). The 2022 Job Creation Law, among other things, amended the amount of severance, service and compensation payments payable to employees upon termination of employment, see “*Regulatory Framework — Indonesian Labor Law*”. Furthermore, the Indonesian Labor Law requires bipartite forums with participation from employers and employees and the participation of more than 50.0% of the employees of a company in order for a CLA to be negotiated and creates procedures that are more permissive to the staging of strikes. Under the Indonesian Labor Law, employees who voluntarily resign are also entitled to payments for, among other things, unclaimed annual leave and relocation expenses.

The 2022 Job Creation Law was passed as a result of the decision of the Indonesian Constitutional Court on the Formal Examination of the Law No. 11 of 2020 on Job Creation (the “2020 Job Creation Law”) through Decision Number 91/PUU-XVIII/2020. The implementing regulations passed in relation to the 2020 Job Creation Law is still valid. See “*Regulatory Framework — Job Creation Law*”. Furthermore, it is expected that there will be several implementing regulations to be issued following the 2022 Job Creation Law, including regulation governing, among others, outsourcing and termination of employees. These implementing regulations may substantively affect labour relations in Indonesia.

The liberalization of regulations permitting the formation of labor unions combined with weak economic conditions has resulted, and will likely continue to result in, labor unrest and activism in Indonesia. Labor unrest and activism in Indonesia could disrupt our operations and the operations of our suppliers, customers and contractors and could affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the Indonesian or other stock exchanges and the value of the Rupiah relative to other currencies. Such events could materially and adversely affect our business, financial condition, results of operations, and our ability to make payments under the Notes.

Fluctuations in the value of the Rupiah may materially and adversely affect our business, financial condition, results of operations and prospects.

Although the Rupiah has appreciated considerably from its low point of approximately Rp.17,000 per U.S. dollar in January 1998, the Rupiah continues to experience significant volatility. The Rupiah to U.S. dollar exchange rate (based on the middle exchange rate announced by Bank Indonesia) was Rp. 13,901 = U.S.\$1.00 as of December 31, 2019, Rp. 14,105 = U.S.\$1.00 as of December 31, 2020 and Rp. 14,269 = U.S.\$1.00 as of December 31, 2021.

Fluctuating foreign exchange rates, in particular fluctuations in the U.S. dollar to Rupiah exchange rate affect our results of operations. We earn substantially all of our revenues in U.S. dollars while a substantial portion of our expenses is denominated in U.S. dollars, with the remaining expenses being denominated in Indonesian Rupiah, which provides us with a natural hedge against the fluctuation of the Rupiah against the U.S. dollar. Accordingly, appreciation of the Rupiah against the U.S. dollar effectively increases our expenses without a corresponding reduction in our revenue and can result in a reduction in our profit after tax in U.S. dollar terms. Our current policy is not to hedge our exposure to foreign currency exchange risk. A prolonged or significant appreciation in the value of the Rupiah may therefore materially and adversely affect our business, financial condition and results of operations.

The Rupiah has generally been freely convertible and transferable (except that Indonesian banks may not transfer Rupiah to persons outside of Indonesia and may not conduct certain transactions with non-residents). However, from time to time, Bank Indonesia has intervened in the currency exchange markets in furtherance of its policies, either by selling Rupiah or by using its foreign currency reserves to purchase Rupiah, see

“Exchange Controls – Indonesia”. We cannot assure you that the Rupiah will not be subject to depreciation and continued volatility, that the current floating exchange rate policy of Bank Indonesia will not be modified, that additional depreciation of the Rupiah against other currencies, including the U.S. dollar, will not occur, or that the Indonesian Government will take additional action to stabilize, maintain or increase the value of the Rupiah, or that any of these actions, if taken, will be successful.

Modification of the current floating exchange rate policy could result in significantly higher domestic interest rates, liquidity shortages, capital or exchange controls or the withholding of additional financial assistance by multinational lenders. This could result in a reduction of economic activity, an economic recession, loan defaults or declining interest by our customers, and as a result, we may also face difficulties in funding our capital expenditure and in implementing our business strategy. Any of the foregoing consequences could materially and adversely affect our business, financial condition, results of operations and prospects.

The interpretation and implementation of legislation on regional governance in Indonesia is uncertain and may adversely affect our business, financial condition, results of operations and prospects.

Indonesia is a large and diverse nation covering a multitude of ethnicities, religions, languages, traditions and customs. Prior to 1999, the Indonesian Government controlled almost all aspects of national and regional administration. The period following the end of the administration of former President Soeharto was marked by widespread demand for greater regional autonomy. In response to such demand, in 1999, the Indonesian Parliament passed Law No. 22 of 1999 on Regional Indonesian Government, which was later replaced by Law No. 23 of 2014 on the same subject matter (as amended several times and most recently partially revoked by Law No. 1 of 2022 on Financial Relationship between the Central Government and the Regional Government (the “Law 1/2022”) and the 2022 Job Creation Law), and Law No. 25 of 1999 on Financial Balances Between the Central and Regional Indonesian Governments, which was later replaced by Law No. 1/2022 on the same subject matter. Under these laws, regional autonomy was expected to give regional governments greater powers and responsibilities over the use of national assets and to create a balanced and equitable financial relationship between the central and regional governments.

Regional autonomy laws and regulations have changed the regulatory environment for companies in Indonesia by decentralizing certain regulatory, taxing and other power from the Indonesian Government to regional governments, and this creates uncertainty. These uncertainties include a lack of implementing regulations on areas of regional autonomy and a lack of government personnel with relevant sector experience at some regional government levels. Moreover, limited precedent or other guidance exists on the interpretation and implementation of the regional autonomy laws and regulations. In addition, pursuant to the regional autonomy laws, regional governments are given the authority to adopt their own regulations and under the pretext of regional autonomy, certain regional governments have put in place various restrictions, taxes and levies which may differ from restrictions, taxes and levies put in place by other regional governments and/or are in addition to restrictions, taxes and levies stipulated by the central Indonesian Government. Currently, there is uncertainty in respect of the balance between regional governments and the central Indonesian Government. Our business and operations are located in Indonesia and may be adversely affected by conflicting or additional restrictions, taxes and levies that may be imposed by the applicable regional authorities.

Risks Relating to the Notes

The Company is a holding company and its ability to pay principal and interest on the Notes will be limited by the distribution of funds from its subsidiaries. Holders of the Notes will be effectively subordinated to all the Company's subsidiaries' indebtedness and obligations.

The Company is a holding company and conducts all of its operations through its subsidiaries. Accordingly, the Company's only source of cash to pay principal and interest on the Company's outstanding indebtedness is distributions relating to its ownership interests in its subsidiaries from the net earnings and cash flow generated by such subsidiaries or from proceeds of debt or equity offerings. Earnings and cash flow generated by its subsidiaries will generally first be applied by such subsidiaries in conducting their operations, including the service of their respective debt obligations, after which any excess cash flow may be paid to the Company. The Company's subsidiaries are legally distinct from it and, unless they guarantee its debt, have no obligation to pay amounts due on its debt or to make funds available to us for such payment. In addition, the Company owns its operating assets through subsidiaries which have minority shareholding interests. Distributions paid by the Company's subsidiaries will be paid on a pro rata basis to the Company and the minority shareholders in those subsidiaries.

Furthermore, as of the date of this Offering Memorandum, none of the Company's subsidiaries will be guarantors of the Notes. Accordingly, the Notes will be effectively subordinated in right of payment to all indebtedness and other liabilities and commitments of our current and future non-guarantor subsidiaries. Claims of creditors of any of our subsidiaries that are not guarantors of the Notes, including trade creditors, secured creditors and creditors holding indebtedness or a guarantee issued by such non-guarantor subsidiaries, will generally have priority on the assets of the non-guarantor subsidiaries over the claims of our creditors, including holders of the Notes, even if the obligations of the non-guarantor subsidiaries do not constitute senior indebtedness. All obligations of our non-guarantor subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise, to the Company. Subject to certain limitations, the Indenture will permit these subsidiaries to incur significant amounts of indebtedness.

The terms of the Notes will contain covenants limiting our financial and operating flexibility.

Covenants contained in the documentation relating to the Notes will restrict the ability of the Company, and any Restricted Subsidiary (as defined in "*Description of the Notes*") to, among other things:

- incur or guarantee additional indebtedness and issue certain redeemable or preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Company, or its Restricted Subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends, or other distributions, loans or advances to and on the transfer of assets to the Company or any of its Restricted Subsidiaries;
- sell, lease or transfer certain assets, including stock of Restricted Subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities; and
- consolidate or merge with other entities.

All of these covenants are subject to the limitations, exceptions and qualifications described in “*Description of the Notes — Certain Covenants*”. These covenants could limit our ability to pursue our growth plan, restrict our flexibility in planning for, or reacting to, changes in our business and industry, and increase our vulnerability to general adverse economic and industry conditions. We may also enter into additional financing arrangements in the future, which could further restrict our flexibility.

Any defaults of covenants contained in the Notes may lead to an event of default under the Notes and the Indenture and may lead to cross-defaults under our other indebtedness. No assurance can be given that the Company will be able to pay any amounts due to holders of the Notes in the event of such default, and any default may significantly impair the Company’s ability to pay, when due, the interest of and principal on the Notes.

Claims of the secured creditors of the Company and any future Subsidiary Guarantor will have priority with respect to their security over the claims of unsecured creditors, such as the holders of the Notes, to the extent of the value of the assets securing such indebtedness.

The terms of the Indenture permit us to incur substantial secured indebtedness under certain circumstances. See “*Description of the Notes*”. Claims of the secured creditors of the Company and any Restricted Subsidiaries will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes. Therefore, the Notes and any future Subsidiary Guarantee will be effectively subordinated to any secured indebtedness and other secured obligations of the Company or any future Subsidiary Guarantor to the extent of the value of the assets securing such indebtedness or other obligations. In the event of any foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of the Company or any future Subsidiary Guarantor that has secured obligations, holders of secured indebtedness will have prior claims to the assets of the Company or future Subsidiary Guarantor (as applicable) that constitute its collateral. The holders of the Notes will participate rateably with all other holders of the unsecured indebtedness of the Company and future Subsidiary Guarantors, and potentially with all of their other general creditors, based upon the respective amounts owed to each holder or creditor, in the remaining assets of the Company and future Subsidiary Guarantors. In the event that any of the secured indebtedness of the Company or a future Subsidiary Guarantor becomes due or the creditors thereunder proceed against the assets that secure such indebtedness, the Company’s or the future Subsidiary Guarantor’s (as applicable) assets remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the Notes or Subsidiary Guarantee (as applicable). As a result, holders of the Notes may receive less than holders of secured indebtedness of the Company and future Subsidiary Guarantors.

We may incur additional indebtedness, which could further exacerbate the risks described above.

Subject to restrictions in the Indenture governing the Notes, we may incur additional indebtedness, which could increase the risks associated with our existing indebtedness. If we incur any additional indebtedness that ranks equally with the Notes, the relevant creditors will be entitled to share rateably with the holders of the Notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of the Company. This may have the effect of reducing the amount of proceeds paid to the holders of the Notes. Covenants in agreements governing debt that we may incur in the future may also materially restrict our operations, including our ability to incur debt, pay dividends, make certain investments and payments, and encumber or dispose of assets. In addition, we could be in default of financial covenants contained in agreements relating to our future debt in the event that our results of operations do not meet any of the terms in the covenants, including the financial thresholds or ratios. A default under one debt instrument may also trigger cross-defaults under other debt instruments. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us.

We will have a substantial amount of indebtedness after issuing the Notes.

We will have a substantial amount of indebtedness after issuing the Notes. Our ability to execute our business plans may depend on external fund raising activities, including debt and equity financing. Our ability to raise additional equity financing is subject to prevailing market risks. Our access to debt financing for acquisitions and to refinance maturing debt is subject to many factors, some of which are beyond our control. For example, political instability, economic downturns, liquidity of the U.S. dollar, Australian dollar and Rupiah, bank and debt capital markets, social unrest or changes in the regulatory environment could increase our cost of borrowing or restrict our ability to obtain debt financing. We cannot guarantee that we will be able to arrange financing on acceptable terms, if at all. Our inability to obtain debt financing from banks and other financial institutions and/or capital markets could adversely affect our ability to execute our growth strategies or refinance maturing debt.

If we are unable to refinance or renegotiate our debt, we cannot guarantee that we will be able to generate enough cash flows from operations or that we will be able to obtain enough capital to service our debt or fund our planned capital expenditures. In such an event, we could face substantial liquidity issues and might be required to issue equity securities or securities convertible into equity securities, or sell some of our assets to meet our debt payment obligations. Failure to refinance indebtedness when required could result in a default under such indebtedness and materially restrict our ability to pay amounts due on the Notes. Assuming we meet certain financial ratios, we have the ability under our debt instruments to incur additional indebtedness, and any additional indebtedness we incur could exacerbate the risks described above.

Additionally, as a result of our substantial indebtedness:

- we may be more vulnerable to general adverse economic and industry conditions;
- we may find it more difficult to obtain additional financing to fund discretionary investments and other general corporate requirements or to refinance our existing indebtedness;
- we may have more difficulty satisfying our obligations with respect to the Notes;
- we are or will be required to dedicate a substantial portion of our cash flow from operations to the payment of principal and interest on our debt, thereby reducing the available cash flows to fund other projects, including certain discretionary investments;
- we may have limited flexibility in planning for, or reacting to, changes in our business and in the industry;
- we may have a competitive disadvantage relative to other companies in our industry with less debt;
- we may be required to issue equity securities or securities convertible into equity or sell some of our assets, possibly on unfavorable terms, in order to meet payment obligations; and
- we may be limited in our ability to take advantage of strategic business opportunities, including wireless infrastructure development and mergers and acquisitions.

In the future, we have debt instruments that limit in certain circumstances our ability to incur indebtedness, pay dividends, create liens, sell assets and engage in certain mergers and acquisitions. Our subsidiaries, under their debt instruments, may also be required to maintain specific financial ratios. Our ability to comply with such financial ratio covenants under these instruments and to satisfy our debt obligations will depend on our future operating performance. If we fail to comply with the debt restrictions, we would be in default under those instruments, which could cause the maturity of a substantial portion of our long-term indebtedness, including the Notes, to be accelerated.

We may not be able to generate sufficient cash flows to meet our debt service obligations.

Our ability to make scheduled payments on, or to refinance our obligations with respect to, our indebtedness, including the Notes, will depend on our financial and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond our control. We may not generate sufficient cash flow from operations and future sources of capital may not be available to us in an amount sufficient to enable us to service our indebtedness, including the Notes, or to fund our other liquidity needs. If we are unable to generate sufficient cash flow and capital resources to satisfy our debt obligations or other liquidity needs, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. There is no assurance that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realized from those sales, or that additional financing could be obtained on acceptable terms, if at all. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The Indenture that will govern the Notes will, and potential future indebtedness may, restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms and in a timely manner, would materially and adversely affect our financial condition and results of operations and our ability to satisfy our obligations under the Notes. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources*” and “*Description of the Notes*”.

Enforcing the rights of holders of Notes under the Notes or any future Subsidiary Guarantees across multiple jurisdictions may prove to be difficult.

The Notes will be issued by the Company, which is established and existing under the laws of Australia. Substantially all of the Group’s assets are in Indonesia and any future Subsidiary Guarantors may be incorporated in Indonesia and Singapore. The Notes and the Indenture will be governed by the laws of the State of New York. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Australia, Indonesia and/or the United States. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. The rights of holders of Notes under the Notes and any future Subsidiary Guarantees will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of Australia and Indonesia may be materially different from, or be in conflict with, each other and those with which holders of the Notes may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction’s laws should apply and adversely affect your ability to enforce your rights under the Notes in the relevant jurisdictions or limit any amounts that you may receive.

The insolvency laws of Australia and Indonesia may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar. If the Company becomes insolvent, the treatment and ranking of holders of the Notes, its other creditors and shareholders under Australian law may be different from the treatment and ranking of holders of the Notes, its other creditors and shareholders if it were subject to the bankruptcy laws of the United States or certain other jurisdictions.

Furthermore, under the Indonesian Civil Code, although a guarantor may waive its right to require the beneficiary of the guarantee to exhaust its legal remedies against the obligor's assets prior to exercising its rights under the related guarantee, a guarantor may be able to argue successfully that the guarantor can nonetheless require the beneficiary of the guarantee to exhaust such remedies before acting against the guarantor. No assurance can be given that an Indonesian court would not accept an argument to that effect by any future Indonesian Subsidiary Guarantor and impose the obligation on the beneficiary of the guarantee to prove that all available legal remedies against the obligor had, in fact, been exhausted, despite the express waiver by such future Indonesian Subsidiary Guarantor of such obligation.

It may not be possible for investors to effect service of process or to enforce certain judgments on us.

We are established and existing in Australia, our subsidiaries are incorporated in Indonesia and Singapore and substantially all of our assets and operations are located in Indonesia. All the directors and executive officers of these entities and the experts named in this document reside outside the United States, principally in Australia and Indonesia. Substantially all of our assets and the assets of such persons are located outside the United States, principally in Australia and Indonesia. As a result, it may be difficult for investors to effect service within the United States upon us or such directors, executive officers or experts, or to enforce against such persons judgments obtained in U.S. courts predicated upon the civil liability of such persons under U.S. federal or state securities laws.

We have been advised by our Indonesian legal advisors that judgments of non-Indonesian courts are not enforceable in Indonesian courts. To obtain an Indonesian court judgment, a claimant would be required to pursue claims in Indonesian courts on the basis of Indonesian law. However, a foreign court judgment could be offered and accepted as non-conclusive evidence in a proceeding on the underlying claim in an Indonesia court as the Indonesian court may deem appropriate in its sole discretion. There is doubt as to whether Indonesian courts will enter judgments in original actions brought in Indonesian courts predicated solely upon the civil liability of jurisdictions other than Indonesia. As a result, Holders of the Notes would be required to pursue claims against us or our commissioners and directors in Indonesian courts. There can be no assurance that the claims or remedies available under Indonesian law will be the same, or as extensive, as those available in other jurisdictions.

There is doubt as to the enforceability in Australia, in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities based on U.S. federal or state securities laws. Also, judgments of U.S. courts (whether or not such judgment relates to U.S. federal or state securities laws) will or may not be enforceable in Australia in certain other circumstances, including, among others, where the U.S. court has not exercised jurisdiction in the international sense or where such judgments contravene local public policy, breach the rules of natural justice or general principles of fairness or are obtained by fraud, are not for a fixed or readily ascertainable sum, are subject to appeal, dismissal, stay of execution or are otherwise not final and conclusive, or involve multiple or punitive damages or where the proceedings in such courts were of a revenue or penal nature.

Insolvency proceedings with respect to our insolvency will be governed by Australian insolvency laws, which are different from the insolvency laws of certain other jurisdictions.

We are organized under the laws of Australia and, therefore, insolvency proceedings with respect to us would likely proceed under, and be governed by, Australian insolvency law, including the Corporations Act. Australian insolvency law differs from the insolvency laws of the United States. Accordingly, the treatment and ranking of holders of the Notes and other creditors and shareholders under Australian law may be different from the treatment and ranking of those parties if our insolvency were subject to the bankruptcy laws of the United States or certain other jurisdictions. For example: (i) certain procedures (such as voluntary

administration under the Corporations Act) provide for a moratorium on (among other things) enforcement of creditors' rights; and (ii) the voluntary administration procedure under Chapter 5 of the Corporations Act provides for potential reorganization of an insolvent company pursuant to a deed of company arrangement, and differs significantly from insolvency law in the United States.

Under Australian law, if an order to wind up were made against us and a liquidator was appointed, the liquidator would have the power, among other things, to investigate the validity of past transactions for up to 10 years before the start of the liquidation, including guarantees of the obligations of others, and may seek various court orders, including orders for the repayment of money and to void certain transactions entered into prior to our winding up. Such transactions may include, without limitation, transactions entered into within specified periods prior to the winding up that a court considers uncommercial (including where an entity related to the company or a company officer was a party to the transaction) or transactions entered into within specified periods prior to the winding up that had the effect of preferring a creditor or creditors or otherwise defeating, delaying or interfering with the rights of other creditors.

The Company may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a Change of Control Triggering Event or resulting in a Mandatory Offer to Purchase the Notes as required by the Indenture governing the Notes.

If the Company fails to redeem all outstanding Senior Secured Notes by September 1, 2023, the Company shall on such date make an Offer to Purchase all outstanding Notes (a "Mandatory Offer to Purchase") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, and Additional Amounts, if any, to (but not including) the Offer to Purchase Payment Date. See "*Description of the Notes — Mandatory Offer to Purchase*". Upon a Change of Control Triggering Event (as defined in "*Description of the Notes*"), the Company must make an offer to repurchase all outstanding Notes. Pursuant to this offer, the Company must repurchase the outstanding Notes at 101% of their principal amount plus accrued and unpaid interest, if any, up to the date of repurchase. See "*Description of the Notes — Repurchase of Notes Upon a Change of Control Triggering Event*". However, the Company may not have enough available funds at the time a Mandatory Offer to Purchase is required to be made or of any Change of Control Triggering Event to pay the purchase price of the tendered outstanding Notes. The Company's failure to make the offer to repurchase tendered Notes would constitute an Event of Default (as defined in "*Description of the Notes*"). This Event of Default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If such other debt were accelerated, we may not have sufficient funds to repurchase the Notes and repay the debt.

In addition, the definition of Change of Control for the purposes of the Indenture governing the Notes does not necessarily afford protection for the Holders of the Notes in the event of some highly-leveraged transactions, including certain acquisitions, mergers, refinancings, restructurings or other recapitalizations, although these types of transactions could increase our indebtedness or otherwise affect our capital structure or credit ratings and the Holders of the Notes. The definition of "Change of Control" for purposes of the Indenture also includes a phrase relating to the sale of "all or substantially all" of our properties or assets and our subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition under applicable law. Accordingly, the Company's obligation to make an offer to repurchase the Notes, and the ability of a Holder of Notes to require us to repurchase the Notes pursuant to the offer, as a result of a highly leveraged transaction or a sale of less than all of our assets, may be uncertain.

The redemption of the Notes prior to maturity may adversely affect your return on the Notes.

The Company has the right to redeem some or all of the Notes prior to maturity, as described under “Description of the Notes — Optional Redemption”. The Company may redeem the Notes at times when prevailing interest rates may be relatively low. Accordingly, you may not be able to reinvest the redemption proceeds in a comparable security and issuer at an effective rate comparable to that of the Notes.

The Company may redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest as a result of certain changes in tax laws.

In the event that the Company is required to pay Additional Amounts as a result of certain changes in tax laws, the Company may redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest. See “Description of the Notes — Redemption for Taxation Reasons”.

Any future Subsidiary Guarantees may be challenged under applicable bankruptcy, insolvency, fraudulent transfer, financial assistance or similar laws, which could impair the enforceability of such future Subsidiary Guarantees.

Under bankruptcy, insolvency, fraudulent transfer, financial assistance or similar laws in Indonesia, where future Subsidiary Guarantors, if any, may be incorporated and where most or all of their significant assets may be located (as well as under the law of certain other jurisdictions to which a Subsidiary Guarantor may be subject or in which insolvency proceedings against a Subsidiary Guarantor may be commenced), the enforceability of any future Subsidiary Guarantees may be impaired if certain statutory or other conditions are met. In particular, such Subsidiary Guarantees may be voided, or claims in respect of such Subsidiary Guarantees could be subordinated to all other debts of such Subsidiary Guarantor, if at the time of the incurrence of the indebtedness evidenced by, or when it gives, its Subsidiary Guarantee, it:

- incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the Subsidiary Guarantee in a position which, in the event of such Subsidiary Guarantor’s insolvency, would be better than the position the beneficiary would have been in had the Subsidiary Guarantee not been given;
- received less than reasonably equivalent value or fair consideration for the incurrence of such Subsidiary Guarantee;
- received no commercial benefit;
- was insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which such Subsidiary Guarantor’s remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The test for insolvency, the other particular requirements for the enforcement of fraudulent transfer law, and the nature of the remedy if a fraudulent transfer is found, may vary depending on the law of the jurisdiction which is being applied. Under the laws of Indonesia, it would also be necessary for the directors to ensure that such Subsidiary Guarantor is solvent immediately after entry into, and performance of any obligation under, the transaction, that:

- it will be able to satisfy its liabilities as they become due in the ordinary course of its business; and
- the realizable value of the assets of such Subsidiary Guarantor will not be less than the sum of its total liabilities other than deferred taxes, as shown in the books of account, and its capital.

The directors are required to ensure that the issued capital of any such future Subsidiary Guarantor is maintained and that, after the giving of the Subsidiary Guarantee, such Subsidiary Guarantor would have sufficient net assets to cover the nominal value of its issued share capital.

If a court voided any future Subsidiary Guarantee, or held such Subsidiary Guarantee unenforceable for any other reason, then Noteholders would cease to have a claim against such Subsidiary Guarantor based upon such Subsidiary Guarantee, and would solely be creditors of the Company.

If a court subordinated the Guarantee to other indebtedness of such Guarantor, then claims under the Guarantee would be subject to the prior payment of all liabilities (including trade payables) and we may not have sufficient assets to satisfy the claims of Noteholders after providing for all such prior claims.

If the Subsidiary Guarantees (or the Notes) constitute a voidable transaction under Australian law, holders of the Notes could be required to disgorge payments made by any future Subsidiary Guarantors (or the Company) in an insolvency proceeding.

The validity, enforceability and efficacy of any future Subsidiary Guarantees may be affected in various circumstances under Australian law. In particular, the Corporations Act empowers a liquidator to challenge an “uncommercial transaction” entered into at a time when a company was insolvent, or which renders a company insolvent. Uncommercial transactions of a company are those which a reasonable person in the company’s position would not have entered into having regard to (a) the benefits (if any) to the company of entering into the transaction, (b) the detriment to the company of doing so, (c) the benefits to other parties of entering into the transaction, and (d) any other relevant matter.

In addition, a liquidator may challenge an “unfair preference” (a transaction which results in a creditor receiving from the company in respect of an unsecured debt more than the creditor would receive from the company if the transaction was set aside and the creditor was to prove for the debt in the winding-up of the company) entered into at a time when the company was insolvent, or which rendered a company insolvent.

A liquidator may challenge an uncommercial transaction or unfair preference entered into: (i) within the two years prior to the “relation back day” (usually the date on which any application to the court to wind-up the company was made or where immediately before the winding up order was made the company was under voluntary administration, the date of commencement of the voluntary administration) in respect of an uncommercial transaction or the six months prior to the “relation back day” in respect of an unfair preference; (ii) within the four years prior to the “relation back day” if an uncommercial transaction or unfair preference involved a related entity of the company; and (iii) within the 10 years prior to the “relation back day” if the purpose of the transaction was to defeat, delay or interfere with the rights of creditors on a winding-up of the company.

If a liquidator successfully challenges a transaction on one of these bases, any money paid or received in connection with that transaction can potentially become the subject of a court order for repayment and/or the guarantee may be set aside. A guarantee may also be set aside by an Australian court if the beneficiary has actual or constructive knowledge that there was no corporate benefit in the transaction for the guarantor. In the event that any future Subsidiary Guarantors (or the Company) become insolvent, and the issuance of the Subsidiary Guarantees (or the Notes) were found to be an uncommercial transaction or otherwise voidable by an Australian court, holders of the Notes could be required to repay (disgorge) payments received under the Subsidiary Guarantees or the Notes, as applicable and, depending on the circumstances, may not be able to retain a debt claim under the Subsidiary Guarantees or the Notes, as applicable, against the Subsidiary Guarantors or the Company.

The ratings assigned to the Notes may be lowered or withdrawn.

The ratings assigned to the Notes may be lowered or withdrawn entirely in the future. The Notes are expected to be rated “B1” by Moody’s and “B+” by Fitch. The ratings represent the opinions of the ratings agencies and their assessment of the ability of the Company to perform its obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. We cannot assure you that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment, circumstances in the future so warrant. We have no obligation to inform Noteholders of any such revision, downgrade or withdrawal. In addition, rating agencies other than Moody’s and Fitch may rate the Notes differently. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes or the assignment by a rating agency other than Moody’s or Fitch of a rating of the Notes lower than those provided may adversely affect the market price of the Notes.

Many of the covenants in the indenture governing the Notes would not apply during any period when the Notes are rated investment grade by Moody’s and Fitch and no default has occurred and is continuing.

Many of the covenants contained in the Indenture will not apply during any period when the Notes are rated investment grade by Moody’s and Fitch and no default has occurred and is continuing. There can be no assurance that the Notes will ever be rated investment grade, that if they are rated investment grade or that the Notes will maintain such ratings. Ratings assigned to the Notes may be lowered or withdrawn in the future. However, suspension of these covenants will allow us to engage in certain actions that would not have been permitted were these covenants in force, and the effects of any such actions that we take while these covenants are not in force will be permitted to remain in place, and will not constitute an Event of Default under the Indenture, even if the Notes are subsequently downgraded below investment grade and the covenants are reinstated. See “*Description of the Notes — Suspension of Certain Covenants*”.

An active trading market for the Notes may not develop and the trading price of the Notes could be materially and adversely affected.

We cannot assure you as to the liquidity of any market that may develop for the Notes, the ability of the holders of the Notes to sell them or the price at which the Holders of the Notes may be able to sell them. The liquidity for any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our financial condition, performance and prospects, as well as recommendations by securities analysts. An active trading market for the Notes might not develop or, if one does develop, it might not be maintained. If an active market for the Notes fails to develop or be sustained, the trading price of the Notes could be materially and adversely affected. Lack of a liquid, active trading market for the Notes may adversely affect the price of the Notes or may otherwise impede a Holder’s ability to dispose of the Notes.

The transfer of the Notes is restricted which may adversely affect their liquidity and the price at which they may be sold.

The Notes have not been registered under, and we are not obligated to register the Notes under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See “*Transfer Restrictions*”. We have not agreed to or otherwise undertaken to register the Notes (including by way of an exchange offer), and we have no intention to do so.

Investment in the Notes may subject Noteholders to foreign exchange risks.

The Notes are denominated and payable in U.S. dollars. If you measure your investment returns by reference to a currency other than U.S. dollars, an investment in the Notes entails foreign exchange-related risks, including possible significant changes in the value of the U.S. dollars relative to the currency by reference to which you measure your returns, due to, among other things, economic, political and other factors over which we have no control. Depreciation of the U.S. dollar against the currency by reference to which you measure your investment returns could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure your investment returns. In addition, there may be tax consequences for you as a result of any foreign exchange gains resulting from any investment in the Notes.

We will follow the applicable disclosure standards for debt securities listed on the SGX-ST, which standards may be different from those applicable to companies in certain other countries.

We will be subject to continuing reporting obligations in respect of the Notes to be listed on the SGX-ST. The disclosure standards imposed by the SGX-ST for such continuing reporting obligations may be different than those imposed by securities exchanges in other countries or regions such as the U.S. or the United Kingdom.

As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

Interest rate risks may affect the value of the Notes.

The Notes are fixed interest rate securities. Subsequent changes in market interest rates may adversely affect the value of the Notes.

The Notes will initially be held in book-entry form.

The Notes will initially only be issued in global certificated form and held through DTC and its participants, including Euroclear and Clearstream. Interests in the global Notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered Notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of the Notes. A nominee of DTC will be the sole registered holder of the global Notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global Notes representing the Notes will be made to the paying agent who will make payments to DTC. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the global Notes representing the Notes and credited by such participants to indirect participants. After payment to the nominee of DTC, the Company will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of DTC, and if you are not a participant in DTC, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through DTC. The procedures to be implemented through DTC may not be adequate to ensure the timely exercise of rights under the Notes. See “*Description of the Notes — Book-entry; Delivery and Form.*”

In addition, while the Notes are in global form, “holders” of Book-Entry Interests will not be considered the owners or “Holders” of Notes for any purpose. So long as the Notes are held in global form, DTC and the common depositary for Euroclear and Clearstream, as applicable (or their respective nominees), will be considered the Holders of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of DTC, Euroclear and/or Clearstream and indirect participants must rely on the procedures of DTC, Euroclear and/or Clearstream and the participants through which they own Book-Entry Interests in order to exercise any rights of Holders under the Indenture.

Payments of principal, interest and other amounts owing on or in respect of the Global Notes representing the Notes will be made to the paying agent, which will make payments to the applicable custodian or depositary. Thereafter, these payments will be credited to participants’ accounts that hold Book-Entry Interests in the Global Notes representing the Notes (including DTC, Euroclear and Clearstream) and credited by such participants to indirect participants. After payment to the custodian for the applicable depositary, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of Book-Entry Interests. Accordingly, if you own a Book-Entry Interest, you must rely on the procedures of the depositary, and if you are not a participant in the applicable depositary, on the procedures of the participant through which you own your interest (including DTC, Euroclear and Clearstream), to exercise any rights and obligations of a Holder of Notes under the Indenture. See “*Description of the Notes — Book-Entry, Delivery and Form; Payments on the Global Notes; Global Clearance and Settlement Under the Book-Entry System*”.

Unlike the Noteholders themselves, owners of Book-Entry Interests will not have the direct right to act upon the Company’s solicitations for consents, requests for waivers or other actions from Noteholders. Instead, if you own a Book-Entry Interest, you will be permitted to act only to the extent available via the facilities of the applicable depositary, which, in turn, rely on the procedures of the participant through which you hold your Book-Entry Interest. The procedures implemented for such actions may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered notes are issued in respect of all Book-Entry Interests, owners of Book-Entry Interests will be restricted to acting through the applicable depositary via the participant through which you hold your Book-Entry Interests. The procedures to be implemented through the applicable depositary may not be adequate to ensure the timely exercise of rights under the Notes. See “*Description of the Notes — Book-Entry, Delivery and Form; Action by Owners of Book-Entry Interests*”.

The Trustee may request that the Noteholders provide an indemnity, security and/or prefunding to its satisfaction.

In certain circumstances, the Trustee may (at its sole discretion) request the Noteholders to provide an indemnity, security, and/or prefunding to its satisfaction before it takes action on behalf of the Noteholders. The Trustee shall not be obligated to take any such actions if not indemnified, secured, and/or prefunded to its satisfaction. Negotiating and agreeing to any indemnity and/or security, and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions notwithstanding the provision of an indemnity, security or prefunding to it, in breach of the terms of the Indenture (as subsequently supplemented and/or amended) governing the Notes and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such actions directly.

Noteholders may be exposed to a legal system subject to considerable discretion and uncertainty and may have difficulty pursuing claims under future Subsidiary Guarantees.

In the event of future Indonesian Subsidiary Guarantors, Indonesian legal principles relating to the rights of debtors and creditors and their implementation by Indonesian courts may differ materially from the legal

principles that would apply or their implementation by the courts if we were established in other jurisdictions such as the United States, the United Kingdom or the European Union. The rights of debtors and the rights of creditors under Indonesian law may not be as clearly established as under legislation or judicial precedent as in most U.S. states and European jurisdictions. In addition, under Indonesian law, debtors may have rights and defenses to actions filed by creditors that these debtors would not have in jurisdictions with more established legal regimes, such as those in the United States, the United Kingdom and the European Union member states.

Indonesia's legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedent and, although the judiciary has taken steps to systematically publish decisions and make these electronically accessible, not all such decisions are so published or readily available. Many of Indonesia's commercial and civil laws and rules on judicial process were based on Dutch law in effect prior to Indonesia's independence in 1945 and some of the laws have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts may be unfamiliar with sophisticated commercial or financial transactions, leading in practice to uncertainty in the interpretation and application of Indonesian legal principles. The application of many Indonesian laws depends, in large part, upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is difficult or impossible to predict. Indonesian judges operate in an inquisitorial legal system and have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised.

In practice, Indonesian court decisions may omit, or may not be decided upon, a legal and factual analysis of the issues presented in a case. As a result, the administration and enforcement of laws and regulations by Indonesian courts and Indonesian Governmental agencies may be subject to considerable discretion and uncertainty.

For instance, on September 2, 2013, the holders of notes issued by BLD Investments Pte. Ltd and guaranteed by PT Bakrieland Development Tbk ("Bakrieland"), under a trust deed governed under English law, filed a suspension of debt payment petition with the Jakarta Commercial Court on grounds including that Bakrieland had failed to comply with its obligation to repay the principal amount of the notes when noteholders exercised their put option under the terms of the notes. In its decision dated September 23, 2013, the Jakarta Commercial Court ruled, among other things, that the trust deed relating to the notes is governed by English law, all disputes arising out of or in connection with the trust deed must be settled by English courts and, accordingly, that it did not have authority to examine and adjudicate this case.

In another example, an Indonesian company, PT Trikomsel Oke Tbk ("Trikomsel"), in early 2016 entered into suspension of debt payment proceedings. The administrators were reported to have rejected claims that arose from holders of their two Singaporean Dollar bonds and took the stance that the trustees under such bonds did not have any standing to make claims on behalf of bondholders. Further, they asserted that only individual bondholders that had filed claims on their own would be able to participate in the suspension of debt payment proceedings and to vote on any restructuring plan. On September 28, 2016, the suspension of debt payment obligations (Penundaan Kewajiban Pembayaran Utang or "PKPU") process was settled between Trikomsel and its creditors through the establishment of a composition plan (rencana perdamaian) which was approved by certain bondholders, and then ratified by the Jakarta Commercial Court. Based on an announcement from Trikomsel on October 5, 2016, under the composition plan, the bondholders of the two Singaporean Dollar bonds may be required to convert their notes into new shares to be issued by Trikomsel, thereby extinguishing the bonds.

As a result, it may be more difficult for investors to pursue a claim against us in Indonesia than it would be to do so in other jurisdictions, such as the United States, the United Kingdom and the European Union, which

may adversely affect the investors' ability to obtain and enforce a judgment against us in Indonesia and increase the investors' costs of pursuing, and the time required to pursue, claims against us.

Singapore taxation risk.

The Notes are, pursuant to the Income Tax Act 1947 of Singapore (the "ITA") and the MAS Circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by the Monetary Authority of Singapore (the "MAS Circular") on May 31, 2018, intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section "*Taxation — Singapore Taxation*". However, there is no assurance that the Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS Circulars be amended or revoked at any time.

USE OF PROCEEDS

We expect the net proceeds of the offering of the Notes, after deduction of fees and commissions and estimated expenses in connection with the offering of the Notes, to be approximately U.S.\$394.4 million.

We intend to apply the net proceeds as follows:

- first, towards payment of the purchase price and accrued interest in respect of the Priority Tendered Notes, pursuant, and subject, to the terms and conditions of the Concurrent Tender Offer;
- second, towards payment of the purchase price and accrued interest in respect of the 2025 Notes purchased by the Company pursuant, and subject, to the terms and conditions of the Private Notes Purchase; and
- the remainder for our general corporate purposes.

CAPITALIZATION

The following table sets forth our consolidated capitalization and indebtedness as of December 31, 2022,

- on an actual basis;
- as adjusted to give effect to (a) the U.S.\$185 million institutional placement (“Institutional Placement”) completed in January 2023, (b) the A\$34.6 million (U.S.\$23.4 million) share purchase plan (“SPP”) to eligible holders in Australia and New Zealand completed in March 2023, (c) an increase in the drawdown of the working capital loan advanced by Shanghai Decent for the Oracle Nickel Project in the amount of U.S.\$4.8 million in January 2023 and (d) payment of dividend of A\$60.5 million (A\$0.02 per share) (U.S.\$39.9 million) for the year ended December 31, 2022, which was paid out on March 17, 2023; and
- as further adjusted to give effect to transactions (a) to (d) above, the issuance of the Notes and the application of the proceeds of the offering of the Notes to fund the Private Notes Purchase, assuming US\$225 million of the 2025 Notes are purchased pursuant to the Private Notes Purchase. See “Use of Proceeds”.

This table should be read in conjunction with the sections entitled “Summary Consolidated Financial Information and Other Data”, “Use of Proceeds” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, and our consolidated financial statements and the related notes thereto included in this Offering Memorandum.

	As of December 31, 2022		
	Actual	As Adjusted ⁽¹⁾	As Further Adjusted ⁽²⁾
	(U.S.\$ in millions)		
Indebtedness			
Current borrowings	8	8	8
Non-current borrowings	552	557	332
Notes offered hereby ⁽³⁾	—	—	400
Total debt	560	565	740
Equity			
Share capital	942	1,146	1,146
Reserves	19	19	19
Retained profits	337	297	297
Non-controlling interest	516	516	516
Total equity	1,815	1,978	1,978
Total capitalization⁽⁴⁾	2,375	2,543	2,718

Notes:

- (1) As adjusted to give effect to (a) the Institutional Placement of U.S.\$185.0 million completed in January 2023 and the capital raising cost of U.S.\$4.7 million, (b) the SPP of U.S.\$23.4 million completed in March 2023 and the capital raising cost of A\$0.1 million (U.S.\$0.1 million), (c) the U.S.\$4.8 million increase in the drawdown of the working capital loan advanced by Shanghai Decent for the Oracle Nickel Project and (d) payment of dividend of U.S.\$39.9 million.
- (2) As further adjusted to give effect to the issuance of the Notes and the application of the proceeds of the offering of the Notes to fund the Private Notes Purchase, assuming US\$225 million of the 2025 Notes are purchased pursuant to the Private

As of December 31, 2022

Actual	As Adjusted⁽¹⁾	As Further Adjusted⁽²⁾
<i>(U.S.\$ in millions)</i>		
Notes Purchase. However, this does not take into account the 2024 Notes that may be purchased pursuant to the Concurrent Tender Offer, which is expected to be completed on April 21, 2023. See “ <i>Use of Proceeds</i> ”.		
(3)	Total issuance size of U.S.\$400 million, before deducting the issuance discount, underwriting discount, commissions and other estimated expenses payable in connection with this offering.	
(4)	Represents total indebtedness plus total equity.	

In January 2023, there was an increase in drawdown of the working capital loan advanced by Shanghai Decent for the Oracle Nickel Project in the amount of U.S.\$4.8 million.

On January 23, 2023, we completed our U.S.\$185 million institutional placement, comprising the issuance of 259.1 million new ordinary shares at A\$1.02 per new share. The new shares commenced trading on January 24, 2023. The capital raising cost of the Institutional Placement was U.S.\$4.7 million.

On February 24, 2023, we completed our share purchase plan transaction, accepted all valid applications made under the SPP and issued 33,880,135 new shares at A\$1.02 per share for total receipts of A\$34.6 million (U.S.\$23.4 million). The new shares were issued on March 3, 2023 and commenced trading on March 6, 2023. The capital raising cost of the SPP was A\$0.1 million (U.S.\$0.1 million).

On February 28, 2023, we declared a final dividend of A\$60.5 million (A\$0.02 per share) (U.S.\$39.9 million) for the year ended December 31, 2022, which was paid out on March 17, 2023.

For more information, see “*Business — Recent Developments*”.

Except as disclosed above or in this Offering Memorandum, there has been no material change in our capitalization since December 31, 2022.

EXCHANGE CONTROLS

Indonesia

Exchange Controls

Indonesia has limited foreign exchange controls. The Rupiah has been, and in general is, freely convertible within or from Indonesia. However, to maintain the stability of the Rupiah, and to prevent the utilization of the Rupiah for speculative purposes by non-residents, Bank Indonesia has introduced regulations to restrict the movement of Rupiah from banks within Indonesia to offshore banks, an offshore branch of an Indonesian bank, or any investment denominated in Rupiah with foreign parties and/or Indonesian parties domiciled or permanently residing outside Indonesia, thereby limiting offshore trading to existing sources of liquidity. In addition, Bank Indonesia has the authority to request information and data concerning the foreign exchange activities of all persons and legal entities that are domiciled, or who plan to be domiciled in Indonesia for at least one year. If requested, we must also provide Bank Indonesia with information and documents relating to our foreign exchange activities.

Purchasing of Foreign Currencies against Rupiah through Banks

On June 30, 2022 and July 4, 2022, Bank Indonesia issued Regulation No. 24/7/PBI/2022 on Transaction in Foreign Exchange Market and Members of the Board of Governor of Bank Indonesia Regulation No. 24/10/PADG/2022 (collectively “FX Transaction Regulation”), respectively. Under the FX Transaction Regulation, any purchase of foreign currency against Rupiah that exceeds a prescribed threshold is required to have an underlying transaction and supported by underlying transaction documents. The threshold is U.S.\$100,000 or its equivalent per month per purchaser, for either spot (cash) transactions and derivative transactions. In the event that a purchase exceeds the threshold, the maximum amount of a purchase cannot exceed the value of the underlying transaction. For purchase of foreign currencies against Rupiah within the threshold, the purchaser must declare in a duly duty stamped or authenticated written statement that its purchase of foreign currency against Rupiah is within the prescribed threshold.

The underlying transaction for purposes of the FX Transaction Regulation may consist of: (i) domestic trade of goods and services; (ii) current account activities; (iii) the granting of facility or financing from an Indonesian bank to Indonesian residents for trade and investment activities; (iv) financial account activities; (v) capital account activities; and (vi) any other underlying transaction which is determined by Bank Indonesia. The underlying transaction may not include: (i) a placement of funds; (ii) securities issued by Bank Indonesia; (iii) undrawn credit facilities; or (iv) cryptocurrency assets.

Indonesian Law on Currency and Obligation to Use Rupiah in Indonesian Territory

On June 28, 2011, the House of Representatives (or the “Indonesian Parliament”) passed Law No. 7 of 2011 as amended by Law No. 4 of 2023 on the Development and Enhancement of the Financial Sector passed on 12 January 2023 (the “Currency Law”) and on March 31, 2015, Bank Indonesia issued Bank Indonesia Regulation No. 17/3/PBI/2015 (“PBI 17/3”) and enacted Bank Indonesia Circular Letter No. 17/11/DKSP on June 1, 2015 as the implementation guidelines (“SEBI 17/2015”). Under the Currency Law and PBI 17/3, all parties are required to use Rupiah for cash and non-cash transactions conducted within Indonesia, including (i) each transaction which has the purpose of payment; (ii) settlement of other obligations which must be satisfied with money; and/or (iii) other financial transactions (including deposits of Rupiah in various amounts and types of Rupiah denomination from customers to banks).

Subject to further requirements under PBI 17/3, the obligation to use Rupiah does not apply to (i) certain transactions relating to the implementation of state revenue and expenditures; (ii) the receipt or provision of grants either from or to overseas; (iii) international trade transactions, which include (a) export

and/or import of goods to or from outside Indonesian territory and (b) activities relating to cross border trade in services; bank deposits denominated in foreign currencies; (iv) savings in certain banks the form of foreign currency; (v) international financing transactions; and (vi) transactions in foreign currency which are conducted in accordance with applicable laws and regulations, including, among others: (a) a bank's business activities in foreign currency which is conducted based on applicable laws regarding conventional and sharia banks, (b) securities in foreign currency issued by the Indonesian Government in primary or secondary markets based on applicable laws, and (c) other transactions in foreign currency conducted based on applicable laws, including the law regarding Bank Indonesia, the law regarding investment and the law regarding Indonesia Eximbank.

The Currency Law and PBI 17/3 prohibit the rejection of Rupiah when offered as a means of payment to settle obligations and/or with respect to other financial transactions within Indonesia, unless there is uncertainty regarding the authenticity of the Rupiah bills offered, or the parties to the transaction have agreed in writing to the payment or settlement of obligations in a foreign currency. Article 10 of PBI 17/3 further explains that the exemption based on such a written agreement between the parties is only applicable to an agreement made with respect to one of the above exempted transactions or transactions related to a strategic infrastructure project.

PBI 17/3 took effect from March 31, 2015, and the requirement to use Rupiah for non-cash transactions was effective from July 1, 2015. Written agreements which were signed prior to July 1, 2015 that contain provisions for the payment or settlement of obligations in foreign currency for non-cash transactions will remain effective until the expiry of such agreements. However, any extension and/or certain amendments of such agreements must comply with PBI 17/3.

According to SEBI 17/2015, a business operator in Indonesia must quote the price of goods and/or services in Rupiah and is prohibited from conducting dual quotations where the price of goods and/or services is listed both in Rupiah and a foreign currency anywhere, including on electronic media. The restriction applies to, among others, (i) price tags, (ii) service fees, such as agent fees in the sale and purchase of property, tourism services fees or consultancy services fees, (iii) leasing fees, such as apartment leases, housing leases, office leases, building leases, land leases, warehouse leases or vehicle leases, (iv) tariffs, such as loading/unloading tariffs for cargo at the seaport or airplane ticket tariffs, (v) price lists, such as a restaurant menu price list, (vi) contracts, such as clauses for pricing or fees, (vii) documents of offer, order, or invoice, such as the price clause in an invoice, purchase order or delivery order, and/or (viii) payment evidence, such as the price listed in a receipt.

Further, SEBI 17/2015 stipulates that conditional exemptions may apply to certain infrastructure projects, including: (i) transportation infrastructure, including airport services, seaport procurement and/or services, railway infrastructure and facilities, (ii) road infrastructure, including toll roads and toll bridges, (iii) watering infrastructure, including standard water bearer channels, (iv) drinking water infrastructure, including standard water bearer building, transmission channels, distribution channels, and drinking water treatment installation, (v) sanitation infrastructure, including waste water treatment installations, collector channels and main channels, and waste facility which includes transporter and waste storage, (vi) informatics and technology infrastructure, including telecommunication networks and e-government infrastructure, (vii) electricity infrastructure, including power plants, which include power development sourcing from geothermal, transmission or distribution of electricity, and (viii) natural oil and gas infrastructure, including transmission and/or distribution of natural oil and gas. These exemptions apply if (a) the project has been declared by the central or regional government as a strategic infrastructure project, as evidenced by a formal confirmation letter from the relevant ministry/institution with regards to the project owner; and (b) an exemption approval has been obtained from Bank Indonesia.

A failure to comply with the obligation to use Rupiah in cash transactions will result in criminal sanctions in the form of fines and confinement. A failure to comply with the obligation to use Rupiah in non-cash transactions will be subjected to administrative sanctions in the form of (i) written warning, (ii) fines, and/or (iii) prohibition from undertaking payment activities. Bank Indonesia may also recommend that the relevant authorities and institutions conduct certain actions such as revoking the business license or stopping the business activities of the party which fails to comply with the obligation to use Rupiah in non-cash transactions.

Australia

Exchange Controls

The Charter of the United Nations Act 1945 (Cth) together with associated regulations prohibit: (a) certain transactions involving assets which are deemed, consistent with a decision of the United Nations Security Council, to be freezable assets; and (b) making an asset available to proscribed persons or entities.

The assets deemed to be frozen under the Charter of the United Nations Act 1945 (Cth) are:

- assets (or class of asset) listed by the Minister for Foreign Affairs under section 15 of that Act;
- assets owned or controlled by persons or entities listed by the Minister for Foreign Affairs under section 15 of that Act;
- assets owned or controlled by persons or entities proscribed by the Governor-General in regulations made under section 18 of that Act; and
- assets derived or generated from assets mentioned in the above paragraphs.

The Autonomous Sanctions Act 2011 (Cth) enables the Commonwealth of Australia to make regulations, in the absence of a resolution of the United Nations Security Council, imposing and enforcing sanctions on certain proscribed persons or entities, or preventing the use of or dealing with assets.

Targeted financial sanctions are imposed under the Autonomous Sanctions Regulations 2011 (which commenced on December 15, 2011). The Minister for Foreign Affairs may grant a permit authorising certain transactions that are otherwise prohibited under those regulations.

Persons, entities or assets listed or proscribed under the Charter of the United Nations Act 1945 (Cth) or the Autonomous Sanctions Regulations 2011 (or under the previous applicable regulations, the Australian Banking (Foreign Exchange) Regulations 1959 (Cth)) are persons, entities or assets against which the United Nations Security Council or the Commonwealth of Australia has imposed economic or political sanctions. The Australian Department of Foreign Affairs and Trade maintains a consolidated list of persons, assets and entities which are subject to these sanctions which is available to the public at the following website: <https://www.dfat.gov.au/international-relations/security/sanctions/Pages/consolidated-list>. This website is referenced for informational purposes only and the information contained therein or accessible through the website is not incorporated by reference into this Offering Memorandum.

Except for the restrictions outlined above and save for certain licensing and reporting requirements applicable to persons engaged in certain businesses in Australia involving dealing in currencies, Australia does not impose any restrictions on the conversion of Australian dollars into U.S. dollars at market-determined rates.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the section entitled “Summary Consolidated Financial Information and Other Data” and our consolidated financial statements and the related notes thereto included in this Offering Memorandum. This discussion contains forward-looking statements that are subject to numerous risks and uncertainties, including, but not limited to, those described in the “Risk Factors” section of this Offering Memorandum. Actual results could differ materially from those contained in any forward-looking statements.

Our consolidated financial statements have been prepared in accordance with AAS and comply with IFRS. AAS differ from U.S. GAAP, and those differences may be material to the financial information contained in this Offering Memorandum. This Offering Memorandum does not include a reconciliation of our financial statements to financial statements that would be prepared in accordance with U.S. GAAP.

Overview

We are an ASX-listed company and a significant player in the global nickel industry. We have a financial, operational and strategic partnership with Shanghai Decent, a member of the Tsingshan group. The Tsingshan group is a privately-held group based in China and, we believe, is the world’s largest producer of stainless-steel by capacity, with stainless-steel production of 12.4 Mt and 13.9 Mt in 2021 and 2022, respectively. AME estimates that global stainless-steel production will be 60.4Mt in 2023, implying Tsingshan has approximately 20% of the market if volumes are held constant. By virtue of our mutually beneficial partnership with the Tsingshan group, we have transitioned from being an exclusively upstream miner of nickel ore to a leading nickel processing business, positioned as a top 10 finished nickel producer globally as of December 31, 2022 with NPI operations in the lowest quartile of the global NPI cost curve. Since its Initial Public Offering in 2018 the Company has established itself as a globally significant downstream producer of higher value-added NPI – an essential component in the manufacture of stainless-steel. Leveraging our existing production capabilities and strategic partnership with the Tsingshan group, we have also diversified into the Class 1 nickel electric vehicle (“EV”) battery supply chain by converting some of our current production from NPI into nickel matte, an intermediate nickel product used in the production of electric vehicle batteries. We have also recently executed an Electric Vehicle Battery Supply Chain Strategic Framework Agreement (the “Strategic Framework Agreement”) with Shanghai Decent to grow and further diversify its production into the EV battery supply chain.

We believe we currently operate some of the world’s lowest capital intensive and most profitable nickel processing facilities, each of which benefit from a low-cost position on their respective nickel cost curves. The industrial RKEF operations where we produce our NPI have been designed and built by the Tsingshan group, which was the pioneer of the RKEF process for producing NPI from nickel laterite ore. Our RKEF lines are integrated and centrally managed in IMIP and IWIP, two of the largest producers of nickel globally, by the Tsingshan group. We believe that the centrally managed industrial park RKEFs provide cost-efficient scale benefits in procurement, infrastructure, labour and human resources. These factors allow us to produce NPI at a significant cost advantage to most other producers of NPI in the world. In addition, we benefit from tax concessions granted to us by Indonesian tax authorities that amount to significant competitive advantages for our business.

We undertake all stages of mining and processing of the nickel ore into NPI. We currently have an 80% equity ownership interest in, and operate, each of the following nickel-producing assets, except with respect to Oracle Nickel Project in which we have a 70% indirect equity interest as of the date of this Offering Memorandum:

- Hengjaya Nickel Project:** located within the IMIP, the Hengjaya Nickel Project comprises two RKEF lines with an aggregate nameplate production capacity of 15,000 NiEq tonnes per annum (100% basis). For the year ended December 31, 2020, this project exceeded its aggregate nameplate production capacity by approximately 43%, producing 21,514 NiEq tonnes of NPI. For the year ended December 31, 2021, the Hengjaya Nickel Project produced 20,020 NiEq tonnes of NPI, exceeding its aggregate nameplate production capacity by approximately 33%. Following the switch of two RKEF lines at the Hengjaya Nickel Project to production of nickel matte, the Hengjaya Nickel Project produced a total of 19,363 NiEq tonnes for the year ended December 31, 2022, including 14,620 NiEq tonnes of NPI and 4,743 NiEq tonnes of nickel matte, exceeding its aggregate nameplate production capacity by approximately 29%.
- Ranger Nickel Project:** also located within the IMIP, the Ranger Nickel Project similarly comprises two RKEF lines with an aggregate nameplate production capacity of 15,000 NiEq tonnes per annum (100% basis). For the year ended December 31, 2020, this project exceeded its nameplate production capacity by approximately 47%, producing 22,107 NiEq tonnes of NPI. For the year ended December 31, 2021, the Ranger Nickel Project produced 20,390 NiEq tonnes of NPI, exceeding its aggregate nameplate production capacity by approximately 36%. For the year ended December 31, 2022, the Ranger Nickel Project produced 20,082 NiEq tonnes of NPI, exceeding its aggregate nameplate production capacity by approximately 34%.
- Angel Nickel Project:** located within the IWIP, the Angel Nickel Project comprises four RKEF lines with an aggregate nameplate production capacity of 36,000 NiEq tonnes per annum (100% basis), a 380MW power plant and ancillary facilities. In January 2022, the commissioning of the first of the Angel Nickel Project's four RKEF lines commenced, well ahead of the October 2022 contractual delivery date for the commencement of commissioning. In May 2022, the commissioning of the fourth RKEF line commenced commissioning and commercial sales also commenced. The Angel Nickel Project's 380MW power plant was commissioned in August 2022. For the year ended December 31, 2022, the Angel Nickel Project produced 29,887 NiEq tonnes of NPI. In addition, we intend to switch two of the Angel Nickel Project's RKEF lines to nickel matte production. The switch to nickel matte production, which will be subject to market conditions, is not expected to occur until early 2024, as low-grade to high-grade converter capacity is currently under construction within the IWIP.
- Oracle Nickel Project:** as of the date of this Offering Memorandum, we also own a 70% indirect equity interest in the Oracle Nickel Project, an NPI-producing RKEF project within the IMIP. The commissioning process for the first, second, third and fourth RKEF lines at the Oracle Nickel Project commenced in November 2022, December 2022, February 2023 and March 2023, respectively. The 380MW power plant is scheduled for commissioning during the second quarter of 2023. The Oracle Nickel Project comprises four RKEF lines, with an aggregate nameplate production capacity of 36,000 NiEq tonnes per annum (100% basis), the 380MW power plant, as well as the ancillary facilities required for the operation of each of the RKEF lines and the power plant. For the year ended December 31, 2022, the Oracle Nickel Project produced 747 NiEq tonnes of NPI. In January 2023, we entered into a binding agreement with Shanghai Decent to acquire an additional 10% indirect equity interest in the Oracle Nickel Project (the "Additional Oracle Acquisition"), subject to certain approvals and conditions. Completion of this acquisition would increase ownership in the Oracle Nickel Project to 80%, aligned with our other RKEF ownership interests.
- Hengjaya Mine:** a long-life, high-grade nickel laterite deposit located approximately 12 kilometers from the IMIP, with a JORC-compliant Resource of 185 dmt at 1.3% nickel including 39.7 dmt at 1.8% nickel. Since December 2018, all of the Hengjaya Mine's saprolite nickel ore production has been delivered to the IMIP. Following expansion activities, the Hengjaya Mine delivered record nickel

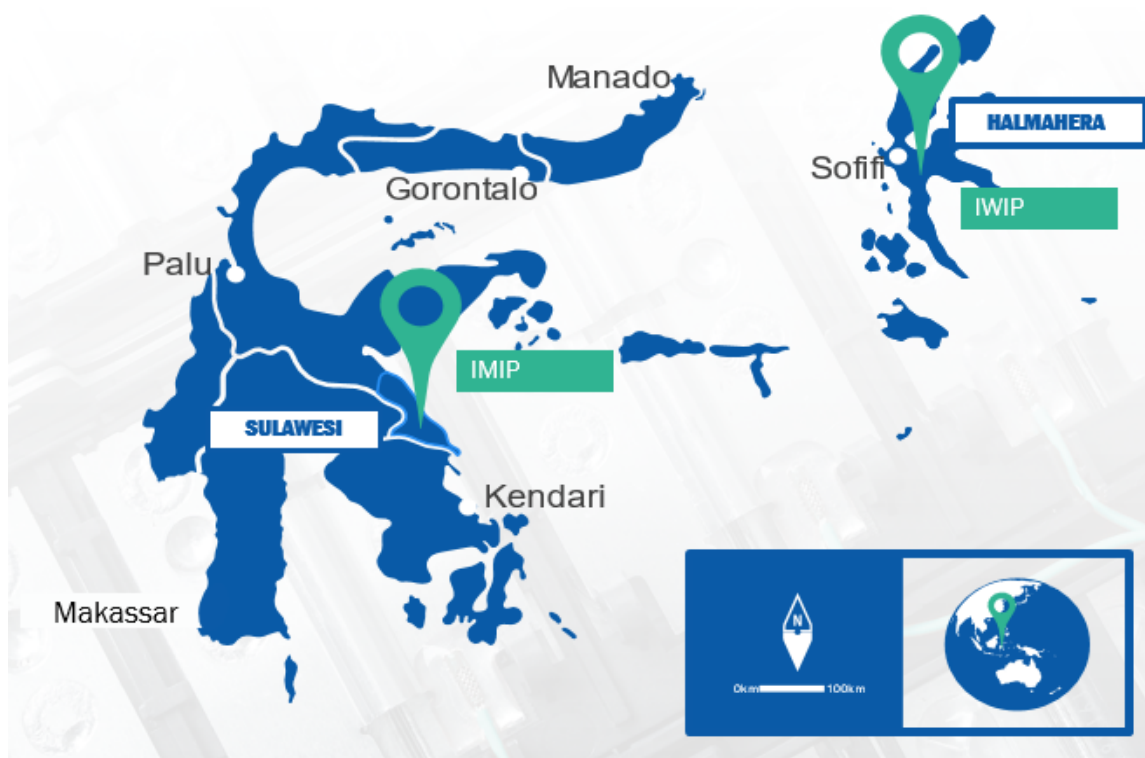
ore production of ~6.8 million wet metric tonnes (“wmt”) for the year ended December 31, 2022. The mine increased saprolite production and began producing limonite to cater for increasing demand from the IMIP’s operating HPAL projects.

As part of the Strategic Framework Agreement in January 2023, we entered into a binding agreement with Shanghai Decent to acquire a 10% indirect equity interest in the HNC Project (the “HNC Acquisition”), subject to certain approvals and conditions. The HNC Project is a high-pressure acid leach (“HPAL”) project located within the IMIP, with a nameplate annual production capacity of 60,000 NiEq tonnes and 5,000 CoEq tonnes. We also acquired options to future battery nickel opportunities for U.S.\$40 million under the Strategic Framework Agreement (the “Acquired Options”), including: participation in, and construction of, a nickel sulphate and electrolytic nickel plant using the HPAL process (the “ENC Project”); and investment in, and construction of, a low-grade to high-grade nickel matte converter at the Oracle Nickel Project.

Following our completion of the commissioning of the Oracle Nickel Project in March 2023, our aggregate nameplate production capacity totalled 102,000 NiEq tonnes per annum (78,000 NiEq tonnes per annum attributable nameplate production capacity), which would place us within the top 3 largest Indonesian nickel producers and among top 10 largest nickel producers by production capacity based on market data provided by AME as of December 31, 2022. The Additional Oracle Acquisition, the HNC Acquisition as well as the Acquired Options are expected to provide increased scale (and further add to our aggregate nameplate production capacity), as well as product and customer diversification.

Our NPI-producing assets are integrated into some of the world’s largest nickel production centers in terms of production output: the IMIP is estimated to be the largest producer of processed nickel globally and the fourth largest producer of stainless-steel by production capacity with a production capacity of 3.0 million tonnes of stainless-steel per annum in 2023, and the IWIP, which began operations in 2020 and is expected to be the fifth largest producer of processed nickel globally by 2023, according to AME.

The map below shows the location and extension of our current operations:



Despite only reaching a steady-state level of operations at the Hengjaya and Ranger Nickel Projects in the fourth quarter of 2019, we have been able to leverage our structural competitive advantages to expand our business in a sustainable manner while maintaining a high level of operating and financial performance. Our sales revenue has increased from U.S.\$645.9 million for the fiscal year ended December 31, 2021 to U.S.\$1,217.0 million for the fiscal year ended December 31, 2022. Meanwhile, our profit after tax has increased from U.S.\$176.0 million for the fiscal year ended December 31, 2021 to U.S.\$209.4 million for the fiscal year ended December 31, 2022. Our EBITDA has increased from U.S.\$242.5 million for the fiscal year ended December 31, 2021 to U.S.\$339.2 million for the fiscal year ended December 31, 2022. As of December 31, 2022, our market capitalization was A\$2.6 billion (approximately U.S.\$1.8 billion).

The business is expected to grow further following our transition to producing Class 1 nickel products. On May 3, 2021, we signed a non-binding memorandum of understanding with Shanghai Decent expressing our mutual intention to modify two of our existing RKEF lines at the IMIP so that they would be able to produce a low-grade nickel matte. Additionally, we intend to switch two of the RKEF lines at the Angel Nickel Project to the production of nickel matte, the completion of which is subject to market conditions and is not expected to occur until early 2024. The low-grade nickel matte would be further processed into a high-grade nickel matte (higher than 74% NiEq) that can be sold into the EV battery supply chain. The modification has now taken place at the Hengjaya Nickel Project and we are producing nickel matte. Further, the modification allows us to shift production between NPI and nickel matte based on prevailing market demand and prices with minimal capital expenditure and process retooling downtime, further strengthening our ability to take advantage of supply and demand dynamics underpinning key segments of the nickel market

Factors affecting our Business and Results of Operations

Our business and results of operations are primarily affected by the following factors:

Commodity Prices

Our revenue will be predominantly derived from our sale of our existing and future products, including (i) NPI and nickel matte from our RKEF operations, (ii) nickel limonite ore from the Hengjaya Mine, and (iii) intermediate nickel products such as MHP from the HNC Project following the completion of the HNC Acquisition. Accordingly, our results of operations are, and will continue to be, directly affected by the prices of products that we sell, which in turn are impacted by a number of macroeconomic and market factors.

For example, the prices of many of our products are driven by the commodity markets, which have historically been cyclical and subject to significant fluctuations. Commodity prices depend principally on the supply and demand dynamics of the world commodities export markets. Mining-related commodity markets are highly competitive and are sensitive to numerous factors, including forward selling by producers, production cost levels in major mining regions, changes in mining output (including the opening and closing of mines, the discovery of new deposits and the expansion of operations at existing mines), disruptions in mineral distribution (due to weather and other conditions), government policies and regulations such as those relating to taxation, royalties and environmental protection, global economic conditions, and major public health issues such as the COVID-19 pandemic.

The commodity markets are also affected by demand from the end-user industries of the respective commodities. For example, the prices and demand for nickel are affected by demand from the stainless-steel industry and increasingly, by demand for nickel for battery manufacturing, especially for use in EV batteries and energy storage. EV sales globally have significantly increased in recent years due to a combination of supportive governmental policies, cost competitiveness with internal combustion engines, EV models that are increasingly attractive to consumers, improvements in battery technology and the development of charging infrastructure for EV batteries. Consequently, driven by strong EV battery demand and the increasing adoption of high and ultra-high nickel cathodes which result in higher demand for nickel and a medium-term supply deficit, the outlook for nickel prices is positive, which we believe will have a positive impact on our revenue and results of operations in the short-term.

See “Risk Factors — Risks relating to our business — The prices of the products we sell are cyclical in nature and subject to fluctuations”.

NPI Prices

Our revenue in 2022 was predominantly derived from our sale of the NPI that we produced. We currently sell all of the NPI that we produce to Shanghai Decent and other Tsingshan group companies. Pursuant to the collaboration agreements we have in place with Shanghai Decent, Shanghai Decent has agreed to purchase, and we have agreed to sell to Shanghai Decent, all offtake of NPI produced by the Hengjaya Nickel Project, the Ranger Nickel Project, the Angel Nickel Project and the Oracle Nickel Project, in each case, based on the average prices for NPI in China. Accordingly, the average prices for NPI in China directly affect the revenue we receive from the sales of our NPI.

Prices of NPI have historically been linked to nickel ore prices. In recent years, however, the pricing of specific nickel products, such as NPI, have been increasingly driven by their own supply/demand fundamentals rather than the prices of nickel ore, with the NPI market being particularly China-centric and featuring its own particular characteristics as compared to LME deliverable nickel ore. NPI prices are also affected, to a lesser extent, by demand for nickel for battery manufacturing, especially for use in electric vehicle batteries and energy storage.

In January 2021, we amended our collaboration agreements with Shanghai Decent to change the reference price for the NPI produced at the Hengjaya Nickel Project and the Ranger Nickel Project from the LME nickel price to the average price of NPI in China. Although our contracts previously set the LME nickel price as the

reference price for our NPI sales to Shanghai Decent, in practice, our sales have historically generally tracked the prices of NPI in China rather than LME nickel prices, even prior to these amendments. Reference price for NPI produced at the Angel Nickel Project and the Oracle Nickel Project is also the average price of NPI in China.

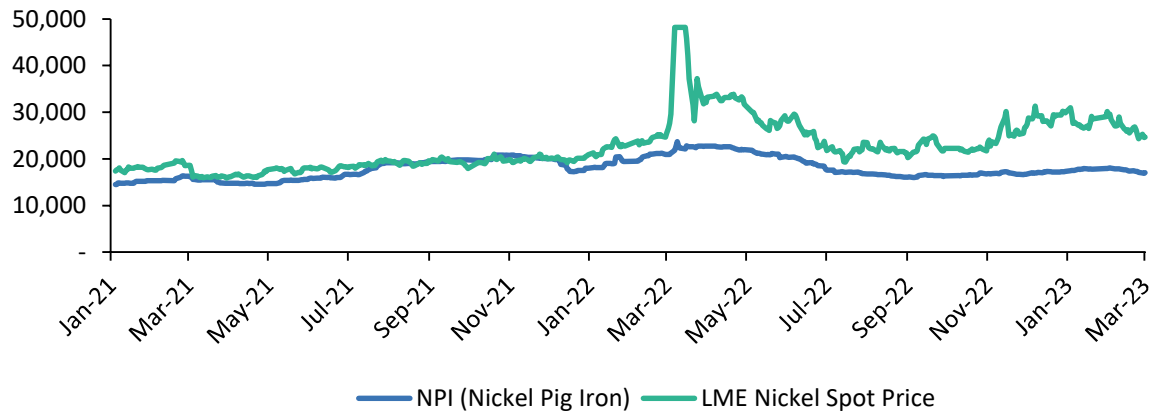
The prices for NPI are principally influenced by demand for its use in the manufacture of stainless-steel. NPI prices typically increase during periods of high global demand for stainless-steel and decrease during periods of low demand for stainless-steel. On the demand side, according to AME, nickel demand is expected to grow at a compound annual growth rate of 4.1% from 2,880 kt in 2022 to 3,957 kt in 2030. By 2030, global stainless steel production is expected to grow to 78.7 Mt and contribute 71% of the global nickel demand.

On the supply side, the implementation of Indonesia's nickel ore export ban starting in 2014 has constrained the market supply, especially in China, of high-quality nickel ore with no natural market substitute readily available.

In the year ended December 31, 2022, the average market price for NPI in China was approximately U.S.\$18,743/t NiEq representing approximately 73% of the average LME nickel price over that period. During the third quarter in 2022, pandemic-related lockdowns negatively impacted economic activity in China, leading to significantly reduced NPI prices in China. By the end of 2022, with China winding back lockdown restrictions, NPI prices had improved. As at December 31, 2022, the price of NPI was approximately U.S.\$17,313/t NiEq.

The prices that we are able to obtain for the NPI we sell are also affected by the nickel content of the NPI we produce. In 2021 and 2022, our management focused on marginally reducing NPI grades (at the expense of maximizing nickel tonnes) to minimize the pricing penalties applied to higher grade NPI (greater than 12%) with lower iron content. As a result, we have been able to obtain higher prices for the NPI we sell. Our 2021 NPI sales contracts (for both export sales and internal IMIP sales) in the second half of 2021 have captured this higher pricing with contracts for delivery between July and December 2021 being executed at an average price of U.S.\$17,700/t NiEq.

Our realized NPI price is based on the average market price for NPI in China, after adjustment of product grade specification, freight and foreign exchange. The following chart shows a comparison of our realized NPI price and the average market price for NPI in China for the periods presented:



Nickel Ore Prices

As of December 31, 2022, the price of saprolite nickel ore was approximately U.S.\$48/t. Although we have in the past sold the saprolite nickel ore we produced in the Hengjaya Mine to third parties, since December 2018, all of our saprolite nickel ore production has been used as an input in our RKEF plants to produce NPI, which makes our operations more resilient against market price changes in raw materials to a certain extent. Accordingly, from April 1, 2019 (the date on which the Hengjaya Nickel Project was first consolidated onto our financial statements), our nickel ore sales have been internal to our Company on a consolidated basis, and we have not recorded any external saprolite nickel ore revenue since that date. In November 2021, we also commenced the supply of limonite nickel ore to the HNC Project within the IMIP at a price of U.S.\$13.0/t, which constitutes sales external to the group. In 2022, we increased the price of limonite nickel ore supplied to the HNC Project to U.S.\$19.0/t.

Nickel Matte Prices

We entered into a non-binding memorandum of understanding with Shanghai Decent on May 3, 2021, expressing our intention to convert certain of our RKEF lines to enable them to produce nickel matte in addition to NPI. Following the conversion of two RKEF lines at the Hengjaya Nickel Project from NPI to nickel matte in October 2022, the Hengjaya Nickel Project produced 4,743 NiEq tonnes of high-grade nickel matte in 2022 which had a higher profit margin than NPI. In addition, we intend to convert two of our RKEF lines at the Angel Nickel Project for the production of nickel matte, the completion of which is subject to market conditions and is not expected to occur until early 2024. If we become significant producers of nickel matte, our operations and overall business margins will also be affected by the prices we receive for the sale of our nickel matte, which may differ from the price we receive for the sale of our NPI. See “*Risk Factors — Risks relating to our Business — We may not be able to realize any or all of the anticipated benefits of our contemplated diversification into nickel matte and other nickel products*”.

Production Volumes, Infrastructure and Expansion of Production Capacity

Our revenue is also a function of, and directly correlated with, the volume of NPI and other commodities that we are able to produce.

Our revenue generally increases to the extent that our production volumes increase, with a corresponding increase in our production costs spread over a larger output and achieving cost savings, while our revenue generally decreases to the extent that our production volumes decrease, with our production costs correspondingly decreasing. Production volumes of NPI are primarily determined by (i) the production capacity and efficiency of our nickel ore processing facilities; (ii) the production capacity and efficiency of our RKEF facilities; and (iii) the availability and grade of our nickel ore feedstocks. Since we commenced

production, changes in the price for nickel ore and NPI have not significantly changed our production volumes.

NPI is produced by smelting nickel ore, and its production depends on the grade of nickel ore feed and the smelter load. Saprolite nickel ore typically with a grade between 1.6% and 2.0% is used in our NPI production. The quality of the saprolite nickel ore used as raw material feedstock affects the nickel content in the slag produced as a by-product in the production of NPI. The slag is typically re-used for further nickel extraction to produce more NPI and, accordingly, the quality of the saprolite nickel ore used affects our aggregate production volumes of NPI. Other factors include the transportation infrastructure at our facilities, supply of electricity, as well as other environmental or technical factors that may disrupt our operations. For example, rains during the wet season in Indonesia could result in production delays or halts at the Hengjaya Mine. Unexpected maintenance or repairs at our RKEF plants can also result in production delays or halts that can negatively impact our production volumes at any given period.

Nickel ore production volumes at the Hengjaya Mine are dependent on many factors including, but not limited to, our ability to procure resources and other requirements at competitive prices, and other challenges such as the accuracy of mineral resources, mine and production planning and scheduling, the accuracy of ore grades, ground conditions and mine stability, ore characteristics, the accuracy of the estimated rates and costs of mining, production, re haulage, barging and shipping.

The Hengjaya Nickel Project produced its first batch of NPI in January 2019. Its operational ramp-up period continued through the first and second quarters of 2019, and it achieved steady state operations by the third quarter of 2019. The Ranger Nickel Project produced its first batch of NPI in May 2019. Its operational ramp-up period continued through the third quarter of 2019, and it achieved steady state operations by the fourth quarter of 2019. Since the ramp-up of our operations in the fourth quarter of 2019, production at the RKEF processing facilities in both the Hengjaya Nickel Project and the Ranger Nickel Project have consistently exceeded their aggregate nameplate production capacity of 15,000 NiEq tonnes per annum (100% basis) each, having produced an aggregate total of 43,708.3 NiEq tonnes in 2020, the first full year of production, which is 45.7% above their aggregate nameplate production capacity and 40,410 NiEq tonnes in 2021, which is 34.7% above their aggregate nameplate production capacity and 38,903 NiEq tonnes in 2022, which is 29.7% above their aggregate nameplate production capacity. The Angel Nickel Project completed commissioning in 2022, bringing our aggregate nameplate production capacity to a total of 66,000 NiEq tonnes per annum. During 2022, Angel Nickel Project produced 29,887 NiEq tonnes. Commissioning at the Oracle Nickel Project began in November 2022, with the first RKEF line coming online. The second RKEF line commenced commissioning in December 2022, the third RKEF line in February 2023 and the fourth line in March 2023. The Oracle Nickel Project comprises four RKEF lines and a 380MW power station which will supply power to the IMIP which is expected to be fully operational in the first half of 2023. Our aggregate nameplate production capacity has increased to a total of 102,000 NiEq tonnes per annum (78,000 NiEq tonnes per annum attributable nameplate production capacity).

As we develop and grow our business, we constantly assess opportunities for acquisitions and investments in additional projects in our area of activity. When we acquire businesses or assets or establish new operations through organic growth, the results of operations from such acquisitions or new operations are consolidated into our financial statements going forward, but not for the periods preceding the acquisition or commencement of operations. Since we have a limited operating history, the acquisition of new assets or the commencement of new consolidated operations could have an outsize impact on our revenue, costs and results of operations in comparison to prior periods.

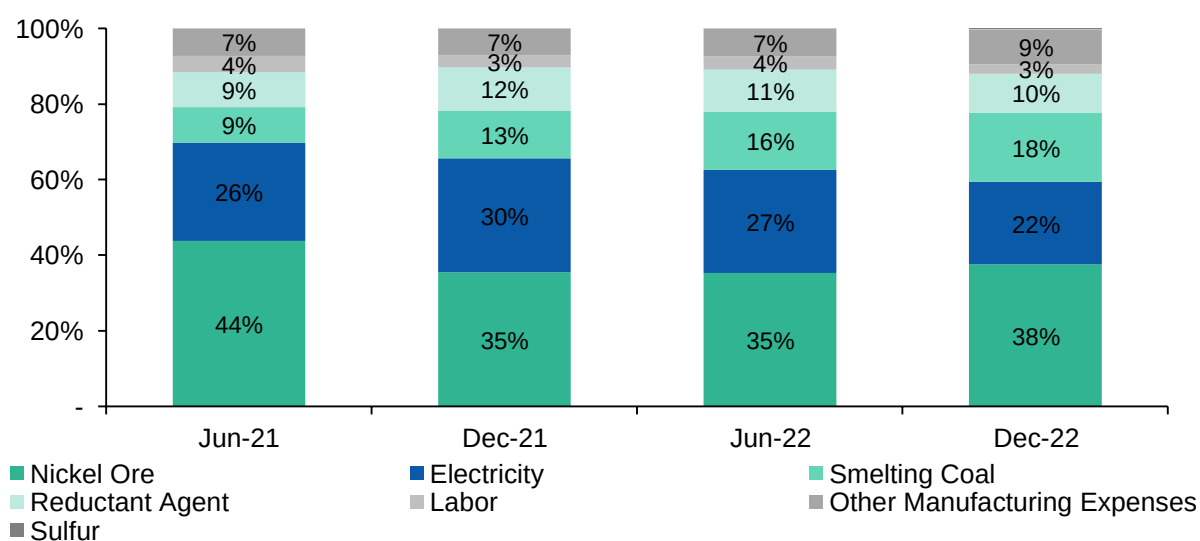
Production Costs

As a producer and seller of commodities, we sell our products at market prices and our ability to manage costs and expenses has a significant impact on our results of operations.

One of the principal cost components for our business is the high energy usage involved in the RKEF process (generally representing between 20% and 30% of input costs), which can make it uncompetitive in regions with high energy prices. However, this has not yet presented a significant challenge for our operations due to the availability of low energy prices as a result of the abundance of relatively inexpensive coal resources near the IMIP. With Kalimantan as a neighboring island of Sulawesi, the IMIP has access to an abundant supply of relatively inexpensive coal. This nearby coal source, combined with the IMIP's installed power plant, allows the IMIP tenants to benefit from cheap and reliable power. Over the course of its operations both the Hengjaya Nickel Project and the Ranger Nickel Project have paid approximately U.S.\$0.05 to U.S.\$0.11 per kilowatt/hour for their electricity, yielding it a distinct advantage over many of their global peers where power costs generally run at much higher rates.

The 380MW power plant of the Angel Nickel Project was commissioned in August 2022. The power generated was supplied to us at a price more than 30% lower than the prices we pay for electricity for our operations at the Hengjaya Nickel Project and the Ranger Nickel Project.

The graphic below depicts our historical operating cash cost breakdown for the periods presented:



In addition, the Oracle Nickel Project will feature its own 380MW power plant which will supply power to the IMIP and is expected to have a cost base consistent with the Angel Nickel Project. Other significant cost components include nickel ore (generally representing between 35% and 45% of input costs) and other ancillary costs including labor costs (generally representing between 30% and 40% of input costs). Due to the Indonesian Government's ban on the exportation of unprocessed nickel ore, the IMIP is able to procure abundant supplies of high-grade nickel ore (>1.7%) for use across its RKEF operations. In May 2020, the IMIP and the IWIP adopted the Indonesian Government's benchmark nickel ore pricing regime which now

sees Indonesian nickel ore prices more closely tied to movements in the underlying LME nickel price. Significantly higher grade and lower cost ore is the key competitive advantage for Indonesian NPI producers.

COVID-19 Pandemic

In December 2019, a novel strain of the coronavirus (also known as COVID-19), was reported to have surfaced in Wuhan, China. COVID-19 has since spread to more than 200 countries and territories and has been declared a pandemic by the World Health Organization. The COVID-19 pandemic and the preventative or protective actions that governments around the world have taken to counter the effects of the pandemic have resulted in a period of business disruption and a decrease in economic activity in several countries, including in Indonesia and countries where our suppliers, customers and third-party contractors are located. As a result, the current COVID-19 pandemic has led to uncertainty in the global economy and significant volatility in global financial markets. In addition, since March 2020, the Indonesian Government has issued several regulations in response to the current COVID-19 pandemic in order to contain the spread of the virus across the country as well as curb the negative financial impact of the outbreak on the country's economy. However, there is no assurance that such measures will be effective in ending or restricting the spread of COVID-19, and many countries have experienced further COVID-19 outbreaks even after such measures had been eased. Further, since May 2021, Indonesia has been experiencing an intense second wave of the pandemic which has led to further lockdowns and restrictive measures, and there could be further disruptions and potential lockdowns in the near future. The latest regulation issued by the Indonesian Government in December 2022 stipulated that COVID-19 measures have been extended further to anticipate an increase in infected cases during the holiday season. Although the Indonesian Government currently adopts the lowest COVID-19 measures (Level 1 out of 4, with 4 being the strictest) for all cities and regencies, there could be further disruptions and potential lockdowns in the near future.

We rely on freedom of movement of our workforce, functioning transport routes and reliable logistics services including road, rail, aviation and ports in order to maintain our operations at ideal levels, to receive the necessary inputs and raw materials for our operations, as well as to deliver our products to their offtakers. Although we have not yet observed any material direct impacts on our operations from the COVID-19 pandemic, the COVID-19 pandemic and the measures being put in place to combat its effects continue to pose risks to our operations and our profitability. The indirect impacts we have observed to date have included periods of significant volatility in financial, commodities and other markets. For example, in the first quarter of 2020, the nickel price dropped to U.S.\$11,000 per tonne, caused by the COVID-19 outbreak and the resulting fragile industrial demand, while the nickel price has remained above U.S.\$20,000 per tonne during 2022. This volatility, if it re-emerges, could have an adverse impact on our suppliers, businesses, financial condition and results of operations.

Addressing the disruptions caused by COVID-19 has also required our senior management team and staff to devote time and resources to address the impact of the pandemic on our business. The COVID-19 pandemic has created new challenges in maintaining the health and safety of our employees. In order to mitigate the potential impact of COVID-19 on the health and wellbeing of our employees and other stakeholders, and on our business and operations, we have been monitoring developments relating to the COVID-19 pandemic. The IMIP implemented and enforced strict access controls surrounding entry into and out of the industrial park, with the local government also maintaining a requirement, among others, for negative PCR tests to be obtained prior to travelling into the greater Morowali Regency. In addition to the abovementioned measures, the IMIP continues to implement its existing safety protocols including social distancing (where permissible), mandatory mask wearing, twice daily temperature checks and daily disinfectant of working areas and tools.

The Tsingshan group's operations at the IWIP experienced worker demonstrations during the COVID-19 pandemic in May 2020, including demonstrations from workers demanding a lockdown of the IWIP during that period. We have been monitoring developments relating to the COVID-19 pandemic and have

implemented strict access controls and procedures. We continue to proactively identify and manage the challenges presented by the COVID-19 pandemic, with a focus on protecting our people, working closely with our key stakeholders to ensure operational continuity and preparing our business for future scenarios that may result from the COVID-19 pandemic.

There continues to be considerable uncertainty as to the duration and further impact of the COVID-19 pandemic, including, but not limited to, government, regulatory or health authority actions, work stoppages, lockdowns, quarantines, and travel restrictions in Australia, China and Indonesia in particular, as well as globally. It is also possible that the Indonesian Government may shut down all operating work sites, even without a positive case of COVID-19. A suspension of business operations will affect the Company's overall operations and operating results. The quarantining of the Company's employees and contractors may affect our overall operations, investments and operating results. However, given the rapidly changing implications of the spread of COVID-19, it is difficult to assess its impact on our business and results of operations at this time. To the extent the current COVID-19 pandemic adversely affects us, it may also significantly increase the effect of the aforementioned factors affecting our business and results of operations.

See *“Risk Factors — Risks relating to our Business — An outbreak of an infectious disease, or fear of an outbreak, or any other serious public health concerns in Asia, including Indonesia, and elsewhere, may adversely impact our business, financial condition and results of operations”*.

Government Policies and Changes in Law

While the current policies of the Indonesian Government toward the domestic mining industry has been generally market-orientated, the Indonesian Government may, from time to time, promulgate new policies or laws that affect our mining operations as well as the sale of our products. See *“Risk Factors — Risks relating to Australia and Indonesia — The interpretation and implementation of legislation on regional governance in Indonesia is uncertain and may adversely affect our business, financial condition, results of operations and prospects”*.

Nickel Export Ban

Under the Mining Law (as amended), the Indonesian Government is entitled to control the production and export of the mining commodities. To implement of such entitlement, the Indonesian Government, through the MEMR, has enacted various implementing regulations on the export of minerals. Specifically, in February 2012, the MEMR issued the MEMR Regulation No. 7 of 2012 on Increase Added Value of Minerals Through Processing and Refining Activities (the “MEMR Regulation 7/2012”), being the first regulation issued by the MEMR prohibiting the holders of mining licenses to sell raw minerals or mineral ores to foreign countries. Furthermore, in May 2012, the MEMR amended the MEMR Regulation 7/2012 by issuing the MEMR Regulation No. 11 of 2012 (the “MEMR Regulation 11/2012”) in which it was issued for the interest of the minerals mining companies, refiners, and exporters which previously had been prohibited to export its raw materials under the MEMR Regulation 7/2012. Following to the issuance of the MEMR Regulation 11/2012, the holders of PO IUP and people's mining license are allowed to export their raw materials, provided that the holders of PO IUP and people's mining license have acquired recommendation from the Directorate General of Mineral and Coal. Additionally, in August 2013, as a response to the Supreme Court's judicial review Decision No. 10 P/HUM/2012 dated 12 September 2012 which nullifies the provision on the export ban under the MEMR Regulation 7/2012, the MEMR further issued the MEMR Regulation No. 20 of 2013 (the “MEMR Regulation 20/2013”) to amend the MEMR Regulation 7/2012. While the issuance of the MEMR Regulation 20/2013 was primarily intended to revoke the mineral export ban provision under the MEMR Regulation 7/2012, the MEMR Regulation 20/2013 also amended the raw mineral exportation requirements which was previously stipulated under the MEMR Regulation 11/2012. In essence, under the

MEMR Regulation 20/2013, the holders of PO IUP and people's mining license may only export its raw materials until 12 January 2014.

On January 11, 2014, the Indonesian Government further introduced a ban on the export of unprocessed minerals under MEMR Regulation No. 1 of 2014 on Increase of Minerals Value through Processing and Refining Activities Onshore (as later amended by MEMR Regulation No. 8 of 2015, "MEMR Regulation 1/2014"), including the export of low-grade nickel ore, which became effective on January 11, 2014. As a consequence, our mining operations at the Hengjaya Mine temporarily ceased. Mining operations at the Hengjaya Mine were recommenced in October 2015 following the signing of a series of ore offtake agreements to supply nickel ore to Tsingshan group companies within the IMIP.

On January 11, 2017, the Indonesian Government revoked MEMR Regulation 1/2014 and postponed the effective date of the nickel ore (less than 1.7% nickel content) export ban through MEMR Regulation No. 5 of 2017 on Increase of Minerals Value through Onshore Processing and Refining Activities ("MEMR Regulation 5/2017"). Pursuant to MEMR Regulation 5/2017, holders of Production-Operation IUP were allowed to export low-grade nickel ore (less than 1.7% nickel content) up to January 11, 2022 under the condition that such Production-Operation IUP holder had constructed or was constructing a minerals refining facility onshore either by itself or by cooperating with another party. This provision remained generally the same with MEMR Regulation 1/2014. Later, MEMR Regulation 5/2017 was replaced by MEMR Regulation No. 25 of 2018 on Mineral and Coal Mining Business Operations which generally contained the same provisions as MEMR Regulation No. 5/2017. However, on August 28, 2019, the Indonesian Government issued MEMR Regulation No. 11 of 2019 which amended MEMR Regulation No. 25 of 2018 and removed the provisions that allow low-grade nickel ore to be exported. Consequently, only processed and refined nickels which satisfy the minimum processing requirements can be exported. This ban on nickel ore export became effective on January 1, 2020. The onset of the nickel ore export ban has resulted in our inability to continue supplying nickel ore to our international customers. Currently, MEMR Regulation No. 25 of 2018 has further been amended by MEMR Regulation No. 17 of 2020, but the provision regarding nickel export ban still takes effect under the amendment.

Starting in December 2018, all of our nickel ore production has been sold to be used as an input in our RKEF plants to produce NPI. Accordingly, from April 1, 2019 (the date on which the Hengjaya Nickel Project was first consolidated onto our financial statements), our saprolite nickel ore sales have been internal to our Company on a consolidated basis and we have not recorded any saprolite nickel ore revenue since that date. We commenced the sale of limonite nickel ore to parties external to the Group in November 2021, and we recorded revenue of U.S.\$1.1 million and U.S.\$14.7 million from the sale of limonite nickel ore in the years ended December 31, 2021 and 2022, respectively.

Regulation on Divestiture of Ownership

Following the GR 96/2021, all foreign-owned entities of the holders of PO IUPs must adhere to the Divestment Requirement (i.e., to divest their foreign-owned shares in stages commencing after certain years of production (depending on the type of the mining method and whether the mining operation is integrated with the processing and/or refining activities or development and/or utilisation activities) so that domestic investors shall have minimum ownership of 51% of its Divestiture Shares by the end of certain years of production (depending on the type of the mining method and whether the mining operation is integrated with the processing and/or refining activities or development and/or utilisation activities)). The price for the divested foreign-owned shares offered by the existing foreign owner to the domestic investors shall be determined based on "fair market value" without considering the mineral reserve levels. The ownership stake is first to be offered to national, provincial or regency governments. In the event that those governmental entities are not willing to invest, the offer is then made to state and regional-owned enterprises before it can be allowed to be offered to a private Indonesian investment entity by way of an auction. Finally, and only in

the event that none of the Qualified Indonesian Parties are interested in acquiring the Divestiture Shares, the divestment process must be carried out by the relevant foreign-owned entities through the Indonesian Stock Exchange, see “*Regulatory Framework — Indonesian Regulatory Framework — Regulation of Nickel Mining in Indonesia — Foreign divestment requirements*”.

The Hengjaya Mine is subject to the divestment requirement as stipulated under the GR 96/2021. Therefore, a minimum 51% indirect equity interest in the Hengjaya Mine is to be held by an Indonesian investor by the 15th year of production, being February 2031 (as the Hengjaya Mine carries out open pit mining, without being integrated with domestic mineral processing and/or refining activities – see “*Risk Factors — Risks relating to our Business — The Hengjaya Mine is a supplier of nickel ore to the Hengjaya Nickel Project and the Ranger Nickel Project, and we expect to begin relinquishing control over its operations after February 2030*”).

As the Hengjaya Mine already has a 20% local shareholder, being members of Indonesia’s Wijoyo Family, it is likely the case that no Divestiture Shares have to be offered, in respect of the Hengjaya Mine, to Qualified Indonesian Parties until the 14th year of production.

As a result of the Divestiture Requirement, in the event that we would no longer control the Hengjaya Mine from February 2031 onwards, any remaining equity ownership by us in the Hengjaya Mine would be unconsolidated from our financial statements and accounted for under the equity method of accounting.

Tax Relief Measures

On October 16, 2018, our operations at the Hengjaya Nickel Project were granted material corporate income tax relief on the following basis:

- a corporate income tax reduction of 100% for a period of seven tax years, starting from the tax year in which commercial production is achieved (2019);
- a corporate income tax reduction of 50% of payable income tax for a period of two tax years, starting from the end of the initial seven year period; and
- an exemption from withholding and tax collection by third parties on sales proceeds that would normally be remitted to the Indonesian Revenue Department for a period of seven years, also commencing from the tax year in which commercial production is achieved.

On March 12, 2019, our operations at the Ranger Nickel Project were granted corporate income tax relief on a basis consistent with the tax concessions previously granted to the Hengjaya Nickel Project.

On September 13, 2021, our operations at the Angel Nickel Project were granted material corporate income tax relief on the following basis:

- a corporate income tax reduction of 100% for a period of 10 tax years, starting from the tax year in which commercial production is achieved (2022);
- a corporate income tax reduction of 50% of payable income tax for a period of two tax years, starting from the end of the initial 10-year period; and
- an exemption from withholding and tax collection by third parties on sales proceeds that would normally be remitted to the Indonesian Revenue Department for a period of 10 years, also commencing from the tax year in which commercial production is achieved.

On March 9, 2022, our operations at the Oracle Nickel Project were granted corporate income tax relief on a basis consistent with the tax concessions previously granted to the Angel Nickel Project.

The HNC Project was also granted material corporate income tax relief on the following basis:

- a corporate income tax reduction of 100% for a period of 15 years, starting from the tax year in which commercial production is achieved (2022); and
- a corporate income tax reduction of 50% of payable income tax for a period of two tax years, starting from the end of the initial 15-year period.

Currency Exchange Rates

Fluctuating foreign exchange rates, in particular fluctuations in the U.S. dollar to Rupiah exchange rate affect our results of operations. We earn substantially all of our revenue in U.S. dollars while a substantial portion of our expenses are denominated in U.S. dollars, with the remaining expenses being denominated in Indonesian Rupiah, which provides us with a natural hedge against the fluctuation of the Rupiah against the U.S. dollar. Accordingly, appreciation of the Rupiah against the U.S. dollar effectively increases our expenses without a corresponding reduction in our revenue and can result in a reduction in our profit after tax in U.S. dollar terms. Our current policy is not to hedge our exposure to foreign currency exchange risk.

Factors Affecting the Comparability of Our Financial Information

There are a number of factors affecting the comparability of our financial statements as of and for the periods presented in this Offering Memorandum, as further described below.

Increase in the Scope of our Operations

Our historical financial statements may not be comparable to our future financial results primarily as a result of the significant increase in the scope of our operations over the last few years.

We have owned our interest in the Hengjaya Mine, an upstream miner of nickel ore, since 2012. Prior to 2019, our only operating asset was our 80% direct equity interest in the Hengjaya Mine.

The Hengjaya Nickel Project, the Ranger Nickel Project, the Angel Nickel Project and the Oracle Nickel Project are producers of nickel metal in NPI. In 2022, we converted two of our RKEF lines at the Hengjaya Nickel Project for the production of nickel matte. We also reached an agreement with Shanghai Decent to convert two of our RKEF lines at the Angel Nickel Project for the production of nickel matte. We have acquired our equity interest in the Hengjaya Nickel Project, the Ranger Nickel Project, the Angel Nickel Project and the Oracle Nickel Project in stages, as follows:

Hengjaya Nickel Project

- April 2018 – 25% indirect equity interest acquired;
- September 2018 – additional 35% indirect equity interest acquired (increased ownership to 60%); and
- June 2020 – additional 20% indirect equity interest acquired (increased ownership to 80%).

Ranger Nickel Project

- November 2018 – 17% indirect equity interest acquired;
- July 2019 – additional 43% indirect equity interest acquired (increased ownership to 60%); and
- June 2020 – additional 20% indirect equity interest acquired (increased ownership to 80%).

Angel Nickel Project

- February 2021 – 30% indirect equity interest acquired;
- April 2021 – additional 20% indirect equity interest acquired (increased ownership to 50%); and

- September 2021 – additional 30% indirect equity interest acquired (increased ownership to 80%).

Oracle Nickel Project

- March 2022 – 10% indirect equity interest acquired;
- May 2022 – additional 20% indirect equity interest acquired (increased ownership to 30%); and
- September 2022 – additional 40% indirect equity interest acquired (increased ownership to 70%).

We produced our first batch of NPI in January 2019 at the Hengjaya Nickel Project. The Ranger Nickel Project produced its first batch of NPI in May 2019, with our operations having reached steady-state production by the fourth quarter of 2019. The Angel Nickel Project produced its first batch of NPI in late January 2022, with steady state operations following the commissioning of the Angel Nickel power plant in August 2022. In October 2022, we also converted two RKEF lines at the Hengjaya Nickel Project to the production of nickel matte.

As a result, we have transitioned from being exclusively an upstream miner of nickel ore to becoming a producer of NPI and nickel matte. We have significantly increased our total assets and our revenue during each financial period presented in this Offering Memorandum leading up to the financial year ended December 31, 2022. Accordingly, our revenue and expenses over that period reflect the significant ramp up and changes in our operations, which diminish the comparability of our financial statements across periods.

In addition, the Oracle Nickel Project commenced commissioning in November 2022 with the first of the project's RKEF line coming online. The second RKEF line commenced commissioning in December 2022, the third line commenced commissioning in February 2023 and the fourth line commenced commissioning in March 2023. The Oracle Nickel Project comprises four RKEF lines and a 380MW power station which will supply power to the IMIP and is expected to be commissioned in the second quarter of 2023. Following the completion of the commissioning of the Oracle Nickel Project, our aggregate nameplate production capacity has increased to a total of 102,000 NiEq tonnes per annum (78,000 NiEq tonnes per annum attributable nameplate production capacity).

We also entered into a binding agreement with Shanghai Decent to acquire a 10% indirect equity interest in the HNC Project in January 2023, subject to the completion of the Conditional Placement, which in turn is subject to certain conditions precedent including shareholders' approval and FIRB approval. In addition, we entered into a binding agreement with Shanghai Decent to acquire an additional 10% indirect equity interest in the Oracle Nickel Project in January 2023, subject to satisfaction of certain conditions, including completion of the HNC Acquisition.

As of December 31, 2021, we reported on a provisional basis the business combination acquisition of the Angel Nickel Project as the measurement period had not yet concluded. During the year ended December 31, 2022, we reviewed the business combination accounting for the Angel Nickel Project and determined that an adjustment against prepaid construction costs totaling U.S.\$32.0 million was required, resulting in a change of the fair value of property, plant and equipment. This adjustment did not have a tax effected impact, meaning that no adjustment to the deferred tax liability or goodwill was required. The adjustment against the prepaid construction costs has impacted the total consideration with 80% of this amount representing our indirect equity interest in the Angel Nickel Project and the balance being attributable to non-controlling interests. As a result, we have restated financial amounts as of and for the year ended December 31, 2021 in our financial statements as of and for the year ended December 31, 2022. For more information on the effect of this change in estimate, see Note 16 to our financial statements for the year ended December 31, 2022. Currently, the accounting of the business combination acquisition of the Oracle Nickel Project remains on a provisional basis.

For more information, see “*Business — Our Business*”.

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, and comply with IFRS. The preparation of financial statements requires our management to make judgments, 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 those estimates. We review our estimates and underlying assumptions on an ongoing basis.

In order to provide an understanding of how we form our judgment about future events, including the variables and assumptions underlying our estimates, and the sensitivity of judgments to different circumstances, we have identified the critical accounting policies discussed below.

Income Tax

Income tax on the income statement for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for – the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Impairment of Goodwill

Non-financial assets

The carrying amounts of our assets, other than deferred tax assets and inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated. Goodwill, being an indefinite life intangible asset, is subject to annual impairment testing, in which the goodwill is allocated to a cash generating unit (“CGU”) for impairment testing and the value-in-use is compared to the carrying value of assets and liabilities in that CGU.

An impairment loss is recognized whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognized in the income statement, unless an asset has previously

been revalued, in which case the impairment loss is recognized as a reversal to the extent of that previous revaluation with any excess recognized through profit or loss.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determining for the CGU to which the assets belongs.

Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized. Impairment charges against the carrying value of goodwill cannot be reversed.

Controlled and Non-Controlled Entities

Business combinations

We account for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to us. In determining whether a particular set of activities and assets is a business, we assess whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

We have an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by us. We control an entity when we are exposed to, or have rights to, variable returns from our involvement with that entity and have the ability to affect those returns by exercising our power over that entity. The financial statements of our subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests

We measure any non-controlling interest at our proportionate interest in the identifiable net assets of the acquiree. Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognized as a result of such transactions.

Transactions eliminated on consolidation

Intragroup balances and any unrealized gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Where a controlled entity issues shares to minority interests which does not result in loss of control by us, any gain or loss arising on our interest in the controlled entity is recognized directly in equity.

Investments in equity-accounted investees

Our interests in equity-accounted investees comprise interests in associates. Associates are those entities in which we have significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which we have joint control, whereby we have rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include our share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

For details on our significant accounting policies, see Notes 2 and 3 to our consolidated financial statements audited in accordance with Australian Auditing Standards included in this Offering Memorandum.

Segment Information

We have two operating segments: (i) nickel ore mining in Indonesia and (ii) RKEF projects in Indonesia.

Segment information is presented in respect of our 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 interest bearing loans, borrowings and expenses, and corporate assets and expenses.

The following tables sets forth the breakdown of our profit and loss statement per operating segment for the periods indicated.

	For the year ended December 31, 2022			
	Indonesia – Nickel Ore Mining	Indonesia – RKEF Projects ⁽¹⁾	Unallocated	Total
		(U.S.\$)		
External revenue.....	14,666,929 ⁽²⁾	1,202,374,891	—	1,217,041,820
Reportable segment profit/(loss) before tax	48,117,774	201,972,377	(33,044,218)	217,045,933
EBITDA ⁽³⁾	53,859,346	298,692,648	(13,368,583)	339,183,411
Interest income	165,804	320,384	521,325	1,007,513
Interest expense ⁽⁴⁾	—	—	29,647,274	29,647,274
Depreciation and amortization	3,598,279	62,996,831	3,092	66,598,202

Notes:

- (1) We have four separate CGUs (i.e. RKEF plants). They are considered as an aggregate portfolio and therefore are included within one segment here. See Notes 16 and 21 to our consolidated financial statements as of and for the year ended December 31, 2022.

- (2) For the year ended December 31, 2022, external revenue from nickel ore mining includes revenue from sales of limonite ore only. Sales of saprolite nickel ore are internal to the Group and therefore are eliminated on consolidation.
- (3) EBITDA is defined as profit/(loss) for the period, plus depreciation and amortization expense, plus net financial income/(costs), plus tax expense, less reversal of income tax expenses.
- (4) Excludes bond issue costs of U.S.\$4.1 million for the year ended December 31, 2022 which are being expensed under the effective interest rate method.

For the year ended December 31, 2021

	Indonesia – Nickel Ore Mining	Indonesia – RKEF Projects⁽¹⁾	Unallocated	Total
	<i>(U.S.\$)</i>			
External revenue.....	1,117,340 ⁽²⁾	644,818,299	—	645,935,639
Reportable segment profit/(loss) before tax	18,746,146	182,315,704	(20,022,315)	181,039,535
EBITDA ⁽³⁾	21,995,650	224,892,496	(4,367,163)	242,520,983
Interest income	125,550	189,967	20,468	335,985
Interest expense ⁽⁴⁾	—	—	11,566,771	11,566,771
Depreciation and amortization	3,301,584	32,674,077	1,637	35,977,298

Notes:

- (1) We have four separate CGUs (i.e. RKEF plants). They are considered as an aggregate portfolio and therefore are included within one segment here. See Notes 16 and 21 to our consolidated financial statements as of and for the year ended December 31, 2022.
- (2) For the year ended December 31, 2021, external revenue from nickel ore mining includes revenue from sales of limonite ore only. Sales of saprolite nickel ore are internal to the Group and therefore are eliminated on consolidation.
- (3) EBITDA is defined as profit/(loss) for the period, plus depreciation and amortization expense, plus net financial income/(costs), plus tax expense, less reversal of income tax expenses.
- (4) Excludes bond issue costs of U.S.\$1.5 million for the year ended December 31, 2021 which are being expensed under the effective interest rate method.

For the year ended December 31, 2020

	Indonesia – Nickel Ore Mining	Indonesia – RKEF Projects⁽¹⁾	Unallocated	Total
	<i>(U.S.\$)</i>			
External revenue.....	— ⁽²⁾	523,492,413	—	523,492,413
Reportable segment profit/(loss) before tax	1,216,424	173,045,571	(19,695,320)	154,566,675
EBITDA ⁽³⁾	2,051,882	197,554,047	(2,490,876)	197,115,053
Interest income	90,510	378,840	49,223	518,573
Interest expense.....	—	55,664	5,212,488	5,268,152
Depreciation and amortization	1,434,100	34,358,790	994,054	36,786,945

Notes:

- (1) We have four separate CGUs (i.e. RKEF plants). They are considered as an aggregate portfolio and therefore are included within one segment here.
- (2) For the year ended December 31, 2020, sales of nickel ore are internal to the Group and therefore are eliminated on consolidation.
- (3) EBITDA is defined as profit/(loss) for the period, plus depreciation and amortization expense, plus net financial income/(costs), plus tax expense, less reversal of income tax expenses.

For more information on our operating segments, see Note 21 to our financial statements as of and for the year ended December 31, 2022, Note 22 to our financial statements as of and for the year ended December 31, 2021 and Note 21 to our financial statements as of and for the year ended December 31, 2020 included in this Offering Memorandum.

Recent Accounting Pronouncements

Changes in significant accounting policies

All new standards and interpretations effective for annual periods prior to January 1, 2022 have been adopted by the Group in the preparation of the financial statements presented in this Offering Memorandum and have not had any material effect on the financial statements presented.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2023 and have not been applied in preparing our financial statements. None of those are expected to have a significant effect on our financial statements.

Key Components of Our Profit and Loss Statement

Sales revenue

We currently derive the majority of our revenue from the sale of the NPI produced in our downstream smelting businesses. Our revenue is primarily generated from the collaboration agreements providing for NPI offtake entered into with Shanghai Decent.

We produce and sell all our NPI through our “Indonesia – RKEF Projects” segment, which currently comprises the Hengjaya Nickel Project, the Ranger Nickel Project and the Angel Nickel Project. Commercial sales of NPI from the Oracle Nickel Project will commence following the issuance of an Industrial Business License. Pursuant to the collaboration agreements we have in place with Shanghai Decent, Shanghai Decent has committed to purchase all of the NPI produced by the Hengjaya Nickel Project, the Ranger Nickel Project, the Angel Nickel Project and the Oracle Nickel Project, based on the prevailing market prices for NPI in China. Invoices for NPI sales are generated on a monthly basis and are based on the underlying nickel content delivered. They are usually payable within 60 days. No discounts are provided for our NPI products, but adjustments are made to the final sale price for certain features, including final nickel grade, moisture content and nickel content.

On May 3, 2021, we signed a non-binding memorandum of understanding with Shanghai Decent expressing our mutual intention to modify two of our existing RKEF lines at the IMIP so that they are able to produce nickel matte (at a grade higher than 74% NiEq) that can be used to make battery grade nickel for the electric vehicle market. Following the switch of the two RKEF lines at the Hengjaya Nickel Project from NPI to nickel matte production in October 2022, the Hengjaya Nickel Project produced 4,743 NiEq tonnes of high-grade nickel matte in 2022 and achieved a higher profit margin than NPI for the fourth quarter of 2022.

We typically experience significant revenue increases during the first six months following the commencement of new operations as a result of our gradual ramp-ups in capacity and production volumes. We also experience similar increases in our cost of sales as a result of these volume increases during such ramp-up periods.

Operations at the Hengjaya Nickel Project: We recorded U.S.\$260.3 million in revenue and U.S.\$72.8 million in profits for the fiscal year ended December 31, 2020; U.S.\$317.8 million in revenue and U.S.\$87.3 million in profits for the year ended December 31, 2021; and U.S.\$358.9 million in revenue and U.S.\$70.0 million in profits for the year ended December 31, 2022, from our operations in the Hengjaya Nickel Project. Our revenue from the Hengjaya Nickel Project in 2022 included U.S.\$268.4 million generated from sales of NPI and U.S.\$90.5 million generated from sale of nickel matte following the switch of the two RKEF lines at the Hengjaya Nickel Project from NPI to nickel matte production in October 2022.

Operations at the Ranger Nickel Project: We recorded U.S.\$263.2 million in revenue and U.S.\$77.1 million in profits for the fiscal year ended December 31, 2020; U.S.\$327.0 million in revenue and U.S.\$93.7 million in profits for the year ended December 31, 2021; and U.S.\$357.6 million in revenue and U.S.\$58.6 million in profits for the year ended December 31, 2022, from our operations in the Ranger Nickel Project.

Operations at the Angel Nickel Project: The Angel Nickel Project commenced commissioning in January 2022 and by May 2022, each of its four RKEF lines were producing NPI. We recorded U.S.\$505.8 million in revenue and U.S.\$83.2 million in profits for the year ended December 31, 2022 from our operations in the Angel Nickel Project.

Oracle Nickel Acquisition: In the long term, we expect our planned increase in production capacity as a result of the full commissioning of the Oracle Nickel Project to contribute to an increase in revenue for future periods. The Oracle Nickel Project provides us with an additional production capacity of 36,000 NiEq tonnes per annum (100% basis). For more information, see “*Business – Strategies – Scale up operations at the Oracle Nickel Project and complete acquisition of additional 10% indirect equity interest in the Oracle Nickel Project*”.

Since recommencing our mining operations in 2015, all saprolite nickel ore sales from the Hengjaya Mine were to entities within the IMIP. This includes sales since December 2018, following the commissioning of the Hengjaya Nickel Project and the Ranger Nickel Project, when all production from the Hengjaya Mine began being used as raw material in our production of NPI. Accordingly, our mining operations have been internal to our Company on a consolidated basis and we have not recorded any saprolite nickel ore revenue since April 1, 2019, which is the date on which the Hengjaya Nickel Project was first consolidated onto our financial statements. We commenced the sales of limonite nickel ore to parties external to the Group in November 2021 and recorded revenue of U.S.\$1.1 million for the year ended December 31, 2021 and U.S.\$14.7 million for the year ended December 31, 2022.

See “*Business — Our Mining Operations*”.

Cost of sales

Cost of sales primarily comprises operating costs, which includes nickel ore, electricity, coal and reductant agents, labor, plant consumables, transportation and ore mining costs. Cost of sales also includes the accounting effect of changes in metal inventories.

As all saprolite nickel ore sales from the Hengjaya Mine are internal to the Company on a consolidated basis, profits or losses from the Hengjaya Mine’s saprolite ore operations are recognised as a decrease or increase, respectively, in our consolidated costs of sales once the saprolite nickel ore tonne sold by the Hengjaya Mine has been consumed by our RKEF operations.

Depreciation and amortization

Depreciation and amortization primarily arise from the depletion of the reserves at our mining concessions, measured on the basis of the amount of ore sold from the respective mining concessions as well as from the depreciation of our fixed assets, including our processing plants, smelters, refineries, casting plant and mining equipment and vehicles, using the straight-line method over their estimated useful lives. A significant part of our depreciation and amortization costs relates to the amortization of fair value uplifts to the carrying value of our investments in the RKEF projects on the basis of consolidation accounting.

Gross profit

Our gross profit is calculated by subtracting our costs of sales and our depreciation and amortization charges from our sales revenue.

Directors' fees and consultants' expenses

Directors' fees comprise expenses incurred in relation to salaries, wages, bonuses and benefits paid to our directors.

Consultants' expenses primarily comprise fees paid to our third-party consultants in connection with a range of different services including accounting, administration, investor relations, freight and maintenance.

Exploration and evaluation expenditure

Exploration and evaluation expenditure comprise the costs of exploration at the Siduarsi Project.

Share of profit of equity accounted investees

Share of profit of equity accounted investees reflects our proportionate share of our unconsolidated investees' profit or loss for the period under the equity method of accounting.

Other expenses

Other expenses comprise other types of miscellaneous costs, such as fees incurred in connection with the audits of our financial statements, travel-related expenses, legal fees, withholding tax charges as well as other miscellaneous costs.

Results from operating activities

Our results from operating activities is calculated by subtracting our directors' fees and consultants' expenses and our other expenses from our gross profit, with the addition of our share of profit of equity accounted investees.

Finance income

Finance income comprises (i) interest income from cash in banks and time deposits, (ii) any foreign exchange gains and (iii) revaluations of the fair value of investments in associates.

Finance costs

Finance costs primarily comprise (i) interest expenses incurred in relation to debt facilities calculated under the effective interest rate method, and (ii) any foreign exchange losses.

Net financial expense

Our net financial expense is calculated by subtracting our finance income from our finance costs.

Profit before income tax

Our profit before income tax is calculated by subtracting our net financial income from our results from operating activities.

Income tax expense

Our income from operations is subject to (i) Indonesia income tax calculated at 25% of the estimated assessable income for the year until 2021, at which point the rate became 22% of assessable income, excluding any effects of tax concessions received, (ii) Australian income tax calculated at 30% and (iii) Singapore income tax calculated at 17%. Related costs and expenses are considered non-deductible for income tax purposes.

The Hengjaya Nickel Project, the Ranger Nickel Project and the Angel Nickel Project each currently benefit from tax concessions granted by the Indonesian Government, and the Oracle Nickel Project was granted similar tax concessions in March 2022. For more information, see “—Factors affecting our Business and Results of Operations—Government Policies and Changes in Law—Tax Relief Measures”.

Results of Operations

The following discussion of our results of operations is based on our consolidated financial statements as of and for the years ended December 31, 2022, December 31, 2021 and December 31, 2020, each of which were audited in accordance with Australian Auditing Standards.

The following table sets forth our results of operations for the periods indicated:

	Year ended December 31,		
	2020	2021	2022
	<i>(U.S.\$ in thousands)</i>		
Sales revenue	523,492	645,936	1,217,042
Cost of sales	(321,566)	(393,203)	(856,618)
Depreciation and amortization expense	(36,787)	(35,977)	(66,598)
Gross profit	165,140	216,755	293,826
Directors’ fees and consultants’ expenses	(4,068)	(9,432)	(9,289)
Exploration and evaluation expenditure	—	—	(3,348)
Share of profit/(loss) of equity accounted investees	—	(50)	405
Other expenses	(3,403)	(13,256)	(22,711)
Results from operating activities	157,668	194,016	258,882
Financial income	2,166	2,786	1,008
Financial expense	(5,268)	(15,763)	(42,844)
Net financial expenses	(3,102)	(12,977)	(41,837)
Profit before income tax	154,567	181,040	217,046
Income tax expense	(868)	(5,063)	(7,678)
Profit for the period	153,699	175,977	209,368

Sales revenue

During the year ended December 31, 2022, our sales revenue was U.S.\$1,217.0 million, a U.S.\$571.1 million, or 88 %, increase as compared to U.S.\$645.9 million for the year ended December 31, 2021. This increase was primarily due to successful commissioning and ramp-up of our Angel Nickel Project and higher NPI prices in the first half of 2022 as compared to the prior year. NPI prices experienced a significant decrease in the third quarter of 2022 due to pandemic-related lockdowns in China. However, NPI prices improved following the relaxation of lockdown restrictions in China by the end of 2022.

During the year ended December 31, 2021, our sales revenue was U.S.\$645.9 million, a U.S.\$122.4 million, or 23%, increase as compared to U.S.\$523.5 million for the year ended December 31, 2020. This increase was primarily due to higher NPI prices as compared to the prior year.

Our sales revenue for the years ended December 31, 2020, 2021 and 2022 consisted primarily of revenue from sales of NPI as sales of saprolite nickel ore from the Hengjaya Mine were sold to our RKEF plants and eliminated on consolidation. Sale of limonite nickel ore to a party external to the group commenced in November 2021 and totaled U.S.\$1.1 million for the year ended December 31, 2021 and U.S.\$14.7 million for the year ended December 31, 2022. In addition, following the transition at two of our RKEF lines at the Hengjaya Nickel Project to the production of nickel matte, sales of nickel matte contributed a revenue of U.S.\$90.5 million in the year ended December 31, 2022.

During the year ended December 31, 2022, the Hengjaya Mine produced 6,792,851 wmt of nickel ore, including 2,890,575 wmt of saprolite ore and 3,902,276 wmt of limonite ore. 2,674,947 wmt of saprolite ore were sold and delivered at an average grade of 1.71% nickel. The average price received was U.S.\$44.42 per tonne. Sales of limonite ore to the HPAL plants now operating at IMIP recommenced in April 2022, with 844,405 wmt sold during 2022. During the year ended December 31, 2022, our RKEF plants produced 473,116 tonnes of NPI, containing 65,336 tonnes of nickel metal equivalent, of which (i) 108,573 tonnes of NPI, containing 14,620 tonnes of nickel metal equivalent, were produced by the Hengjaya Nickel Project, (ii) 149,929 tonnes of NPI, containing 20,082 tonnes of nickel metal equivalent, were produced by the Ranger Nickel Project, (iii) 207,110 tonnes of NPI, containing 29,887 tonnes of nickel metal equivalent, were produced by the Angel Nickel Project and (iv) 7,504 tonnes of NPI, containing 747 tonnes of nickel metal equivalent, were produced by the Oracle Nickel Project.

During the year ended December 31, 2021, the Hengjaya Mine produced 2,457,694 wmt of nickel saprolite ore. 2,169,972 wmt were sold and delivered at an average grade of 1.76% nickel. The average price received was U.S.\$36.48 per tonne. During the year ended December 31, 2021, our RKEF plants produced 298,353 tonnes of NPI, containing 40,410 tonnes of nickel metal equivalent, of which (i) 149,045 tonnes of NPI, containing 20,020 tonnes of nickel metal equivalent, were produced by the Hengjaya Nickel Project and (ii) 149,308 tonnes of NPI, containing 20,390 tonnes of nickel metal equivalent, were produced by the Ranger Nickel Project.

During the year ended December 31, 2020, the Hengjaya Mine produced 870,503 wmt of nickel ore. 795,650 wmt were sold and delivered at an average grade of 1.82% nickel with the average price received being U.S.\$29.98 per tonne. During the year ended December 31, 2020, our RKEF plants produced 295,897 tonnes of NPI containing 43,621 tonnes of nickel metal equivalent, of which (i) 145,927 tonnes of NPI, containing 21,514 tonnes of nickel metal equivalent, were produced by the Hengjaya Nickel Project and (ii) 149,969 tonnes of NPI, containing 22,107 tonnes of nickel metal equivalent, were produced by the Ranger Nickel Project.

Cost of sales

Our cost of sales for the year ended December 31, 2022 were U.S.\$856.6 million, a U.S.\$463.4 million, or 118%, increase as compared to U.S.\$393.2 million for the year ended December 31, 2021. This increase was primarily due to the successful commissioning and ramp-up of our Angel Nickel Project and increased input costs required for the production of NPI at our RKEF facilities, particularly for electricity, coal and nickel ore.

Our cost of sales for the year ended December 31, 2021 were U.S.\$393.2 million, a U.S.\$71.6 million, or 22%, increase as compared to U.S.\$321.6 million for the year ended December 31, 2020. This increase was primarily due to increased input costs required for the production of NPI at our RKEF facilities, particularly for electricity, coal and nickel ore.

These effects were partially offset by the fact that the Hengjaya Mine supplied approximately 40%, 50% and 38% of the nickel ore consumed by the RKEF projects in 2020, 2021 and 2022, respectively, as well as the successful commissioning of the 380MW power plant of the Angel Nickel Project in August 2022.

Depreciation and amortization

Our depreciation and amortization for the year ended December 31, 2022 was U.S.\$66.6 million, a U.S.\$30.6 million, or 85%, increase as compared to U.S.\$36.0 million for the year ended December 31, 2021. The increase was primarily due to the successful commissioning and ramp-up of our Angel Nickel Project.

Our depreciation and amortization for the year ended December 31, 2021 was U.S.\$36.0 million, a U.S.\$0.8 million, or 2%, decrease as compared to U.S.\$36.8 million for the year ended December 31, 2020.

Gross profit

For the reasons discussed above, our gross profit for the year ended December 31, 2022 was U.S.\$293.8 million, a U.S.\$77.0 million, or 36%, increase as compared to U.S.\$216.8 million for the year ended December 31, 2021.

For the reasons discussed above, our gross profit for the year ended December 31, 2021 was U.S.\$216.8 million, a U.S.\$51.6 million, or 31%, increase as compared to U.S.\$165.1 million for the year ended December 31, 2020.

Directors' fees and consultants' expenses

Our directors' fees and consultants' expenses for the year ended December 31, 2022 was U.S.\$9.3 million as compared to U.S.\$9.4 million for the year ended December 31, 2021.

Our directors' fees and consultants' expenses for the year ended December 31, 2021 was U.S.\$9.4 million, a U.S.\$5.3 million, or 132% increase as compared to U.S.\$4.1 million for the year ended December 31, 2020. This increase was primarily due to a U.S.\$1.0 million fee paid to a consultant in relation to the Angel Nickel Acquisition, a U.S.\$0.5 million increase in compensation paid to key management personnel and U.S.\$0.5 million in relation to the acquisition of the Siduarsa Project.

Exploration and evaluation expenditure

During the year ended December 31, 2022, we incurred an exploration and evaluation expenditure in the amount of U.S.\$3.3 million, which was due to the costs of exploration of the Siduarsa Project. There was no exploration and evaluation expenditure in the years ended December 31, 2021 and 2020.

Share of gain/(loss) of equity accounted investees

For the year ended December 31, 2022, we recorded a share of gain of equity accounted investees of U.S.\$404,812, as compared to a share of loss of equity accounted investees of U.S.\$50,482 for the year ended

December 31, 2021, which was primarily due to the increase in equity accounting share of the Oracle Development Private Limited's profit for the period May 4, 2022 to September 27, 2022 as a result of foreign exchange gains.

Other expenses

Our other expenses for the year ended December 31, 2022 was U.S.\$22.7 million, a U.S.\$9.4 million, or 71%, increase as compared to U.S.\$13.3 million for the year ended December 31, 2021. This increase was primarily due to a U.S.\$6.7 million increase in withholding tax expenses as a result of increase in the dividends from Indonesia paid by the Hengjaya Nickel Project and the Ranger Nickel Project, which are subject to a withholding tax at a rate of 10%.

Our other expenses for the year ended December 31, 2021 was U.S.\$13.3 million, a U.S.\$9.9 million, or 289% increase as compared to U.S.\$3.4 million for the year ended December 31, 2020. This increase was primarily due to withholding taxes of U.S.\$11.6 million for the year ended December 31, 2021 as compared to U.S.\$2.8 million for the year ended December 31, 2020. This increase primarily arose because of the Hengjaya and Ranger Nickel Project commencing the payment of dividends from Indonesia, which attracts withholding tax at a rate of 10%.

Results from operating activities

For the reasons discussed above, our results from operating activities for the year ended December 31, 2022 was U.S.\$258.9 million, a U.S.\$64.9 million, or 33%, increase as compared to U.S.\$194.0 million for the year ended December 31, 2021.

For the reasons discussed above, our results from operating activities for the year ended December 31, 2021 was U.S.\$194.0 million, a U.S.\$36.3 million, or 23%, increase as compared to U.S.\$157.7 million for the year ended December 31, 2020.

Financial income

Our financial income for the year ended December 31, 2022 was U.S.\$1.0 million, a U.S.\$1.8 million, or 64%, decrease as compared to U.S.\$2.8 million for the year ended December 31, 2021. This decrease was primarily due to a U.S.\$2.9 million decrease in fair value of investment in associates. The decrease was related to the acquisition accounting for the Angel Nickel Project in 2021, which recorded a U.S.\$2.5 million increase for the year ended December 31, 2021 and the acquisition accounting for the Oracle Nickel Project in 2022, which recorded a U.S.\$0.4 million decrease for the year ended December 31, 2022.

Our financial income for the year ended December 31, 2021 was U.S.\$2.8 million, a U.S.\$0.6 million, or 29% increase as compared to U.S.\$2.2 million for the year ended December 31, 2020. This increase was primarily due to a U.S.\$2.5 million fair value increase in the carrying value of the Angel Nickel Project on consolidation as at September 30, 2021.

Financial expense

Our financial expense for the year ended December 31, 2022 was U.S.\$42.8 million, a U.S.\$27.0 million, or 171% increase as compared to U.S.\$15.8 million for the year ended December 31, 2021. This increase was primarily due to interest expenses of U.S.\$33.8 million, primarily in relation to interest on the U.S.\$225.0 million in aggregate principal amount of senior secured notes due 2025 and a full year of interest on the U.S.\$325.0 million in aggregate principal amount of senior unsecured notes due 2024.

Our financial expense for the year ended December 31, 2021 was U.S.\$15.8 million, a U.S.\$10.5 million, or 199% increase as compared to U.S.\$5.3 million for the year ended December 31, 2020. This increase was primarily due to payments of U.S.\$7.7 million in interest expenses, primarily in relation to interest on the U.S.\$325.0 million in aggregate principal amount of our Regulation S 6.50% Notes due 2024.

Profit before income tax

For the reasons discussed above, our profit before income tax for the year ended December 31, 2022 was U.S.\$217.0 million, a U.S.\$36.0 million, or 20%, increase as compared to U.S.\$181.0 million for the year ended December 31, 2021.

For the reasons discussed above, our profit before income tax for the year ended December 31, 2021 was U.S.\$181.0 million, a U.S.\$26.4 million, or 17%, increase as compared to U.S.\$154.6 million for the year ended December 31, 2020.

Income tax expense

Each of our four RKEF projects currently benefit from tax concessions granted by the Indonesian Government. See “—Factors affecting our Business and Results of Operations—Government Policies and Changes in Law—Tax Relief Measures” and Note 10 to our financial statements as of and for the year ended December 31, 2022.

Our income tax expense for the year ended December 31, 2022 was U.S.\$7.7 million, a U.S.\$2.6 million increase as compared to U.S.\$5.1 million for the year ended December 31, 2021. This increase was generally in line with the increase of our profit before income tax.

Our income tax expense for the year ended December 31, 2021 was U.S.\$5.1 million, a U.S.\$4.2 million increase as compared to U.S.\$0.9 million for the year ended December 31, 2020. This increase primarily was due to income tax expenses at the Hengjaya Mine due to the increase in income generated from our mining operations in 2021.

Profit for the year

For the reasons discussed above, our profit for the year ended December 31, 2022 was a U.S.\$209.4 million, a U.S.\$33.5 million, or 19%, increase as compared to U.S.\$175.9 million for the year ended December 31, 2021.

For the reasons discussed above, our profit for the year ended December 31, 2021 was U.S.\$175.9 million, a U.S.\$22.2 million, or 14% increase as compared to U.S.\$153.7 million for the year ended December 31, 2020.

Liquidity and Capital Resources

As of December 31, 2022, we had cash and cash equivalents of U.S.\$144.2 million. Our financing requirements are primarily for the Additional Oracle Acquisition and acquired options under the Strategic Framework Agreement.

Our primary sources of liquidity include cash generated from operations, equity raisings and borrowings. To fund acquisitions and opportunities, we conducted a series of equity raises, including the Institutional Placement which was completed in January 2023, the SPP which was completed in February 2023 and an ongoing Conditional Placement. The Conditional Placement is subject to certain conditions precedent, including our shareholders’ approval and FIRB approval. See “*Business — Recent Developments*” and “*Risk Factors — Risks Relating to Our Business — Our operations require a significant amount of working capital and may be adversely affected if we experience limited availability of funds*”.

Under the terms of the binding agreements with Shanghai Decent, we committed to pay (i) consideration of U.S.\$270 million for the HNC Acquisition and (ii) consideration of U.S.\$75 million for the Additional Oracle Acquisition. Both the HNC Acquisition and the Additional Oracle Acquisition are subject to completion of certain conditions precedent. See “*Business — Recent Developments*”.

Under the terms of the Strategic Framework Agreement, we acquired options to collaborate with Shanghai Decent on future nickel battery opportunities for U.S.\$40 million, including (i) participation in, and

construction of, a nickel sulphate and electrolytic nickel plant using the HPAL process, and (ii) investment in and construction of a low-grade to high-grade nickel matte converter at the Oracle Nickel Project.

Under the terms of the Oracle CA, we committed to provide construction funding totalling U.S.\$154 million for the construction of the Oracle Nickel power plant, representing 70% of the total construction cost. As of December 31, 2022, a further U.S.\$61.6 million was to be provided to our 70% owned subsidiary Oracle Development Pte. Ltd. towards construction of the power plant.

Going forward, we may require additional funding for our expansion projects or any other acquisitions we may undertake. See “*Risk Factors — Risks relating to our Business — Our operations require a significant amount of working capital and may be adversely affected if we experience limited availability of funds*”. We intend to fund these expansion projects, our operations and working capital requirements primarily through existing capital resources, including cash deposits and cash flow from operations, as well as through accessing the bank loan markets and/or debt and equity capital markets.

As of December 31, 2022, we had debt with a face value of U.S.\$563.4 million, U.S.\$325.0 million being the 2024 Notes, U.S.\$225.0 million being the 2025 Notes, U.S.\$10.4 million being a working capital loan advanced by Shanghai Decent for the Angel Nickel Project, and U.S.\$3.0 million being a working capital loan advanced by Shanghai Decent for the Oracle Nickel Project. See “*Capitalization*”. Taking into consideration the financial resources available to us, including cash generated from our operating activities, we believe we will have sufficient liquidity to meet our working capital and operating requirements for at least the next 12 months.

Cash flows

The following table summarizes our cash flows data for the periods presented:

	Year ended December 31,		
	2020	2021	2022
	(U.S.\$ in thousands)		
Net cash from operating activities.....	149,955	189,021	63,043
Net cash used in investing activities.....	(184,406)	(597,856)	(430,012)
Net cash from financing activities.....	333,633	197,292	373,154
Net increase/(decrease) in cash and cash equivalents	299,182	(211,544)	6,186

Net cash from operating activities

Our cash flow from operating activities in the year ended December 31, 2022 was U.S.\$63.0 million, a U.S.\$126.0 million, or 67%, decrease as compared to U.S.\$189.0 million in the year ended December 31, 2021. This decrease was primarily a result of (i) U.S.\$110.5 million increase in the trade and other receivables, of which U.S.\$72.1 million related to the Angel Nickel Project which came online in 2022, (ii) U.S.\$97.8 million increase in inventory, of which U.S.\$53.3 million related to the Angel Nickel Project and U.S.\$38.0 million related to the Oracle Nickel Project which commenced commissioning of its RKEF lines in 2022 but has not yet commenced sales of NPI. Further, there was a U.S.\$50.0 million increase in taxes and fees paid, primarily in connection with withholding taxes on dividends paid by the RKEF projects and income tax paid by the Hengjaya Mine and a U.S.\$615.0 million increase in cash payments to employees and suppliers

following the expansion of operations. These effects were partially offset by a U.S.\$542.4 million increase in cash receipts from customers.

Our cash flow from operating activities in the year ended December 31, 2021 was U.S.\$189.0 million, a U.S.\$39.0 million, or 26%, increase as compared to U.S.\$150.0 million in the year ended December 31, 2020. This increase was primarily a result of a U.S.\$143.2 million increase in cash receipts from customers. These effects were partially offset by a U.S.\$105.1 million increase in cash payments to employees and suppliers.

Net cash used in investing activities

Our cash flow used in investing activities in the year ended December 31, 2022 was U.S.\$430.0 million, a U.S.\$167.9 million, or 28%, decrease as compared to U.S.\$597.9 million used in the year ended December 31, 2021. This decrease was primarily a result of a U.S.\$292.6 million decrease in payments for the acquisition of controlled entity following the completion of the acquisition of the Angel Nickel Project in 2021, which was offset by the acquisition of a 70% indirect equity interest in the Oracle Nickel Project.

Our cash flow used in investing activities in the year ended December 31, 2021 was U.S.\$597.9 million, a U.S.\$413.4 million, or 224% increase as compared to U.S.\$184.4 million used in the year ended December 31, 2020. This increase was primarily a result of U.S.\$527.6 million of payments to acquire an 80% indirect equity interest in the Angel Nickel Project.

Net cash from/(used in) financing activities

Our cash flow from financing activities in the year ended December 31, 2022 was U.S.\$373.2 million, a U.S.\$175.9 million, or 89%, increase as compared to U.S.\$197.3 million in the year ended December 31, 2021. This increase was primarily a result of U.S.\$106.0 million proceeds from the issue of shares in the year ended December 31, 2022 and a U.S.\$140.6 million increase in contributions by non-controlling interests. These effects were partially offset by the U.S.\$20.5 million increase in payment of interest charges.

Our cash flow from financing activities in the year ended December 31, 2021 was U.S.\$197.3 million, a U.S.\$136.3 million, or 41%, decrease as compared to U.S.\$333.6 million in the year ended December 31, 2020. This net cash effect was primarily a result of no equity being issued in 2021, compared to the U.S.\$430.0 million of proceeds from the issue of shares in the year ended December 31, 2020. These effects were partially offset by the receipt of U.S.\$320.8 million of borrowings, net of borrowing costs in the year ended December 31, 2021.

Capital Expenditure

RKEF operations do not require a high level of sustained capital expenditure.

We committed to pay a purchase price of U.S.\$371 million for the acquisition of a 70% indirect equity interest in the Oracle Nickel Project which was completed in September 2022. Under the terms of the Oracle CA, we and Shanghai Decent are jointly providing funding for the for construction of the Oracle Nickel power plant, whose estimated construction cost is U.S.\$220 million, of which we committed to provide U.S.\$154 million. As of December 31, 2022, a further U.S.\$61.6 million was to be provided by us to our 70% owned subsidiary Oracle Development Pte. Ltd. towards the construction of the power plant.

We are also continuing to progress several expansion projects in relation to the Hengjaya Mine, which will require additional capital expenditure in the following years. We may also require significant capital expenditure to maintain, upgrade and expand our storage facilities, logistics services and other facilities to keep pace with competitive developments, technological advances and changing safety and environmental standards in our industry. We are continuing to progress the haul road between the Hengjaya Mine and IMIP. We expect to continue to undertake expansion activities and operational restructuring initiatives in support of the Hengjaya Mine's plan to significantly increase production. In addition, we are also planning to convert

two of the Angel Nickel Project's RKEF lines to nickel matte production, which may require significant capital expenditure and will be subject to market conditions.

Our capital expenditure totaled U.S.\$119.8 million for the year ended December 31, 2022, including U.S.\$110.4 million of which related to construction of the Oracle Nickel Project, U.S.\$7.5 million related to the haul road between the Hengjaya Mine and IMIP and U.S.\$1.8 million for expanded cabling at the Hengjaya Nickel Project and Ranger Nickel Project. Following the consolidation of the Oracle Nickel Project on September 27, 2022, all remaining construction costs for the RKEF lines and ancillary facilities of Oracle Nickel Project appear in our cash flows but are matched by contributions from Shanghai Decent in line with their obligations to fund construction of the project. We have funded our 70% share of the construction of the Oracle Nickel power plant and will not have to contribute additional funding towards the construction of the Oracle Nickel Project.

Our capital expenditure totaled U.S.\$48.2 million for the year ended December 31, 2021, including U.S.\$41.7 million of which related to construction of the Angel Nickel Project and U.S.\$6.5 million for expansion activities at the Hengjaya Mine including the building of the haul road between the Hengjaya Mine and the IMIP. Following the consolidation of the Angel Nickel Project on September 30, 2021, all remaining construction costs for the Angel Nickel Project appear in our cash flows but are matched by contributions from Shanghai Decent in line with their obligations to fund construction of the project.

Our capital expenditure totaled U.S.\$7.4 million for the fiscal year ended December 31, 2020, which primarily related to expansion activities at the Hengjaya Mine.

We have budgeted capital expenditure of approximately U.S.\$11.7 million for the fiscal year ended December 31, 2023, primarily relating to the completion of the haul road between the Hengjaya Mine and the IMIP. Other than what has been stated above, we have no other material commitments planned for capital expenditure.

Contractual Obligations and Commitments

The following table sets forth our contractual obligations and commitments as of December 31, 2022.

Payment due by period	Total	Less than 1 year	1-5 years	More than 5 years
		(U.S.\$ in thousands)		
Trade and other payables.....	177,185	177,185	—	—
Current tax payable	21,245	21,245	—	—
Provisions ⁽¹⁾	1,174	1,174	—	—
Borrowings.....	559,288	7,773	551,515	—
Other non-current liabilities	948	—	948	—
Total⁽²⁾	759,840	207,377	552,463	—

Notes:

(1) Provisions are primarily comprised of short-term employee benefit liabilities.

(2) Excludes deferred tax liability of U.S.\$96.1 million and rehabilitation provision of U.S.\$2.0 million.

In addition to the contractual obligations set forth above:

- we have also executed a binding definitive agreement with Shanghai Decent to acquire an additional 10% indirect equity interest in the Oracle Nickel Project and a 10% indirect equity interest in the HNC Project. Additionally, we had acquired options to collaborate with Shanghai Decent on future battery nickel opportunities for U.S.\$40.0 million. For more information, see “*Business—Recent Developments*”; and
- under the terms of the Oracle CA, we have committed to provide construction funding totalling U.S.\$154 million for the construction of the Oracle Nickel power plant, representing 70% of the total construction cost. As of December 31, 2022, a further U.S.\$61.6 million was to be provided to our 70% owned subsidiary Oracle Development Pte. Ltd. by March 31, 2023 towards the construction of the power plant.

Off-Balance Sheet Arrangements and Contingent Liabilities

As of December 31, 2022, we did not have any off-balance sheet arrangements.

Non-IFRS Metrics

In addition to our results determined in accordance with IFRS issued by the IASB, we believe the following non-IFRS measures are useful in evaluating our operating performance and liquidity. We use the following non-IFRS financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-IFRS financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance. However, non-IFRS financial information is presented for supplemental informational purposes only, has limitations as an analytical tool, and should not be considered in isolation or as a substitute for financial information presented in accordance with IFRS or GAAP. In particular, EBITDA, EBITDA Margin, Attributable EBITDA, Adjusted Opex and Free Operating Cash Flow are not measurements of financial performance or liquidity under IFRS and should not be considered as alternatives to profit after tax, operating income, operating expenses, cash flows from operations or any other performance measures derived in accordance with IFRS or as alternatives to cash flow from operating activities or as measures of liquidity. In addition, Free Operating Cash Flow effectively assumes that we would be able to employ the entire amount of our consolidated cash generated or consumed by our operating activities for purposes of our strategic initiatives when, in fact, amounts available to us would in all likelihood be limited only to those amounts corresponding to our controlling interests. Net Debt/(Cash) effectively assumes that gross debt can be reduced by our cash and cash equivalents when, in fact, it is unlikely that we would use all of our cash to reduce our gross debt all at once, as cash must also be available to pay employees, suppliers and taxes, and to meet other operating needs and capital expenditure requirements. Gross Debt, Net Debt/(Cash), Gross Leverage Ratio, Net Leverage Ratio and Attributable Capitalization are not measurements of indebtedness or liquidity under IFRS and should not be considered as alternatives to our borrowings (current and noncurrent) or other measures of indebtedness or liquidity derived in accordance with IFRS. EBITDA, EBITDA Margin, Attributable EBITDA, Adjusted Opex, Free Operating Cash Flow, Gross Debt, Net Debt/(Cash), Gross Leverage Ratio, Net Leverage Ratio and Attributable Capitalization are not standardized terms; hence, a direct comparison between companies using such terms may not be possible.

A reconciliation is provided below for each non-IFRS financial measure to the most directly comparable financial measure prepared in accordance with IFRS. Investors are encouraged to review the related IFRS financial measures and the reconciliation of these non-IFRS financial measures to their most directly comparable IFRS financial measures, included below and not rely on any single financial measure to evaluate our business.

EBITDA, EBITDA Margin and Attributable EBITDA

We define EBITDA as profit/(loss) for the year or period, plus depreciation and amortization expense, plus net financial income/(costs), plus tax expense, less reversal of income tax expenses. We define EBITDA Margin as EBITDA divided by sales revenue. EBITDA Margin is not a measurement of financial performance or liquidity under IFRS. We believe EBITDA and EBITDA Margin provide investors and other users of our financial information consistency and comparability with our past financial performance and facilitates period-to-period comparisons.

We also present herein Attributable EBITDA, which we define as EBITDA adjusted for our indirect controlling equity interest in our consolidated operating assets, which is 80% for all operating assets with the exception of the Oracle Nickel Project in which we own a 70% indirect equity interest as of December 31, 2022, plus 100% of the parent entity EBITDA. We believe Attributable EBITDA provides investors and other users of our financial information with a better metric for evaluating the portion of our EBITDA which is attributable to our Company's indirect controlling equity interest in our operating assets by isolating for the effects of EBITDA attributable to non-controlling interests. The Company does not control or have right to non-controlling interested parties earnings and cash flows that are not the Company's. For more information, see “– Factors Affecting the Comparability of Our Financial Information – Increase in the Scope of our Operations”.

The following table presents a reconciliation of EBITDA to profit/(loss) for the periods presented:

	Year ended December 31,		
	2020	2021	2022
	<i>(U.S.\$ in thousands)</i>		
Profit/(loss) for the period.....	153,699	175,977	209,368
(+) Depreciation and amortization	36,787	35,977	66,598
(+) Net financial expenses/(income) ⁽¹⁾	3,102	13,949	37,311
(+) Tax expenses ⁽²⁾	3,664	16,618	25,906
(-) Reversal of tax expenses	(136)	—	—
EBITDA	197,116	242,521	339,183
Sales revenue	523,492	645,936	1,217,042
EBITDA Margin	38%	38%	28%
 Attributable EBITDA	 141,942	 193,143	 268,681

Notes:

- (1) Excludes (i) bond issue costs of U.S.\$4.1 million and U.S.\$1.5 million for the years ended December 31, 2022 and 2021, respectively, which are being expensed under the effective interest rate method, and (ii) net change in fair value of investment in associate of U.S.\$404,812 and U.S.\$2.5 million for the years ended December 31, 2022 and 2021, respectively. Includes interest income of U.S.\$1.0 million, U.S.\$0.3 million and U.S.\$0.5 million for the years ended December 31, 2022, 2021 and 2020, respectively.
- (2) Includes (i) income tax expense of U.S.\$7.7 million, U.S.\$5.1 million and U.S.\$0.9 million for the years ended December 31, 2022, 2021 and 2020, respectively, and (ii) withholding tax expense of U.S.\$18.2 million, U.S.\$11.6 million and U.S.\$2.8 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Free Operating Cash Flow

We define Free Operating Cash Flow as net cash from/(used in) operating activities less purchases of property, plant and equipment. We believe that Free Operating Cash Flow is a useful indicator of liquidity that provides information about the amount of cash generated or consumed by our operating activities that is available for strategic initiatives. However, net cash from/(used in) operating activities used to calculate Free Operating Cash Flow is on a consolidated basis and includes 100% of the cash balances in subsidiaries which have minority interests; therefore, Free Operating Cash Flow takes into account the minority interest in the net cash from/(used in) operating activities at our operating assets.

The following table presents a reconciliation of Free Operating Cash Flow to net cash from/(used in) operating activities for the periods presented:

	Year ended December 31,		
	2020	2021	2022
	<i>(U.S.\$ in thousands)</i>		
Net cash from operating activities....	149,955	189,021	63,043
(-) Purchases of property, plant and equipment	7,388	6,494 ⁽¹⁾	9,393 ⁽²⁾
Free Operating Cash Flow	142,567	182,527	53,650

Note:

- (1) This does not include payments for the construction in progress at the Angel Nickel Project, post our consolidating the Angel Nickel Project as any construction costs for the project are required to be met by Shanghai Decent under their obligations to fund construction of the Project.
- (2) This does not include the Oracle Nickel Project's construction costs.

Adjusted Opex

We define Adjusted Opex as our cost of sales, plus directors' fees and consultants' expenses, plus exploration and evaluation expenditure, plus share of gain/(loss) of equity accounted investees, plus other expenses (excluding withholding tax expenses), plus net financial expenses and minus net interest (income)/expense. We believe that Adjusted Opex is a useful indicator of the expenses we incur during each period in order to generate our EBITDA.

The following table presents a reconciliation of our Adjusted Opex to sales revenue for the periods presented:

	Year ended December 31,		
	2020	2021	2022
	<i>(U.S.\$ in thousands)</i>		
Cost of sales.....	321,566	393,203	856,618
(+) Directors' fees and consultants' expenses.....	4,068	9,432	9,289
(+) Exploration and evaluation expenditure	—	—	3,348

	Year ended December 31,		
	2020	2021	2022
(+) Share of gain/(loss) of equity accounted	—	50	(405)
(+) Other expenses	3,403	13,256	22,711
(+) Net financial expense	3,102	12,977	41,837
(-) Withholding tax expense	(2,796)	(11,555)	(18,228)
(-) Net interest (income)/expense	(4,750)	(12,709)	(32,760)
Adjusted Opex	324,593	404,654	882,410

Gross Debt, Net Debt/(Cash), Gross Leverage Ratio and Net Leverage Ratio

We define Gross Debt as the sum of our borrowings (current) and borrowings (noncurrent).

We calculate Net Debt/(Cash) as the sum of our borrowings (current and noncurrent), less consolidated cash and cash equivalents. We believe Net Debt/(Cash) provides a useful indicator of our ability to meet our financial obligations using our available cash and cash equivalents because it is used widely to assess the liquidity and the adequacy of a company's financial structure. However, cash and cash equivalents used to calculate Net Debt/(Cash) is on a consolidated basis and includes 100% of the cash balances in subsidiaries which have minority interests. Moreover, Net Debt/(Cash) effectively assumes that gross debt can be reduced by our cash and cash equivalents when, in fact, it is unlikely that we would use all of our cash to reduce our gross debt all at once, as cash must also be available to pay employees, suppliers and taxes, and to meet other operating needs and capital expenditure requirements.

We also present herein our Gross Leverage Ratio, which we define as our borrowings (current and noncurrent) as of December 31, 2020, December 31, 2021 or December 31, 2022 divided by Attributable EBITDA, and Net Leverage Ratio, which we define as Net Debt/(Cash) as of December 31, 2020, December 31, 2021 or December 31, 2022 divided by Attributable EBITDA. We believe Gross Leverage Ratio and Net Leverage Ratio provide investors and other users of our financial information with useful measures of our financial condition and results of operations in our financing instruments because it allows for an analysis of our results of operations and leverage without the skewing effects of our capital structure, tax impacts and other non-operating results.

The following table presents a reconciliation of our Gross Debt, Net Debt/(Cash), Gross Leverage Ratio and Net Leverage Ratio to borrowings (current and noncurrent) as of the dates presented:

	As of / for the Year ended December 31,		
	2020	2021	2022
	(U.S.\$ in thousands)		
Borrowings (current)	12,857	9,284	7,773
(+) Borrowings (noncurrent)	32,143	318,322	551,515
Gross Debt	45,000	327,606	559,288
(-) Cash and cash equivalents ⁽¹⁾	351,445	137,862	144,242
Net Debt/(Cash)	(306,445)	189,744	415,046
Attributable EBITDA	141,942	193,143	268,681

	As of / for the Year ended December 31,		
	2020	2021	2022
Gross Leverage Ratio	0.32x	1.70x	2.08x
Net Leverage Ratio	(2.16)x⁽³⁾	0.98x	1.54x

Notes:

- (1) Cash and cash equivalents used to calculate Net Debt/(Cash) is on a consolidated basis and includes 100% of the cash balances in subsidiaries which have minority interests.
- (2) Net Leverage Ratio was negative because we had a negative Net Cash of U.S.\$306,445 in the year ended December 31, 2020.

Attributable Capitalization

We define Attributable Capitalization as Gross Debt, plus total equity attributable to equity holders of the Company. Attributable Capitalization is not a measurement of financial performance or liquidity under IFRS. We believe Attributable Capitalization provides investors and other users of our financial information with a useful indicator of the adequacy of our financial structure.

The following table presents a reconciliation of Attributable Capitalization to borrowings (current and noncurrent) as of the dates presented:

	As of / for the Year ended December 31,		
	2020	2021 – Restated	2022
	(U.S.\$ in thousands)		
Borrowings (current).....	12,857	9,284	7,773
(+) Borrowings (noncurrent).....	32,143	318,322	551,515
Gross Debt	45,000	327,606	559,288
(+) Total equity attributable to equity holders	940,061	1,002,846 ⁽¹⁾	1,298,619
Attributable Capitalization.....	985,061	1,330,452	1,857,907

Notes:

- (1) Following adjustment to provisional accounting for acquisition of the Angel Nickel Project, we have restated financial amounts as of and for the year ended December 31, 2021 in our financial statements as of and for the year ended December 31, 2022. For more information on the effect of this change in estimate, see Note 16 to our financial statements for the year ended December 31, 2022.

Quantitative and Qualitative Disclosures about Market Risks

Our business exposes us to a variety of financial risks, primarily credit risk, liquidity risk, currency risk and interest rate risk. The summaries below present information about our exposure to each of these risks, their objectives, policies and processes for measuring and managing risk, the management of capital and financial instruments.

For more information see Note 19 to our consolidated financial statements as of and for the year ended December 31, 2022 included in this Offering Memorandum.

Credit risk

We are exposed to the credit risk of our customers and certain other third-parties. Credit risk arises mainly from the risk of counterparties defaulting on the terms of their agreements.

As of December 31, 2022, we had trade and other receivables of U.S.\$235.6 million. We make impairment provisions for our trade receivables in accordance with our accounting policies, as appropriate. As of December 31, 2022, none of our material trade and other receivables were past due.

As of December 31, 2022, we had cash and cash equivalents of U.S.\$144.2 million. We mitigate credit risk on cash and cash equivalents by dealing with regulated banks in Australia, China, Indonesia and Singapore.

For more information, see *“Risk Factors — Risks relating to our Business — We derive the majority of our revenue from sales to Tsingshan group companies, and the partial or full loss of this revenue would adversely affect us”*.

Liquidity risk

We are subject to the risk that we will not have sufficient funds to meet our financial obligations as they fall due. Ultimate responsibility for liquidity management rests with our Board of Directors. We manage liquidity risk by maintaining adequate funding where possible and monitoring of future rolling cash flow forecasts of its operations, which reflect management’s expectations of expected settlement of financial assets and liabilities.

For more information, see *“Risk Factors — Risks relating to our Business — Our operations require a significant amount of working capital and may be adversely affected if we experience limited availability of funds”* and *“Risk Factors — Risks relating to our Business — We may not be able to generate sufficient cash flows to meet our debt service obligations”*.

Foreign exchange rate risk

Our functional currency is the U.S. dollar. Our sales are predominantly denominated in U.S. dollars or benchmarked against U.S. dollar equivalent prices. We are exposed to foreign currency risks due to the fact that the underlying sales price of our NPI is denominated in U.S. dollars, while some of our operating expenses and liabilities are denominated in Indonesian Rupiah, Singapore dollars and Australian dollars, and our equity share issuances are denominated in Australian dollars.

The following sensitivity analysis is based on the exchange rate risk exposures at balance date. At balance date, if the exchange rate between the United States dollar and the Indonesian Rupiah, the Australian dollar and the Singapore dollar had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

	Post-tax loss (Higher)/Lower December 31,	Total equity (Higher)/Lower December 31,
	2022	2022
	<i>(U.S.\$)</i>	
+ 10% higher USD to IDR exchange rate.....	13,912,589	13,912,589
- 5% lower USD to IDR exchange rate.....	(6,956,295)	(6,956,295)

	Post-tax loss (Higher)/Lower December 31,	Total equity (Higher)/Lower December 31,
	2022	2022
	(U.S.\$)	
+ 10% higher USD to AUD exchange rate	64,672	64,672
- 5% lower USD to AUD exchange rate	(32,336)	(32,336)
+ 10% higher USD to SGD exchange rate.....	47,310	47,310
- 5% lower USD to SGD exchange rate.....	(23,655)	(23,655)

We intend to continue to monitor the movement in the U.S. dollar/Rupiah exchange rate and may enter into other hedging arrangements as and when we deem appropriate.

For more information, see “— *Factors affecting our Business and Results of Operations — Currency Exchange Rates*”, “*Risk Factors — Risks relating to Australia and Indonesia — Fluctuations in the value of the Rupiah may materially and adversely affect our business, financial condition, results of operations and prospects*” and “*Risk Factors — Risks relating to the Notes — Investment in the Notes may subject Noteholders to foreign exchange risks*”.

Interest rate risk

We are exposed to interest rate risk resulting from fluctuations in interest rates on our cash and cash equivalents and time deposits. Downward fluctuations in interest rates decrease the financial income we derive from our cash assets and time deposits.

As of December 31, 2022, a change of 100 basis points in interest rates would have increased our profit for the year for the period by U.S.\$1.4 million. This analysis assumes that all other variables remain constant.

For more information, see “*Risk Factors — Risks relating to the Notes — Interest rate risks may affect the value of the Notes*”.

REGULATORY FRAMEWORK

Indonesian Regulatory Framework

Regulation of Nickel Mining in Indonesia

The constitution of Indonesia states that Indonesia's natural resources are to be controlled by the state and must be used for the maximum benefit of the Indonesian people. The old mining law, Law No. 11 of 1967 on Mining, and its implementing regulations, adopted this as a fundamental principle. "Control" was interpreted as being equivalent to ownership and therefore no title to particular mineral deposits was granted by the state to private companies or individuals. In general, the state only granted rights to exploit and sell mineral deposits to encourage new investment in the Indonesian mining sector, particularly in the coal mining industry. On January 12, 2009, the Indonesian Government enacted Law No. 4 of 2009 on Mineral and Coal Mining ("Law 4/2009"), revoking the old mining law. On June 10, 2020, the Indonesian Government issued Law No. 3 of 2020 ("Law 3/2020"), which amended Law 4/2009. In November 2020, the Indonesian Government enacted Law No. 11 of 2020 on Job Creation ("2020 Job Creation Law") which was thereafter revoked in December 2022 by the issuance of the Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation ("2022 Job Creation Law"). The Job Creation Law further amended Law 4/2009 (Law 4/2009, as amended, is hereinafter referred to as the "Mining Law (as amended)").

Please see the "*Regulatory Framework — Indonesian Regulatory Framework — Job Creation Law*" for further details on the 2020 Job Creation Law and 2022 Job Creation Law.

One of the objectives of the Mining Law (as amended) is to provide equal treatment to foreign and domestic investors introduced under the Investment Law of 2007 (as defined below) through, among other things, (i) the abolition of the contract of work system under the previous mining legal framework; (ii) the introduction of a license-based system equally applicable to both foreign and domestic investors; (iii) the permission of foreign investment subject to certain divestment requirements; (iv) the authorization of the Indonesian Government to designate mining areas (*Wilayah Pertambangan* or "WP") within Indonesia; (v) the requirement of a tender process for the granting of new coal and mineral mining licenses; (vi) the regulation of larger mining areas and reduction terms for production; (vii) the requirement to comply with onshore processing and/or refining obligations; (viii) the regulation of mining services contractors; (ix) the centralization of authority over mining activities in the central Indonesian Government; and (x) a guarantee by the Indonesian Government for the issuance of a Special Mining Business License (*Izin Usaha Pertambangan Khusus* or "IUPK") to existing Contract of Work (*Kontrak Karya*, "CoW") and Coal Contract of Work (*Perjanjian Karya Pengusahaan Pertambangan Batubara*, "CCoW") holders, which will allow such permit holders to continue mining activities for up to two times extension periods with 10 years additional time for each extension period.

The Mining Law (as amended) is an attempt by the Indonesian Government to protect and promote national and local mining companies. This is reflected, for example, in the obligation of mining business license holders to engage either national or local mining service companies. Foreign direct investment (*Penanaman Modal Asing* or "PMA") mining services companies may only be engaged in the event that national or local mining service companies are not available. Similarly, mining services companies have a similar obligation to prioritize both local contractors and human resources in supporting their businesses. A holder of a Mining Business License (*Izin Usaha Pertambangan* or "IUP") or an IUPK is also prohibited from engaging its subsidiaries and/or affiliated mining services companies in its mining operational area, unless an approval has been obtained from the Ministry of Energy and Mineral Resources ("MEMR") in respect of such engagement.

Under Indonesian Government Regulation No. 55 of 2010 on the Fostering and Supervision over The Implementation of Mineral and Coal Mining Business Management (“GR 55/2010”), the supervision of licensed mining activities is generally conducted by the MEMR and the governor of the province in which the mining area is located. GR 55/2010 also regulates the supervision of finances, mineral and coal processing data, conservation of minerals and coal, operational safety, environmental impacts, land reclamation, post-mining management, technical training of laborers, as well as a host of production data of the types, quality, and total amount of extracted minerals. Supervision of mining facilities is carried out by mining inspectors endorsed by the MEMR or by authorized representatives of the MEMR and/or the relevant governor. In any case, only a mining inspector has the authority to temporarily suspend mining activities in part or entirely if the activities are considered as endangering the safety of mine workers, public safety or causing pollution and/or environmental damage. Further, the mining inspectors may recommend to the head of mining inspector (i.e. the Directorate of Technical and Environmental of Mineral and Coal Mining at the Directorate General of Minerals and Coal) to change such temporary suspension into a permanent ban on mining activities. Pursuant to MEMR Regulation No. 26 of 2018 on Implementation of the Good Mining Practices (*Kaidah Pertambangan yang Baik* or “KPB”) and Supervision on Mineral and Coal Mining (“MEMR Regulation 26/2018”), the head of mining inspector is also entitled to validate the appointment of the head of technical mining by mining companies.

Mining licensing system

Old mining licensing system

The Mining Law (as amended) abolished the old mining licensing system, which previously provided for mining authorizations (*Kuasa Pertambangan* or “KP”), CoW and CCoW.

The previous mining licensing regime (i.e., by virtue of CoWs) is subject to less regulatory risk and risks pertaining to amendment and extension of the licenses as compared to the current mining licensing system. This is due to the nature of CoWs, as they are considered as an agreement between the Indonesian Government and the relevant CoW holder, pursuant to which the Indonesian Government is considered as being in the same position as the contractor with the respect to their respective legal status as a party under the CoW. In the current regime, concessions are issued in the forms of licenses, which puts the Indonesian Government in the position of an “authority” and allows the Indonesian Government to amend the terms of the licenses granted to the contractors, as well as amend the regulations relating to the licenses that have been issued. Any amendments to the terms of CoWs that were issued under the previous mining licensing regime in order to amend the CoW to be in accordance with the current mining and tax regime would be subject to negotiations and agreement between the Indonesian Government and the contractor.

Under the Mining Law (as amended), all existing KPs, CoWs and CCoWs will remain valid (subject to the amendment of certain terms) for the remainder of their respective terms and, upon their expiration, may be converted into licenses under the new mining licensing system. Pursuant to Indonesian Government Regulation No. 96 of 2021 on the Implementation of Mineral and Coal Business Activities (“GR 96/2021”), in order to extend an expiring CoW, the CoW holder must apply for the CoW to be converted into an IUPK as the Continuation of the Contract/Agreement Operation (*IUPK sebagai Kelanjutan Operasi Kontrak/Perjanjian* or “IUPK Continuation”) within five years, at the earliest, and one year, at the latest, before the end of the CoW validity period.

In addition, Law 3/2020 introduced certain incentives to mining license holders, including (i) IUP and/or IUPK holders for metal mineral commodities that integrate their mining activities with processing and/or refinery facilities, and (ii) IUP, IUPK, and/or IUPK Continuation (as defined below) holders for coal commodities that integrate their mining activities with development and/or utilization activities for the

purposes of increasing the coal quality. Such incentives are in the form of a guarantee that such IUP, IUPK, and/or IUPK holders will obtain the maximum validity period and available extensions for their licenses.

Current mining licensing system

The new mining licensing regime under the Mining Law (as amended) introduced the following licensing classifications:

- *IUP*. An IUP is granted for mining of coal, rock, metal minerals or non-metal minerals within an IUP operational area (*Wilayah Izin Usaha Pertambangan* or “WIUP”). An IUP may only be granted for the mining of one type of resource and, if there are other mining commodities found in the relevant WIUP, then the IUP holder has the right of first refusal to commercialize such other mining commodities. In the event that the IUP holder elects to commercialize the other mining commodities found in the relevant WIUP, then the IUP holder will need to apply for a new IUP through another newly established Indonesian business entity. However, the application through a newly established Indonesian business entity would not be required if the IUP holder is an Indonesian publicly listed company. A WIUP must be located within a mining operational area (*Wilayah Usaha Pertambangan* or “WUP”), which are areas designated by the Indonesian Government, after being determined by the regional government and consultation with the House of Representatives of Indonesia (*Dewan Perwakilan Rakyat* or “DPR”). An IUP may only be granted to a business entity, individual or cooperative (*koperasi*) by way of submitting an application to the MEMR or by attending an auction process for an WIUP (except for non-metal mineral and rock mining). In the event that an WIUP is found to contain more than one type of resource, the existing IUP holder’s additional IUP application for the newly discovered resource will be prioritized;
- *IUPK*. An IUPK is granted for coal and metal mineral mining within a special mining area (*Wilayah Izin Usaha Pertambangan Khusus* or “WIUPK”), which must be located within a special mining operation area (*Wilayah Usaha Pertambangan Khusus* or “WUPK”). A WUPK is an area that has been converted into a mining area from a state reserved area (*Wilayah Pencadangan Negara* or “WPN”) after being approved by the DPR for mining operations. Similar to an IUP, an IUPK may only be granted for the mining of one type of resource, unless there are other mining commodities found in the relevant WIUPK and the IUPK holder elects to commercialize the other mining commodities found in the relevant WIUPK. In this case, the IUPK holder will need to apply for a new IUPK through another newly established Indonesian business entity. However, the application through a newly established Indonesian business entity would not be required if the IUPK holder is an Indonesian publicly listed company. An IUPK may only be granted to a legal entity established as (i) a state-owned enterprise (*Badan Usaha Milik Negara*, a “BUMN”), (ii) a regional government-owned enterprise (*Badan Usaha Milik Daerah*, a “BUMD”) or (iii) a private entity. BUMNs and BUMDs take priority over private business entities in obtaining an IUPK. If a BUMN and/or BUMD do not exercise their privilege to obtain an IUPK, a private business entity may obtain an IUPK by participating in an auction and, upon winning the auction, submitting an application to MEMR to obtain the IUPK;
- *IUPK Continuation*. An IUPK Continuation is granted to the holder of an existing CoW and/or a CCoW following the expiry of their CoW and/or CCoW as an extension of mining rights under such CoW and/or CCoW. Existing CoWs and/or CCoWs will remain valid for the remainder of their respective terms but are subject to amendments of certain terms (not including taxes and levies) to be in accordance with the Mining Law (as amended) and may be converted to an IUPK Continuation upon expiration. In order to extend and convert an expiring CoW and/or CCoW into an IUPK Continuation, the holder of the CoW and/or CCoW shall submit an application to the MEMR within

five years at the earliest, and at least one year at the latest, prior to the expiry of such CoW and/or CCoW;

- **IPR.** A People's Mining License (*Izin Pertambangan Rakyat* or "IPR") is granted to either individual companies or cooperatives for mining of coal, rock, metal minerals and non-metal minerals within a limited mining operational area that is located in a People's Mining Area (*Wilayah Pertambangan Rakyat* or "WPR"). A WPR is an area designated by the Indonesian Government after determined by the regional government, in consultation with the DPR;
- **SIPB.** A Rock Mining License (*Surat Izin Penambangan Batuan* or "SIPB") is granted to BUMD or village-owned enterprises, domestic investment private entities, cooperatives and individual companies for the mining of certain types of rocks or for certain needs of rocks within an WIUP;
- **Izin Penugasan.** An Assignment License (*Izin Penugasan*) is a license to conduct radioactive mineral-related businesses;
- **Izin Pengangkutan dan Penjualan.** A Transportation and Sales License (*Izin Pengangkutan dan Penjualan*), granted either for business entity, cooperatives, or individuals in order to buy, transport and sell mineral and coal mining commodities. Prior to the enactment of Law 3/2020, this license was known as a Production Operation IUP Special for Transportation and Sales (*IUP Khusus untuk Pengangkutan dan Penjualan*). Pursuant to Law 3/2020, existing Operation IUP Special for Transportation and Sales must be in compliance with Law 3/2020 within two years from when Law 3/2020 was enacted;
- **IUJP.** A Mining Service Business License (*Izin Usaha Jasa Pertambangan* or "IUJP") is granted to legal entities, cooperatives or individuals in order to engage in main mining services business activities; and
- **IUP untuk Penjualan.** An IUP for Sales (*IUP untuk Penjualan*) is granted to companies that do not engage in mining activities but intend to sell mineral and/or coal that has been extracted by other mining companies. IUP for Sales is granted by the MEMR for a single sale transaction only.

Previously, under Law 4/2009, a Special Production Operation IUP for Processing and/or Refinery (*IUP OP Khusus untuk Pengolahan dan/atau Pemurnian*) was granted for processing and/or refinery activities. However, pursuant to Law 3/2020, to the extent that the processing and/or refining activities under such licenses have not been integrated with the mining activities, the licenses must be converted into an Industrial Business License (*Izin Usaha Industri*) within one year from when Law 3/2020 was enacted. Industrial Business Licenses fall under the Ministry of Industry's authority and are not considered mining-related business licenses. See "*Regulatory Framework — Indonesian Regulatory Framework — Regulation of the Indonesian Industrial Sector*".

The following table sets forth further details on the mining licenses available under the Mining Law (as amended).

No.	Type and description	Permitted minerals	Validity period	Permitted area (hectares)
1	Exploration IUP is a mining business license that is granted for general surveys,	Metal minerals	Maximum 8 years	Maximum 100,000
		Non-metal minerals	Maximum 3 years	Maximum 25,000
		Certain types of non-metal minerals	Maximum 7 years	Maximum 25,000

	exploration activities and feasibility studies.	Rock	Maximum 3 years	Maximum 5,000
		Coal	Maximum 7 years	Maximum 50,000
2	Production-Operation IUP is a mining business license that is granted upon the completion of the exploration activities under the respective Exploration IUP to commence construction, mining, processing and refining, transportation and sales activities.	Metal minerals	(i) Maximum 20 years, and guaranteed to be extended twice, each for a period of 10 years; or (ii) Maximum 30 years, which is guaranteed to be extended twice, each for a period of 10 years, if the mining activities are integrated with processing and/or refining facilities	Maximum 25,000
		Non-metal minerals	Maximum 10 years, and guaranteed to be extended twice, each for a period of 5 years	Maximum 5,000
		Certain types of non-metal minerals	Maximum 20 years, and guaranteed to be extended twice, each for a period of 10 years	Maximum 5,000
		Rock	Maximum 5 years, and guaranteed to be extended twice, each for a period of 5 years	Maximum 1,000
		Coal	(i) Maximum 20 years, which can be extended twice, each for a period of 10 years; or (ii) Maximum 30 years, which is guaranteed to be extended twice, each for a period of 10 years, if the mining activities are integrated with processing and/or refining facilities	Maximum 15,000

	existing CoW and/or CCoW as an extension of its mining rights under the CoW and/or CCoW.	CoW and/or CCoW mining area.	and/or CCoW, with a second extension for a maximum period of 10 years thereafter; or (ii) Maximum period of 10 years for the holders of an IUPK Continuation for Coal Mining that has integrated development and/or utilization activities into its mining activities.	development plan for the production operation stage.
6	IPR is a license to conduct mining within a small-scale mining area with a limited area size and investment.	Metal minerals, non-metal minerals and rock	Maximum 10 years, and guaranteed to be extended twice, each for a period of 5 years	Maximum 5 hectares for individuals and 10 hectares for cooperatives
7	SIPB is a license to conduct mining activities for certain types of rock or for certain needs of rocks.	Certain types of rock	Indefinite term	Maximum 50 hectares
8	Assignment License is a license to conduct radioactive mineral-related business.	—	Indefinite term	—
9	Transportation and Sales License is a license for business entities, cooperatives or individuals to buy, transport and sell mineral and coal mining commodities.	Minerals or coal	5 years, which can be extended up to a period of 5 years for each extension	—
10	IUJP is a license for business entities, cooperatives or individuals to engage in main mining services business activities.	—	5 years, which can be extended up to a period of 5 years for each extension	—
11	IUP for Sales is a license to companies	—	Granted for a single sale transaction only.	—

that do not operate a mining business but intends to sell mineral and/or coal that has been extracted.

Between 2010 and 2022, the Indonesian Government issued several implementing regulations to the Mining Law (as amended), including Indonesian Government Regulation No. 22 of 2010 on Mining Area (“GR 22/2010”), GR 55/2010, Indonesian Government Regulation No. 78 of 2010 on Reclamation and Post Mining (“GR 78/2010”) and GR 96/2021. The Mining Law (as amended) and GR 22/2010 regulates the procedures to determine the WUPs, the WUPKs, and the WPRs. The determination of these mining areas lies in the sole discretion of the Indonesian Government, and in respect of a WUPK, prior approval from the DPR is required. However, there are possibilities that the provisions of GR 22/2010 related to the procedures to determine the WUPs, the WUPKs, and the WPRs are amended in order to align such a regulation with the Mining Law (as amended).

Transferability of license

In general, the Mining Law (as amended) and GR No. 96 of 2021 clearly prohibit the transfer of an IUP or IUPK to a third-party without prior approval from the MEMR. The Mining Law (as amended) stipulates that the approval to transfer an IUP or IUPK may only be granted by the MEMR, after the completion of exploration phase (which are evidenced by resources and reserves data), and the fulfilment of all administrative, technical, environmental, and financial requirements.

Foreign divestment requirements

Under the Mining Law (as amended), Production-Operation IUP and Production-Operation IUPK holders in the context of foreign investment must divest at least 51% of their foreign-owned shares in stages to the Central Government, Regional Government, BUMN, BUMD, and/or domestic private entities. Further, GR 96/2021 sets out a foreign divestment scheme for foreign-owned entities holding a Production Operation IUP or Production Operation IUPK. Under the divestment obligation, foreign shareholders must divest their interest in the entity such that the ownership of Indonesian shareholders is not less than the following percentages in the respective years below from the commencement of production operation:

- For open pit mining method and not integrated with processing and/or refining facilities or development and/or utilization activities
 - o 5% by the 10th year;
 - o 10% by the 11th year;
 - o 15% by the 12th year;
 - o 20% by the 13th year;
 - o 30% by the 14th year; and
 - o 51% by the 15th year.
- For open pit mining method and integrated with processing and/or refining facilities or development and/or utilization activities
 - o 5% by the 15th year;

- o 10% by the 16th year;
 - o 15% by the 17th year;
 - o 20% by the 18th year;
 - o 30% by the 19th year; and
 - o 51% by the 20th year.
- For underground mining method and not integrated with processing and/or refining facilities or development and/or utilization activities
 - o 5% by the 15th year;
 - o 10% by the 16th year;
 - o 15% by the 17th year;
 - o 20% by the 18th year;
 - o 30% by the 19th year; and
 - o 51% by the 20th year.
- For underground mining method and integrated with processing and/or refining facilities or development and/or utilization activities
 - o 5% by the 20th year;
 - o 10% by the 21st year;
 - o 15% by the 22nd year;
 - o 20% by the 23rd year;
 - o 30% by the 24th year; and
 - o 51% by the 25th year.

To make a divestment to an Indonesian entity, the foreign-owned shares must initially be offered to the Indonesian Government through the MEMR. If the Indonesian Government does not purchase the shares, then the shares must then be offered to the provincial and regent/municipal government. If the provincial and regent/municipal government does not purchase the shares, the shares must then be offered to state-owned enterprises. If the state-owned enterprises do not purchase the shares, the shares must then be offered to regional-owned enterprises. In each case, parties are given 90 calendar days from the date of the offer to declare their interest. If the regional-owned enterprises do not purchase the shares, the shares must then be tendered to private local companies. If a private local company does not purchase the shares, the shares may then be offered to the public through a public offering in the stock exchange.

The Indonesian Government may form a consortium among provincial, municipal, state and/or regional-owned enterprises for the purpose of participating in the purchase of the shares.

Foreign-owned entities holding a Production Operation IUP or Production Operation IUPK with shares more than 49% owned by foreigners may transfer shares to other parties prior to the years set out in the divestment obligation. The transfer of foreign shares must first be offered to state-owned enterprises, with these state-owned enterprises being required to provide a written answer to the offer of shares within 75 calendar days. In the event that state-owned enterprises are not interested or do not provide a written answer within the

specified period, the holders of IUP and IUPK may apply for approval for the transfer of foreign shares to the MEMR.

Reclamation and post-mining activities

Reclamation plan

Under GR 78/2010, as implemented by MEMR Regulation No. 26 of 2018 and further implemented by MEMR Decree 1827K /30/MEM/2018, mining companies are obliged to carry out reclamation and post-mining activities. Prior to undertaking any exploration activities, Exploration IUP or Exploration IUPK holders must prepare a reclamation plan in accordance with the approved environmental document and submit it to the MEMR or the respective governor for approval. The approval by the MEMR will state the amount of the reclamation guarantee required to be paid by the license holder. The reclamation guarantee for the exploration phase must be in the form of a time deposit and denominated in either U.S. dollars or Rupiah and placed in an Indonesian Government bank under the name of the Director of the Directorate General of Minerals and Coal (“DGMC”) or the respective regional governor and the name of the license holder. The period of the time deposit shall be in line with the reclamation’s schedule.

Exploration IUP or Exploration IUPK holders are also required to submit a reclamation plan for the production-operation phase, which must be prepared in accordance with the feasibility study and the approved environmental document. The plan must be included in the submission of the application for a Production-Operation IUP or Production-Operation IUPK to the MEMR or the respective governor. Similar to the reclamation plan at the exploration phase, the approval of the reclamation plan for the production-operation phase shall also state the amount of reclamation guarantee which shall be paid by the holder of IUP or IUPK either in U.S. dollars or Rupiah. The reclamation guarantee may be satisfied in one of the following options: (i) joint account in an Indonesian state-owned bank; (ii) time deposit in a Indonesian Government’s bank in Indonesia; (iii) bank guarantee issued by an Indonesian Government -owned or private bank; or (iv) accounting reserve for a Production-Operation IUP or Production-Operation IUPK holder who lists at least 40.0% of its shares on the Indonesian Stock Exchange or its paid-up capital is in the amount of at least U.S.\$50.0 million. Production-Operation IUP or Production-Operation IUPK holders who place their reclamation guarantee in an accounting reserve are required to submit a statement letter made before a notary stating that the reclamation guarantee has been paid to MEMR or the respective governor.

The reclamation guarantee both in the exploration and production-operation phase may be withdrawn by the holder of the IUP or IUPK upon obtaining the approval from the MEMR or the respective governor and such approval will be based on the success rate of the reclamation activities.

Post-mining plan

In addition to the reclamation plan for the production-operation phase, Exploration IUP or Exploration IUPK holders are also required to prepare a post-mining plan as a prerequisite to obtain the Production-Operation IUP or Production-Operation IUPK. Similar to the reclamation plan, the post-mining plan’s approval will be issued by the MEMR or the respective governor and shall contain the amount of post-mining guarantee which shall be paid by the Production-Operation IUP or Production-Operation IUPK holders, the payment schedule and the holding period of guarantee. The post-mining guarantee shall be placed in an Indonesian state-owned bank under the name of the Director of the DGMC or the respective governor and the name of the license holder, either in U.S. dollars or Rupiah. The post-mining guarantee may be withdrawn by the Production-Operation IUP or Production-Operation IUPK holder upon securing approval from the MEMR or the respective governor. Such approval will be based on the success rate of the post-mining activities. In the case that the Production-Operation IUP or Production-Operation IUPK’s validity period is extended by the MEMR or the respective governor, the Production-Operation IUP or Production-Operation IUPK holders shall amend their post-mining plan.

Indonesian Government royalties

Pursuant to Indonesian Government Regulation No. 26 of 2022 on the Types and Tariffs of Non-Tax State Revenue Applicable in the MEMR (“GR 26/2022”), IUP and IUPK holders are required to pay production royalties to the Indonesian Government. Currently, a range of royalties apply with respect to different types of coal and mineral mining. Under Mining Law (as amended), Production-Operation IUPK holders are required to pay 4.0% of net profit from the mine to be paid to the Indonesian Government and 6.0% of net profit to be shared between the relevant provincial and regional governments in whose jurisdictions the mine is located. In line with the provision under the Mining Law (as amended), GR 26/2022 further stipulated that the portion of the central Indonesian Government shall be in the percentage of 4% of the IUPK and IUPK Continuations holders’ net profit (however, the GR 26/2022 is silent on the portion of the provincial/regional government).

Under the Mining Law (as amended), coal and other minerals mined within Indonesia are required to be processed and refined domestically in accordance with the standard set out by MEMR Regulation No. 25 of 2018 on Mineral and Coal Mining Business Operations as lastly amended by MEMR Regulation No. 17 of 2020 (“MEMR Regulation 25/2018”). However, to date, MEMR Regulation 25/2018 only sets out the standard processing and refining of mineral products. The minimum standard of processing of coal products has not yet been set out in any implementing regulations of the Mining Law (as amended). As of the date of this Offering Memorandum, the Mining Law (as amended) provides that “processing” means the effort to increase the quality of minerals mining commodity to produce products with physical and chemical characteristics that do not change from the nature of the original mining commodity to be refined or become industrial raw materials whereas “refinery” means the effort to increase the quality of minerals mining commodity through physical and chemical processes as well as further refinement processes to produce products with different physical and chemical properties from original mining commodities to metal products as industrial raw materials.

Domestic market obligations

GR 96/2021 provides that Production-Operation IUP and Production-Operation IUPK holders must prioritize domestic needs for coal and minerals. Production-Operation IUP and Production-Operation IUPK holders may export their coal or minerals only after the Indonesian domestic market have been fulfilled. The same provision is adopted by MEMR Regulation 25/2018, which provides that the MEMR will control mineral and coal trading for the purposes of safeguarding the domestic mineral market, maintaining Indonesia’s economic resilience as well as defense and security, and controlling the prices of coal and minerals. Accordingly, the MEMR may determine the type and amount of minerals which shall be provided for the domestic market, as well as the type and amount of mineral which may be exported. The MEMR has not yet issued a decree or regulation which sets out the type and amount of minerals which shall be provided for the domestic market.

Good mining practices

The Mining Law (as amended) requires IUP and IUPK holders to implement KPB, further details of which are provided in its implementing regulations including MEMR Regulation 26/2018 and MEMR Decree No. 1827 K/30/MEM/2018 on Implementing Guidelines for Good Mining Practice (“MEMR Decree 1827/2018”). The KPB consists of good mining engineering and good mining business governance.

Good mining engineering practices

Good mining engineering practices relates to several aspects of the mining process, including: (i) mining engineering, (ii) coal and mineral conservation, (iii) mining occupational health and safety, (iv) mining operational safety, (v) environmental management, reclamation and post mining, as well as post operation, and (vi) the utilization of technology, engineering skills, design, development, and implementation of mining technology. The implementation of good mining engineering practices shall be performed by, among others:

(i) appointing a head of mining technician as the highest authority on the mining site and employing mining technical manpower, (ii) utilizing exploration, mining, processing and/or refining, and transportation methods in line with the approved annual RKAB, (iii) providing equipment, tools, self-safety equipment, facility, personnel, and adequate funds for the implementation of safe mining, (iv) implementing mining environment management and supervision in accordance with the environmental document, as well as environmental recovery and countermeasures in the event of environmental damage or pollution, and (v) planning and implementing the mining and processing recovery (i.e. a figure that shows comparison between the volume of content of main element produced from the processing with the volume of content of main element in the ore that is inserted during the processing, stated as a percentage).

Good mining business governance

Good mining business governance relates to several aspects of the mining business, including: (i) marketing, (ii) accounting, (iii) data processing, (iv) utilization of goods, services and technology, (v) development of mining technical manpower, (vi) fostering and developing the surrounding community, (vii) other mining-related activities which relate to public interest, (viii) compliance with the IUP or IUPK conditions, and (ix) amount, type, and quality of the mining product. The implementation of good mining business governance practices shall be performed by, among others: (i) trading coal or minerals with qualities and quantities that are in line with the approved annual RKAB, (ii) prioritizing domestic market obligations, (iii) implementation of financial aspects in line with the approved annual RKAB, (iv) preparing financial statements in line with Indonesian accounting standards, (v) performing data management from the collection phase to deletion phase, (vi) utilizing goods, services and technologies in accordance with the approved RKAB, and (vii) fostering and developing surrounding communities.

General mining services

The Mining Law (as amended) stipulates that:

- IUP holders or IUPK holders must engage local and/or national mining services companies and where no local and/or national mining services company is available, IUP holders or IUPK holders may engage foreign-owned mining services companies;
- where IUP holders or IUPK holders engage mining services companies, IUP holders or IUPK holders shall retain responsibility for mining business activities;
- companies providing mining services take the form of legal entities, cooperatives, or sole proprietorships under the classification and qualifications set by the MEMR as set forth below; and
- mining services providers must give preference to local contractors and workers.

Based on the Mining Law (as amended) and its implementing regulations, an IUPJ covers the following activities:

- general surveying;
- exploration;
- feasibility studies;
- construction;
- transportation;
- environmental;
- post-mining and reclamation;

- health and safety works; and/or
- mining works

The Mining Law (as amended) states that any subsidiary and/or affiliate of an IUP or IUPK holder is prohibited from being engaged as a contractor for the mining operations of such IUP or IUPK holder without obtaining approval from the MEMR. The definition of a subsidiary and/or an affiliated mining service company is a mining service company that has a direct share ownership relationship with a mining company. According to the Director General of Mineral, Coal and Geothermal Regulation No. 376.K/30/DJB/2010 of 2010 on the Procedure and Requirements to Request Approval of Using Subsidiaries and/or Affiliates in the Mining Service Business (“Regulation 376”), a mining company has a direct share ownership in a mining service company if:

- 20% shares of the mining service company’s shares are directly owned by an IUP or IUPK holder;
- 50% of the voting rights of a mining service company are held by an IUP or IUPK holder by virtue of an agreement directly controlling financial and operation policies of the mining service company; and/or
- an IUP or IUPK holder has the authority to appoint and discharge finance and operational directors (or persons having equivalent positions) of a mining service company.

In addition to obtaining approval from the MEMR, a mining company must be unable to engage an unaffiliated mining services company or there must be no mining services company classified as interested in or capable of performing the mining services required based on certain criteria as stipulated under the Mining Law (as amended), before it may employ its subsidiary and/or affiliated company.

Following the issuance of Law 3/2020 and GR 96/2021, mining services companies are now permitted to provide all types of mining operation activities to mining license holders.

Mandatory approval from MEMR, notification to MEMR and update corporate information to the Minerba One Data Indonesia (MODI) System

Pursuant to the Mining Law (as amended) and GR 96/2021, any change of shareholding composition in a mining company must be approved by the MEMR. To obtain the approval, the mining company must submit a written application to the MEMR along with administrative, technical, environmental and financial requirements. Administrative requirements are comprised of, among others, the application letter, NIB (as defined below), composition of board of directors and board of commissioners, list of shareholders or capital, and list of beneficial owners. Technical requirements are comprised of a final exploration report and resource and reserve data. Environmental requirements are comprised of reports on the implementation of reclamation activities and proof of placement of reclamation guarantees. Meanwhile, the financial requirements are comprised of, among others, audited financial statement for the last three years, a fiscal certificate report and proof of payment of fixed contributions for the last three years. Noncompliance with this requirement may result in administrative sanctions in the form of written warning, temporary cessation of production-operation activities and/or revocation of the IUP.

Additionally, pursuant to the Mining License Regulation, any change of members of board of directors and board of commissioners must be notified to the MEMR no later than 14 days after the change has been notified to the Minister of Law and Human Rights (“MOLHR”) (which change should, under the Law No. 40 of 2007 concerning Limited Liability Company as amended by the 2022 Job Creation Law (“Companies Law”), be notified to the MOLHR by no later than 30 days from the date of the shareholders’ resolution). Similarly, noncompliance with this requirement may result in administrative sanctions in the form of written warning, fines, temporary cessation of production-operation activities and/or revocation of the IUP or IUPK.

In April 2022, the MEMR issued the MEMR Decree No. 78.K/MB.01/MEM.B/2022 on the Implementation Guideline of Licensing Evaluation and Registration of Changes of Shareholders, Directors, and/or Commissioners on Mining Business Licenses Issued by Governors or Regents/Mayors Prior to the Enactment of Law No. 3 of 2020 (the “MEMR Decree 78/2022”) which requires PO IUP holders to update the information of their shareholders, members of board of directors, and board of commissioners to the *Minerba One Data Indonesia* (“MODI”) system, which is an online mining business licensing database administered by the MEMR. Furthermore, MEMR Decree 78/2022 sets out that PO IUP holders that have carried out changes in the composition of their shareholders, board of directors, and/or board of commissioners without obtaining prior approval from the relevant governor before updating such information change in the MODI system shall be subjected to sanctions in accordance with the applicable laws and regulations. While MEMR Decree 78/2022 provides no further clarity as to the specific sanctions that are applicable in such instance, as discussed in the preceding paragraphs, the Mining License Regulation sets out that violations on such notification or approval requirements may result in administrative sanctions in the form of written warning, fines, temporary cessation of production-operation activities and/or revocation of the IUP.

Nickel sales price controls

On January 11, 2017, the MEMR issued MEMR Regulation No. 7 of 2017 on Method of Determination of Minerals and Coal Benchmark Sale Price as recently amended by MEMR Regulation No. 11 of 2020 (“MEMR Regulation No. 7 of 2017 (as amended)”). MEMR Regulation No. 7 of 2017 (as amended) stipulates that the nickel pricing arrangement between the IUP, IUPK, or CoW holder and the nickel purchaser (including their respective affiliated parties) must stipulate a nickel price which is no less than the metal mineral benchmark price for nickel (*Harga Patokan Mineral Logam* or “HPML”) determined by the MEMR. There are eight types of HPML for nickel, namely HPML for nickel ore, ferronickel, mixed hydroxide precipitate, mixed sulfide precipitate, nickel metal shot, NPI, ingot nickel and nickel-matte. The applicable HPML will be determined based on a formula containing several variables including mineral content/value, constant, metal mineral price reference (*Harga Mineral Logam Acuan* or “HMA”), corrective factor, treatment cost and refining charges and/or payable metal. The HPML formula is determined by the MEMR which may be regularly reviewed on semi-annual basis and the HMA is determined by the MEMR on monthly basis based on the metal mineral publications issued by London Metal Exchange, London Bullion Market Association, Asian Metal, Indonesia Commodity & Derivatives Exchange, Jakarta Future Exchange and/or other publications (both issued locally and overseas) used in selling metal minerals. The HPML may be calculated in U.S. dollars or in Rupiah. If the price of coal is denominated in U.S. dollars, then the Rupiah conversion of the price shall be calculated in accordance with the middle exchange rate quoted by Bank Indonesia on a date or period agreed upon between the seller and the buyer.

Mineral export license

Minister of Trade Regulation No. 19 of 2021 on Export Policy and Arrangement as amended by Minister of Trade Regulation No. 12 of 2022 (“MOTR 19/2021”), sets forth limitations on the export of certain types of mining products and processed and/or refined mining products as listed in appendix I of MOTR 19/2021 which mainly list minerals that have been refined and/or processed in accordance with the applicable minimum level of processing and/or refinery stipulated by the MEMR.

Mining products listed in appendix I of MOTR 19/2021 may only be exported from June 11, 2023, for the purposes of research and development, re-export and industrial products export evidenced by the number and the date of registration of custom export notification from the Indonesian custom. Processed and/or refined mining products listed in appendix I of MOTR 19/2021 may only be exported until June 10, 2023, evidenced by the number and the date of registration of custom export notification from the Indonesian custom agency.

Further, on August 30, 2019, the MEMR issued MEMR Regulation No.11/2019 amending MEMR Regulation No. 25/2018 on the Commercialization of Mining Minerals and Coal (“MEMR 11/2019”), banning the export of low-grade nickel ore (less than 1.7% nickel content) from Indonesia effective January 1, 2020.

Land rights for mining purposes in Indonesia

A mining company is not obliged to hold any title to land in order to conduct mining operations in a mining concession area. A mining company without title to the land will rely on the mining licenses to conduct its mining activities. The Mining Law (as amended) imposes an obligation on holders of mining concessions to come to a “settlement” with people holding title to land within the mining concession area. The purpose of this “settlement” is to compensate the land title holder(s) for the disruption to their use of the surface of the land caused by the mining activities. A settlement only needs to be reached with title holders to land within mining concession areas which will actually be affected by mining activities. There is no requirement to compensate every land title holder whose land title overlaps with the mining concession area. Despite the Mining Law (as amended) not requiring a mining concession holder to acquire ownership of overlapping land titles, mining concession holders sometimes do choose to acquire ownership of the underlying land title, particularly for mining infrastructure. This is to avoid disputes in the future in respect of whether compensation was adequately provided and to provide legal certainty in respect of the concession holder’s right to conduct activities in particular strategic areas.

Regional government law

Indonesia is divided into provinces which are further subdivided into regencies and municipalities. The regencies and municipalities within a province are autonomous in most of their activities and, therefore, have the freedom to direct their own authorities over their respective political subdivision.

On October 2, 2014, the Indonesian Government enacted Law No. 23 of 2014 concerning the Regional Indonesian Government (“Law 23”) which has revoked the previous Law No. 32 of 2004 concerning the Regional Indonesian Government (“Law 32”), which substantially changed the legal and regulatory framework of the mining industry in Indonesia. Law 23 divides the governmental affairs into (i) absolute governmental affairs; (ii) concurrent governmental affairs; and (iii) general governmental affairs. Mining business activities are categorized as concurrent governmental affairs, which require the distribution of authority between the Indonesian Government and other regional governments when discharging their governmental affairs. The distribution of authority will mainly be assessed based on the location, the customer, the impact and the efficiency of minerals utilization in the relevant area. To date, the Indonesian Government has issued a number of amendments to Law 23 including Indonesian Government Regulation as Substitute of Law No. 2 of 2014, Law No. 9 of 2015 and the Job Creation Law as the third amendment to Law 23, as well as the partial revocation by Indonesian Government Regulation as Substitute of Law No. 2 of 2014. Although Law 32 has been revoked, Law 23 provides that the implementing regulations of Law 32 shall continue to apply so long as they do not conflict with Law 23.

See “*Risk Factors — Risks relating to Australia and Indonesia — The interpretation and implementation of legislation on regional governance in Indonesia is uncertain and may adversely affect our business, financial condition, results of operations and prospects*”.

Forestry regulation

Law No. 41 of 1999 on Forestry (“Forestry Law 1999”), as amended by Law No. 19 of 2004 which ratifies the Indonesian Government Regulation in Lieu of Law No. 1 of 2004 (“Forestry Law”) and the 2022 Job Creation Law, provides that open-pit mining operations cannot be conducted within protected forests. Notwithstanding this general prohibition, a number of licenses and contracts for open-pit mining in protected

forest areas that existed prior to the enactment of Forestry Law 1999 remain valid until their expiration. Significant areas of forestry in Indonesia have been classified as protected forests.

Based on the Forestry Law and Government Regulation No. 23 of 2021 on Forestry Implementation (“GR 23/2021”), if mining operations are conducted within a forest area, a Forestry Utilization Approval (*Persetujuan Penggunaan Kawasan Hutan* or “PPKH”) is required to conduct such mining activities. Further, GR 23/2021 states that mining activities in a forestry area can only be carried out in production forests (*hutan produksi*) and, if conducted underground, in protected forests (*hutan lindung*). Further, under Regulation of the Minister of Environment and Forestry No. 7 of 2021 regarding Forestry Plan, Change of Forest Appropriation and Change of Area Function of the Forest, and Utilization of Forest Area (“Regulation 7 of 2021”), the quota of mineral and coal mining activities (including its facilities and infrastructures) which may be granted a PPKH shall be (among other limitations):

- up to 10% of the total area of the protected forest and production forest, if the mining activities are conducted in an island;
- up to 10% of the total area of the forestry holding unit (*kesatuan pemangkuan hutan*) if the mining activities are conducted in production forest within Perum Perhutani’s working area; or
- up to 10% of the total area of the protected forest in a province if the mining activities are conducted in a protected or production forest within such province.

Regulation 7 of 2021 further states that the above provisions shall not apply if the PPKH is intended for (among other transitional provisions):

- mining exploration or extended exploration;
- transportation roads for mining production;
- strategic projects pursuant to a cooperation between governments; or
- mineral production operation activities accompanied by the construction of a smelter that have been determined by the MEMR.

Regulation 7 of 2021 further stipulates that compensation for the use of a forest area for mining activity shall be in the form of a non-tax state income. It also stipulates that a PPKH is valid for the same period as the applicable operational license, such as the mining licenses (IUP or IUPK). Pursuant to the Forestry Law, to make any changes on the utilization of the forest, due to its strategic value, the Minister of Forestry must obtain the approval of the DPR.

Regulation 7 of 2021 prohibits the holder of a PPKH from conducting any field activities before it has obtained a decree on the working area borderline (*penetapan batas areal kerja*). Once such a decree has been obtained, the holder of an PPKH may conduct activities within the working area, and any holder of an PPKH which has obtained a decree on working area borderline must fulfill the obligations as set out therein, including, amongst others, the obligation to pay PSDH and/or DR in accordance with prevailing laws and regulations. Pursuant to Regulation 7 of 2021 as well as Minister of Environment and Forestry Regulation No. 8 of 2021 on Forest Management and Organization of Forest Management Plans, and Forest Utilization in Protected Forests and Production Forests, failure to pay the PSDH and/or DR within 30 days after the issuance of the holder’s monthly Production Result Report (*Laporan Hasil Produksi*) may result in such PPKH holder being imposed fines of 2% per month of the outstanding PSDH, administrative sanctions in the form of written warnings, suspension of the PPKH, and/or revocation of the PPKH.

Pursuant to Regulation 7 of 2021, a mining company whose mining activities are conducted within a forest area is obliged to prepare and implement reclamation and revegetation of the forestry area prior to the expiry of the PPKH. In the event that such reclamation and revegetation has not been conducted after the PPKH has expired, the MEMR may issue an extension of the PPKH for the maximum 5 years in order to conduct the reclamation and revegetation activities.

The reclamation process is required to be consolidated in a five-year plan with additional details contained in the annual plan. The reclamation plan will be assessed by the Directorate General of Watershed Management and Social Forestry at the Ministry of Environment and Forestry, on behalf of the Minister. If found to be adequate, then a recommendation will be issued by the Directorate General of Watershed Management and Social Forestry at the Ministry of Environment and Forestry, on behalf of the Minister of Environment and Forestry, and will be further approved by MEMR, the head of the regional or the regency government. If the mining period is less than five years, the reclamation plan will be adjusted to the mining period, while the assessment and the approval by the related authorities will follow the “five-year plan” steps.

The PPKH holder is required to establish a special body to execute the forest reclamation process, which must include experts in forestry, agriculture, mining, soil and other fields related to forest reclamation. A progress report concerning the reclamation process must be submitted periodically to the Directorate General of Watershed Management and Social Forestry at the Ministry of Environment and Forestry, with a copy to the Directorate General of Forestry Planology at the Ministry of Environment and Forestry, Directorate General of Minerals and Coal at the MEMR, Provincial Technical Agency that handles forestry matters, and the Regent Technical Agency that handles forestry matters, and such report must include quarterly and annual reports of the reclamation progress.

Environmental regulation

Environmental protection in Indonesia is governed by various laws, regulations and decrees, including the following:

- Law No. 32 of 2009 on Environmental Protection and Management, as recently amended by the 2022 Job Creation Law (“Environmental Law”);
- Indonesian Government Regulation No. 5 of 2021 on Risk-Based Business Licensing (as amended) (“GR 5/2021”);
- Indonesian Government Regulation No. 22 of 2021 on Implementation and Management of Environmental Protection (“GR 22/2021”);
- Minister of Environment and Forestry Regulation No. 4 of 2021 on List of Business and/or Activities Which Required to Have an Environmental Impact and Analysis Assessment (*Analisis Mengenai Dampak Lingkungan* or “AMDAL”), Environmental Management Effort and Environmental Monitoring Effort (*Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Lingkungan Hidup* or “UKL-UPL”), or Statement on Environmental Management and Monitoring Readiness (*Surat Pernyataan Kesanggupan Pengelolaan dan Pemantauan Lingkungan Hidup* or “SPPL”) (“MOEF Reg 4/2021”);
- Minister of Environment Regulation No. 16 of 2012 on the Guidelines on Preparation of Environmental Documents (“ME Regulation 16/2012”);
- Mining License Regulation;
- MEMR Regulation 26/2018;
- MEMR Decree 1827/2018; and

- Minister of Environment and Forestry Regulation No. P.26/MENLHK/SETJEN/KUM.1/7/2018 on the Guidelines for the Preparation, Assessment, and Examination of Environmental Documents in the Implementation of OSS (“MOEF Regulation 26/2018”).

These laws generally provide, among others, that mining companies must have the facilities and bear the costs and expenses of reclamation and rehabilitation of concession areas and shall prevent and minimize environmental pollution and destruction resulting from mining activities. Mining companies whose operations have a significant environmental or social impact must create and maintain AMDAL documents, which must contain:

- an analysis known as Terms of Reference on Environmental Impact Analysis Form (*Formulir Kerangka Acuan Analisis Dampak Lingkungan*);
- an environmental impact analysis (*Analisis Dampak Lingkungan*);
- an environmental management plan (*Rencana Pengelolaan Lingkungan*); and
- an environmental monitoring plan (*Rencana Pemantauan Lingkungan*).

In certain circumstances, including where the mining activities are in exploration stage, AMDAL documents are not required and an Environmental Management Effort (*Upaya Pengelolaan Lingkungan Hidup*) document and an Environmental Monitoring Effort (*Upaya Pemantauan Lingkungan Hidup*) document must be prepared instead. Technical guidelines for the preparation of these documents are set out in ME Regulation 16/2012 and MOEF Regulation 26/2018.

Pursuant to MOEF Regulation 26/2018, a company must obtain environmental permits which will be issued by the Online Single Submission (“OSS”) business licensing system on behalf of the Minister of Environment and Forestry, Governor or Mayor/Regent (in accordance with their respective authorities) through the OSS business licensing system. However, by the issuance of the Job Creation Law, the requirement to obtain a separate environmental permit has now been removed. Instead, pursuant to GR 22/2021, a company, in order to legally conduct its business and/or activity, must obtain an Environmental Approval (*Persetujuan Lingkungan*) from the central or regional government, which serves as a pre-requisite for the issuance of a business license (*perizinan berusaha*) of the company.

An Environmental Approval (*Persetujuan Lingkungan*) is obtained through preparation of AMDAL or UKL-UPL and shall have the same validity period with the business license. Any business actors who have conducted their businesses before GR 22/2021 takes effect and (i) who do not have the environmental documents or who have environmental documents but such documents do not comply with prevailing regulations; and (ii) whose business locations are in accordance with the spatial plan (*rencana tata ruang*), are required to have:

- (a) an Environmental Evaluation Documents (*Dokumen Evaluasi Lingkungan Hidup*, or “DELH”) for business activities with significant environmental effect; or
- (b) an Environmental Management Documents (*Dokumen Pengelolaan Lingkungan Hidup*, or “DPLH”) for business activities with insignificant environmental effect.

Such DELH or DPLH must be submitted by the business actor to the Minister of Environment and Forestry, or regional government in accordance with their respective authority, through an Environmental Documents Information System, to be approved. The approved DELH or DPLH is equal to an Environmental Approval which is used as pre-condition and integrated in the business licensing.

After all environmental documents are obtained, the company must conduct environmental management of the mining areas under the Good Mining Practice principles under the prevailing laws and regulations. MEMR

Regulation 26/2018 states that environmental management of the mining areas include the implementation of environmental management and supervision according to the company's environmental document; and prevention and recovery of the environment in the event of pollution and/or environmental damage. Mining companies have to prepare an annual RKAB which includes environmental aspects. Holders of Exploration IUP, Exploration IUPK, Production-Operation IUP, and Production-Operation IUPK are required to provide a reclamation guarantee, and holders of Production-Operation IUP and Production-Operation IUPK are also required to provide a post-mining guarantee. MEMR Decree 1827/2018 further stipulates the guidelines on the environmental management of the mining areas. The environmental management activities are supervised by the mining inspector with further supervision from the head of mining inspector.

In addition, mining companies are required to appoint a head of mining technology and Person-in-Charge for Technical and Environmental matters who is required to: submit regular reports on the environmental management and supervision activities to the mining inspector; report if there is a potential environmental pollution and/or damage indication to the mining inspector; submit a report regarding environmental case no later than 24 hours after the case occurred accompanied by the mitigation plan to the mine inspector; create procedural standards for environmental pollution and/or damage mitigation of the potentially caused environmental pollution and damaged area; and lead the reclamation and post-mining operation.

Under Indonesian environmental regulations, remedial and preventative measures and sanctions (such as the imposition of substantial criminal penalties, fines and the cancelation of concessions) may be imposed in order to remedy or prevent pollution caused by operations. Such sanctions range from three to 15 years of imprisonment for any person who intentionally has caused environmental pollution or environmental damage, and fines ranging from between Rp.3.0 million to Rp.15.0 billion, subject to an additional penalty of one-third of the fine amount if the charge is filed against the party who ordered the criminal act or against the criminal mastermind. The Ministry of Environment and Forestry also reserves the right to impose a monetary penalty in lieu of any rehabilitation obligations of a liable person.

Wastewater disposal

GR 22/2021 requires reports to be submitted by concession holders detailing their disposal of wastewater and compliance with applicable regulations. Such reports are to be submitted on a quarterly basis to the relevant authority, with a copy provided to the Minister of Environment. The Decision of the Minister of Environment No. 113 of 2003 concerning Standard Water Quality for Coal Mining Business and/or Activities requires mining companies to process their wastewater from mining and processing activities in accordance with mandated quality standards set out therein, and to manage water that is affected by mining activities by way of sedimentation pools. Mining companies are also required to monitor surface water quality where wastewater from the sedimentation pools or wastewater treatment facilities is discharged into streams and rivers, and to comply with any additional requirements stipulated in their respective concessions or licenses. Analysis of wastewater and daily flow rates must be submitted on a quarterly basis to the relevant authority and to the Minister of Environment.

Hazardous and toxic substances

GR 22/2021 and Indonesian Government Regulation No. 74 of 2001 on Management of Hazardous or Toxic Materials regulate the management of certain stipulated materials and waste. Flammable, poisonous or infectious waste from mining operations is subject to these regulations unless it can be proven scientifically by the applicant that it falls outside the categories set forth in such regulations, by conducting a characteristic test (*uji karakteristik*). These regulations require a company using specified materials, or materials which produce waste, which is specified in the regulations, to obtain a license in order to store, collect, transport, utilize, process and accumulate such waste. Such licenses may be revoked, and the license-holder may be required to cease operations in the event of violation. Pursuant to Regulation 22/2021, there are several types

of waste which are now no longer considered hazardous and toxic waste, including fly ash and bottom ash produced from coal burning processes in steam power plants or other activities which use technologies other than stocker boiler and/or industrial furnaces. The person, in storing hazardous waste, must comply with the following requirements:

- (a) the hazardous waste storage standards which are integrated to the Business Identification Number (*Nomor Induk Berusaha* or “NIB”), for hazardous waste producer with business and/or activities that requires SPPL; and/or
- (b) technical details on the hazardous waste storage which are included in the Environmental Approval (*Persetujuan Lingkungan*) for hazardous waste producer with business and/or activities that requires AMDAL or UKL-UPL.

Usage of explosives

Explosives usage in Indonesia for mining purposes is regulated by Mining License Regulation and Regulation of Head of National Police No. 17 of 2017 on Licensing, Supervision, Control and Safety of Commercial Explosive Materials (“Regulation 17/2017”). Based on Regulation 17/2017, an “end-user” is defined as a legal entity performing a government project and/or a private entity that is directly responsible as the user of an explosive material. Regulation 17/2017 requires end-users who are engaging in the mineral, coal and geothermal sectors to have:

- an IUP, CoW, CCoW, concession, or other licenses;
- a head of mining technician and explosive expert that holds a Blasting Permit Card issued by the Director General of Mineral and Coal or the head of the provincial mining office, as applicable; or
- a local mineral business license for an entity that engages in the industrial mineral sector or C class material in accordance with the prevailing laws and regulations.

Regulation 17/2017 also provides that end-users may be granted certain explosive-related licenses including a storage license, ownership, possession, and storage license, purchasing and utilization license, transfer of use license, residual use license, transport of explosives license and annihilation license.

Electricity regulations

The Indonesian electricity industry is regulated under Law No. 30 of 2009 as recently amended by the 2022 Job Creation Law (the “Electricity Law”) and its implementing regulations, including, among other things, Indonesian Government Regulation No. 14 of 2012 as amended by Indonesian Government Regulation No. 23 of 2014 on Electricity Supply Business Activities (“GR on the Electricity Supply Business Activities”). On February 2, 2021, as an implementing regulation of the Job Creation Law, the Indonesian Government also enacted Indonesian Government Regulation No. 25 of 2021 on Organization of Energy and Mineral Resources (“GR on Energy and Mineral Resources”).

The Electricity Law defines “Electric Power” as anything that relates to the supply and utilization of electric power and an electric power support business. In accordance with the principle of regional autonomy, the electric power business is controlled by the Indonesian Government and regional governments and is carried out by state-owned companies and regional government-owned companies. In addition, private enterprises, cooperatives, and self-supporting public institutions may also participate in the electric power business.

Under the Electricity Law, the Indonesian Government has the authority to determine the General National Power Plan (“RUKN”), which is prepared based on the national policy on energy following due consultation with the House of Representatives. RUKN is a plan to develop an electric power supply system for Indonesia and relates to electric power plants and the transmission and distribution of electric power which is required

for fulfilling Indonesia's electric power needs. For 2019 to 2038, RUKN is contained in the MEMR Decree No. 143K/20/MEM/2019.

Pursuant to the Electricity Law, the electric power business is divided into (i) the electric power supply businesses; and (ii) the electric power supporting businesses.

Under GR on the Electricity Supply Business Activities, the business of electric power supply service consists of (i) electric power generation; (ii) electric power transmission, (iii) electric power distribution; and/or (iv) the sale of electric power. The electric power supply business for public use may be carried out by state-owned companies, regional government-owned companies, private companies, cooperatives, or self-supporting public institutions after obtaining an electric power supply business license (*Izin Usaha Penyediaan Tenaga Listrik* or "IUPTL for Supply"). The IUPTL for Supply is valid for a maximum of 30 years and extendable upon its expiry.

The electric power supply business for private use shall obtain a license to operate the power plant. A power plant for internal use, commonly known as a "captive power plant", is usually constructed by a company to supply electricity for its main business operations without reliance on services from other parties. Under MEMR Regulation No. 11 of 2021 on Implementation of Electricity Business, a power plant operator may generate electricity for its own use by obtaining an Electricity Supply for Own Interest Business License for power plants with a capacity of over 500 kW in an electricity installation system or by submitting reports to the MEMR (through the Directorate General of Electricity or the relevant governor) for power plants that have a capacity up to 500 kW in an electricity installation system. Electricity Supply for Own Interest Business License holders are also obliged to submit an annual report regarding their business activities noncompliance with which may result in administrative sanctions imposed by the Indonesian Government in accordance with the applicable laws and regulations. The Electricity Supply for Own Interest Business License is valid for a maximum of 10 years and also extendable upon its expiry.

Other regulations related to mining operations

Other relevant regulations applicable to mining operations include regulations regarding the use of groundwater and supporting infrastructure such as ports.

Companies that propose to explore, drill and acquire groundwater for their operations are required to comply with the provisions of the Decree of the Minister of Mining and Energy No. 1451 K/10/MEM/2000 regarding Technical Guidelines on the Groundwater Management, which includes, among other things, requirements to obtain licenses to explore, drill and acquire groundwater and the licenses to acquire and the embankment of spring water. Failure to comply can lead to suspension or revocation of relevant licenses or permits.

Indonesian Government Regulation No. 61 of 2009 dated October 20, 2009 on Ports as amended by Indonesian Government Regulation No. 64 of 2015 dated August 19, 2015 and partly revoked by Indonesian Government Regulation No. 31 of 2021 dated 2 February 2021 ("Regulation No. 61 of 2009 (as amended)") generally reformulates the structure of port management in Indonesia and introduces new terms, including, among other things, a "dedicated terminal" (*terminal untuk kepentingan sendiri*), a terminal located within a port working area and interest area which constitutes part of a seaport for serving own interest in accordance with the relevant main business activities, and "special terminal" (*terminal khusus*), a terminal located outside a port working area and interest area which constitutes part of the closest seaport for serving own interests in accordance with the relevant main business activities, which is further regulated under Government Regulation No. 31 of 2021 on the Conduct of Shipping Sector ("GR 31/2021") and Regulation of the Minister of Transportation No. PM 52 of 2021 on Special Terminal and Dedicated Terminal ("Regulation PM 52").

In order to operate a special terminal to support applicable business activities, a legal entity needs to obtain the following licenses: (i) special terminal location license; (ii) business license to construct a special terminal;

and (iii) business license to operate a special terminal. In addition, prior to operating a special terminal, the legal entity is required to obtain a recommendation from the nearest port operator. A special terminal construction license may be revoked in the event that, among others, the licensee does not commence the construction of the special terminal two years after the business license to construct the special terminal is issued and/or the construction is not completed within the time period stipulated under the business license to construct the special terminal. The business license to construct the special terminal is valid for five years and extendable for a maximum of two additional years.

Regulation of the Indonesian Industrial Sector

The primary law on the industrial sector is Law No. 3 of 2014 on Industry (“Industrial Law”) as amended by the 2022 Job Creation Law. The Industrial Law requires a company operating in the industrial sector to secure an Industrial Business License (*Izin Usaha Industri*) (“IUI”) based on its scale, (small, medium or large), in accordance with the number of laborers employed and nominal investment value including land and building value, equipment and machinery, and facilities used to conduct the industrial activity. Under the grandfathering clause of the Industrial Law, all ancillary regulations under the former Industrial Law shall remain in force insofar as none of the provisions are in conflict with the Industrial Law and to the extent that no ancillary regulation under the Industrial Law were introduced. Further, any IUI that was secured prior to the enactment of the Industrial Law shall remain valid insofar as the industrial activities covered by the IUI remain in place. Failure to secure the IUI may result in administrative sanctions, such as written notice, fines and/or temporary closure.

On June 21, 2018, the Indonesian Government issued Indonesian Government Regulation No. 24 of 2018 on the Integrated Electronic Business Licensing Service, which was later replaced by GR 5/2021, and governs the implementation of an OSS business licensing system. An IUI shall be issued through the OSS system. To obtain an IUI through the OSS system, a company must first obtain an NIB via the OSS system. Subsequently, the company must use such NIB to file an application for an IUI. After obtaining the IUI, pursuant to Regulation of the Minister of Industry No. 15 of 2019 on Issuance of Industrial Business License and Expansion License in the Framework of Electronically Integrated Licensing Service as amended by Regulation of the Minister of Industry No. 30 of 2019, and Regulation of the Minister of Industry No. 9 of 2021 on Business Activity and/or Product Standards in the Implementation of Risk Based Business Licensing in Industrial Sector, the company must fulfil several commitments as follow:

- obtain a National Industrial Information System (Sistem Informasi Industri Nasional or “SIINas”);
- for companies that are exempted from the obligation to be located in Industrial Zone, obtain a letter of statement (*surat keterangan*); and
- pass a technical verification.

The Industrial Law also mandates that any company engaging in industrial activities must carry out its operations within an Industrial Zone (*Kawasan Industri*) and failure to comply may result in administrative sanctions on such company. However, this requirement is not applicable to (i) any industry located in regions which have yet to be equipped with Industrial Zones or whose Industrial Zones are fully occupied, (ii) small or medium-scale industries having no potential to adversely affect the environment or (iii) industries using certain raw materials and/or running certain manufacturing processes, and which must be located in specialized zones.

Job Creation Law

On November 2, 2020, the 2020 Job Creation Law came into force. The 2020 Job Creation Law aims to attract investments, create jobs and stimulate the economy by, among other things, simplifying the licensing process

and harmonizing various laws and regulations, and easing the process of making policy decisions for the central Government of Indonesia.

The 2020 Job Creation Law amended more than 75 laws. On February 2021, more than 50 implementation regulations of the 2020 Job Creation Law have been issued. Some notable changes introduced by the 2020 Job Creation Law include:

- confirmation that business licenses will be generally issued by the central Government of Indonesia and if the power to issue business licenses is given to a local government, such issuance shall be subject to the procedures and criteria determined by the central Government of Indonesia;
- key amendments to the Indonesian Labor Law and Law No. 40 of 2004 on the National Social Security System, particularly on definite period employment, outsourcing, overtime, minimum wage, termination of employment and manpower social security; and
- amendments to several tax provisions such as tax exemptions for dividends obtained by individual resident taxpayers that are re-invested in Indonesia, lowering the withholding tax rate on interest paid to non-resident taxpayers and lowering the administrative penalty imposed for administrative errors by taxpayers.

On November 25, 2021, however, the Constitutional Court issued a decision on the Formal Examination of the 2020 Job Creation Law through Decision Number 91/PUU-XVIII/2020. The decision stated that the establishment of the 2020 Job Creation Law was contrary to the 1945 Constitution of the Republic of Indonesia and had no legal force to bind conditionally as long as it was not interpreted. The Constitutional Court ordered the legislators to make the amendment within a maximum period of two years after the decision was pronounced and if within that two years the changes were not made, the 2020 Job Creation Law would be deemed permanently unconstitutional. In response to such decision, on June 16, 2022, the Government of the Republic of Indonesia firstly amended Law No. 12 of 2011 on Enactment of Laws and Regulations (as amended) to provide a provision which accommodates the omnibus method used under the Job Creation Law. Thereafter, on December 30, 2022, the Government revoked the 2020 Job Creation Law by issuing the 2022 Job Creation Law. The changes under the 2022 Job Creation Law were moderate and did not drastically alter the provisions previously provided under the 2020 Job Creation Law. Only several provisions under the 2020 Job Creation Law were revoked by the 2022 Job Creation Law, *i.e.* employment, taxation, halal products, water resources, environmental permit and building permit.

Indonesian Labor Law

Labor or employment in Indonesia is primarily regulated by the Indonesian Labor Law and Labor Union Law, as lastly amended by the 2022 Job Creation Law. Under the Indonesian Labor Law, an employee is any person working for a salary or other form of remuneration. In contrast, an employer is any individual, entrepreneur, legal entity or other body employing manpower by paying a salary or other form of remuneration. Employees of a company with more than 10 employees may form a labor union. Such labor union must be registered with the Ministry of Manpower (the “MOM”). A registered labor union is entitled to (i) make a collective labor agreement with the employer (see below), (ii) represent employees in solving industrial relations disputes, (iii) represent employees in various employment activities and (iv) carryout activities that can improve employees’ welfare.

The Indonesian Labor Law further provides that any employer that employs 10 or more employees is required to maintain a company work guidelines (“CWR”) which will come into force once registered with the MOM (or its regional offices). The CWR contains, among others, the rights and obligations of the employer and the employee, term of works, and rule of the company. A CWR is valid for two years as from the date it is registered with the MOM and must be renewed once expired. Failure to maintain a valid CWR is subject to

monetary sanctions ranging from Rp5.0 million up to Rp50.0 million. The obligation to maintain a CWR does not apply if the employer has entered into a collective labor agreement (“CLA”) with its labor union. The CLA must be made upon consensus between the employer and the labor union. Similar with CWR, CLA is valid for a maximum of two years from date it is signed (unless otherwise agreed between the parties) and, by written agreement between the parties, can be extended for a further one-year term. The CLA applies to all employees in a company. If at the same time there is an employment contract entered into by the company and an individual employee, the provisions of CLA shall apply in the absence of specific provisions in the employment contract or in the event there are conflicting provisions between the two agreements.

Further, if an employer employs more than 10 employees, or pays salaries of at least Rp1.0 million a month, such employer must participate in the Government’s social and security program. The Government’s employment and social security department consists of the Manpower Social Security Administrator (*Badan Penyelenggara Jaminan Sosial Ketenagakerjaan* – “Manpower BPJS”) and the Health Social Security Administrator (*Badan Penyelenggara Jaminan Kesehatan* “Health BPJS”). The amount contributed to Manpower BPJS and Health BPJS are to cover the employee for general healthcare and in case of occupational accident, death and for an old age pension is calculated by reference to the amount an employee actually receives. The 2020 Job Creation Law, as later revoked by the 2022 Job Creation Law, introduced an unemployment insurance under the Manpower BPJS system. The insurance provides cash payments, access to job openings and training, and compensation from the government. Employers have the obligation to enrol their employees with the Health BPJS and Manpower BPJS. All employees who are already enrolled with the Manpower BPJS system are automatically registered for the unemployment insurance. The monthly premium contributions for these benefits are paid by the central government. Employees’ entitlement will be deemed to have been waived if they do not claim the benefits within 3 months of termination, obtain new employment or pass away.

Investment Regulation

On April 26, 2007, the Indonesian Government issued Law No. 25 of 2007 regarding Capital Investments (the “Investment Law”), as amended by the 2022 Job Creation Law, which principally regulates direct investments in Indonesia, in the form of foreign capital investments (*Penanaman Modal Asing* or “PMA”) and domestic capital investment (*Penanaman Modal Dalam Negeri* or “PMDN”). In Indonesia, a foreign investor must undertake its investment through a foreign investment limited liability company (“PMA company”).

The Investment Law provides that all types of businesses are open for investment without restriction, except those expressly prohibited or allowed under certain conditions. Currently, these prohibited and restricted business activities are listed in Presidential Regulation No. 10 of 2021 on Investment Business Sectors, which was amended by Presidential Regulation No. 49 of 2021 (“Regulation 10/2021”). Regulation 10/2021 stipulates that all types of business are open for investment except for certain sectors which are fully closed to investment and for certain sectors which can only be carried out by the central government of Indonesia. The types of business which are open for investment are partly or conditionally open based on a system of permitted ownership limits, reserved sectors and licensing requirements. Significantly, the Regulation 10/2021 provides that any sector not stated to be closed or partly closed will be fully open for investment without restriction. The list of business sectors on the Regulation 10/2021 is based on the comprehensive classification of sectors set out in the Central Statistics Bureau (*Badan Pusat Statistik*) Regulation No. 2 of 2020 regarding Indonesian Business Sector Classification (*Klasifikasi Baku Lapangan Usaha Indonesia* or “KBLI”), drawn up by the Central Statistics Bureau.

To encourage capital investment, the Indonesian Government provides several incentives to PMA and/or PMDN companies such as relief or reduction of tax and customs and convenience in obtaining immigration and import services and/or permits. Another important feature of the Investment Law is the Indonesian

Government's guarantee that it will not nationalize a PMA company, except where declared by law. In the event that the Indonesian Government nationalizes any PMA company, it must pay compensation as determined by the market price of the investment. This guarantee is accompanied by an assurance that the foreign investor will have the right to transfer and repatriate in foreign currency, profit, bank interest, dividends and other means of income.

Under the GR 5/2021, prior to commencing its business, a company must obtain an NIB, see "*Regulatory Framework — Indonesian Regulatory Framework — Regulation of the Indonesian Industrial Sector*". The NIB is used by companies to obtain business, commercial and operating licenses, and grants customs access (*Akses Kepabeanan*). Under the current OSS system, business, commercial or operating licenses take effect only after the holder has fulfilled all commitments and obligations imposed as a condition for the issuance of such licenses. Fulfilment of such conditions will then be recorded in the OSS system, so that relevant government agencies are aware of the holder's compliance. GR 5/2021 also divides business sectors into categories based on their risks level. The categories set out by GR 5/2021 are as follows:

- (a) low risk level;
- (b) medium risk level, which is divided into two categories:
 - (i) medium-low risk level;
 - (ii) medium-high risk level; and
- (c) high risk level.

Under GR 5/2021, business sectors which are categorized as having low risks level will only require NIB to legally conduct their business activities. Business sectors which are categorized as having medium-low risks level need to obtain NIB and Standard Certificates to legally conduct their business activities. Business sectors which are categorized as having medium-high risks level need to obtain NIB and Verified Standard Certificates to legally conduct their business activities. Business sectors which are categorized as having high risks level need NIB and Licenses to legally conduct their business activities. In addition to the foregoing, any business entity is required to obtain a supporting operational business licence (*Perizinan Berusaha Untuk Menunjang Kegiatan Usaha* or "PB-UMKU") – which may vary depending on the operational nature of each business entity.

Corporate, Social and Environmental Responsibility

The Companies Law imposes an additional obligation on all companies, including companies engaged in the mining and industry sectors, to undertake activities concerning "corporate, social and environmental responsibility". The purpose of this obligation is to create a sustainable relationship with the environment and to enhance the norms, values and culture of the local community. Such obligation must be budgeted and treated as an expense of the company and must be implemented through reasonable measures. Any non-compliance will be sanctioned in accordance with applicable laws. The Mining Law and MEMR Regulation 26/2018 also require the holders of an IUP or an IUPK to organize community development programs. The guidelines to organize community development programs is regulated in the Decree of MEMR No. 1824 K/30/MEM/2018 on the Guidelines on Implementation of Community Development and Empowerment Program.

On April 4, 2012, the Indonesian Government issued Indonesian Government Regulation No. 47 of 2012 concerning Corporate Social and Environmental Responsibility ("GR 47/2012") to implement Article 74(4) of the Companies Law which imposes corporate, social and environmental responsibilities. GR 47/2012 stipulates that the board of directors of a company is responsible for implementing the mandatory corporate, social and environmental responsibilities in accordance with the annual working plan of such company. The

annual working plan shall include a business plan and budget. The budget plans must be prepared based on considerations of “appropriateness and reasonableness”, based on “the financial capacity of the company having regard to the risks that give rise to the social and environmental responsibilities that must be borne by the company, subject to the obligations of the company as set out in the legislation governing the company’s business operations”. Thus, in theory at least, the higher a company’s profits and the greater the impact its operations have on the environment, the more resources it should allocate to its corporate, social and environmental responsibilities.

Indonesian Language Law

On July 9, 2009, Law No. 24 of 2009 on Flag, Language, Coat of Arms and National Anthem (“Law No. 24/2009”) was enacted. It requires agreements to which an Indonesian party is a party to be executed in the Indonesian language. If both an Indonesian party and a foreign party are parties to an agreement (a “cross-border agreement”), in addition to Indonesian language, such cross-border agreement may also be executed in English or the national language of the foreign party. Law No. 24/2009 is silent as to whether both the Indonesian language and foreign language versions of such cross-border agreements need to be executed at the same time. On September 30, 2019, Presidential Regulation No. 63 of 2019 on the Use of Indonesian Language (“PR No. 63/2019”) was issued as an implementing regulation of Law No. 24/2009. PR No. 63/2019 further stipulates that parties to a cross-border agreement may contractually agree on the governing language of such agreement. Further, PR No. 63/2019 suggests that the Indonesian language version of a cross-border agreement must exist before or at the time the foreign language version of such agreement is executed, implying that both the Indonesian language and foreign language versions of a cross-border agreement must at least be executed simultaneously.

Neither Law No. 24/2009 nor PR No. 63/2019 prescribe any sanctions for the absence of an Indonesian language version of a cross-border agreement. However, on June 20, 2013, the District Court of West Jakarta ruled in a decision No. 451/Pdt.E/2012/ PN.Jkt Bar (the “June 2013 Decision”) that an Indonesian law governed loan agreement entered into between an Indonesian borrower, PT Bangun Karya Pratama Lestari (the plaintiff) and a non-Indonesian lender, Nine AM Ltd. (the defendant), is null and void due to the absence of an Indonesian language version. The court ruled that the agreement had contravened Law No. 24/2009 and declared it to be invalid. In arriving at this conclusion, the court relied on Articles 1320, 1335 and 1337 of the Indonesian Civil Code, which taken together render an agreement void if, inter alia, it is tainted by illegality. The court held that as the agreement had not been drafted in the Indonesian language, as required by Law No. 24/2009, it therefore failed to satisfy the “lawful cause” (*sebab yang halal*) requirement and was void from the outset, meaning that a valid and binding agreement had never existed. On May 7, 2014, the Jakarta High Court rejected the appeal submitted by Nine AM Ltd. and affirmed the June 2013 Decision in its entirety. In its judgment, the Jakarta High Court was of the opinion that the District Court of West Jakarta’s judgment was correct and accurate. As such, the absence of an Indonesian language version of a cross-border agreement may affect such agreement’s validity.

BUSINESS

Overview

We are an ASX-listed company and a significant player in the global nickel industry. We have a financial, operational and strategic partnership with Shanghai Decent, a member of the Tsingshan group. The Tsingshan group is a privately-held group based in China and, we believe, is the world's largest producer of stainless-steel by capacity, with stainless-steel production of 12.4 Mt and 13.9 Mt in 2021 and 2022, respectively. AME estimates that global stainless-steel production will be 60.4Mt in 2023, implying Tsingshan has approximately 20% of the market if volumes are held constant. By virtue of our mutually beneficial partnership with the Tsingshan group, we have transitioned from being an exclusively upstream miner of nickel ore to a leading nickel processing business, positioned as a top 10 finished nickel producer globally as of December 31, 2022 with NPI operations in the lowest quartile of the global NPI cost curve. Since its Initial Public Offering in 2018 the Company has established itself as a globally significant downstream producer of higher value-added NPI – an essential component in the manufacture of stainless-steel. Leveraging our existing production capabilities and strategic partnership with the Tsingshan group, we have also diversified into the Class 1 nickel electric vehicle (“EV”) battery supply chain by converting some of our current production from NPI into nickel matte, an intermediate nickel product used in the production of electric vehicle batteries. We have also recently executed an Electric Vehicle Battery Supply Chain Strategic Framework Agreement (the “Strategic Framework Agreement”) with Shanghai Decent to grow and further diversify its production into the EV battery supply chain.

We believe we currently operate some of the world's lowest capital intensive and most profitable nickel processing facilities, each of which benefit from a low-cost position on their respective nickel cost curves. The industrial RKEF operations where we produce our NPI have been designed and built by the Tsingshan group, which was the pioneer of the RKEF process for producing NPI from nickel laterite ore. Our RKEF lines are integrated and centrally managed in IMIP and IWIP, two of the largest producers of nickel globally, by the Tsingshan group. We believe that the centrally managed industrial park RKEFs provide cost-efficient scale benefits in procurement, infrastructure, labour and human resources. These factors allow us to produce NPI at a significant cost advantage to most other producers of NPI in the world. In addition, we benefit from tax concessions granted to us by Indonesian tax authorities that amount to significant competitive advantages for our business.

We undertake all stages of mining and processing of the nickel ore into NPI. We currently have an 80% equity ownership interest in, and operate, each of the following nickel-producing assets, except with respect to Oracle Nickel Project in which we have a 70% indirect equity interest as of the date of this Offering Memorandum:

- **Hengjaya Nickel Project:** located within the IMIP, the Hengjaya Nickel Project comprises two RKEF lines with an aggregate nameplate production capacity of 15,000 NiEq tonnes per annum (100% basis). For the year ended December 31, 2020, this project exceeded its aggregate nameplate production capacity by approximately 43%, producing 21,514 NiEq tonnes of NPI. For the year ended December 31, 2021, the Hengjaya Nickel Project produced 20,020 NiEq tonnes of NPI, exceeding its aggregate nameplate production capacity by approximately 33%. Following the switch of two RKEF lines at the Hengjaya Nickel Project to production of nickel matte, the Hengjaya Nickel Project produced a total of 19,363 NiEq tonnes for the year ended December 31, 2022, including 14,620 NiEq tonnes of NPI and 4,743 NiEq tonnes of nickel matte, exceeding its aggregate nameplate production capacity by approximately 29%.

- **Ranger Nickel Project:** also located within the IMIP, the Ranger Nickel Project similarly comprises two RKEF lines with an aggregate nameplate production capacity of 15,000 NiEq tonnes per annum (100% basis). For the year ended December 31, 2020, this project exceeded its nameplate production capacity by approximately 47%, producing 22,107 NiEq tonnes of NPI. For the year ended December 31, 2021, the Ranger Nickel Project produced 20,390 NiEq tonnes of NPI, exceeding its aggregate nameplate production capacity by approximately 36%. For the year ended December 31, 2022, the Ranger Nickel Project produced 20,082 NiEq tonnes of NPI, exceeding its aggregate nameplate production capacity by approximately 34%.
- **Angel Nickel Project:** located within the IWIP, the Angel Nickel Project comprises four RKEF lines with an aggregate nameplate production capacity of 36,000 NiEq tonnes per annum (100% basis), a 380MW power plant and ancillary facilities. In January 2022, the commissioning of the first of the Angel Nickel Project's four RKEF lines commenced, well ahead of the October 2022 contractual delivery date for the commencement of commissioning. In May 2022, the commissioning of the fourth RKEF line commenced commissioning and commercial sales also commenced. The Angel Nickel Project's 380MW power plant was commissioned in August 2022. For the year ended December 31, 2022, the Angel Nickel Project produced 29,887 NiEq tonnes of NPI. In addition, we intend to switch two of the Angel Nickel Project's RKEF lines to nickel matte production. The switch to nickel matte production, which will be subject to market conditions, is not expected to occur until early 2024, as low-grade to high-grade converter capacity is currently under construction within the IWIP.
- **Oracle Nickel Project:** as of the date of this Offering Memorandum, we also own a 70% indirect equity interest in the Oracle Nickel Project, an NPI-producing RKEF project within the IMIP. The commissioning process for the first, second, third and fourth RKEF lines at the Oracle Nickel Project commenced in November 2022, December 2022, February 2023 and March 2023, respectively. The 380MW power plant is scheduled for commissioning during the second quarter of 2023. The Oracle Nickel Project comprises four RKEF lines, with an aggregate nameplate production capacity of 36,000 NiEq tonnes per annum (100% basis), the 380MW power plant, as well as the ancillary facilities required for the operation of each of the RKEF lines and the power plant. For the year ended December 31, 2022, the Oracle Nickel Project produced 747 NiEq tonnes of NPI. In January 2023, we entered into a binding agreement with Shanghai Decent to acquire an additional 10% indirect equity interest in the Oracle Nickel Project (the "Additional Oracle Acquisition"), subject to certain approvals and conditions. Completion of this acquisition would increase ownership in the Oracle Nickel Project to 80%, aligned with our other RKEF ownership interests.
- **Hengjaya Mine:** a long-life, high-grade nickel laterite deposit located approximately 12 kilometers from the IMIP, with a JORC-compliant Resource of 185 dmt at 1.3% nickel including 39.7 dmt at 1.8% nickel. Since December 2018, all of the Hengjaya Mine's saprolite nickel ore production has been delivered to the IMIP. Following expansion activities, the Hengjaya Mine delivered record nickel ore production of ~6.8 million wet metric tonnes ("wmt") for the year ended December 31, 2022. The mine increased saprolite production and began producing limonite to cater for increasing demand from the IMIP's operating HPAL projects.

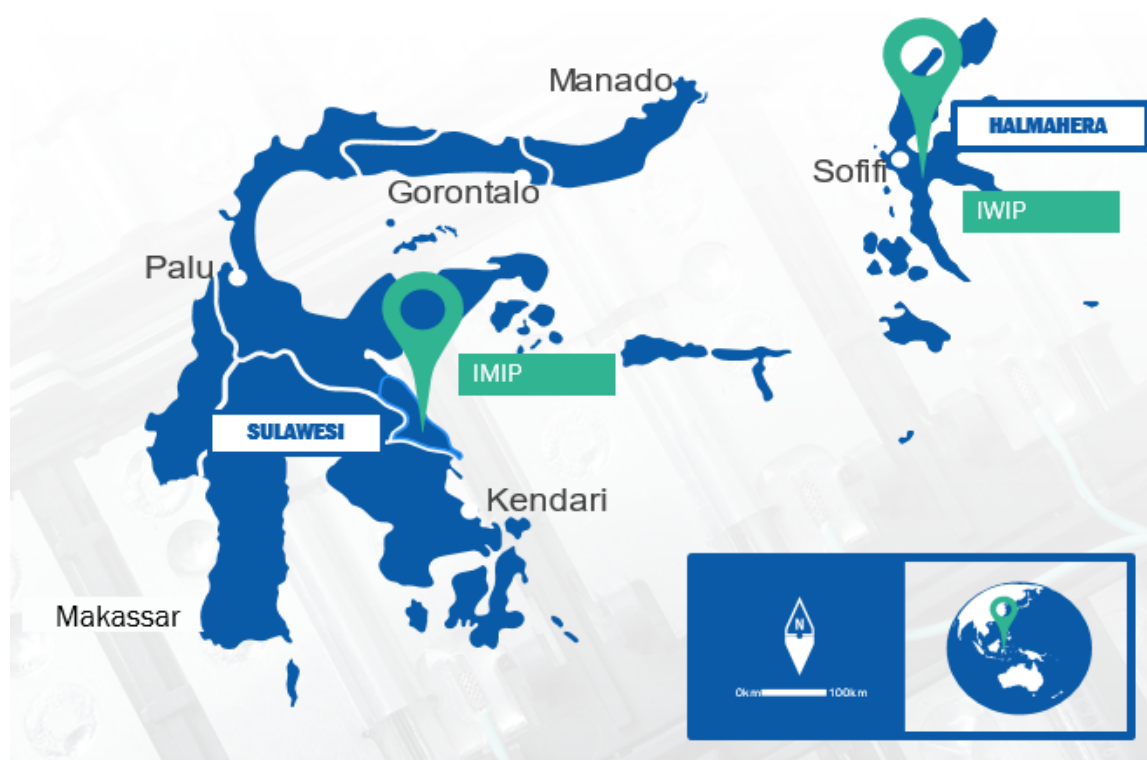
As part of the Strategic Framework Agreement in January 2023, we entered into a binding agreement with Shanghai Decent to acquire a 10% indirect equity interest in the HNC Project (the "HNC Acquisition"), subject to certain approvals and conditions. The HNC Project is a high-pressure acid leach ("HPAL") project located within the IMIP, with a nameplate annual production capacity of 60,000 NiEq tonnes and 5,000 CoEq tonnes. We also acquired options to future battery nickel opportunities for U.S.\$40 million under the Strategic Framework Agreement (the "Acquired Options"), including: participation in, and construction of, a nickel

sulphate and electrolytic nickel plant using the HPAL process (the “ENC Project”); and investment in, and construction of, a low-grade to high-grade nickel matte converter at the Oracle Nickel Project.

Following our completion of the commissioning of the Oracle Nickel Project in March 2023, our aggregate nameplate production capacity totalled 102,000 NiEq tonnes per annum (78,000 NiEq tonnes per annum attributable nameplate production capacity), which would place us within the top 3 largest Indonesian nickel producers and among top 10 largest nickel producers by production capacity based on market data provided by AME as of December 31, 2022. The Additional Oracle Acquisition, the HNC Acquisition as well as the Acquired Options are expected to provide increased scale (and further add to our aggregate nameplate production capacity), as well as product and customer diversification.

Our NPI-producing assets are integrated into some of the world’s largest nickel production centers in terms of production output: the IMIP is estimated to be the largest producer of processed nickel globally and the fourth largest producer of stainless-steel by production capacity with a production capacity of 3.0 million tonnes of stainless-steel per annum in 2023, and the IWIP, which began operations in 2020 and is expected to be the fifth largest producer of processed nickel globally by 2023, according to AME.

The map below shows the location and extension of our current operations:



Despite only reaching a steady-state level of operations at the Hengjaya and Ranger Nickel Projects in the fourth quarter of 2019, we have been able to leverage our structural competitive advantages to expand our business in a sustainable manner while maintaining a high level of operating and financial performance. Our sales revenue has increased from U.S.\$645.9 million for the fiscal year ended December 31, 2021 to U.S.\$1,217.0 million for the fiscal year ended December 31, 2022. Meanwhile, our profit after tax has increased from U.S.\$176.0 million for the fiscal year ended December 31, 2021 to U.S.\$209.4 million for the fiscal year ended December 31, 2022. Our EBITDA has increased from U.S.\$242.5 million for the fiscal year

ended December 31, 2021 to U.S.\$339.2 million for the fiscal year ended December 31, 2022. As of December 31, 2022, our market capitalization was A\$2.6 billion (approximately U.S.\$1.8 billion).

The business is expected to grow further following our transition to producing Class 1 nickel products. On May 3, 2021, we signed a non-binding memorandum of understanding with Shanghai Decent expressing our mutual intention to modify two of our existing RKEF lines at the IMIP so that they would be able to produce a low-grade nickel matte. Additionally, we intend to switch two of the RKEF lines at the Angel Nickel Project to the production of nickel matte, the completion of which is subject to market conditions and is not expected to occur until early 2024. The low-grade nickel matte would be further processed into a high-grade nickel matte (higher than 74% NiEq) that can be sold into the EV battery supply chain. The modification has now taken place at the Hengjaya Nickel Project and we are producing nickel matte. Further, the modification allows us to shift production between NPI and nickel matte based on prevailing market demand and prices with minimal capital expenditure and process retooling downtime, further strengthening our ability to take advantage of supply and demand dynamics underpinning key segments of the nickel market.

Strengths

We believe that we have the following key competitive strengths:

Large, established top 10 global nickel producer

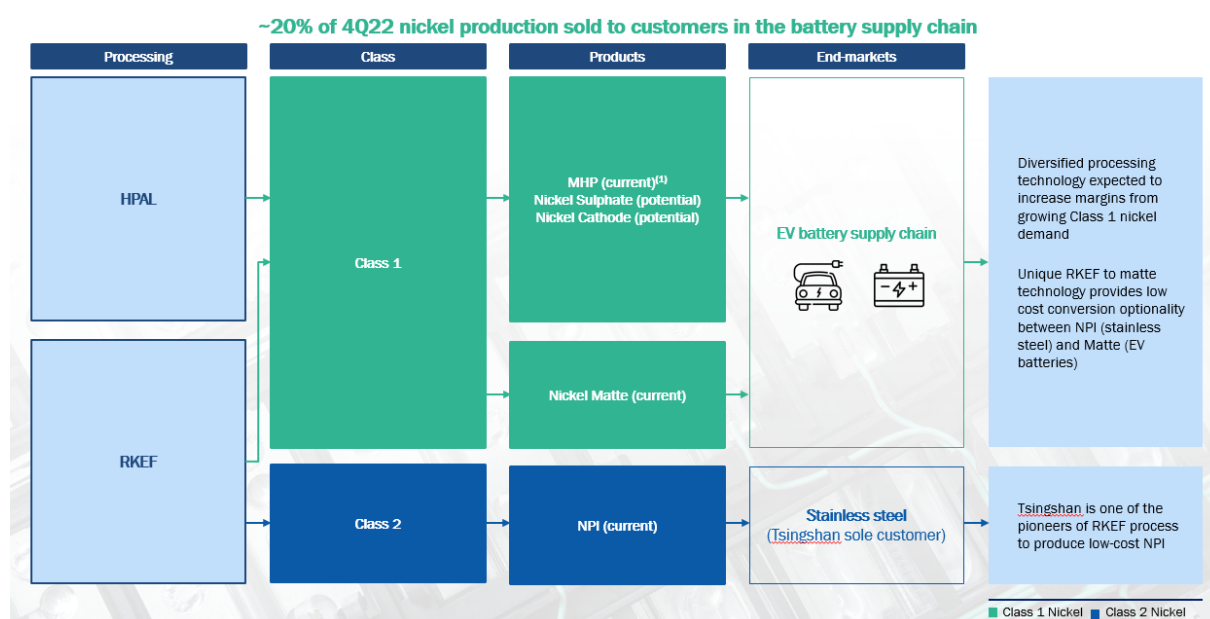
Since producing our first batch of NPI in 2019, we have become a globally significant, low-cost producer of NPI, a key ingredient in the production of stainless-steel. Our production rate as at the end of 2022 was 73kt of finished nickel (annualised Q4 2022 production) which places us among the top 10 largest nickel producers globally by production as of December 31, 2022, based on market data provided by AME. Following the ramp up of Oracle Nickel Project and incorporating the production from the Acquired Assets (10% indirect equity interest in the HNC Project and an additional 10% indirect equity interest in the Oracle Nickel Project), production is expected to be 114ktpa of finished nickel. If the Acquired Options are exercised and both the Oracle Nickel Project is converted to produce nickel matte and the ENC Project (HPAL production) is developed, there is potential to increase our attributable finished nickel production by 42ktpa to 156ktpa, with approximately 37ktpa production in Class 1 nickel. We believe that the scale of our operations provides us with a key competitive advantage relative to our peers.

Diversified production by asset and product to support an expanding customer base

In the fourth quarter of 2022, we diversified our product offering by commencing the production of nickel matte at the 80%-owned Hengjaya Nickel Project within the IMIP. Nickel matte produced from laterite ore is now able to be sold into the Class 1 nickel EV battery supply chain to third party customers. Approximately 20% of our nickel production in the fourth quarter of 2022 was Class 1 nickel sold to customers in the battery supply chain.

In January 2023, we executed the Strategic Framework Agreement with Shanghai Decent. The Strategic Framework Agreement establishes three key pillars for us to transform our business from a historical focus on the stainless-steel market to becoming a leading producer of battery grade Class 1 nickel:

- Increasing our exposure to nickel matte production;
- Providing de-risked exposure to next-generation HPAL operations; and
- Collaboration with Shanghai Decent on the potential development of the ENC Project.



Note:

- (1) The HNC Acquisition is subject to our shareholders' approval, the approval of the FIRB, the consent of HNC's lenders and the completion of the Conditional Placement.

The HNC Acquisition, Additional Oracle Acquisition, as well as the Acquired Options to collaborate with Shanghai Decent on the ENC Project and a nickel matte conversion opportunity for the Oracle Nickel Project provide a pathway to further expand both our Class 1 nickel product offering and customer base. Completion of these acquisitions, the expected ramp up of the Oracle Nickel Project and conversion of 50% of the Angel Nickel Project to nickel matte would be expected to see our production reach approximately 36% Class 1 nickel. The Acquired Options, if exercised in the future, have the potential to further increase our Class 1 nickel production to be approximately 78%. As our Class 1 nickel production increases, our customer base is also expected to expand, giving us an increasingly diversified business by asset, product and customer base.

Low risk processing in integrated industrial parks partnering with the world's largest nickel and stainless-steel producer

Our operations are located in Indonesia, a leading nickel producing jurisdiction with access to high-grade, abundant nickel or supporting low-cost NPI production. Indonesia currently accounts for over 50% of global nickel production according to AME and is ranked 8th on the Fraser Institute Mining Attractiveness Index. Our operations are integrated within the leading IMIP and IWIP industrial parks in Indonesia, which are both economic zones co-sanctioned by the Indonesian and Chinese governments. The establishment of the industrial parks has been a cornerstone of policy to promote the development of strategic industries. Indonesian government policy is expected to encourage further expansion of downstream processing capacity and extend Indonesia's influence down the supply chain.

IMIP and IWIP are some of the world's largest nickel production centers in terms of production output. The IMIP, where the Hengjaya Nickel Project, the Ranger Nickel Project and the Oracle Nickel Project are located, is the largest producer of processed nickel globally and among the world's largest vertically integrated stainless-steel production centers, with a production capacity of 3.0 million tonnes of stainless-steel per annum, according to AME. The IWIP, where the Angel Nickel Project is located, began operations in 2020 and is expected to be the fifth largest producer of processed nickel globally by 2023, according to AME.

Both the IMIP and the IWIP are operated by the Tsingshan group. The Tsingshan group operates the IMIP and the IWIP centrally across all its industrial production lines. As a result, we have become a growing part of the Tsingshan group's global stainless-steel supply chain. NPI comprises approximately 65% of the stainless-steel mix by volume, and the NPI that we produce at our RKEF plants is either "hot-charged" in molten form as a feedstock into the Tsingshan group's stainless-steel production facilities at the IMIP, or in the case of the IWIP, exported in the form of ingots to feed the Tsingshan group's stainless-steel operations in China.

Moreover, the Tsingshan group provides us with access to utilities and logistics to support our operations, such as the supply of power, raw materials and other consumables, as well as access to port facilities and ancillary services required for our NPI operations – for example, training for our staff and providing support and maintenance services, among others. As a result, we derive significant benefits from the Tsingshan group's large scale, vertical integration and logistics management. In particular, we benefit from access to the Tsingshan group's large supply base, which it obtains at favorable prices due to their large scale and greater bargaining power with suppliers, thus yielding cost savings and other optimizations and efficiencies for our operations. Our mutually beneficial and proven partnership with Tsingshan group has formed the foundation of our growth. Tsingshan group has been a pioneer of the RKEF process to produce low cost NPI. Tsingshan group's more recent development of technology to produce nickel matte from laterite ore has led to margin uplift at the Hengjaya Nickel Project relative to the Ranger Nickel Project. This technology and partnership are expected to deliver additional benefits to our business moving forward.

Significant commitment to ESG with strong, recognised environmental track record

Our commitment to sustainability is reflected in our strategy. As a business, we are conscious of the responsibilities of being a globally significant nickel producer. We always strive to operate in a responsible manner and take pride in our significant contribution to the sustainable development of the regions in which we operate. Environmental stewardship is a core pillar of our operations which produce products essential for the global energy transition.

In 2022, we released our inaugural Sustainability Report 2021 to take an additional step forward in demonstrating accountability for our activities in an ever-more sustainable and responsible approach.

Our ESG reporting frameworks are aligned with international standards including the Global Reporting Initiative (GRI) Standards: Core Option, Metals and Mining (MM) Supplement Sector, Sustainability Accounting Standards Board (SASB) for Metals and Mining Standard and the Task Force on Climate-Related Financial Disclosures (TCFD) for selected disclosure indicators.



Our sustainability strategy is focused on 3 core pillars:

- **Environmental Stewardship:** Committed to reducing carbon footprint and developing products essential for the global energy transition and the stability of our operating environment;
- **Economic Development:** Long-term vision to grow the business in a way that optimally benefits local communities; and
- **Social Responsibility:** Dedicated towards stimulating local socioeconomic development and sustainably contributing to the wellbeing of local communities and the surrounding environment.

We are committed to further reducing our carbon footprint:

- We reduced greenhouse gas emissions by 100,000 tonnes of CO₂eq in 2021 (Scope 1 & 2 plus partial data from Scope 3) despite production increases.
- The HNC Project adopts the most advanced 'third-generation' HPAL process with the energy consumption and carbon emissions only approximately 25% and approximately 20% of similar pyrometallurgical products, respectively.
- The HNC Project is currently operating at less than 10 CO₂ tonnes / tonne nickel production and future carbon reduction plan which aims to see the project become carbon-neutral by 2030.

Lower quartile operating costs reflecting advantages of integrated production chain

The IMIP and the IWIP are competitively positioned on the global nickel cost curves, thus placing our NPI and nickel matte operations within the lowest cost quartile of NPI producers globally, according to AME. In addition, as a result of our nickel ore sales from the Hengjaya Mine, we enjoy a partial natural hedge against higher nickel ore costs within our NPI operations that can result from a rising LME nickel price. This provides us with a relative degree of protection from downside fluctuations in nickel prices.

Our competitive operational cost structure is underpinned by the following key factors:

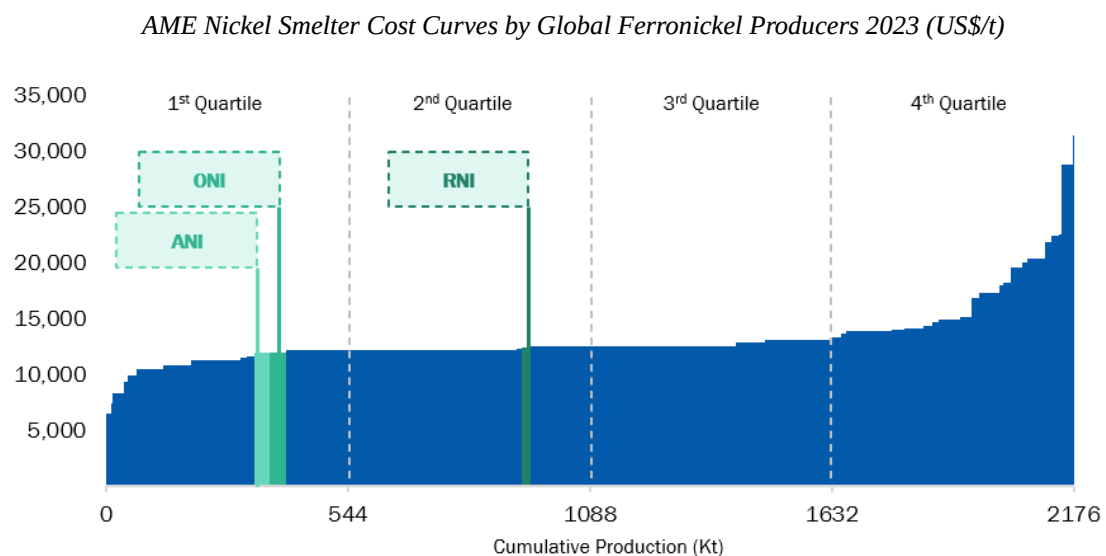
- the ability to source an abundance of local, higher grade (>1.7% nickel grade) nickel ore, which is restricted from export as a result of the Indonesian Government's ban on the exportation of unprocessed nickel ore;

- the availability of competitive electricity costs stemming from the IMIP's purpose-built power generation plants (totalling 3GW);
- the vertically integrated nature of centrally managed operations within the IMIP, which delivers significant cost savings and other optimizations and efficiencies as a result of the supply by the Tsingshan group and its affiliated companies of the logistics, utilities, including access to port facilities, and power and consumables required to operate our RKEF plants in the IMIP.

Angel Nickel Project at IWIP has been operation since January 2022 and has provided us with structural cost advantages relative to our initial Hengjaya Nickel Project and Ranger Nickel Project due to its larger capacity, four RKEF lines and its 380MW power plant, which supplies power to the IWIP and delivers 20% in power cost savings.

According to AME, the Angel Nickel Project is one of the lowest-cost nickel producers globally. We expect the Oracle Nickel Project to provide us with further structural cost advantages, as it is expected to operate with a cost base consistent with the Angel Nickel Project. We believe this will allow us to a enjoy further margin advantage over other NPI producers and provide us with an additional degree of protection against downturns in the nickel price cycle.

These cost advantages are illustrated by the cost curve analysis below:



Source: Industry Report prepared by AME. See Appendix A to this Offering Memorandum

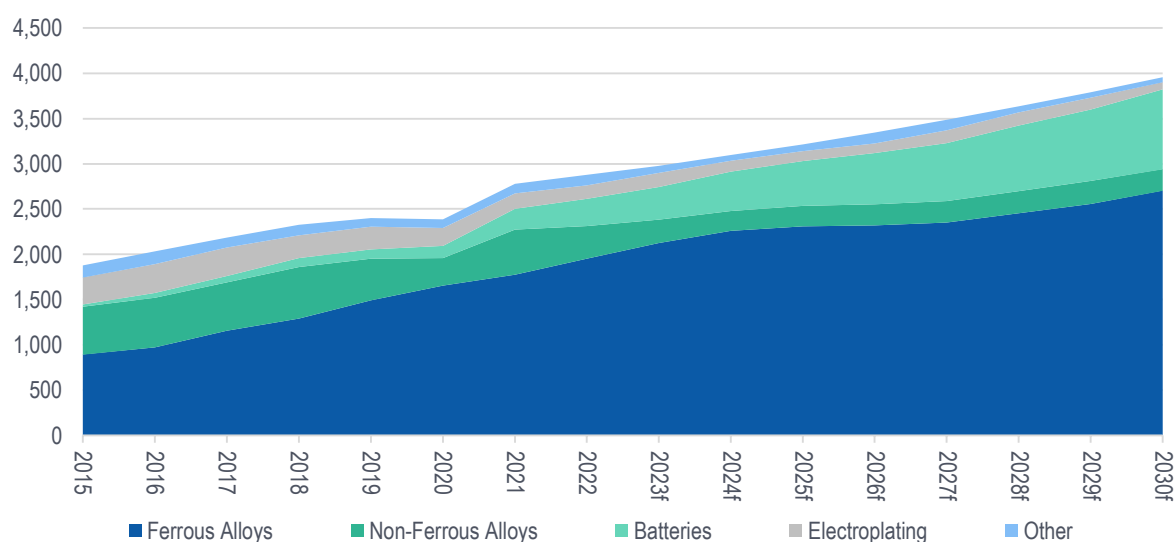
We believe that the lower-cost base of the IMIP and the IWIP operations, of which we are a part, along with the technical expertise we have derived from the Tsingshan group's advanced RKEF process, provide us with a distinct competitive advantage and can act as a significant barrier to entry for new producers of NPI outside of the IMIP and the IWIP.

Well-positioned to capitalize on favorable supply/demand dynamics underpinning the nickel market

According to AME, the outlook for the NPI market currently exhibits favorable supply/demand fundamentals. According to AME, forecast finished nickel demand is forecast to grow 3.4% to 2,979kt in 2023. Stainless-steel will account for up to 71% of total finished demand in 2023, with batteries growing from a smaller fraction of 11%. Demand will continue to be dominated by Asia, with over 57% coming from China alone in 2023, according to AME. China is also the largest producer of lithium-ion batteries, manufacturing 80% of

the world's production in 2023. Indonesia will be the second largest demand source, accounting for 13% in 2023. Based on AME estimates, finished nickel demand is forecast to grow at a CAGR of 4.1% reaching 3,957kt in 2030. The largest contributor to demand, stainless-steel production, is forecast to be 60.4Mt in 2023, growing by a CAGR of 4.5% to 78.7Mt in 2023.

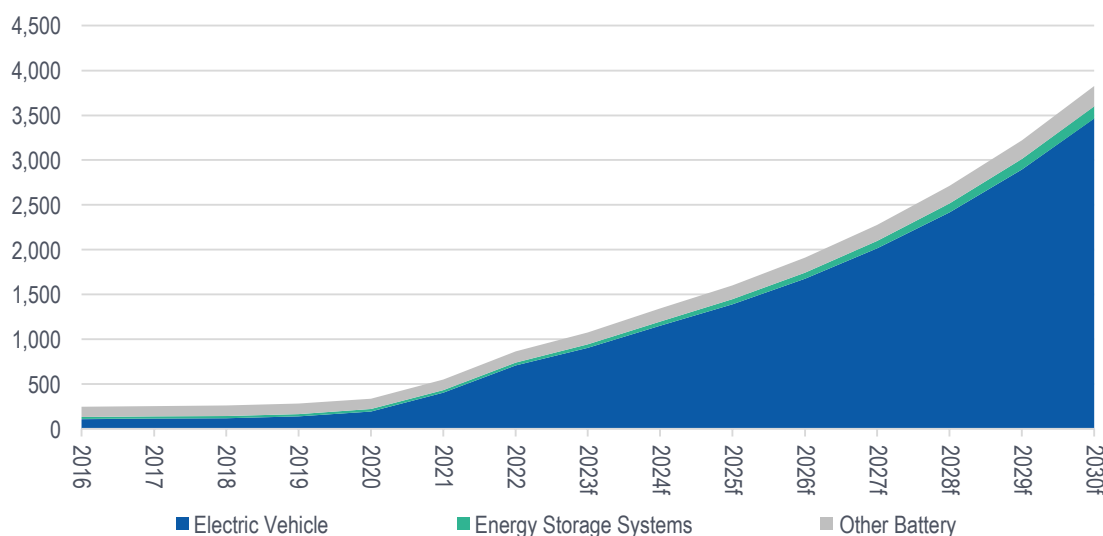
The graph below sets forth AME's estimated global finished nickel demand:



Source: Industry Report prepared by AME. See Appendix A to this Offering Memorandum

The fastest growing demand source is the production of lithium-ion batteries, which is estimated to account for 11% of global demand by 2023 by AME. Total lithium-ion batteries demand is forecast to be 1,078GWh in 2023, which AME estimates will balloon to 3,830GhW in 2030. Almost 85% of this demand will come from EV batteries production. Given our increasing proportion of Class 1 nickel production, the business is well positioned to gain further exposure to this trend.

The graph below sets forth AME's estimated global lithium-ion battery demand from 2016 to 2030 in GWh:



Conservative capital structure and high cash conversion supporting the expansion of our operations and sustainable, robust profitability

We conduct our operations within a strong financial framework underpinned by robust financial risk management policies and processes. We believe these factors have allowed us to maintain a strong balance sheet despite the rapid rate of our growth in recent years. As of December 31, 2022, we had U.S.\$144.2 million in cash and cash equivalents and debt with a face value of U.S.\$563.4 million, U.S.\$325.0 million being the 2024 Notes, U.S.\$225.0 million being the 2025 Notes, U.S.\$10.4 million being a working capital loan for the Angel Nickel Project from Shanghai Decent and U.S.\$3.0 million being a working capital loan for the Oracle Nickel Project from Shanghai Decent.

In addition, the Hengjaya Nickel Project, the Ranger Nickel Project, the Angel Nickel Project and the Oracle Nickel Project currently benefit from tax concessions granted by the Indonesian Government. This effectively sees both the Hengjaya Nickel Project and the Ranger Nickel Project paying zero corporate income tax for seven tax years until 2026, with an additional two-year period thereafter where our RKEF projects will enjoy a 50% discount to the prevailing Indonesian corporate tax rate. In September 2021 and March 2022, the Angel Nickel Project and Oracle Nickel Project, respectively, received material tax concessions, with the period of zero income tax being for 10 years rather than seven years, with an additional two-year period thereafter and a 50% discount to the prevailing Indonesian corporate tax rate. These material tax concessions combined with our low levels of sustaining capital expenditures have resulted in high cash flows from operating activities. For the fiscal years ended December 31, 2020, 2021 and 2022, we derived U.S.\$150.0 million, U.S.\$189.0 million and U.S.\$63.0 million, respectively, in cash flows from operating activities. Our business has a track record of maintaining a conservative balance sheet supported by EBITDA growth and high cash flow conversion. Additional production from the Angel Nickel Project, the Oracle Nickel Project and the HNC Project has the potential to further strengthen our credit metrics.

Proven and highly experienced management team

We have a highly experienced management team with a successful track record of executing our growth and development strategies. This team includes Norman Seckold, our Deputy Chairman, with over 40 years of full-time management experience of natural resource companies both in Australia and overseas. Additionally, our Managing Director, Justin Werner, has been involved in the mining industry for 20 years including being a founding partner of PT Gemala Borneo Utama, a private Indonesian exploration and mining company. Our Chief Financial Officer, Chris Shepherd, is a Chartered Accountant with over 20 years' experience in private equity, investment banking and corporate finance, including most recently as a Partner and Managing Director of The Pallinghurst Group in London. Further, our Chief Development Officer, Zhao (Rachel) Fanfan, has obtained over 15 years of investment experience in China and overseas, and was involved in the establishment of the IMIP. Ms. Zhao has been a key contributor to the establishment and growth of the collaboration between us and the Tsingshan group.

Our management team has guided us from owning an 80% direct equity interest in the Hengjaya Mine in 2009, to progressively stepping up our acquisition of indirect equity interests in the Hengjaya Nickel Project, the Ranger Nickel Project and the Angel Nickel Project to 80% and in the Oracle Nickel Project to 70%, and entering into the agreement with the Tsingshan group to acquire an additional 10% indirect equity interest in the Oracle Nickel Project in 2023 and a 10% indirect equity interest in HNC Project. Specifically, they have demonstrated a strong track record for project delivery, with the Hengjaya Nickel Project, the Ranger Nickel Project and Angel Nickel Project completing construction and ramp-up in a timely fashion and consistently exceeding nameplate production capacity since ramp-up while maintaining competitive operating costs. We believe that the experience of our management team in developing the Hengjaya Nickel Project, the Ranger

Nickel Project, the Angel Nickel Project and the Oracle Nickel Project, and fostering the relationship we have with the Tsingshan group will contribute to the ongoing success of our future operations.

Strategies

The main elements of our business strategy include the following:

Transitioning into a leading producer of battery grade Class 1 nickel in the electric vehicle market

In January 2023, we entered into the Strategic Framework Agreement with Shanghai Decent. This established the strategic pillars for our transition into a leading producer of battery grade Class 1 nickel in the EV market. The pillars to our battery metals strategy include delivering nickel matte production leveraging our existing RKEF operations, acquiring next-generation operational HPAL project as well as acquiring an option for the construction of a nickel sulphate and electrolytic nickel plant using the HPAL process.

We are currently producing nickel matte at the Hengjaya Nickel Project. On May 3, 2021, we signed a non-binding memorandum of understanding with Shanghai Decent expressing our mutual intention to modify two of our existing RKEF lines at the IMIP to enable them to produce low-grade nickel matte. The low-grade nickel matte can be further processed into high-grade nickel matte (higher than 74% NiEq) that can be used to make battery grade nickel for the electric vehicle market. Following the switch of the two RKEF lines at the Hengjaya Nickel Project from NPI to nickel matte production in October 2022, the Hengjaya Nickel Project produced 4,743 NiEq tonnes of high-grade nickel matte in 2022 and achieved a higher profit margin than NPI for the fourth quarter of 2022. In addition, we intend to switch two of our RKEF lines at the Angel Nickel Project to the production of nickel matte, the completion of which is subject to market conditions and is not expected to occur until early 2024.

We also entered into binding agreement to acquire a 10% indirect equity interest in the HNC Project, a HPAL project in the IMIP for U.S.\$270 million. The HNC Project has a nameplate annual production capacity of 60,000 NiEq tonnes and 5,000 CoEq tonnes. We believe the HNC Acquisition, if completed, will increase our institutional HPAL knowledge and lay the foundation for future HPAL projects.

Pursuant to the Strategic Framework Agreement, we have also acquired an option to participate in and construct a nickel sulphate and electrolytic nickel plant using the HPAL process (the “ENC Project”). Prior to the final investment decision by our Board, the ENC Project is subject to a feasibility study which will be undertaken jointly by Shanghai Decent and us. If approval and completed, we will be able to leverage our resource base and Shanghai Decent’s project development expertise to produce Class 1 nickel and aim to establish ourselves as a nickel battery powerhouse.

Scale up operations at the Oracle Nickel Project and complete the acquisition of an additional 10% indirect equity interest in the Oracle Nickel Project

On December 7, 2021, we executed a binding definitive agreement with Shanghai Decent to acquire a 70% indirect equity interest in the Oracle Nickel Project, a development project within the IMIP for U.S.\$525 million.

The commissioning process for the first, second, third and fourth RKEF lines at the Oracle Nickel Project commenced in November 2022, December 2022, February 2023 and March 2023, respectively. The Oracle Nickel Project replicates the Angel Nickel Project and comprises (a) four RKEF lines, with an aggregate nameplate production capacity of 36,000 NiEq tonnes per annum (100% basis); (b) a 380MW power plant which will supply power to the IMIP; and (c) ancillary facilities required for the operation of each of the RKEF lines and the power plant. The 380MW power plant is scheduled for commissioning during the second quarter of 2023.

For the year ended December 31, 2022, the Oracle Nickel Project produced 747 NiEq of NPI. The Oracle Nickel Project is also expected to have relatively low operating costs. As a joint collaboration with Shanghai Decent, we also expect the Oracle Nickel Project to further strengthen our relationship with Tsingshan group. Similar to the Hengjaya Nickel Project, the Ranger Nickel Project and the Angel Nickel Project, Shanghai Decent has committed to purchase, and we have agreed to sell, all offtake of NPI produced by the Oracle Nickel Project at a third-party, arm's length price based on the average market price for NPI in China. In January 2023, we entered into a binding agreement with Shanghai Decent to acquire an additional 10% indirect equity interest in the Oracle Nickel Project, subject to certain approvals and conditions. Once completed, our equity interest in the Oracle Nickel Project will increase to 80%.

Evaluate and selectively pursue growth opportunities

We will continue selectively evaluating opportunities to expand the scale and scope of our operations, including, but not limited to new acquisitions and joint ventures opportunities. With regard to upstream operations, we may seek to acquire additional mining assets that are located in regions other than our existing Hengjaya Mine with the objective of securing additional strategic ore resources for the IMIP and/or the IWIP. We may also consider downstream acquisitions, including smelters, to the extent that they would beneficially complement our operations, meet our targeted returns on invested capital, and potentially increase our margins.

We may use debt, cash, equity, or a combination of all three, in order to finance any such acquisitions.

Continue to implement initiatives to keep costs structurally low, increase operational efficiencies and exercise prudent financial management and flexibility

We plan to continue to undertake initiatives to develop the Hengjaya Mine, our RKEF plants and associated infrastructure to maintain our cost-competitive position and maximize our profitability. For example, construction is currently underway on a main haul road to connect the Hengjaya Mine to the IMIP, with over nine kilometers already completed out of the total 16 kilometers of pilot road already planned. We expect this will reduce haulage costs for our nickel ore, which is currently transported by barges to the IMIP, as well as the related risks involved with barge transit. The addition of the haul road operations will also open other opportunities to increase production of both saprolite and limonite ores to IMIP while further optimizing the mines resources and reducing mining costs on an ore tonnage basis.

We also seek to maintain a conservative financial position and intend to maintain the financial flexibility to pursue opportunities that fit our operating profile and support our long-term growth strategies. We intend to continue to prioritize financial management and focus on maintaining healthy operating cash flows in order to allow us to ramp up our production capacity and further diversify our production and customer base to achieve long-term sustainable growth.

Maintain compliance with all applicable environmental laws, promote high safety standards and deepen commitment to the community

Our commitment to sustainability is reflected in our strategy. Environmental stewardship is a core part of our operations and our nickel products are essential for the global energy transition. Our ESG reporting frameworks are aligned with a range of international standards. Our inaugural 2021 Sustainability Report complies with the requirements of GRI Standards: Core Options and refers to several international frameworks such as SASB, TCFD and the ACSI Guide. We promote compliance with all laws, rules and regulations applicable to our operations, including environmental laws.

We are subject to environmental regulations in Indonesia, and we regularly monitor compliance with those regulations which mandate, among other things, the establishment of adequate environmental protection and enhancement measures, including safety and housekeeping, and implementation of progressive rehabilitation

of mined-out areas. As a key focus area for our operations, we perform environmental rehabilitation at waste dump areas and participate in numerous local and regional environmental rehabilitation programs, including regional forestry rehabilitation projects. In 2022, we were included as one of the “green” ranked companies by the Indonesian Minister of Environment and Forestry, indicating that we were considered to have been beyond complied with all applicable environmental regulations based on the Minister of Environment and Forestry’s assessment. We were one of only two nickel companies in Indonesia with a “green” rating and were the third highest rating in the mineral sector in Indonesia in 2022.

We are committed to further reducing our carbon footprint. We reduced greenhouse gas emissions by 100,000 tonnes of CO₂eq in 2021 despite production increases. Our recent Strategic Framework Agreement also supports this aim. The HNC Project adopts the most advanced “third generation” HPAL process with the energy consumption and carbon emissions at only approximately 25% and approximately 20% of similar pyrometallurgical products, respectively. The HNC Project is currently operating at less than 10 CO₂ tonnes / tonne of nickel production. It has a future carbon reduction plan which aims to see the HNC Project become carbon-neutral by 2030.

Recent Developments

Entry into agreements to acquire interests in two producing nickel assets and acquired options on future battery nickel opportunities

In January 2023, we entered into the Strategic Framework Agreement with Shanghai Decent, and entered into binding agreements with Shanghai Decent to acquire 10% equity interests in two producing nickel assets (collectively the “Acquired Assets”):

- The HNC Acquisition: a 10% indirect equity interest in HNC, a HPAL project in the IMIP, from Newstride Development Limited, an entity within the Tsingshan group and an affiliate of Shanghai Decent, for U.S.\$270 million; and
- The Additional Oracle Acquisition: an additional 10% indirect equity interest in the Oracle Nickel Project, increasing our interest in the Oracle Nickel Project to 80% upon completion.

The HNC Acquisition is subject to our shareholders’ approval, the approval of the FIRB, the consent of HNC’s lenders and the completion of the Conditional Placement (as discussed below).

The Additional Oracle Acquisition is subject to our shareholders’ approval, the approval of the FIRB and the completion of the HNC Acquisition.

We also acquired options to collaborate with Shanghai Decent on future battery nickel opportunities for U.S.\$40 million, including:

- ENC Project: participation in, and construction of, a nickel sulphate and electrolytic nickel plant using the HPAL process; and
- future nickel matte conversion opportunity: investing in, and constructing, a low-grade to high-grade nickel matte converter at the Oracle Nickel Project.

Equity Raise

To fund the Acquired Assets and Acquired Options under the Strategic Framework Agreement, we announced an equity raise (the “Equity Raise”) in January 2023, comprising:

- U.S.\$185 million institutional placement, comprising the issuance of 259.1 million new ordinary shares at A\$1.02 per new share (the “Institutional Placement”) which has been completed. The new

shares issued under the Institutional Placement represented approximately 9.5% of our total shares immediately prior to the issue of new shares;

- U.S.\$270 million placement to Newstride (or its nominee), U.S.\$15 million placement to Shanghai Wanlu Investment Co. Ltd. (“Wanlu”) (or its nominee) and U.S.\$1.4 million placement to Non-Executive Director Mark Lochtenberg (or his nominee) on a non-underwritten basis (the “Conditional Placement”); and
- a non-underwritten share purchase plan (“SPP”) to eligible shareholders in Australia and New Zealand with the SPP targeting to raise up to U.S.\$20 million which has been completed.

The Conditional Placement is subject to certain conditions precedent, including our shareholders’ approval for purposes of certain ASX Listing Rules (with respect to Newstride, Wanlu and Lochtenberg) and FIRB approval (with respect to Newstride).

On January 23, 2023, we completed the Institutional Placement. The new shares commenced trading on January 24, 2023.

On February 24, 2023, we completed the SPP, accepted all valid applications made under the SPP and issued 33,880,135 new shares at A\$1.02 per share for total receipts of A\$34.6 million (U.S.\$23.4 million). The new shares were issued on March 3, 2023 and commenced trading on March 6, 2023.

Conversion of Additional RKEF Lines to Nickel Matte

In March 2023, we announced our intention to modify two of the Angel Nickel Project’s RKEF lines to enable the transition to nickel matte production. The two RKEF lines will undergo minor capital modifications in the amount of approximately U.S.\$2 million. A switch from NPI to nickel matte production, which will be subject to market conditions, is not expected to occur until early 2024.

Declared Dividend

On February 28, 2023, we declared a final dividend of A\$60.5 million (A\$0.02 per share) (U.S.\$39.9 million) for the year ended December 31, 2022, which was paid out on March 17, 2023.

Change in Substantial Shareholding

On January 24, 2023, the voting power of Shanghai Decent in the Company changed from 21.15% to 19.45% due to the Institutional Placement, which is expected to increase to approximately 28% upon completion of the Conditional Placement. On February 2, 2023, the voting power of PT. Karunia Bara Perkasa and certain of its affiliates’ in the Company changed from 13.37% to 12.24%.

COVID-19 pandemic

In December 2019, a novel strain of the coronavirus (also known as COVID-19), was reported to have surfaced in Wuhan, China. COVID-19 has since spread to over 200 countries and territories and has been declared a pandemic by the World Health Organization. The current COVID-19 pandemic and the preventative or protective actions that governments around the world have taken to counter the effects of the pandemic have resulted in a period of business disruption and a decrease in economic activity in several countries, including in Indonesia and countries where our suppliers, customers and third-party contractors are located. As a result, the COVID-19 pandemic has led to uncertainty in the global economy and significant volatility in global financial markets. In addition, since March 2020, the Indonesian Government has issued several regulations in response to the current COVID-19 pandemic in order to contain the spread of the virus across the country as well as curb the negative financial impact of the outbreak on the country’s economy. However, there is no assurance that such measures will be effective in ending or restricting the spread of COVID-19, and many countries have experienced further COVID-19 outbreaks even after such measures had

been eased. Further, since May 2021, Indonesia has been experiencing an intense second wave of the pandemic which has led to further lockdowns and restrictive measures, and there could be further disruptions and potential lockdowns in the near future.

Although we have not yet observed any material direct impacts on our operations from the COVID-19 pandemic, the COVID-19 pandemic and the measures being put in place to combat its effects continue to pose risks to our operations and our profitability. The indirect impacts we have observed to date have included periods of significant volatility in financial, commodities and other markets. For example, in the first quarter of 2020, the nickel price dropped to U.S.\$11,000 per tonne caused by the COVID-19 outbreak and the resulting fragile industrial demand. This volatility, if it re-emerges, could have an adverse impact on our suppliers, businesses, financial condition and results of operations.

The COVID-19 pandemic has nonetheless created new challenges in maintaining the health and safety of our employees. The IMIP has had one incident of COVID-19 infection among its workforce which has not impacted our RKEF operations and has resulted in an increased vaccination program within the IMIP. We have been monitoring developments relating to the COVID-19 pandemic, and we have implemented strict access controls and procedures in order to mitigate the potential impact of the COVID-19 pandemic on the health and wellbeing of our employees. These have included:

- regular temperature checks and symptom screenings carried out prior to every shift;
- personal protective equipment, hygiene and monitoring of workers health conducted daily;
- mine site medical clinic with additional medical supplies, medical staff and quarantine rooms;
- work rosters being rescheduled to ensure the continuation of normal operations; and
- restrictions on nonessential movements in and out of the Hengjaya Mine.

We continue to proactively identify and manage the challenges presented by the COVID-19 pandemic, with a focus on protecting our people, working closely with our key stakeholders to ensure operational continuity and preparing our business for future scenarios that may result from the COVID-19 pandemic.

Addressing the disruptions caused by the COVID-19 pandemic has required our senior management team and staff to devote time and resources to address the impact of the COVID-19 pandemic on our business. For example, the Tsingshan group's operations at the IWIP experienced worker demonstrations during the COVID-19 pandemic in May 2020, including demonstrations from workers demanding a lockdown of the IWIP during that period. The occurrence of similar types of worker demonstrations at our operations in the future could adversely affect our business.

Nonetheless, our operating performance has thus far remained largely unaffected. Our workforce is made up of more than 90% local employees from the surrounding community, which has allowed us to continue our operations despite the border closures by the Indonesian Government of Central Sulawesi in March 2020.

Given the ongoing and dynamic nature of the circumstances surrounding the COVID-19 pandemic, it is difficult to predict the impact of the COVID-19 pandemic on our business or operations, and there is no guarantee that our efforts to address the adverse impacts of COVID-19 will be effective.

There continues to be considerable uncertainty as to the duration and further impact of the COVID-19 pandemic, including, but not limited to, government, regulatory or health authority actions, work stoppages, the effectiveness of vaccines, lockdowns, quarantines, and travel restrictions in Australia, China and Indonesia in particular, as well as globally. It is also possible that the Indonesian Government may shut down all operating work sites, even without a positive case of COVID-19. A suspension of business operations will affect our overall operations and operating results. The quarantining of our employees and contractors may

affect our overall operations, investments and operating results. However, given the rapidly changing implications of the spread of the COVID-19 pandemic, it is difficult to assess its impact on our business and results of operations at this time. To the extent the current COVID-19 pandemic adversely affects us, it may also significantly increase the effect of the aforementioned factors affecting our business and results of operations.

See “Risk Factors — Risks relating to our business — An outbreak of an infectious disease, or fear of an outbreak, or any other serious public health concerns in Asia, including Indonesia, and elsewhere may adversely impact our business, financial condition and results of operations” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Factors affecting our Business and Results of Operations — COVID-19 pandemic”.

Concurrent Tender Offer

We are concurrently making a separate invitation to eligible holders of our outstanding U.S.\$325.0 million Regulation S 6.50% Notes due 2024 (the “2024 Notes”) to tender their 2024 Notes for purchase for cash up to a maximum acceptance amount (the “Maximum Acceptance Amount”) (the “Concurrent Tender Offer”). The Concurrent Tender Offer is being made available on the terms and subject to the conditions in a tender offer memorandum dated April 11, 2023 (the “Tender Offer Memorandum”).

Noteholders that wish to tender their 2024 Notes for purchase in addition to subscribing for the Notes in this Offering can receive priority of acceptance (the “Priority of Acceptance”). Priority of Acceptance may be given for an aggregate principal amount of 2024 Notes equal to the aggregate principal amount allocated to the relevant noteholder in the distribution of the Notes. The Maximum Acceptance Amount shall be no less than the aggregate principal amount of 2024 Notes tendered and given Priority of Acceptance (the “Priority Tendered Notes”) in accordance with the terms and conditions of Concurrent Tender Offer (the “Maximum Acceptance Base Amount”). In the event we decide to accept any validly tendered 2024 Notes for purchase, determine a Maximum Acceptance Amount higher than the Maximum Acceptance Base Amount and the aggregate principal amount of the 2024 Notes validly tendered is greater than the Maximum Acceptance Amount, any tenders of Notes not given Priority of Acceptance by us in our sole and absolute discretion (the “Non-Priority Tendered Notes”) will be scaled by a factor.

The Concurrent Tender Offer is subject to the terms and conditions set out in the Tender Offer Memorandum, including a new financing condition which provides that the Concurrent Tender Offer is subject to the successful settlement and completion of this Offering (the “New Financing Condition”).

We will pay, for 2024 Notes accepted for purchase pursuant to the Concurrent Tender Offer (and subject to satisfaction or waiver of certain conditions including the New Financing Condition), a cash purchase price equal to 102.00 per cent. of the principal amount of the 2024 Notes plus accrued interest.

The Concurrent Tender Offer will expire on April 18, 2023, unless extended, re-opened, amended or terminated in our sole and absolute discretion. Settlement of the Concurrent Tender Offer is expected to occur on or around April 21, 2023. We will cancel the 2024 Notes that we accept for purchase pursuant to the Concurrent Tender Offer and those 2024 Notes will cease to be outstanding. Any 2024 Notes that remain outstanding after the Concurrent Tender Offer will continue to be our obligations.

Private Notes Purchase

We are also engaging in separate discussions with holders of our outstanding U.S.\$225.0 million 10.00% Senior Secured Notes due 2025 (the “2025 Notes”) to purchase any and all of our 2025 Notes (the “Private Notes Purchase” and together with the Concurrent Tender Offer, the “Concurrent Transactions”). If noteholders of our 2025 Notes agree to participate in the Private Notes Purchase, they will enter into an agreement with us to (i) participate in this Offering and purchase an aggregate principal amount of Notes and

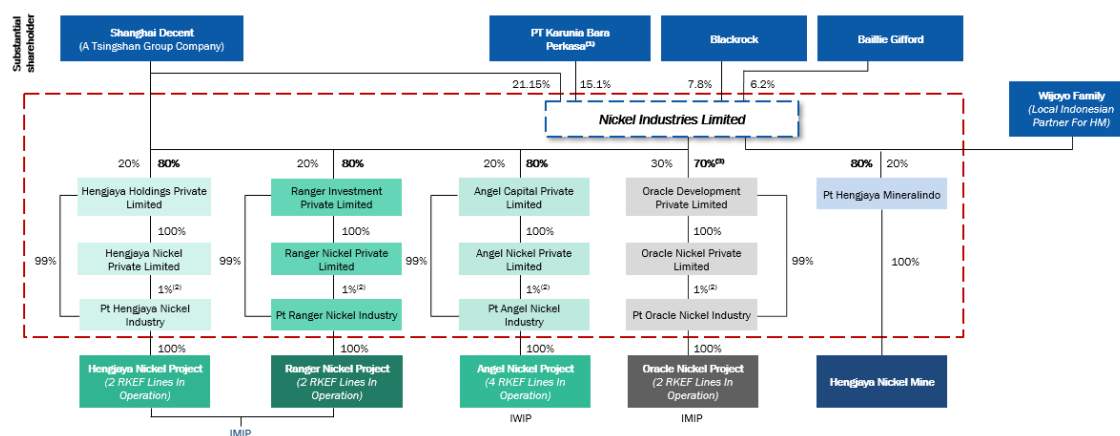
(ii) tender to us an aggregate amount of 2025 Notes which is equal to the aggregate principal amount of Notes allocated to them in this Offering, and, in turn, we will agree to purchase such amount of the 2025 Notes tendered under the agreement for a cash purchase price in U.S. dollars.

Settlement of the Private Notes Purchase will be on or around April 21, 2023. We will cancel the 2025 Notes that we accept for purchase pursuant to the Private Notes Purchase and those 2025 Notes will cease to be outstanding. Any 2025 Notes that remain outstanding after the settlement of the Private Notes Purchase will continue to be our obligations.

We intend to use the net proceeds of the offering of the Notes hereby to fund the Concurrent Transactions and for general corporate purposes. See “*Use of Proceeds*”.

Corporate Structure

The organizational chart below shows our corporate structure as of December 31, 2022:



Notes:

- (1) PT Karunia Bara Perkasa is an Indonesian private company located in Jakarta that provides coal mining services.
- (2) It is a requirement of Indonesian PMA companies to have at least two shareholders so each PT company has two shareholders in Singapore.
- (3) In January 2023, we entered into a binding agreement with Shanghai Decent to acquire an additional 10% indirect equity interest in the Oracle Nickel Project, subject to certain approvals and conditions. Once completed, our equity interest in the Oracle Nickel Project will increase to 80%.

Corporate Information

Our full legal name is Nickel Industries Limited which we changed from Nickel Mines Limited on May 31, 2022. The purpose of the change to Nickel Industries Limited was to reflect our transition from an explorer and miner of nickel ore to a globally significant downstream processor of nickel metal. Our headquarters are located in Level 2, 66 Hunter Street, Sydney, NSW, 2000 Australia, and our legal entity identifier is 54930007K0WX53TSIK16. Our Board of Directors and executive team perform their activities from various locations across the world. Our website is www.nickelindustries.com. Information provided on our website is not part of this Offering Memorandum and is not incorporated by reference herein.

History

We were incorporated on September 12, 2007, under the laws of Australia, with the objective of acquiring, exploring and developing nickel projects. After a period focusing on other opportunities, in December 2009, we entered into an agreement to acquire an 80% equity interest in the share capital of PT Hengjaya, the owner

of 100% of the Hengjaya Mine, with the remaining 20% interest owned by members of Indonesia's Wijoyo family.

We commenced our mining operations at the Hengjaya Mine in October 2012 and made a maiden shipment of nickel laterite in February 2013. A number of vessels containing high-grade nickel laterite (at an average grade of 1.98% nickel) were sold into China and Japan in 2013. However, when the Indonesian Government formally enacted a ban on the direct shipping of unprocessed minerals in January 2014 (including exports under a grade of 4% nickel), mining at the Hengjaya Mine temporarily ceased. Mining operations at the Hengjaya Mine were recommenced in October 2015 following the signing of a series of offtake agreements to supply nickel ore to the Tsingshan group companies within the IMIP.

In September 2017, we executed a Collaboration and Subscription Agreement with the Tsingshan group with respect to the funding and construction of the Hengjaya Nickel Project. We produced our first batch of NPI in January 2019 and have quickly expended our operations to become a globally significant player in the NPI industry.

The following table sets forth a number of key milestones in our history.

Date	Events
September 2007	Incorporated under the laws of Australia.
December 2009	Agreement to acquire our equity interests in the Hengjaya Mine.
March 2012	Acquisition of our equity interests in the Hengjaya Mine.
October 2012	Commencement of mining production operations at the Hengjaya Mine.
September 2017	The Company entered into a Collaboration and Subscription Agreement with Shanghai Decent to construct the Hengjaya Nickel Project within the IMIP.
April 2018	Acquisition of an initial 25% indirect equity interest in the Hengjaya Nickel Project for U.S.\$50 million.
August 2018	The Company listed on the ASX, raising A\$200 million.
September 2018	The Company increased its indirect equity interest in the Hengjaya Nickel Project from 25% to 60%. The additional 35% was acquired for U.S.\$70 million.
November 2018	Collaboration Agreement with Shanghai Decent to acquire up to 80% indirect equity interest in the Ranger Nickel Project. The Company initially acquired a 17% indirect equity interest for U.S.\$50 million.
January 2019	First batch of NPI produced at our the Hengjaya Nickel Project
March 2019	Hengjaya Nickel Project's second RKEF kiln produced its first batch of NPI.
May 2019	The Ranger Nickel Project produced its first batch of NPI.
June 2019	The second kiln of the Ranger Nickel Project produced its first NPI.
August 2019	Increased indirect equity interest in the Ranger Nickel Project from 17% to 60% indirect equity interest for U.S.\$121.4 million.
January 2020	Implementation of Indonesia's nickel ore export ban.
June 2020	Successful completion of a A\$231 million entitlement offer.

	Ownership of both the Hengjaya Nickel Project and the Ranger Nickel Project increased from 60% to 80% indirect equity interest. The Company paid Shanghai Decent U.S.\$60 million for each acquisition of a 20% indirect equity interest.
August 2020	Announcement of a resource upgrade for the Hengjaya Mine. Declaration of a maiden interim dividend of A\$0.01 per share.
November 2020	Signing of a binding Definitive Agreement to acquire a 70% (subsequently increased to 80%) indirect equity interest in the Angel Nickel Project.
December 2020	Successful completion of a A\$364 million entitlement offer.
January 2021	Acquisition of an initial 30% indirect equity interest in the Angel Nickel Project for U.S.\$210 million.
February 2021	Payment of a final dividend of A\$0.02 per share.
April 2021	Issuance of U.S.\$175,000,000 6.50% Notes due 2024. Acquisition of an additional 20% indirect equity interest in the Angel Nickel Project for U.S.\$137.6 million.
May 2021	Signing of a non-binding memorandum of understanding with Shanghai Decent expressing our intention to diversity into the production of nickel matte.
September 2021	Completed a U.S.\$150,000,000 ‘tap’ issuance of the 6.50% Notes due 2024. Increased ownership interest in the Angel Nickel Project to 80%, following the acquisition of an additional 30% indirect equity interest for U.S.\$210 million.
December 2021	Signing of a binding definitive agreement to acquire a 70% indirect equity interest in the Oracle Nickel Project.
January 2022	The Angel Nickel Project produced its first batch of NPI.
February 2022	Completion of a A\$148 million (U.S.\$106 million) institutional placement of Shares. Completion of acquisition of an initial 10% indirect equity interest in the Oracle Nickel Project for U.S.\$53 million. Payment of a final dividend of A\$0.02 per share.
May 2022	Completion of a A\$148 million (U.S.\$106 million) placement of Shares to Shanghai Decent. Completion of acquisition of a further 20% indirect equity interest in the Oracle Nickel Project following the share-based payment to Shanghai Decent, satisfying the U.S.\$106 million payment. Change of Company name from Nickel Mines Limited to Nickel Industries Limited. Receipt of commercial sales license for the Angel Nickel Project.
August 2022	Completion of a U.S.\$225 million inaugural offering of 10.0% Senior Secured Notes due 2025.

September 2022	Completion of acquisition of an additional 40% indirect equity interest in the Oracle Nickel Project for U.S.\$212 million. Announcement of upgraded JORC Resource estimate at the Hengjaya Mine of 300 million dmt, with an average grade of 1.22% nickel and 0.09% cobalt (using a nickel cut-off grade at 0.8%).
October 2022	Switch of two RKEF lines at the Hengjaya Nickel Project from NPI to nickel matte production.
November 2022	Hengjaya Mine was awarded a “Green PROPER” rating from the Indonesian Environmental and Forestry Authority.
January 2023	Signing of the Strategic Framework Agreement with Shanghai Decent on future battery nickel opportunities and entry into binding agreements with Shanghai Decent to purchase a 10% indirect equity interest in HNC and an additional 10% indirect equity interest in the Oracle Nickel Project. Completion of the Institutional Placement.
February 2023	Completion of the SPP.

Our Business

We conduct our business primarily through the following RKEF operations:

- **Hengjaya Nickel Project:** comprising two RKEF lines with an aggregate nameplate production capacity of 15,000 NiEq tonnes per annum (100% basis) located within the IMIP.
- **Ranger Nickel Project:** comprising two RKEF lines with an aggregate nameplate production capacity of 15,000 NiEq tonnes per annum (100% basis) located within the IMIP.
- **Angel Nickel Project:** comprising four RKEF lines with an aggregate nameplate production capacity of 36,000 NiEq tonnes per annum (100% basis) and a 380MW power plant located within the IWIP.
- **Oracle Nickel Project:** comprising four RKEF lines with an aggregate nameplate production capacity of 36,000 NiEq tonnes per annum (100% basis) and a 380MW power plant located within the IMIP which is scheduled to commission in the second quarter of 2023.

Our acquisition of an additional 40% indirect equity interest in the Oracle Nickel Project was completed in September 2022 to increase our equity interest to 70%. The commissioning process for the first, second, third and fourth RKEF lines at the Oracle Nickel Project commenced in November 2022, December 2022, February 2023 and March 2023, respectively. With the Oracle Nickel Project fully commissioned, our aggregate nameplate production capacity has increased to a total of 102,000 NiEq tonnes per annum (78,000 NiEq tonnes per annum attributable nameplate production capacity), which would place us within the top 3 largest Indonesian nickel producers by production capacity based on market data provided by AME as of December 31, 2022. Upon completion of the Additional Oracle Acquisition, our equity interest in the Oracle Nickel Project will further increase to 80%.



RKEF operations at the Hengjaya Nickel Project and the Ranger Nickel Project

NPI Production Process

NPI is a low-grade ferronickel which initially gained popularity in China as a cheaper alternative to pure nickel and is now recognized as a widely used feedstock for the production of stainless-steel.

We produce our NPI through the RKEF process, which consists of three main steps:

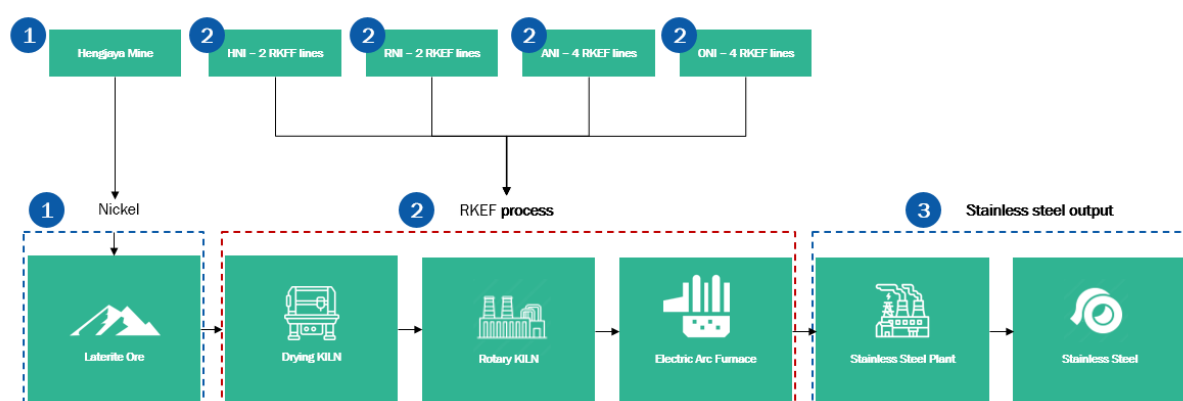
- *Calcination* – heating the ore in a drying kiln to remove water and volatile impurities.
- *Prereduction* – further heating of the ore in a rotary kiln in the presence of coke and limestone to reduce the ore (the reverse of oxidation).
- *Smelting* – in an electric arc furnace to produce molten NPI which can then be either direct charged to the stainless-steel production process or formed into NPI bricks for export.

Our partnership with the Tsingshan group has also allowed us to benefit from the vertically integrated nature of operations within the IMIP, which delivers significant cost savings and other optimizations and efficiencies as a result of the supply by the Tsingshan group and its affiliated companies of the logistics, utilities, including access to port facilities, and power and consumables required to operate our RKEF plants in the IMIP.

The RKEF processing generally requires a higher-grade ore feed than blast furnace processing, so the Indonesian export ban has significantly assisted the large-scale adoption of RKEF processing in Indonesia, with an abundance of high-grade ore (i.e., higher than 1.7% nickel grade) the export of which was restricted. Planned maintenance on each of our RKEF plants is scheduled to occur at regular intervals of approximately 5 years.

A disadvantage of the RKEF process is its high energy usage, which can make it uncompetitive in regions with high energy prices. However, this has not yet presented a significant challenge for our operations due to the availability of low energy prices as a result of the abundance of relatively inexpensive coal resources near the IMIP. The 380MW power plant of the Angel Nickel Project commenced commissioning in August 2022. The power generated was supplied to us at price more than 30% lower than the prices we pay for electricity for our operations at the Hengjaya Nickel Project and the Ranger Nickel Project.

A basic flowchart of the simplified RKEF and stainless-steel process is set out in the diagram below.



Since the ramp-up of our operations, NPI production at the Hengjaya Nickel Project and the Ranger Nickel Project has consistently exceeded the nameplate production capacity of 15,000 NiEq tonnes per annum (100% basis) each. The commissioning of the Angel Nickel Project was completed in May 2022, and produced at 138% of nameplate capacity in the fourth quarter of 2022, while the commissioning of the Oracle Nickel Project commenced in November 2022. The following table sets forth a summary of the combined production from the Hengjaya Nickel Project, the Ranger Nickel Project, the Angel Nickel Project and the Oracle Nickel Project for the respective periods indicated:

	Year ended December 31,		
	2020	2021	2022
NPI production (tonnes).....	295,897	298,353	473,116
NPI grade (%).....	14.7	13.5	13.8
NiEq production (tonnes).....	43,621	40,410	65,336
NiEq production attributable to the Company (tonnes) ⁽¹⁾	30,618	32,328	52,199

Note:

- (1) NiEq production attributable to the Company is calculated as NiEq production for the period multiplied by the Company's controlling interest percentage as of the end of the relevant period.

Production of Nickel Matte

Nickel matte is an intermediate smelter product that must be further refined to obtain pure nickel metal. On March 3, 2021, the Tsingshan group announced that it had developed a new method to process NPI into high-grade nickel matte that can be converted into nickel sulfate for use in the electric vehicle battery sector.

On May 3, 2021, we signed a non-binding memorandum of understanding with Shanghai Decent expressing our mutual intention to modify two of our existing RKEF lines at the IMIP so that they are able to produce nickel matte (at a grade higher than 74% NiEq) that can be used to make battery grade nickel for the electric vehicle market. Following the switch of the two RKEF lines at the Hengjaya Nickel Project from NPI to nickel matte production in October 2022, the Hengjaya Nickel Project produced 4,743 NiEq tonnes of high-grade nickel matte in 2022 and achieved a higher profit margin than NPI for the fourth quarter of 2022. In

addition, we intend to modify two of our RKEF lines at the Angel Nickel Project to enable the transition to nickel matte production. The two RKEF lines will undergo minor capital modifications in the amount of approximately U.S.\$2 million. A switch from NPI to nickel matte production is subject to market conditions and is not expected to occur until early 2024. We also entered into the Strategic Framework Agreement with Shanghai Decent pursuant to which we acquired options to collaborate with Shanghai Decent on future battery nickel opportunities for U.S.\$40 million, including an option to invest in and construct a low-grade to high-grade nickel matte converter at the Oracle Nickel Project. There is no assurance that we will be able to realize the expected benefits from the transition from NPI to nickel matte production. For more information, see “Risk Factors — Risks relating to our Business — We may not be able to realize any or all of the anticipated benefits of our contemplated diversification into nickel matte and other nickel products”.

The following table sets forth a summary of nickel matte production from the Hengjaya Nickel Project for the year ended December 31, 2022.

	Year ended December 31, 2022
Low-grade nickel matte converted (tonnes)	5,094
High-grade nickel matte production (tonnes)	4,743
High-grade nickel matte production attributable to the Company ⁽¹⁾ (tonnes)	3,794

Note:

- (1) High-grade nickel matte production attributable to the Company is calculated as High-grade nickel matte Production for the period multiplied by the Company’s controlling interest percentage as of the end of the relevant period.

We expect to be able to switch our RKEF lines between NPI and nickel matte production without major production disruptions. This would enable us to shift our production between NPI to be fed into the stainless-steel supply chain or nickel matte to be fed into the EV battery supply chain. Accordingly, we would have the capability of adjusting our output of NPI and nickel matte going forward based on prevailing market demand and prices.

Hengjaya Nickel Project

The Hengjaya Nickel Project is a two-line 42 kVA RKEF plant located within the IMIP.

The Hengjaya Nickel Project produced its first batch of NPI in January 2019, less than 12 months after ground was broken at the project. By the September 2019 quarter, following the commissioning and ramp-up period across the first half of 2019, the Hengjaya Nickel Project’s production run rate has comfortably exceeded its aggregate nameplate production capacity of 15,000 NiEq tonnes per annum (100% basis) and the targeted run rate of 16,500 NiEq tonnes per annum.

The table below shows NPI production statistics for the Hengjaya Nickel Project for the periods presented:

	Year ended December 31,		
	2020	2021	2022
NPI production (tonnes)	145,927	149,045	108,573
NPI grade (%)	14.7	13.5	13.5
NiEq production (tonnes)	21,514	20,020	14,620

	Year ended December 31,		
	2020	2021	2022
NiEq production attributable to the Company ⁽¹⁾ (tonnes).....	15,081	16,016	11,696
Average RKEF cash cost ⁽²⁾ (U.S.\$ per tonnes of nickel).....	7,340	10,166	13,466

Notes:

- (1) NiEq production attributable to our Company is calculated as NiEq production for the period multiplied by the Company's controlling interest percentage as of the end of the relevant period.
- (2) RKEF cash cost is a standard industry measure used by most major nickel companies which reflects the direct costs involved in producing each tonne of nickel, including related transportation costs. RKEF cash cost is calculated as U.S. dollars per tonne of payable nickel unit produced.

Following the switch of the two RKEF lines at the Hengjaya Nickel Project from NPI to nickel matte production in October 2022, the Hengjaya Nickel Project produced 4,743 NiEq tonnes of high-grade nickel matte in 2022 and achieved a higher profit margin than NPI for the four quarter of 2022. For a summary of the nickel matte production at the Hengjaya Nickel Project, see “—Our Business—Production of Nickel Matte.”

We currently hold an 80% indirect equity interest in the Hengjaya Nickel Project via our 80% indirect equity interest in the share capital of Hengjaya Holdings Private Limited, a Singaporean company which wholly own (directly or indirectly) PT Hengjaya Nickel Industry, an Indonesian company which constructed, owns and operates the Hengjaya Nickel Project. The remaining 20% indirect equity interest in the Hengjaya Nickel Project is held by Shanghai Decent.

Designed and constructed by the Tsingshan group, we had originally acquired a 25% equity stake in the Hengjaya Nickel Project from the Tsingshan group in April 2018. We acquired a further 35% indirect equity interest in the Hengjaya Nickel Project in August 2019, and in June 2020, we further increased our indirect equity interest in the Hengjaya Nickel Project from 60% to 80%.

On October 16, 2018, our operations at the Hengjaya Nickel Project were granted material corporate income tax relief on the following basis:

- a corporate income tax reduction of 100% for a period of seven tax years, starting from the tax year in which commercial production is achieved (2019);
- a corporate income tax reduction of 50% of payable income tax for a period of two tax years, starting from the end of the initial seven-year period; and
- exemption from withholding and tax collection by third parties on sales proceeds that would normally be remitted to the Indonesian Revenue Department for a period of seven years, also commencing from the tax year in which commercial production is achieved.

Ranger Nickel Project

The Ranger Nickel Project is a replica of the Hengjaya Nickel Project, and similarly operates a two-line 42 kVA RKEF plant with a similar nameplate production capacity and operational cost structure as the Hengjaya Nickel Project. It is also located within the IMIP.

The Ranger Nickel Project produced its first batch of NPI in May 2019, also ahead of its original schedule. By the fourth quarter of 2019, following the commissioning and ramp-up period across the end of the second quarter of 2019 and the third quarter of 2019, the Ranger Nickel Project's production run rate has comfortably exceeded its aggregate nameplate production capacity of 15,000 NiEq tonnes per annum (100% basis) and the targeted run rate of 16,500 NiEq tonnes per annum.

The table below shows production statistics for the Ranger Nickel Project for the periods presented:

	Year ended December 31,		
	2020	2021	2022
NPI production (tonnes).....	149,969	149,308	149,929
NPI grade (%).....	14.7	13.7	13.4
NiEq production (tonnes).....	22,107	20,390	20,082
NiEq production attributable to the Company ⁽¹⁾ (tonnes).....	15,538	16,312	16,066
Average RKEF cash cost ⁽²⁾ (U.S.\$ per tonnes of nickel).....	7,327	10,090	13,526

Notes:

- (1) NiEq production attributable to our Company is calculated as NiEq production for the period multiplied by the Company's controlling interest percentage as of the end of the relevant period.
- (2) RKEF cash cost is a standard industry measure used by most major nickel companies which reflects the direct costs involved in producing each tonne of nickel, including related transportation costs. RKEF cash cost is calculated as U.S. dollars per tonne of payable nickel unit produced.

We currently hold an 80% indirect equity interest in the Ranger Nickel Project via our 80% indirect equity interest in the share capital of Ranger Investment Private Limited, a Singaporean company which wholly owns (directly and indirectly) PT Ranger Nickel Industry, an Indonesian company which constructed, owns and operates the Ranger Nickel Project. The remaining 20% indirect equity interest in the Ranger Nickel Project is held by Shanghai Decent.

Designed and constructed by the Tsingshan group, we had originally acquired a 17% indirect equity interest in the Ranger Nickel Project from the Tsingshan group in November 2018. We increased our indirect equity interest in the Ranger Nickel Project to 60% in August 2019, and in June 2020, we increased our indirect equity interest in the Ranger Nickel Project to 80%.

On March 12, 2019, our operations at the Ranger Nickel Project were granted corporate income tax relief on a basis consistent with the tax concessions previously granted to the Hengjaya Nickel Project.

Angel Nickel Project

The Angel Nickel Project is structured under a similar corporate structure to our existing RKEF assets, the Hengjaya Nickel Project and the Ranger Nickel Project. We acquired an 80% indirect equity interest in the Angel Nickel Project through the acquisition of shares in a Singapore-incorporated holding company and shareholder loans due or owing by the Singapore-incorporated holding company (and/or its subsidiaries). The Singapore-incorporated holding company wholly owns (directly and indirectly) a PMA operating company,

PT Angel Nickel Industry, which was incorporated in Indonesia in December 2020 and owns the assets of the Angel Nickel Project.

Shanghai Decent took the lead role in the design and construction of the Angel Nickel Project with commissioning of the project having commenced in January 2022, well ahead of the contractual requirement for this to occur by October 16, 2022. The fourth of the four RKEF lines commenced commissioning in May 2022. In addition, in May 2022, the Angel Nickel Project received its commercial license which allowed it to commence commercial sales of NPI. The 380MW power plant at the Angel Nickel Project was commissioned in August 2022. The Angel Nickel Project comprise (a) four RKEF lines, with a combined annual nameplate production capacity of 36,000 NiEq tonnes per annum (100% basis); (b) a 380MW power plant; and (c) ancillary facilities required for the operation of each of the RKEF lines and the power plant.

The table below shows production statistics for the Angel Nickel Project for the year ended December 31, 2022.

	Year ended December 31, 2022
NPI production (tonnes).....	207,110
NPI grade (%).....	14.4
NiEq production (tonnes).....	29,887
NiEq production attributable to the Company ⁽¹⁾ (tonnes).....	23,910
Average RKEF cash cost ⁽²⁾ (U.S.\$ per tonnes of nickel).....	12,931

Notes:

- (1) NiEq production attributable to our Company is calculated as NiEq production for the period multiplied by the Company's controlling interest percentage as of the end of the relevant period.
- (2) RKEF cash cost is a standard industry measure used by most major nickel companies which reflects the direct costs involved in producing each tonne of nickel, including related transportation costs. RKEF cash cost is calculated as U.S. dollars per tonne of payable nickel unit produced.

In January 2022, the Government of Indonesia granted the Angel Nickel Project certain tax benefits on the following basis:

- a corporate income tax reduction of 100% for a period of 10 tax years, starting from the tax year in which commercial production is achieved (i.e. 2022);
- a corporate income tax reduction of 50% of payable income tax for a period of two tax years, starting from the end of the initial seven-year period; and
- exemption from withholding and tax collection by third parties on sales proceeds that would normally be remitted to the Indonesian Revenue Department for a period of 10 years, also commencing from the tax year in which commercial production is achieved.

We intend to switch two of the Angel Nickel Project's RKEF lines to nickel matte production. The switch from NPI to nickel matte production, which will be subject to market conditions, is not expected to occur until early 2024.

Following the full commissioning of the Angel Nickel Project, our aggregate nameplate production capacity reached a total of 66,000 NiEq tonnes per annum (52,800 NiEq tonnes per annum attributable nameplate production capacity). The Angel Nickel Project also diversified our geographic and production footprint given the project is located within the IWIP.

Oracle Nickel Project

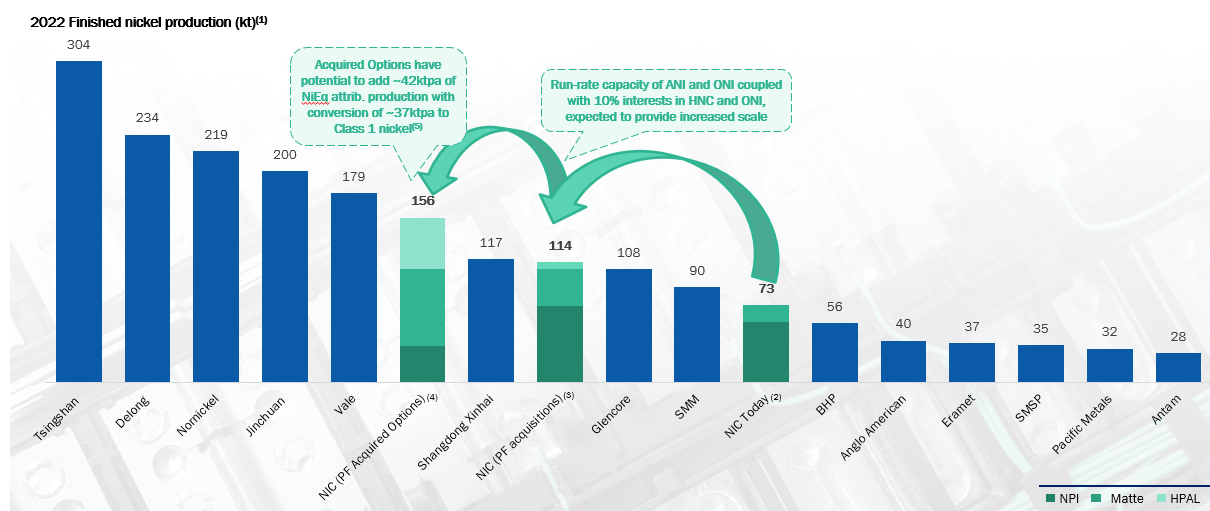
In December 2021, we executed a definitive agreement with Shanghai Decent to purchase a 70% indirect equity interest in the Oracle Nickel Project, a new development project that has commenced construction within the IMIP comprising four RKEF lines with an annual nameplate production capacity of 36,000 tonnes of nickel metal (in NPI). The Oracle Nickel Project will also separately undertake the construction of a 380MW power plant that will support and IMIP's overall grid power requirements (and therefore the Oracle Nickel RKEF lines). The Oracle Nickel Project asset specifications will replicate those of our Angel Nickel Project. The commissioning process for the first, second, third and fourth RKEF lines at the Oracle Nickel Project commenced in November 2022, December 2022, February 2023 and March 2023, respectively. For the year ended December 31, 2022, the Oracle Nickel Project produced 747 NiEq tonnes of NPI at an average NPI grade of 10.0%.

In January 2023, we entered into a binding agreement with Shanghai Decent to acquire an additional 10% indirect equity interest in the Oracle Nickel Project, subject to certain approvals and conditions. Once completed, our indirect equity interest in the Oracle Nickel Project will increase to 80%. For details, please see “—Recent Developments— Entry into agreements to acquire interests in two producing nickel assets and acquired options on future battery nickel opportunities”.

The Strategic Framework Agreement

As part of the Strategic Framework Agreement in January 2023, we entered into a binding agreement with Shanghai Decent to acquire a 10% indirect equity interest in the HNC Project, subject to certain approvals and conditions. The HNC Project is a HPAL project located within the IMIP, with a nameplate annual production capacity of 60,000 NiEq tonnes and 5,000 CoEq tonnes. We also acquired options to future battery nickel opportunities for U.S.\$40 million under the Strategic Framework Agreement, including: participation in and construction of the ENC Project; and investment in, and construction of, a low-grade to high-grade nickel matte converter at the Oracle Nickel Project.

The graph below sets forth a comparison of our indicative aggregate production capacity prior to, and subsequent to, the commissioning of the Oracle Nickel Project, the Additional Oracle Acquisition, the HNC Acquisition and the Acquired Options in comparison to that of other leading nickel producers globally:

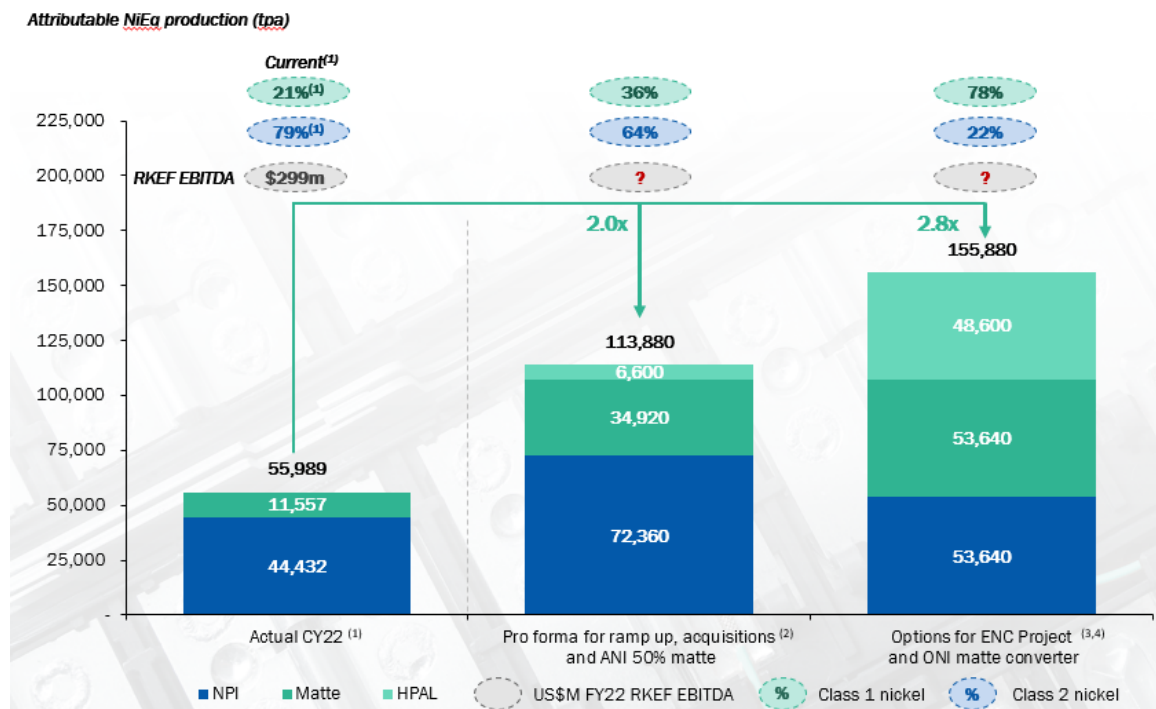


Notes:

Source: AME, Company data.

- (1) Comparable production data reflects 2022 figures unless stated otherwise. NIC pro forma figures are not indicative of future nickel production levels that may be achieved and are not financial guidance or forecasts. "NIC Today" based on December Quarter 2022 attributable production of approximately 18.4kt annualized.
- (2) NiEq production based on (i) attributable nickel metal nameplate capacities of 12ktpa for the Hengjaya Nickel Project and the Ranger Nickel Project each and 28.8ktpa for the Angel Nickel Project and the Oracle Nickel Project (pro forma 80% ownership), (ii) outperformance assumption of 35% for Hengjaya Nickel Project and the Ranger Nickel Project and 30% for the Angel Nickel Project and the Oracle Nickel Project, (iii) HNC Project attributable nameplate capacity of 6ktpa (10% of 60ktpa) and outperformance of 10%, and (iv) assumption of 50/50 production split between NPI and nickel matte at the Angel Nickel Project.
- (3) Based on assumptions above in footnote (3), as well as ENC Project attributable nameplate capacity of 42ktpa (70% of 60ktpa, no outperformance) and assumes option to convert to matte production at the Oracle Nickel Project is exercised. Acquired Options subject to FIRB and shareholder approval.
- (4) Displays net impact of exercising Acquired Options to convert to nickel matte at the Oracle Nickel Project and developing ENC Project (HPAL production) relative to NIC pro forma for acquisition (increasing 10% indirect equity interest in the Oracle Nickel Project and 10% indirect equity interest in the HNC Project). The Acquired Assets are also subject to FIRB and shareholder approvals.

The graph below illustrates our historical combined nameplate capacity, along with our combined nameplate capacity following the ramp up of the Oracle Nickel Project at 80% interest, the HNC Acquisition, the Angel Nickel Project transitioning to nickel matte production and Acquired Options:



Notes:

- (1) Actual NIC total attributable NiEq production of 55,989t for 2022 calendar year based on 80% ownership of the Hengjaya Nickel Project, the Ranger Nickel Project and the Angel Nickel Project, and 70% of the Oracle Nickel Project. Percentage split between Class 1 and Class 2 nickel based on the fourth quarter of 2022 production only, with 21% nickel matte production from the Hengjaya Nickel Project.
- (2) NiEq production based on (i) attributable nickel metal nameplate capacities of 12ktpa for the Hengjaya Nickel Project and the Ranger Nickel Project each and 28.8ktpa for the Angel Nickel Project and the Oracle Nickel Project (pro forma 80% ownership), (ii) outperformance assumption of 35% for Hengjaya Nickel Project and the Ranger Nickel Project and 30% for the Angel Nickel Project and the Oracle Nickel Project, (iii) HNC Project attributable nameplate capacity of 6ktpa (10% of 60ktpa) and outperformance of 10%, and (iv) assumption of 50/50 production split between NPI and nickel matte at the Angel Nickel Project.
- (3) Based on assumptions above in footnote (2) as well as ENC Project attributable nameplate capacity of 42ktpa (70% of 60ktpa, no outperformance) and assumes option to convert to matte production at the Oracle Nickel Project is exercised.
- (4) Acquired Options subject to FIRB and shareholder approval.

The Siduarsi Nickel-Cobalt project

On May 16, 2022, we signed a binding agreement with PT Iriana Mutiara Mining (“IMM”) for the staged acquisition of a 100% interest in the Siduarsi Nickel-Cobalt project (the “Siduarsi Project”) in Papua province, Indonesia. The Siduarsi Project covers a total area of 16,470 hectares in what appears to be a similar geotectonic setting as the Ramu nickel-cobalt project located in neighboring Papua New Guinea. Based on the Exploration Results, over 2,000 holes with total cumulative depth of more than 30,000 meters of drilling have been completed since the first quarter of 2022. Average grades of limonite are 0.9% nickel, 0.1% cobalt, 64.61% iron oxide with chromium oxide 3.43% and scandium 48.41ppm. Average saprolite grades are 1.01% nickel, 0.03% cobalt and 15.92% iron oxide.

We will be required to fund various project milestones including a modest exploration program over two years, as well as the completion of a JORC-compliant resources statement, metallurgical test work and a mine feasibility study.

Indonesia Morowali Industrial Park and Indonesia Weda Bay Industrial Park

Our nickel-producing assets are located in the world's largest nickel production centers in terms of production: the IMIP, estimated to be the fourth largest producer of stainless-steel by production capacity in 2023 with among the world's largest, in terms of production, vertically integrated stainless-steel facility with a current stainless-steel production capacity of 3.0 million tonnes per annum, according to AME, and the IWIP located in Indonesia's North Maluku province.

IMIP

The facilities of the Hengjaya Nickel Project, the Ranger Nickel Project and the Oracle Nickel Project sit within the IMIP and benefit from its competitive advantages.

Located in the Regency of Morowali, Province of Central Sulawesi, Indonesia and developed by the Tsingshan group, with construction having commenced in late 2013, the IMIP currently comprises:

- 3.0Mtpa stainless-steel capacity;
- 0.5Mtpa carbon steel capacity;
- 0.6Mtpa high carbon ferrochrome;
- 3.0Mtpa NPI capacity;
- 480 ktpa coke plant capacity;
- 0.6Mtpa semi-coke plant capacity;
- coal-fired power plant;
- port facilities;
- executive guest quarters; and
- an executive visitors' hotel.

The development of the IMIP and its competitive operational cost structure is underpinned by (i) its ability to source an abundance of higher grade (>1.7% nickel grade) nickel ore which is restricted from export from Indonesia as a result of the Indonesian Government's ban on the exportation of unprocessed nickel ore under a grade of 4% nickel; (ii) the generation of competitive electricity costs by the IMIP's purpose-built power plant which is powered by domestically sourced thermal coal, and (iii) the vertically-integrated nature of operations within the IMIP to produce a stainless-steel end product, utilizing the key raw material inputs, including nickel ore and power. Specific to our RKEF operations, localized ore stockpiles, conveyer-belt haulage, purpose-installed ore drying kilns and heat recycling all serve to improve costs and efficiencies. While not directly related to our RKEF operations, the 'hot-charging' of NPI directly into the IMIP's stainless-steel operations yields significant energy cost and logistics savings for the Tsingshan group's stainless-steel business.

IWIP

The Angel Nickel Project facilities will sit within the IWIP and benefit from its advantageous competitive position.



Aerial image of IWIP on Halmahera Island, Indonesia

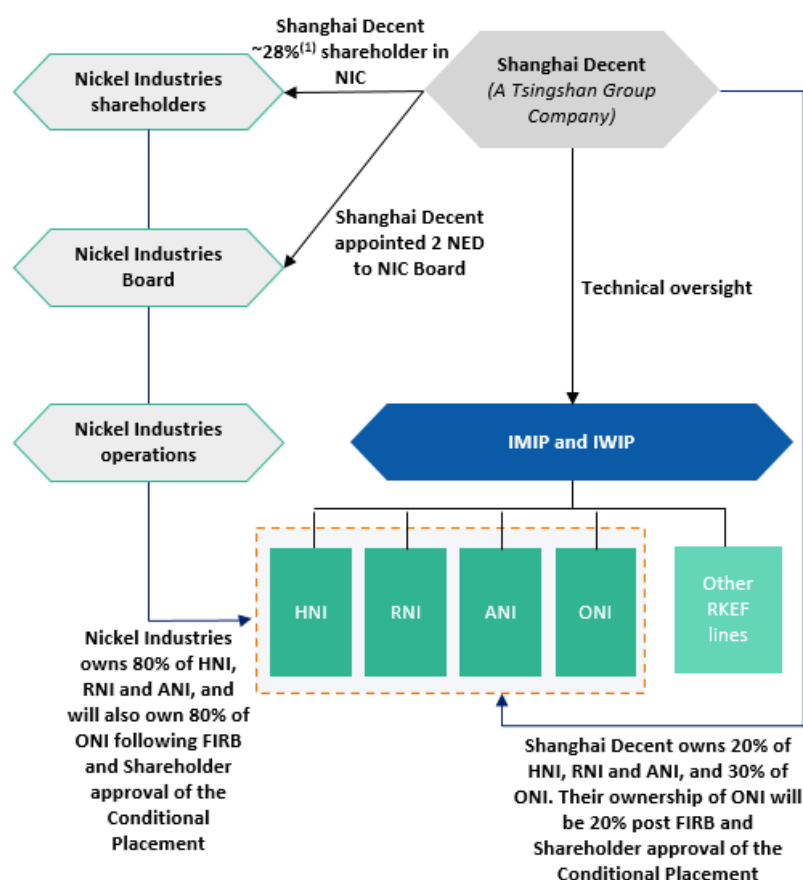
Located in Indonesia's North Maluku province and jointly owned and operated by the Tsingshan group along with other joint venture partners, construction at the IWIP began at August 2018. Operations started in 2020 and IWIP is still ramping up its operations. By 2023, according to AME, the IWIP is expected to be the fifth largest producer of nickel globally. As at December 31, 2022, the IWIP comprises approximately 50 RKEF lines and approximately 5,000 MW power capacity installed.

The IWIP currently includes three port berths, an airstrip, and a provincial road and site logistics system. Additional power, port capacity and other ancillary services are continuing to be progressively established. In addition, the Tsingshan continues to collaborate with other partners, such as Eramet, Zhejiang Huayou Cobalt and Zhenshi Holding Group, to continue further developing the capabilities of the IWIP.

Our Partnership with the Tsingshan Group

We operate a strategic commercial partnership with the Tsingshan group whereby it retains a 20% indirect equity interest in the Hengjaya Nickel Project and the Ranger Nickel Project, which partially aligns its performance incentives with our interests. The Tsingshan group also holds approximately 19.45% of our equity shares, and therefore has a further flow through indirect equity in our performance. If Conditional Placement is completed, the voting power of Tsingshan group (through Shanghai Decent) will increase to approximately 28%.

The diagram below provides a summary of our partnership with the Tsingshan group:



Notes:

Source: Company filings

(1) Expected to increase to approximately 28% upon completion of the Conditional Placement.

The Tsingshan group controls the largest stainless-steel production capacity globally (with the exception of the combined capacity of Chinese state-owned enterprises). According to the Tsingshan group, it delivered 12.4 Mt and 13.9 Mt stainless-steel production in 2021 and 2022, respectively. Global stainless-steel production is estimated to be 60.4Mt in 2023, implying that the Tsingshan group has approximately 20% market share if volumes are held constant based on AME market data for 2023 and data provided by the Tsingshan group.

The Tsingshan group is the leading operator in the Indonesian NPI industry and a global leader in NPI processing technology, according to AME. Its operations in Indonesia are vertically integrated from mining raw materials, including ferronickel and NPI, through refining and casting. It has incorporated advanced technology into its stainless-steel production facilities, were one of the pioneers of the RKEF process to produce low-cost NPI and also established a first mover advantage in the large-scale use of NPI to produce stainless-steel.

Shanghai Decent is the Tsingshan group company responsible for the development and management of the IMIP, a large vertically integrated nickel/stainless-steel complex, and home to our RKEF operations. Shanghai

Decent is our largest shareholder with an 19.45% (increasing to approximately 28% following FIRB and shareholder approval of the Conditional Placement) direct and indirect voting power in our Company. We believe that the Tsingshan group has benefitted significantly from its relationship with us as they have derived 20% of the financial returns from the Hengjaya Nickel Project, the Ranger Nickel Project and the Angel Nickel Project and we have made dividend distributions to them of approximately U.S.\$28.1 million in 2022. In addition, we believe that Shanghai Decent has realized significant profits on its construction costs of RKEFs sold to us, and on its equity investment in us. Further, we provide “see-through” value for the remainder of Tsingshan’s RKEF portfolio.

We signed our first offtake agreement with the Tsingshan group in September 2015 to supply 30,000 wmt per month of nickel laterite at a cut-off grade of 1.9% nickel for six months. In December 2016, we entered into another offtake agreement with the Tsingshan group for the delivery of 50,000 wmt per month of nickel laterite at an average grade of 1.9% nickel. Although these agreements have since been terminated, the development of this relationship with the Tsingshan group and their requirement for additional NPI production to supply its stainless-steel expansion plans culminated in us discussing a strategic partnership that would contemplate the two parties building additional NPI processing capacity within the IMIP.

The NPI that we produce is used as a key input in the Tsingshan group’s stainless-steel operations. Shanghai Decent has agreed to purchase, and we have agreed to sell to Shanghai Decent, all offtake of NPI produced by the Hengjaya Nickel Project, the Ranger Nickel Project, the Angel Nickel Project and the Oracle Nickel Project at a third party, arm’s length pricing based on the average prices for NPI in China.

Pursuant to our collaboration agreements with Shanghai Decent, the Tsingshan group commits to procure that its affiliated companies supply utilities and logistics to support our operations. These services include training our staff, providing technical and maintenance services to support and optimize our operations, and supplying power and consumables, as well as access to port facilities, among others. Such services are to be provided in accordance with the ‘principle of non-discrimination’, i.e., substantially in the same manner, with the same degree of care and at the same price without discrimination of any kind (such as priority of entry) as it does for other users. Beyond these contractual requirements, the Tsingshan group has continued to support our operations by providing us with technology, raw material supplies (such as nickel ore) and ancillary services necessary for the operations of the Hengjaya Nickel, Ranger Nickel, Angel Nickel and the Oracle Nickel Projects.

We believe that the Tsingshan group’s stainless-steel operations are not yet self-sufficient in NPI, as we believe that Tsingshan derives the majority of its NPI supply from its subsidiaries, affiliates or companies it holds interests in (including us), and the remaining one-third having been procured from non-related third parties. Accordingly, we believe that our NPI operations are key to the Tsingshan group’s supply chain.

Production Details

The table below sets forth the Tsingshan group’s historical figures for its production output of stainless-steel for the periods presented:

	Mt⁽¹⁾
2009	0.8
2010	1.1
2011	1.6
2012	2.3
2013	3.0
2014	4.5

2015	5.4
2016	5.8
2017	7.5
2018	9.3
2019	10.7
2020	10.8
2021	12.4
2022	13.9

Note:

(1) Based on data provided by the Tsingshan group.

The table below sets forth the Tsingshan group's historical figures for the production output of NPI for the periods presented:

	Kt NiEq⁽¹⁾
2009	7.5
2010	10.7
2011	30.8
2012	50.3
2013	74.7
2014	87.2
2015	88.2
2016	160.0
2017	223.0
2018	260.0
2019	330.0
2020	430.0 ⁽²⁾
2021	600.0
2022	880.0

Notes:

(1) Based on data provided by the Tsingshan group.

(2) Includes 35 Kt NiEq attributable to the Company.

According to the Tsingshan group, it delivered 12.4 Mt and 13.9 Mt stainless-steel production in 2021 and 2022, respectively. AME estimates that global stainless-steel production will be 60.4Mt in 2023, implying Tsingshan has approximately 20% of the market share of total global stainless-steel production if volumes are held constant.

Our Material Agreements with Shanghai Decent

The agreements we have in place with Shanghai Decent are material contracts which set out the terms of our relationship with the Tsingshan group in respect of the RKEF lines at the Hengjaya Nickel Project, the Ranger Nickel Project, the Angel Nickel Project, the Oracle Nickel as well as the future RKEF lines and power station of the Oracle Nickel Project. Other than the Strategic Framework Agreement which does not have a governing law provision, each of these agreements are governed under the laws of Singapore. Other than the binding agreement for the HNC Acquisition which will be terminated if any of the conditions precedent are not fulfilled on or before September 30, 2023, none of these agreements are subject to any specific duration or expiration period.

Hengjaya Nickel Project

In September 2017, we signed a Collaboration and Subscription Agreement (“Hengjaya CSA”) with our partner, Shanghai Decent, a Tsingshan group company, and Wanlu, as a passive strategic cornerstone investor, which set forth the terms pursuant to which Shanghai Decent would build, and we would acquire an 80% indirect equity interest in, the Hengjaya Nickel Project. In addition, the Hengjaya CSA also sets forth the basic terms which would govern the operations of the Hengjaya Nickel Project post-commissioning.

Pursuant to the terms of the Hengjaya CSA, Shanghai Decent has undertaken to procure that its affiliates supply such utilities and logistics services within the IMIP as required for the Hengjaya Nickel Project in line with the IMIP “principle of non-discrimination”, i.e., substantially in the same manner, with the same degree of care and at the same price without discrimination of any kind (such as priority of entry and scale of construction plan) as it does for other users in the IMIP. In addition, the Hengjaya CSA entitles each of Shanghai Decent and Wanlu to nominate one director to the board of directors of the Company, which shall comprise no more than eight directors, including three independent directors. Further, the Hengjaya CSA provides that the project entity’s board of directors shall comprise no more than five directors and we are entitled to nominate three of those five directors.

Pursuant to a subsequent amendment to the Hengjaya CSA entered into in January 2021, Shanghai Decent has agreed to purchase, and we have agreed to sell to Shanghai Decent, all offtake of NPI produced by the Hengjaya Nickel Project based on the then-current average price of NPI in China.

Ranger Nickel Project

In November 2018, we signed a binding Collaboration Agreement (“Ranger CA”) with our partner, Shanghai Decent, which set forth the terms pursuant to which Shanghai Decent would build, and we would acquire an 80% indirect equity interest in, the Ranger Nickel Project. In addition, the Ranger CA also sets forth the basic terms which would govern the operations of the Ranger Nickel Project post-commissioning.

Pursuant to the terms of the Ranger CA, Shanghai Decent has undertaken to procure that its affiliates supply such utilities and logistics services within the IMIP as required for the Ranger Nickel Project in line with the IMIP “principle of non-discrimination”, i.e., substantially in the same manner, with the same degree of care and at the same price without discrimination of any kind (such as priority of entry and scale of construction plan) as it does for other users in the IMIP. In addition, the Ranger CA provides that the project entity’s board of directors shall comprise no more than five directors and we are entitled to nominate three of those five directors.

Pursuant to a subsequent amendment to the Ranger CA entered into in January 2021, Shanghai Decent has agreed to purchase, and we have agreed to sell to Shanghai Decent, all offtake of NPI produced by the Ranger Nickel Project based on the then-current average price of NPI in China.

Angel Nickel Project

In November 2020, we executed a collaboration agreement (“Angel CA”) with Shanghai Decent relating to the acquisition of a 70% indirect equity interest in, and operation of, the Angel Nickel Project. In January 2021, it was agreed by both parties that our indirect equity participation in the Angel Nickel Project would increase from 70% to 80% for a total consideration of U.S.\$560 million to be paid in two tranches. On April 20, 2021, it was further agreed by both parties that the total consideration of U.S.\$560 million would be paid in three tranches rather than two tranches, as follows:

- a “first acquisition”, consisting of the acquisition of an initial interest of 30% in the Angel Nickel Project at a cost of U.S.\$210 million by no later than March 31, 2021. In January 2021 we completed the first acquisition following the payment of U.S.\$210 million to Shanghai Decent;
- a “second acquisition” consisting of the acquisition of an additional 20% in the Angel Nickel Project at cost of U.S.\$137.6 million (net of U.S.\$2.4 million in early payment discounts). In April 2021, we completed the second acquisition following the payment of U.S.\$137.6 million to Shanghai Decent; and
- a “third acquisition” consisting of the acquisition of an additional 30% in the Angel Nickel Project at cost of U.S.\$210 million by no later than December 31, 2021. In September 2021, we completed the third acquisition following the payment of U.S.\$210 million to Shanghai Decent.

We received early payment discounts of U.S.\$2.4 million in connection with the second stage acquisition, thus decreasing the total consideration payable by us in connection with the Angel Nickel Project from U.S.\$560 million to U.S.\$557.6 million.

Similar to the structure adopted for the Hengjaya Nickel Project and the Ranger Nickel Project, our equity interest in the Angel Nickel Project is held through a Singaporean incorporated holding company, which wholly-owns the Indonesian operating company owning the Angel Nickel Project.

Under the Angel CA, Shanghai Decent takes the lead role in the design and construction of the Angel Nickel Project and has undertaken that: (i) the total cost of the Angel Nickel Project will not exceed U.S.\$700 million; (ii) the Angel Nickel Project will be put into commissioning by no later than October 16, 2022; (iii) the Angel Nickel Project will have an total aggregate annual production capacity of no less than 36,000 NiEq tonnes per annum (100% basis); and (iv) the Angel Nickel Project will have a power plant with an installed capacity of 380MW. Where the actual construction costs of the Angel Nickel Project exceed U.S.\$700 million, Shanghai Decent has agreed to indemnify the Angel SPV in respect of the excess cost.

Shanghai Decent will be responsible for procuring or obtaining all the relevant permits, licenses, land and other requirements to develop the Angel Nickel Project (including incorporating the relevant corporate entities and ensuring all the relevant assets will be owned by the Angel Nickel Project). In addition, Shanghai Decent has undertaken to use its best endeavors to procure that its affiliates supply such utilities and logistics services within the IMIP as required for the Angel Nickel Project in line with the “principle of non-discrimination”, i.e., substantially in the same manner, with the same degree of care and at the same price without discrimination of any kind (such as priority of entry and scale of construction plan) as it does for other users in the IWIP.

Under the Angel CA, Shanghai Decent has agreed to purchase, and we have agreed to sell to Shanghai Decent, all offtake of NPI produced by the Angel Nickel Project based on the then-current average price of NPI in China.

The Angel CA provides that the project entity’s board of directors shall comprise no more than five directors. Following the first-step acquisition of our indirect equity interests, we are entitled to nominate one out of

those five directors. Following the second-step acquisition of our indirect equity interests, we will be entitled to nominate three out of those five directors.

In January 2021, we obtained 100% shareholders' approval for the acquisition of an 80% indirect equity interest in the Angel Nickel Project, and we completed the first acquisition of our initial 30% indirect equity interest in the Angel Nickel Project following the payment of U.S.\$210 million to Shanghai Decent. On April 21, 2021, we completed the second acquisition, consisting of an additional 20% indirect equity interest in the Angel Nickel Project following the payment of U.S.\$137.6 million to Shanghai Decent, taking our ownership in the Angel Nickel Project to a total 50% indirect equity interest. Shareholder approval of the remaining 20% interest was obtained at the Company's Annual General Meeting held on May 18, 2021. On September 30, 2021, we completed the third acquisition following the payment of U.S.\$210 million to Shanghai Decent.

Memorandum of Understanding on Nickel Matte Production

On May 3, 2021, we signed a non-binding memorandum of understanding with Shanghai Decent expressing our mutual intention to modify two of our existing RKEF lines at the IMIP so that they can produce a low-grade nickel matte. This low-grade nickel matte would be sold for further processing into a high-grade nickel matte (higher than 74% NiEq) that can be used to make battery grade nickel for the EV market. These modifications have been made to the Hengjaya Nickel Project. We intend to further switch two of our RKEF lines at the Angel Nickel Project from the production of NPI to nickel matte. For details, please see "*Recent Developments—Conversion of Additional RKEF Lines to Nickel Matte.*"

For more information, see "*Risk Factors — Risks relating to our Business — We may not be able to realize any or all of the anticipated benefits of our contemplated diversification into nickel matte and other nickel products.*"

Oracle Nickel Project

In December 2021, we executed a collaboration agreement ("Oracle CA") with Shanghai Decent to purchase a 70% equity interest in the Oracle Nickel Project, a new development project that has commenced construction within the IMIP comprising four RKEF lines with an annual nameplate production capacity of 36,000 tonnes of nickel metal (in NPI). The Oracle Nickel Project will also separately undertake the construction of a 380MW power plant that will support IMIP's overall grid power requirements (including the Oracle Nickel Project RKEF lines). The Oracle Nickel Project's asset specifications will replicate those of our Angel Nickel Project. Under the Oracle CA, Shanghai Decent has agreed to purchase, and we have agreed to sell to Shanghai Decent, all offtake of NPI produced by the Oracle Nickel Project based on the then-current average price of NPI in China.

In February 2022, we completed the acquisition of an initial 10% indirect equity interest in the Oracle Nickel Project, following the payment of U.S.\$23 million, with U.S.\$30 million of deposits already having been paid in 2021.

In May 2022, following shareholder approval at an Extraordinary General Meeting of Shareholders, we completed the increase to a 20% indirect equity ownership interest in the Oracle Nickel Project following the issue of 108,122,223 shares to Shanghai Decent's nominee, Decent Resource Limited.

In September 2022, we completed the acquisition of an additional 40% equity interest in the Oracle Nickel Project for U.S.\$212 million.

Entry into Strategic Framework Agreement with Shanghai Decent

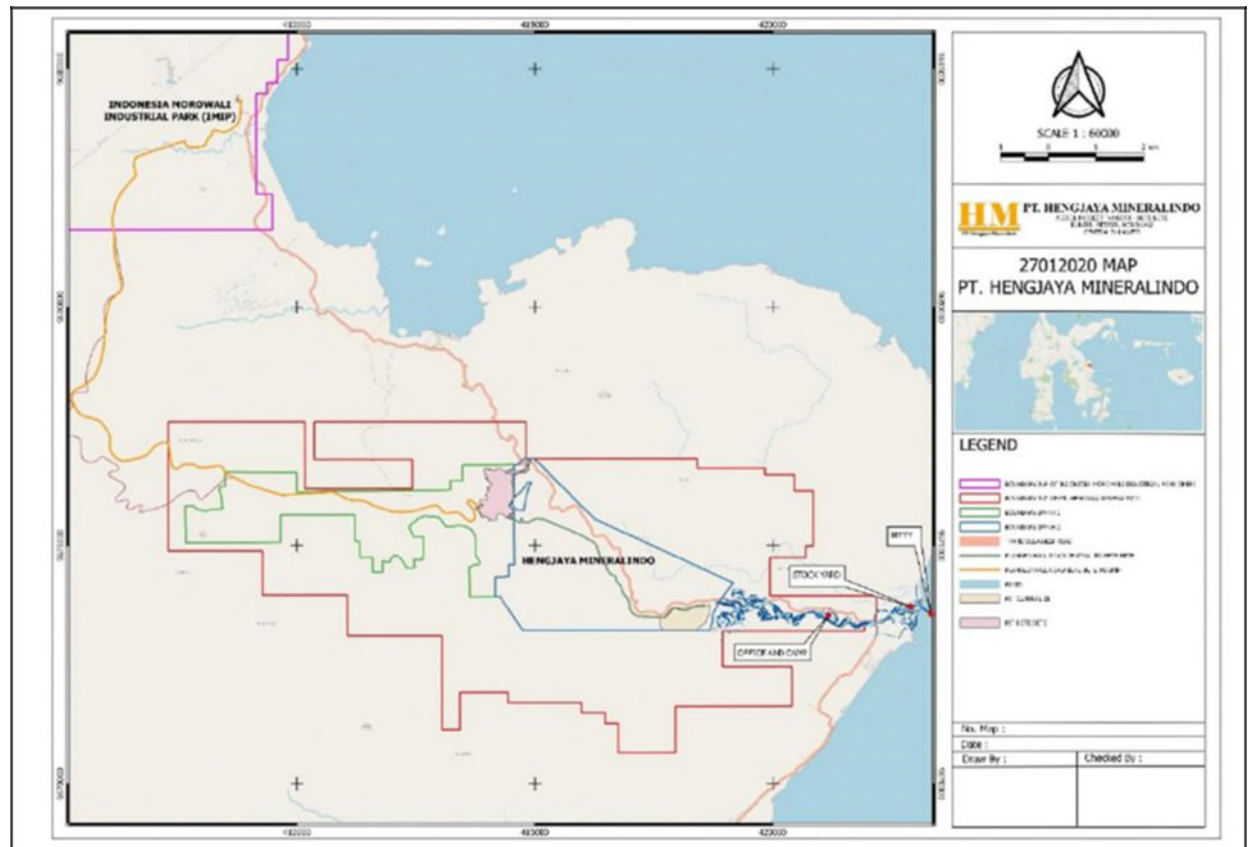
In January 2023, we entered into the Strategic Framework Agreement with Shanghai Decent pursuant to which we acquired options to collaborate with Shanghai Decent on future nickel battery opportunities and

entered into binding agreements for the HNC Acquisition and the Additional Oracle Acquisition. For details, please see “—Recent Developments—Entry into Strategic Framework Agreement with Shanghai Decent.”

Our Mining Operations

We conduct our nickel mining and processing operations at the Hengjaya Mine, a long-life, high-grade nickel laterite deposit located approximately 12 kilometers from the IMIP. The Hengjaya Mine is in the Morowali Regency, Central Sulawesi, Indonesia within an IUP license covering 5,983 hectares. The Hengjaya Mine obtained its IUP license on June 16, 2011, which is valid for 20 years until May 26, 2031 and may be renewed twice, each for a period of 10 years.

The following map sets forth the location of the Hengjaya Mine and the proximity to the IMIP.



We hold an 80% direct equity interest in PT Hengjaya, which is the owner of 100% of the Hengjaya Mine.

Although we have in the past sold the nickel ore we produced at the Hengjaya Mine to third parties, since December 2018 all of our nickel ore production has been sold to be used as an input in the Hengjaya Nickel Project and the Ranger Nickel Project to produce NPI.

Resource Upgrade

In September 2022, we announced a material mineral resource upgrade to the Hengjaya Mine in relation to which we commissioned PT Danmar Explorindo to update a JORC 2012 compliant mineral resource. The resource estimate is 300 million dmt with an average grade of 1.22% nickel and 0.09% cobalt (using a nickel cut-off grade of 0.8%). This equates to approximately 3.7 mt of nickel metal and 270 kt of cobalt. Since the

last resource estimate in June 2022, measured resources have increased by 333%, indicated resources by 20% and inferred resources by 53%.

As at December 31, 2022, based on a 0.8% nickel cut-off grade, the JORC 2012 compliant resource estimate for the Hengjaya Mine was reported as follows:

Category	Dry Tonnes			
	(million)	Ni (%)	Co (%)	Fe (%)
Measured.....	85	1.3	0.09	30.4
Indicated.....	130	1.2	0.08	28.6
Inferred.....	85	1.2	0.08	29.1
Total	300	1.2	0.09	29.2

The high-grade saprolite resource of 72 million wmt at 1.8% nickel (cut-off grade at 1.5% nickel) represent a source of long-term ore supply to IMIP where the Hengjaya Nickel Project, the Ranger Nickel Project and the Oracle Nickel Project will have a total combined ore requirement of approximately 8.8 million wmt per annum. Hengjaya Mine is expected to deliver 3.5 to 4.0 million wmt of saprolite ore to the IMIP upon completion of the haul road linking the mine to the industrial park.

The limonite resource of 151 million wmt at 1.2% nickel and 0.14% cobalt (cut-off grade 1.0% nickel) positions the Hengjaya Mine as one of the long-term ore suppliers to HNC and QMB HPAL projects, which are expected to require up to a combined 20 million wmt of limonite per annum to produce nickel cobalt mixed hydroxide precipitate for the electric vehicle battery market. This significant limonite source strategically positions the Hengjaya Mine to supply any future HPAL projects which we may invest in. As the Hengjaya Mine is the closet nickel mine to IMIP, the lower relative transportation costs are expected to contribute to a higher margin for the 151 million wmt of limonite resource.

Production

Mining operations at the Hengjaya Mine resumed in October 2015 with mining currently from the Bete Bete deposit and Central pit deposits, which are approximately 12 kilometers from the jetty from where ore is transported by barge to the IMIP. The current mining rate was approximately 1.8 Mtpa and 3.0Mtpa of saprolite ore (wmt basis) as at December 31, 2020 and December 31, 2021 respectively, and greater than 3.0Mtpa as at December 31, 2022.

On January 11, 2014, the Government of Indonesia introduced a ban on the export of unprocessed minerals, including the export of low-grade nickel ore. As a consequence, our mining operations at the Hengjaya Mine temporarily ceased. Mining operations at the Hengjaya Mine recommenced in October 2015 following the signing of a series of ore offtake agreements to supply nickel ore to the Tsingshan group companies within the IMIP.

For the year ended December 31, 2020, our saprolite ore production totaled 870,503 wmt, at an average strip ratio of 1.6:1. Sales of saprolite ore for the year ended December 31, 2020 totaled 795,650 wmt at an average grade of 1.82%. For the year ended December 31, 2021, our production totaled 2,457,694 wmt, at an average strip ratio of 1.6. Sales of saprolite ore for the year ended December 31, 2021 totaled 2,169,972 wmt at an average grade of 1.76%. For the year ended December 31, 2022, our production of saprolite ore totaled 2,890,575 wmt, at an average strip ratio of 0.38:1. Sales of saprolite ore for the year ended December 31, 2022 totaled 2,674,947 wmt, with an average grade of 1.71%. Our production of limonite ore totaled

3,902,276 wmt, and sales of limonite ore, which recommenced in April 2022, totaled 844,405 wmt with an average grade of 1.18%.

The following table sets forth our subsidiary PT Hengjaya's unconsolidated revenue from nickel ore mining, including saprolite ore and limonite ore for the periods indicated:

	Year ended December 31,		
	2020	2021	2022
Revenue from nickel ore mining (U.S.\$) ⁽¹⁾	25,139,919	84,086,087	133,776,804

Note:

- (1) For the years ended December 31, 2020, 2021 and 2022, sales of saprolite nickel ore are internal to the Company and therefore are eliminated on consolidation.

Overburden included limonite ore which has been stockpiled separately adjacent to waste dumps at both Bete Bete and Central Pits for supply to the IMIP's HPAL plant projects. In November 2018, we entered into a memorandum of understanding with the IMIP to supply future limonite ore into two new HPAL plants. As at December 31, 2020, 463,954 wmt of limonite ore grading approximately 1.2% nickel had been stockpiled. As at December 31, 2021, 2.14 million wmt of limonite ore grading approximately 1.1% nickel had been stockpiled.

We commenced the sale of limonite nickel ore to the HNC Project in November 2021 and sold limonite nickel ore to the HNC project and the QMB HPAL Nickel project in 2022.

	Year ended December 31,		
	2020	2021	2022
Tonnes mined (wmt).....	870,503	2,457,694	6,792,851
Overburden mined (BCM).....	1,432,626	2,787,895	2,592,396
Limonite mined (BCM).....	664,125	1,161,600	3,902,276
Strip ratio (BCM/wmt) ⁽¹⁾	1.6	1.6	0.38
Tonnes sold (wmt).....	795,650	2,169,972	3,519,352
Average saprolite grade (%).....	1.82	1.76	1.71
Average saprolite price received (U.S.\$/tonne).....	29.98	36.48	42.48
Average saprolite cost of production (CIF U.S.\$/tonne).....	30.30	24.20	26.49

Note:

- (1) Strip ratio in 2020 and 2021 includes limonite as overburden.

Exploration

With information collected through our exploration activities, we prepare mine plans in relation to further exploration and operation of each pit within the Hengjaya Mine. We have adopted the use of Ultra Ground Penetrating Radar technology, a geophysical technique that can be used to detect subsurface geological layering and structure in nickel laterite. The use of the Ultra GPR survey is designed to increase the confidence

of geological interpretation, provide a guide to thickness and depth of the target layers and help to optimize drill programs to focus on the best areas.

We begin with a conceptual mine plan and determine the potential production profiles for a particular mine throughout its life. We also account for surface features such as topography, position of rivers and creeks, local villages and associated infrastructure, and begin planning for rehabilitation of disturbed areas. See *“Risk Factors — Risks relating to our Business — Our exploration efforts are highly speculative in nature and we may be unable to locate additional resources at the Hengjaya Mine or elsewhere”*. As more exploration data is collected, the geological model is revised, which necessitates revisions to detailed mine plans. We prepare a high level 5 year mine plan to enable mine site infrastructure, waste dumps and optimal haulage profiles and systems to be developed. A 12-month detailed mine schedule is then developed to optimize ore grades and recovery including best equipment mix to give competitive operational cost results. These work to develop a three-month and monthly rolling mine plans. Mine production is then reconciled against the mine geological model on a monthly basis. The overall mine planning also takes into consideration the mines compliance and mine site rehabilitation obligations. The mine plans are updated periodically to optimize the projects resource whilst delivering contractual and quality ore supply to the end users.

The recent resource drilling combined with the development of a 5-year plan allows the Hengjaya Mine to optimize and adjust the yearly plans as required. The introduction of infill drilling program has further improved the understanding of the resource and assisted in planning and optimizing the projects resources.

Drilling

In our current drill program, core runs are restricted to one-meter intervals so that core swelling and losses are easily measured. The topography of the Hengjaya Mine has been surveyed using LiDAR to produce a digital terrain model of the ground surface in the area.

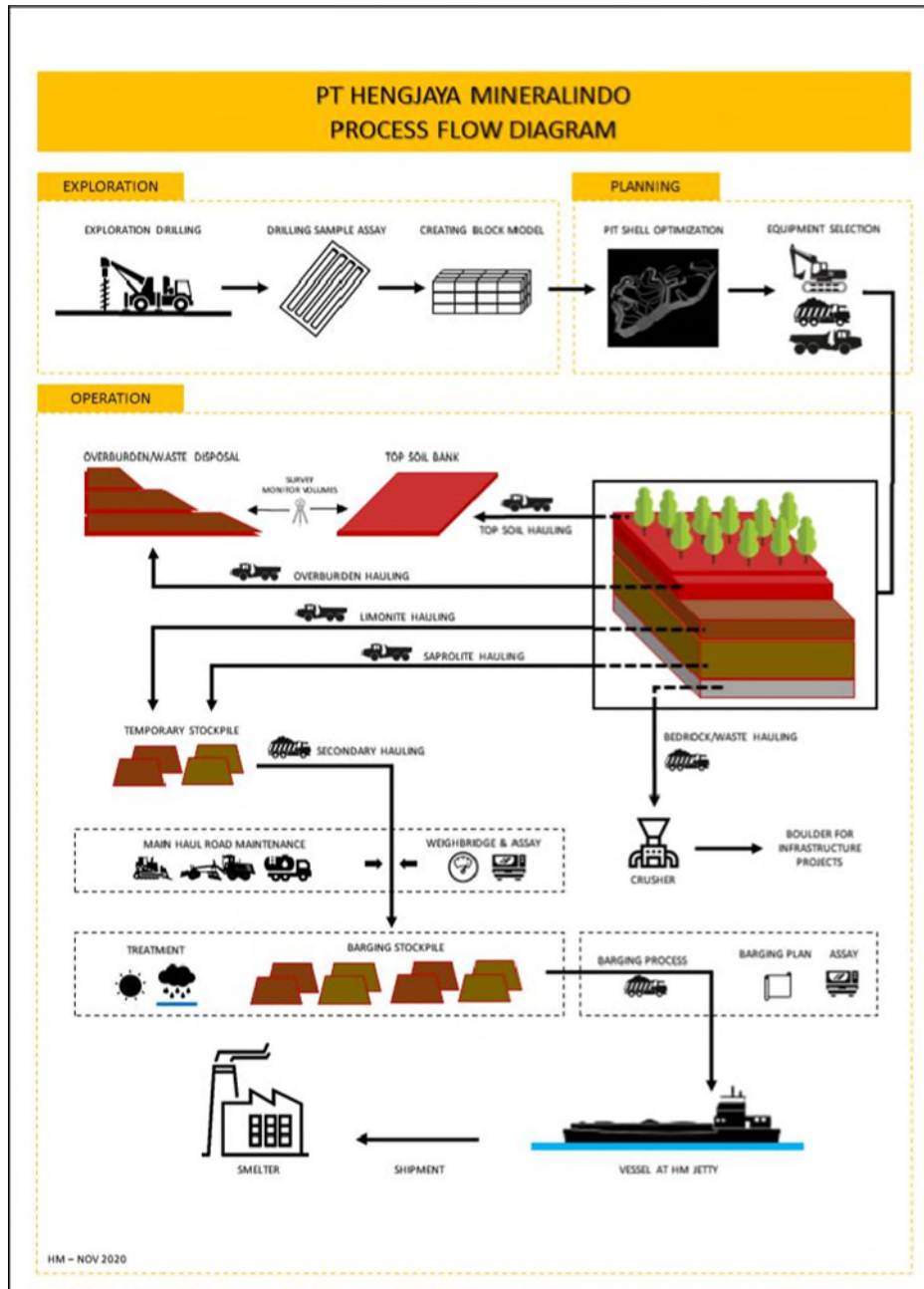
During the year ended December 31, 2020, exploration and infill drilling totaled 839 holes for 19,045 meters. During the year ended December 31, 2021, exploration and infill drilling totaled 1,122 holes for 26,269 meters. During the year ended December 31, 2022, exploration and infill drilling totaled 3,846 holes for 97,329 meters.

The drilling in 2022 focused on the infill drilling in Bete Bete South, Central West and Central East while the exploration drilling focused on Central West, IPPKH 3 Central East and Central West and by Quarter III to Quarter IV drilled in Central North. Infill drilling will continue in 2023, in preparation for the potential mining at IPPKH 3 in 2024.

Ultra-ground penetrating radar was undertaken in three different areas – IPPKH 5 Block A, IPPKH 5 Block B and MIA West – identifying more than 300 hectares of thick laterite with drilling expected to commence in 2024.

Mining and Processing

Our nickel ore and NPI production process starts with the land clearing process and ends with the processing of nickel ore into NPI. The following diagram sets forth the principal stages of our nickel ore mining and NPI production process.



As our nickel deposits are generally located at a shallow depth beneath the earth's surface, mining for nickel ore can be carried out under an open-pit mining method, with the use of trucks and shovels and with limited need for blasting. Little beneficiation is required other than drying and screening as well as some limited crushing of oversized material. For instance, saprolite nickel ores which rest deeper beneath the earth's surface is often lumpy and requires crushing to reduce it to the required size specifications.

First, the vegetation is cleared and the overburden is stripped to expose the limonite nickel ore. Following which, the limonite nickel ore and the saprolite nickel ore are extracted through the use of bench mining techniques. Limonite nickel ore rests above saprolite nickel ore and extraction of limonite nickel ore takes place before mining of saprolite nickel ore. Each bench has a height of three meters. Production drilling is carried out for grade control.

At the Hengjaya Mine, where we mine saprolite nickel ore, the rocky portions of the site are segregated to maximize ore recovery. Oversized ore is then reduced in size. The low-grade limonite is pushed out of the way and used for backfill after extraction of the ore is completed. Bulldozers are used to strip the overburden, which is pushed to the side and used where possible for reclamation after mining. Similar techniques are used in the other nickel ore mines. After mining, the saprolite nickel ore is solar dried by placing it in narrow piles and turning it over every several days. Solar drying reduces the moisture content of ore to a range of approximately 30.0% to 35.0%, making it suitable for shipment.

The nickel ore is then moved to the stockyards at the port and piled for barging, where it is covered with tarpaulins for dust control and for protection from rainfall. Ore is transported from the mine face to the stockpile areas by trucks operated by contractors for processing at our RKEF plants to produce NPI.

The Hengjaya Mine has its own jetty for the loading of ore and for the delivery of fuel and other supplies. Unloading at the IMIP is undertaken at nominated – dedicated berths at the IMIP and normally take two days to unload. Each barge load deliveries approximately 11,000 wmt of ore.

Our mining operations are usually impacted to some degree during Indonesia’s rainy season due to the challenging working conditions posed by the heavy rainfall (May-June-July). See *“Risk Factors — Risks relating to our Business — The Hengjaya Mine and our RKEF plants are subject to inclement weather and natural disasters”*.

Reclamation

Reclamation is part of the ongoing mining activities and license obligation and we perform the reclamation and revegetation process on the previous mined area while mining in other areas continues. We carry out our reclamation works in collaboration with the local community as part of our corporate and social responsibility (“CSR”) efforts and are required to comply with the requirements set out in the respective mine’s environmental documents including the environmental impact assessment (AMDAL), reclamation plan, post-mining plan and MEMR Decree 1827/2018. We believe that there is no significant risk related to provision for rehabilitation and decommissioning. Our Indonesian subsidiaries control the land rights or are in the process of acquiring such rights and therefore we believe there is no legal or constructive obligations to decommission these assets. See *“Regulatory Framework — Indonesian Regulatory Framework — Regulation of Nickel Mining in Indonesia — Reclamation and post-mining activities”*.

Licenses

IUP OP License

An operation and production mining business license (IUP OP) is required for PT Hengjaya to carry out construction, mining, processing and refining, and transportation and sales activities of minerals at the Hengjaya Mine. PT Hengjaya obtained an IUP OP on June 16, 2011 and the IUP OP is valid for 20 years until May 26, 2031. The IUP OP may be renewed twice, each for a period of 10 years.

[illegible]

In June 2013, PT Hengjaya obtained an IPPKH in respect of approximately 851 hectares of the Hengjaya Mine within an area included as a Limited Production Forest Area by the Ministry of Forestry of Indonesia. The IPPKH permit is valid until June 2031 and permits PT Hengjaya to conduct mining activities within the Limited Production Forest Area.

In February 2018, PT Hengjaya obtained an IPPKH in respect of approximately 994 hectares, enabling an expanded resource area to be mined in closer proximity to the coast which will reduce current mining and hauling costs.

Over the course of 2020, several expansion initiatives were undertaken in support of the Hengjaya Mine's plan to significantly increase its production. These expansion initiatives included:

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- expanding the jetty capacity to allow for the simultaneous loading of multiple 10,000 tonne barges;
- building a modernized campsite and auxiliary facilities to cater for an expanded and upskilled workforce;
- upgrading of onsite ore preparation and analytical laboratories;
- construction of an ore scalping grizzly to allow faster separation of oversized rock from ore to increase ore recovery; and
- commencing the design and construction of a direct haul road between the Hengjaya Mine and the IMIP to facilitate the increased supply of both saprolite and limonite ore into the IMIP.

We completed the expansion of the capacity of our jetty in January 2021, which is now fully operational and capable of berthing 10,000 tonne barges. We also completed construction of the internal haul road connecting the Bete Bete Pit to the Central Pit in March 2021, which is now fully operational. Haulage from the Central Pit to our Company's jetty is approximately six kilometers less than from the previously mined Bete Bete Pit and now allows for the use of 40-tonne trucks (as compared to eight tonnes trucks previously), significantly improving transport efficiencies and reducing mining costs.



Mine infrastructure



Load-out jetty

We have also completed the construction of new mine camp and infrastructure facilities in 2020. In addition to technical offices and workshops, the facility includes community development, safety, training and recreational buildings.

Our mine expansion activities continued over the course of 2021, with key operational workstreams having included the continuing development of internal haul roads, jetty stockpile management, jetty loading areas and infill drilling. Main haul road approvals and construction works to IMIP continued to advance in areas around the Bete Bete pit to the IUP boundary and external APL areas, with associated water management controls and monitoring systems having now been installed on all new mine infrastructure areas. Additional 40-tonne articulated dump trucks, dozers, haul trucks and ancillary equipment arrived on site during 2021, which will be utilized for opening new areas on the existing pits and areas associated with the expansion east of Bete Bete pit and west of the Central Pit.

We have also defined a new haul road between the Hengjaya Mine and the IMIP. The total main haul road distance will be approximately 16 kilometers and is intended for future hauling of both saprolite ore and limonite ore from the Hengjaya Mine to the RKEF plants located in the IMIP and potential future supply of limonite ore to third-party HPAL plants within the IMIP. Construction is currently underway with more than

nine kilometers already completed and the completion of the haul road is expected to be end of June 2023. Once completed, the new haul road will enable higher tonnages to be mined and hauled (instead of barging) as well as allowing for strategic access to additional ore resources to the west of Bete Bete and new areas such as IPPKH3.

While having the immediate effect of scaling up production levels and reducing costs, many of these expansion initiatives are designed to prepare the Hengjaya Mine to be a future material supplier of both saprolite and limonite ore to the IMIP. The first nickel ore from the Central Pit was mined and trucked to the expanded jetty for barging in early April 2020, however, mine production across the second quarter of 2020 and well into the third quarter of 2020 was impacted by an extended and above average wet season. Drier conditions in the fourth quarter of 2020 delivered increased mine production of nearly 500,000 tonnes for the quarter, demonstrating the expanded production capabilities of the Hengjaya Mine. Production at the Hengjaya Mine increased further across 2021, to 456,487 tonnes during the first quarter, 574,791 tonnes during the second quarter, 579,156 during the third quarter and a record 847,260 tonnes during the fourth quarter. In 2022, 2,674,947 wmt of saprolite ore was sold by the Hengjaya Mine.

Regulation on Divestiture of Ownership

Under the Mining Law (as amended), all foreign-owned holders of Indonesian PO IUPs must adhere to the Divestment Requirement (i.e., to divest their shares in stages commencing after 10 years of production so that domestic investors shall have minimum ownership of 51% of its Divestiture Shares by the end of the 15th year of production, subject to certain limited exceptions). The price for the divested shares offered by the existing foreign owner to the domestic investors shall be determined based on “fair market value” without considering the mineral reserve levels except for parts of the mineral or coal reserves that can be mined during the validity period of the relevant PO IUP. The ownership stake is first to be offered to national, provincial or regency governments. In the event that those governmental entities are not willing to invest, the offer is then made to state and regional-owned enterprises before it can be allowed to be offered to a private Indonesian entity by way of an auction. Finally, and only in the event that none of the Qualified Indonesian Parties are interested in acquiring the Divestiture Shares, the divestment process must be carried out by the relevant PMA Company through the Indonesian Stock Exchange, see “*Regulatory Framework — Indonesian Regulatory Framework — Regulation of Nickel Mining in Indonesia — Foreign divestment requirements*”.

The Hengjaya Mine is subject to the Mining Law (as amended). Therefore, a minimum 51% indirect equity interest in the Hengjaya Mine is to be held by an Indonesian investor by the 15th year of production, being February 2031 in the case of the Hengjaya Mine.

As the Hengjaya Mine already has a 20% local shareholder, being members of Indonesia’s Wijoyo Family, it is likely the case that no Divestiture Shares have to be offered, in respect of the Hengjaya Mine, to Qualified Indonesian Parties until the 14th year of production.

As a result of the Divestiture Requirement, in the event that we would no longer control the Hengjaya Mine from February 2031 onwards, any remaining equity ownership by us in the Hengjaya Mine would be unconsolidated from our financial statements and accounted for under the equity method of accounting.

Customers

All of our sales of NPI from the Hengjaya Nickel Project, the Ranger Nickel Project, the Angel Nickel Project are to group companies within the Tsingshan group. Pursuant to the collaboration agreements we have in place with Shanghai Decent, Shanghai Decent has agreed to purchase, and we have agreed to sell to Shanghai Decent, all offtake of NPI produced by the Hengjaya Nickel Project, the Ranger Nickel Project, the Angel Nickel Project and, once the commercial sales licence is received, the Oracle Nickel Project based on the

average prices of NPI in China. Since the start-up of our RKEF operations, a majority of our sales of NPI from the Hengjaya Nickel Project, the Ranger Nickel Project were sold to Shanghai Decent and its associates or to PT Indonesia Tsingshan Stainless Steel, an Indonesian Tsingshan group company, operating with the IMIP. Accordingly, we rely on the Tsingshan group as an offtaker of the NPI we produce. See also *“Risk Factors — Risks relating to our Business — We derive the majority of our revenue from sales to Tsingshan group companies, and the partial or full loss of this revenues would adversely affect us”* and *“Business — Strengths — Low risk processing in integrated industrial parks partnering with the world's largest nickel and stainless-steel producer”*.

We are no longer able to export our nickel ore as a result of recent Indonesian Government regulations banning the export of high-grade nickel ore from Indonesia effective January 1, 2020, see *“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Factors affecting our Business and Results of Operations — Government Policies and Changes in Law — Nickel Export Ban”* and *“Risk Factors — Risks relating to our Business — We may be adversely affected by changes to laws and regulations relating to our operations, and our failure to comply with those regulations, may adversely affect us”*. Although we have in the past sold the nickel ore we produced at the Hengjaya Mine to third parties, since December 2018 all of our nickel ore production has been used as an input in the Hengjaya Nickel Project and the Ranger Nickel Project to produce NPI.

Raw Materials, Suppliers and Third-Party Contractors

Pursuant to our collaboration agreements with Shanghai Decent, Shanghai Decent has committed to procure that its affiliated companies supply utilities and logistics to support our operations, such as the supply of power and access to port facilities. Such services are to be provided in accordance with the ‘principle of non-discrimination’, i.e., substantially in the same manner, with the same degree of care and at the same price without discrimination of any kind (such as priority of entry) as it does for other users. See *“Risk Factors — Risks relating to our Business — We rely on the support of the Tsingshan group companies for our operations, and the cessation of support from the Tsingshan group companies could have an adverse effect on our business”*.

Beyond these contractual requirements, we do not have any formal agreements with third parties for the supply of ancillary services or other necessary goods and services to support the operations of the Hengjaya Nickel Project, the Ranger Nickel Project, the Angel Nickel Project and the Oracle Nickel Project. Even so, the Tsingshan group has continued to support our operations by providing us with the technology, raw material supplies (such as nickel ore) and ancillary services necessary for the operations of the Hengjaya Nickel, the Ranger Nickel, the Angel Nickel and the Oracle Nickel Projects, as well as training our staff and providing maintenance services to support and optimize our operations.

We carry out our mining operations at the Hengjaya mine in conjunction with two principal mining operators who provide mining services to us and engage in mining activities alongside our employees.

The Hengjaya Mine is a significant supplier of the nickel ore that we use as an input in our RKEF operations, having supplied approximately 40% of our nickel ore needs in the year ended December 31, 2020, approximately 50% of our nickel ore needs in the year ended December 31, 2021 and approximately 38% of our nickel ore needs in the year ended December 31, 2022. The remainder of the nickel ore used in our RKEF operations is sourced the Tsingshan group, on an as-needed basis.

Competition

Pursuant to the collaboration agreements we have in place with Shanghai Decent, Shanghai Decent has agreed to purchase, and we have agreed to sell to Shanghai Decent, all offtake of NPI produced by the Hengjaya Nickel Project, the Ranger Nickel Project, the Angel Nickel Project and the Oracle Nickel Project, based on the average prices for NPI in China, with minor adjustments applied for nickel grade, freight and foreign exchange. Accordingly, we do not believe that we currently face significant competition from other producers of NPI in Indonesia or globally, except in a scenario where the Tsingshan group fails to honor its contractual commitments.

We also face competition from other producers of NPI in Indonesia and globally in the acquisition of licenses and the search for and acquisition of properties producing or possessing the potential to produce nickel ore and/or NPI.

Properties

The main properties on which we conduct our production operations are the Hengjaya Nickel Project, the Ranger Nickel Project, the Oracle Nickel Project and the Hengjaya Mine located within the IMIP and the Angel Nickel Project located within the IWIP. Save for the valid legal title over the plot of land on which the Hengjaya Nickel Project's RKEF facilities are located, we do not yet hold valid title to those lands. See *"Risk Factors — Risks relating to our Business — We currently do not have valid legal title to certain plots of land on which our RKEFs at IMIP are located"*. We do not own the land over which we have mining concessions, and we possess such land pursuant to relinquishment documents under Indonesian law.

Seasonality

Our RKEF operations are not affected by any seasonality effects.

Our mining operations are usually impacted to some degree during Indonesia's rainy season due to the challenging working conditions posed by the heavy rainfalls during the months of May, June and July.

See *"Risk Factors — Risks relating to our Business — The Hengjaya Mine and our RKEF plants are subject to inclement weather and natural disasters"*.

Environmental, Health and Safety

We comply with Indonesian safety and health standards as set forth in the National Management System of Safety and Health (*Sistem Manajemen Keselamatan dan Kesehatan Kerja* or "SMK3"). We conduct regular safety inspections as well as both internal and external audits to monitor and identify areas of improvement in our safety measures. In addition, we have obtained ISO 45001 certification on Occupational Health Safety Management System for the Hengjaya Nickel Project and the Ranger Nickel Project in 2022 and plan to obtain the same certification at the Hengjaya Mine for 2023. As a testament to our safety record, we have accumulated over 5 million safe work hours across our operations since the last lost time injury in November 2021.

We also comply with Indonesian environmental standards. As a key focus area for our operations, we perform environmental rehabilitation at waste dump areas and participate in numerous local and regional environmental rehabilitation programs, including regional forestry rehabilitation projects. We collaborate with local communities surrounding our mining areas in the reclamation process and redevelopment of the land for other purposes. We also engage in environmental sustainability programs through contouring and rehabilitating previously mined production areas. Site rehabilitation initiatives include cedar tree plantings

and a regional rehabilitation program, with phase one being the planting of an 800,000 pine tree nursery in Central Sulawesi in 2020. The Hengjaya Mine was voted as the “Best Mine Site Rehabilitation Works” in Sulawesi by Central Sulawesi Forestry Department in 2019. We implement reclamation and rehabilitation of the land in consultation with the MEMR which, in turn, consults with the local government. In addition, we attempt to keep disturbed areas to a minimum and have pollution control facilities such as a gas cleaning system, closed circuit water circulation for our inland mining, and wastewater treatment plants in order to mitigate the environmental impact from our operations.

We attempt to mitigate the environmental impacts from our operations, which we believe are relatively less damaging to the environment than the industry standard. For example, the Hengjaya Mine is an open cut, at surface truck and shovel operation which does not produce environmentally harmful tailings. In addition, our RKEF plants produce a benign silica slag tailing, with all silica slag and fly-ash recycled for use as industrial brick and concrete slab works and dedicated landfill. We have hazardous waste storage facilities for temporary placement before sending the waste to a pond and waste processing facility for reuse and treatment. Our gaseous waste managed through continuous emission monitoring systems for air quality and adherence to air quality standards. We also have a program in place to re-utilize our organic waste, while non-organic waste is minimized and treated by either incineration or approved waste management methods. Finally, the highly integrated nature of our operations significantly reduces the carbon footprint associated with double handling and transport. We are not aware of any significant breaches of environmental regulations, and we are not aware of any environmental incidents at our operations to date.

As part of our commitment to reduce our carbon footprint, we signed an agreement for the supply and installation of a 660-panel, 450kw (396kWp) solar power system for the main accommodation, office and workshop areas at the Hengjaya Mine, with 250kWh battery support system backup, synchronizing control system. They include the option of a further upgrade, which would reduce the requirement for diesel generator usage, further reducing our greenhouse gas emissions. The Hengjaya Mines solar and battery system is now installed and became fully operational in March 2022, enabling the solar and battery system to operate on solar power only during daytime periods.

In June 2022, we published our first sustainability report for the year ended December 31, 2021. This report was prepared in accordance with the Global Reporting Initiative Standards: Core Option, with Metals and Mining Supplement Sector, Sustainability Accounting Standards Board for Metals and Mining Standard and the Task Force on Climate-Related Financial Disclosures for selected disclosure indicators. Our ESG performance has received several acknowledgements, including seven trophies at Indonesia’s 2022 Environmental and Social Innovation Awards. In addition, our sustainability report was shortlisted for several accolades at the Asia Sustainability Reporting Awards 2022.

Additionally, the Indonesian Ministry of Environment and Forestry granted the Hengjaya Mine a “Green PROPER” rating, indicating beyond compliance practices in terms of ESG and reporting. The Hengjaya Mine was the sole entity from Morowali and the only mining company from Central Sulawesi to achieve this rank. Overall, only two nickel mining companies in Indonesia have achieved this rank.

Corporate and Social Responsibility

We are also concerned for the welfare of our nearby local communities and related stakeholders. We engage in corporate and social responsibility (“CSR”) activities through an established CSR program under which we focus on maintaining environmental sustainability as well as on empowering and building good relationships with the communities in and around the areas in which we operate. To achieve these goals, we are committed to engaging our local community through transparent disclosure of information as well as regular and open communication channels, and generally encourage employment of individuals from the local

communities surrounding our mining operations. We work with local and regional stakeholders, including the Tangofa, Bete Bete and Bahdopi village regions, assisting with basic health checks, health and hygiene education, first aid, education in the reduction of use of plastics in day to day living. In addition, over the last 12 months, we have also assisted local and regional communities in rebuilding efforts following natural disaster events including earthquakes and flooding. We currently have over 3,850 employees hired directly from our local communities, and the full commissioning of the Oracle Nickel Project is expected to add further to this number.

While most of our major community projects are still on hold due to the COVID-19 restrictions currently in place, we have nevertheless continued to work on several community initiatives during this period, including the donation of a fleet of 21 mobile rubbish collection units, local library facilities and a clean water project for the Morowali region to promote better education, waste management and hygiene. Other donations and current projects included sending emergency supplies to Mamuju, West Sulawesi which was affected by an earthquake in January 2021 as well as COVID-19 vaccination training and local recruitment in the Thangofa region.

Insurance

We maintain insurance coverage for our employees and Board of Directors, vehicles, office premises and mining sites through policies issued by Indonesian and Australian insurers. Our insurance coverage includes policies against industrial risks, property risks and earthquake insurance; heavy equipment insurance for the machinery and other equipment, owned and operated by us; directors' and officers' liability insurance; and life group personal accidents insurance for all of our employees and directors, among others. However, specifically in Indonesia we only maintain property risks, public liability and marine cargo insurances.

The insurance policies arranged by us do not cover liability or damage arising from acts of war and terrorism, and other customary exclusions from coverage. Under our operating agreements with our third-party mining contractors, our contractors are responsible for their own employees and they and their employees must also be covered by appropriate insurance including insurance for property and vehicles, loss and damage and third-party claims.

Intellectual Property

We believe our intellectual property does not have a material impact on our business, and we are not dependent upon any such trademarks or domain names to conduct our business.

Employees and Contractors

We had 4,701 employees and contractors as of December 31, 2022. The following table sets forth a breakdown of our employees and contractors by function as of the dates indicated.

	As of December 31, 2022
Corporate	11
RKEF Operations.....	4,370
Hengjaya Mine.....	320
Total.....	4,701

Indonesian Governmental Regulations and Licenses

Our operations are subject to a variety of laws and regulations promulgated by the national and local governments of each jurisdiction in which we operate. See “*Regulatory Framework*”. We believe we are in compliance in all material respects with the applicable governmental regulations in each jurisdiction in which we operate, save for certain of our business and/or operational licenses. See “*Risk Factors — Risks relating to our Business — Our operations and expansion programs depend on our ability to obtain, maintain and renew necessary permits and approvals from the Indonesian Government*”. We are not aware of any governmental proceedings or investigations to which we might become a party and which may have a material adverse effect on our properties and operations.

Various governmental, quasi-governmental and regulatory agencies require the holding of certain licenses, concessions and permits with respect to operations in the mining industry and the aluminium production industry, including mining operation licenses, forestry permits and environmental permits. Our operations are conducted under valid licenses, concessions, permits or certificates granted by the applicable regulatory body in that jurisdiction.

We maintain regular dialogue with local governments and regulatory authorities through their management teams or representatives in each jurisdiction. Ensuring compliance with the requirements and conditions for obtaining and maintaining the aforementioned licenses, concessions, permits or certificates.

For more information, see “*Risk Factors — Risks relating to Australia and Indonesia — The interpretation and implementation of legislation on regional governance in Indonesia is uncertain and may adversely affect our business, financial condition, results of operations and prospects*” and “*Risk Factors — Risks relating to our Business — Our operations and expansion programs depend on our ability to obtain, maintain and renew necessary permits and approvals from the Indonesian Government*”, “*Risk Factors — Risks relating to our Business — Our operations are subject to environmental laws and regulations which may cause us to incur significant costs, liabilities or interrupt or cease operations, any of which may adversely affect our results of operations*” and “*Risk Factors — Risks relating to our Business — Global economic, political and other conditions in China and the United States, as well as government policies, could adversely affect our business and prospects*”.

Legal Proceedings

As of the date of this Offering Memorandum, there were no governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which we are aware) that may have a material effect on our financial position or profitability.

MANAGEMENT

Board of Directors

The Board of Directors is responsible for the management and administration of the Company's affairs. Our Board of Directors comprises nine members, of which one is a representative of Shanghai Decent, who are absent when assessing any related party transactions that may be conducted with Shanghai Decent.

The following table sets forth certain information concerning the members of our Board of Directors.

Name	Position	Age	Appointed since
Robert Neale	Non-Executive Chairman	78	April 16, 2018
Norman Seckold.....	Executive Deputy Chairman	75	September 12, 2007
Justin Werner	Managing Director	49	August 23, 2012
James Crombie	Non-Executive Director	64	May 23, 2008
Weifeng Huang	Non-Executive Director	67	April 26, 2018
Mark Lochtenberg	Non-Executive Director	62	March 10, 2017
Christopher Shepherd.....	Chief Financial Officer and Executive Director	44	December 23, 2022
Dasa Sutantio	Non-Executive Director	57	May 29, 2020
Yuanyuan Xu	Non-Executive Director	29	April 26, 2018

Mr. Robert C. Neale was appointed to our Board of Directors in April 2018 and is currently our Chairman and as a Non-Executive Director. Mr. Neale is also the past Managing Director of New Hope Corporation Limited ("NHC"). He joined NHC in 1996 as General Manager and was appointed as executive officer in 2005 and to the Board of Directors in 2008 until his retirement in 2014. Mr. Neale has more than 45 years' experience in the mining, oil & gas and exploration industries covering base metals, gold, coal, synthetic fuels and conventional oil and gas, bulk materials shipping, and power generation. Prior to NHC, Mr. Neale spent 23 years with Esso Australia and EXXON Coal and Minerals Company.

Mr. Norman A. Seckold was appointed to our Board of Directors in September 2007 and is currently our Deputy Chairman and an Executive Director. Mr. Seckold graduated with a Bachelor of Economics degree from the University of Sydney in 1970. He has spent more than 30 years in the full time management of natural resource companies, both in Australia and overseas. Mr. Seckold has been the Chairman of a number of publicly listed companies including Moruya Gold Mines (1983) N.L., which acquired the Golden Reward heap leach gold deposit in South Dakota, USA, Pangea Resources Limited, which acquired and developed the Pauper's Dream gold mine in Montana, USA, Timberline Minerals, Inc. which acquired and completed a feasibility study for the development of the MacArthur copper deposit in Nevada, USA, Perseverance Corporation Limited, which discovered and developed the Nagambie gold mine in Victoria, Valdora Minerals N.L., which developed the Rustler's Roost gold mine in the Northern Territory and the Ballarat East Gold Mine in Victoria, Viking Gold Corporation, which discovered a high grade gold deposit in northern Sweden, Mogul Mining N.L., which drilled out the Magistral and Ocampo gold deposits in Mexico and Bolnisi Gold N.L, which discovered and developed the Palmarejo and Guadalupe gold and silver mines in Mexico. Mr. Seckold is currently Chairman of Alpha HPA Limited, a company planning to produce high purity alumina

and operating in Australia, Santana Minerals Ltd, a precious metals exploration company and Sky Metals Limited, exploring for mineral resources in New South Wales, Australia.

Mr. Justin C. Werner was appointed to our Board of Directors in August 2012 and is currently our Managing Director. Mr. Werner holds a Bachelor of Management from the University of Sydney and has been involved in the mining industry for 20 years. He was a founding partner of PT Gemala Borneo Utama, a private Indonesian exploration and mining company, which developed a heap leach gold mine in West Kalimantan and also discovered the highly prospective Romang Island with ASX listed Robust Resources Limited which was acquired in 2012 by Indonesian business tycoon Anthony Salim. Prior to developing projects in Indonesia, Justin worked as a consultant, leading many successful turnaround projects for blue chip mining companies around the world including Freeport McMoran (Grasberg deposit, Indonesia where he spent 2 years), Lihir Gold (Lihir mine, Papua New Guinea), Placer Dome (Nevada, USA), BHP Billiton (Ingwe Coal, South Africa), Rio Tinto (West Angeles Iron Ore, Australia), Nickel West (Western Australia) and QNI Yabulu refinery (Queensland, Australia). Mr. Werner is currently a non-executive director of ASX-listed Alpha HPA Limited and Far East Gold Limited.

Mr. James Crombie was appointed to our Board of Directors in May 2008 and is currently a Non-Executive Director. Mr. Crombie graduated from the Royal School of Mines, London, in 1980 with a B.Sc. (Hons) in Mining Engineering, having been awarded an Anglo American Scholarship. Mr. Crombie held various positions with DeBeers Consolidated Mines and the Anglo American Corporation in South Africa and Angola between 1980 and 1986. He spent the next thirteen years as a Mining Analyst and Investment Banker with Shepards, Merrill Lynch, James Capel & Co. and finally with Yorkton Securities. Mr. Crombie was the Vice President, Corporate Development of Hope Bay Mining Corporation Inc. from February 1999 through May 2002 and President and CEO of Ariane Gold Corp. from August 2002 to November 2003. Mr. Crombie was President, CEO and a director of Palmarejo Silver and Gold Corporation until the merger with Coeur d'Alene Mines Corporation, one of the world's leading silver companies, in December 2007. He was a director of Sherwood Copper Corporation until its business combination with Capstone Mining Corp. in November 2008. Currently, Mr. Crombie is President and CEO of Odyssey Resources Corp.

Mr. Weifeng Huang was appointed to our Board of Directors in April 2018 and is currently a Non-Executive Director. Mr. Huang graduated with a Bachelor of Engineering degree from Zhejiang University in 1982 and obtained his Master of Business Administration degree from Zhejiang University in 1998. Mr. Huang started his career in several industrial enterprises and had broad management experiences from serving as the Plant Manager of Wenzhou Tractor Plant to the General Manager of Wenzhou Machinery Industrial Corporation, and as the Vice Mayor of Wenzhou and Executive Chairman of China Perfect Machinery Industry Corp., Ltd. While he was serving as the Deputy Director of the Management Committee of Shanghai Jinqiao Export Processing Zone, he was appointed as a Director of Shanghai Jinqiao Export Processing Zone Development Co., Ltd, a publicly-listed company on the Shanghai Stock Exchange (SSE code 600639) and concurrently the Deputy CEO of Shanghai Jinqiao Group. Mr. Huang was also a former Chairman of the board of Harbin High Tech (Group) Co., Ltd, another publicly-listed company on the Shanghai Stock Exchange (SSE code 600095). Mr. Huang is currently the Chairman of Shanghai Decent, a flagship company within the Tsingshan group, and the President Director of PT. Indonesia Morowali Industrial Park.

Mr. Mark Lochtenberg was appointed to our Board of Directors in March 2017 and is currently a Non-Executive Director. Mr. Lochtenberg was formerly the co-head of Glencore International AG's worldwide coal division, where he spent 13 years overseeing a range of trading activities including the identification, due diligence, negotiation, acquisition and aggregation of the coal project portfolio that would become Xstrata coal. He is the former Executive Chairman and founding Managing Director of Cockatoo Coal Limited. Currently he is the Non-Executive Chairman of Equus Mining Limited, a minerals exploration company with

operations in Chile, a director of Terracom Limited and a director of non-listed companies Australian Transport Energy Corridor Pty Ltd and Montem Resources Limited.

Mr. Christopher Shepherd was appointed to our Board of Directors in December 2022 and is currently an Executive Director. Mr. Shepherd is a Chartered Accountant who holds Bachelor degrees in Applied Finance and Commerce. Most recently, Mr. Shepherd acted as a partner and managing director of The Pallinghurst Group and has over 20 years of experience in private equity, investment banking and corporate finance, advising on more than U.S.\$30 billion in transactions across Australasia, North America, Europe and Africa. Prior to The Pallinghurst Group where he was responsible for executing Pallinghurst's battery materials investment strategy, Mr. Shepherd was an investment banker at Merrill Lynch and Deutsche Bank, gaining extensive experience in transaction origination, structuring and execution across the mining, industrial and consumer sectors.

Mr. Dasa Sutantio was appointed to our Board of Directors in May 2020 and is currently a Non-Executive Director. Mr. Sutantio graduated with a Bachelor of Commerce degree from the Australian National University in 1987 and has been involved in the Asian financial sector for more than 20 years, holding various senior positions at Citibank N.A., Bank Tiara Asia Tbk., the Indonesian Bank Restructuring Agency and PT Bank Mandiri Tbk. He joined the Indonesian Tanito Group in 2010 and is currently a Director and CFO responsible for overseeing the Tanito Group's investments in the financial, mining support, marine logistics/shipping, property and hospitality sectors.

Ms. Yuanyuan Xu was appointed to our Board of Directors in April 2018 and is currently a Non-Executive Director. Ms. Xu graduated with a Bachelor's Degree in Fashion Business & Fashion Design from Instituto Marangoni. Since graduation, Ms. Xu has honed her business acumen, participating in the Shanghai Fashion Week with a focus on marketing, public relations and procurement activities. She is currently an Executive Director of Shanghai Wanlu Investment Co., Ltd. Ms. Xu has not sat on the board of any publicly listed companies.

Responsibilities of the Board of Directors

The Board of Directors's role, functions, responsibility and accountability are defined under the Corporations Act and in the Company's constitutional documents. In addition to its primary role of monitoring corporate performance, the functions of the Board of Directors include:

- evaluating, approving and monitoring the Company's strategic, investment and financial plans and objectives;
- evaluating, approving and monitoring the annual budgets and business plans;
- evaluating, approving and monitoring major capital expenditure, capital management and all major acquisitions, divestitures and other corporate transactions;
- approving all accounting policies, financial reports and material reporting and external communications by the Company;
- overseeing senior management's implementation of the Company's strategic objectives;
- ensuring effective audit, risk management and regulatory compliance programs are in place to protect the Company's assets and shareholder value;
- approving and overseeing the integrity of the accounting, financial and other corporate reporting systems and monitoring the operation of these systems;

- engaging in strategic planning including establishing goals for management of the Company and monitoring the achievement of those goals;
- on an ongoing basis, reviewing how the strategic environment is changing, what key business risks and opportunities are appearing, how they are being managed and what, if any, modifications in strategic direction should be adopted; and
- adopting and applying appropriate ethical standards in relation to the management of the Company and the conduct of its business.

Senior Management

The following table sets forth certain information concerning our senior management.

No.	Name	Position	Age	Appointed since
1	Norman Seckold.....	Executive Deputy Chairman	75	September 12, 2007
2	Justin Werner.....	Managing Director	49	August 23, 2012
3	Christopher Shepherd.....	Chief Financial Officer	44	November 15, 2021
4	Richard Edwards	Company Secretary	51	March 28, 2012
5	Fanfan Zhao.....	Chief Development Officer	43	November 1, 2020

Mr. Norman A. Seckold – see “–Board of Directors”.

Mr. Justin C. Werner – see “–Board of Directors”.

Mr. Christopher Shepherd – see “–Board of Directors”.

Mr Richard Edwards graduated with a Bachelor of Commerce degree from the University of New South Wales, is a Fellow of the Governance Institute of Australia, is a member of CPA Australia and holds a Graduate Diploma of Applied Finance and Investment from FINSIA. Mr Edwards has worked for over twenty years providing financial reporting and company secretarial services to a range of publicly listed companies in Australia with a focus on the mining sector. He is currently Company Secretary of ASX listed Alpha HPA Limited and Prospech Limited.

Ms. Fanfan Zhao graduated from Shanghai Jiaotong University with a Master of Management and a Bachelor of Engineering in Thermal Engineering and Computer Science and Application. She has over 15 years of investment experience in China and overseas, including the establishment of the IMIP in Indonesia. Since June 2008 she has been General Manager of the Assets and Legal Department and then Assistant President of Shanghai Decent, a Tsingshan group company. Ms Zhao has been a key contributor to the establishment and growth of the collaboration between the Company and the Tsingshan Group.

Board Committees

To assist the Board of Directors in meeting its responsibilities, the Group has established the following committees:

- the Audit and Risk Management Committee, which is responsible for monitoring and advising the Board of Directors on the Company's audit, risk management and regulatory compliance policies and procedures;
- the Remuneration Committee, which is responsible for establishing the policies and practices of the Company regarding the remuneration of directors and other senior executives and reviewing all components of the remuneration framework;
- the Nomination Committee, which is responsible for advising the Board of Directors on the composition of the Board of Directors and its committees, reviewing the performance of the Board of Directors, its committees and the individual directors, ensuring the proper succession plans are in place and advising the Board of Directors in respect of the effectiveness of its corporate governance policies and developments in corporate governance; and
- the Sustainability Committee, which is responsible for assisting the Board of Directors in carrying out its responsibilities by overseeing, reviewing and monitoring its sustainability policy and ensuring the Company's sustainability policy, governance and performance is being appropriately communicated to its stakeholders.

Although the Board of Directors may delegate powers and responsibilities to these committees, the Board of Directors retains ultimate accountability for discharging its duties.

The Board of Directors may establish other committees as and when required.

SHAREHOLDING PATTERN

As of the date of this Offering Memorandum, we have 3,024,257,273 outstanding equity shares, all of which are publicly listed and traded on the ASX.

Following the completion of the SPP, our significant shareholders beneficially owning greater than 5% of our equity share capital as of the date of this Offering Memorandum are as follows:

- Shares held, directly or indirectly, by Shanghai Decent and its affiliated entities: 581,770,912 – 19.2%;
- Shares held, directly or indirectly, by PT Karunia Bara Perkasa and its affiliated entities: 366,134,822 – 12.1%;
- Shares held, directly or indirectly, by our directors: 299,125,454 – 9.9%;
- Shares held, directly or indirectly, by L1 Capital Pty Ltd: 172,015,585 – 5.7%;
- Shares held, directly or indirectly, by the BlackRock Group and its affiliated entities: 171,710,603 – 5.7%; and
- Public float traded on the ASX: 1,732,625,351 – 57.3%.

RELATED PARTY TRANSACTIONS

We have entered into transactions with certain of our key management personnel and entities over which they have control or joint control. In particular, Norman Seckold, our Deputy Chairman and Executive Director, holds an interest in an entity, MIS Corporate Pty Limited (“MIS”), which has provided administrative services to us, including administrative, accounting, company secretarial and investor relations staff both within Australia and Indonesia, rental accommodation, services and supplies. On January 1, 2019 MIS agreed to provide these services for a fee of A\$35,000 per month and this fee was increased to A\$37,000 per month in October 2021 and A\$38,000 per month from November 2021. Fees charged by MIS during the year ended December 31, 2022 amounted to A\$459,000 (A\$590,500 for the year ended December 31, 2021). As of December 31, 2022, A\$38,000 (A\$3,000 as of December 31, 2021) remained outstanding.

On May 4, 2022, following approval by our shareholders, we completed the placement of 108,122,223 shares to Shanghai Decent and its associates, which increased to a 21.15% equity interest in the Company and subsequently meets the definition of a related party for accounting purposes. During the period May 4, 2022 to December 31, 2022, we sold NPI totaling U.S.\$852,887,371 to Shanghai Decent-related entities. U.S.\$216,798,943 of raw materials and services and fixed assets were purchased from Shanghai Decent-related entities. As of December 31, 2022, trade receivables of U.S.\$109,453,078 from Shanghai Decent-related entities remained outstanding and was included in the receivables balance, and trade payables of U.S.\$50,798,204 payable to Shanghai Decent-related entities remained outstanding and was included in the creditor’s balance.

Decent Resource, an associate of Shanghai Decent has, prior to Shanghai Decent becoming a related party of the Company, provided working capital loans to the Angel Nickel Project totaling U.S.\$16,000,000 (U.S.\$4,000,000 for the year ended December 31, 2021 and U.S.\$12,000,000 for the year ended December 31, 2022). Total interest incurred on the working capital loan totaled U.S.\$353,635. As of December 31, 2022, U.S.\$5,600,000 of this working capital loan was repaid. As of December 31, 2022, a working capital loan amount of U.S.\$10,400,000 and interest totaling U.S.\$356,688 remained outstanding and is included in the borrowings balance.

Commencing in October 2022, Decent Resource has also provided working capital loans to the Oracle Nickel Project totaling U.S.\$3,000,000. Interest is charged at a rate of 2.5% per annum. Total interest incurred on the working capital loan in 2022 totaled U.S.\$19,363. As of December 31, 2022, the working capital loan of U.S.\$3,000,000 and interest totaling U.S.\$19,363 remained outstanding and is included in the borrowings balance.

Over the course of 2022 we acquired a 70% equity interest in the Oracle Nickel Project from associates from Shanghai Decent. The acquisition took place in three stages: (i) acquisition of a 10% indirect equity interest in February 2022, following the payment of U.S.\$23.0 million to Shanghai Decent, in addition to the U.S.\$30.0 million of deposits already paid, (ii) acquisition of an additional 20% equity interest in May 2022, following the completion of the conditional placement of 108,122,223 new ordinary shares at A\$1.37 per share to Shanghai Decent’s nominee Decent Resource Limited, and (iii) acquisition of an additional 40% equity interest in September 2022, following the payment of U.S.\$212.0 million to Shanghai Decent.

In addition, we made funding contribution of U.S.\$92,400,000 to the construction of a power plant during the year for total consideration of U.S.\$371 million. For further details, see Note 17 to our consolidated financial statements as of and for the year ended December 31, 2022.

During the period from May 4, 2022 to December 31, 2022, dividend distributions from our 80% owned subsidiaries Hengjaya Holdings Private Limited and Ranger Investment Private Limited to Shanghai Decent’s associate Decent Investment International Private Limited totaled U.S.\$12,818,160.

Shanghai Decent and its associates hold a 20% equity interest in the Hengjaya Nickel Project, Ranger Nickel Project and Angel Nickel Project and a 30% equity interest in the Oracle Nickel Project, which reflects the non-controlling interest in the Group amounting to U.S.\$504,554,617 as of December 31, 2022.

Shanghai Decent and its associates are our collaboration partner at each of the Hengjaya Nickel Project, the Ranger Nickel Project, the Angel Nickel Project and the Oracle Nickel Projects and have responsibility for the remaining construction at the Oracle Nickel Project. We will need to provide additional funding of U.S.\$61,600,000 towards construction of the Oracle Nickel Project power plant by March 31, 2023.

In January 2023, we entered into the Strategic Framework Agreement with Shanghai Decent pursuant to which we have acquired options to collaborate with Shanghai Decent on future battery nickel opportunities for U.S.\$40 million, including participation in and construction of the ENC Project and the option to invest in and construct a low-grade to high-grade nickel matte converter at the Oracle Nickel Project. We also entered into binding agreements with Shanghai Decent for the HNC Acquisition and the Additional Oracle Acquisition.

For a description of our material agreements and other transactions with the Tsingshan group, see “*Business—Our Partnership with the Tsingshan Group*”.

DESCRIPTION OF THE NOTES

For purposes of this “Description of the Notes”, the term the “Company” refers only to Nickel Industries Limited (ACN 127 510 589), a company incorporated under the laws of the Commonwealth of Australia, and not to any of its Subsidiaries.

The Company will issue U.S.\$400,000,000 in aggregate principal amount of 11.250% Notes due 2028 (the “Notes”) under an indenture (the “Indenture”), to be dated as of the Original Issue Date, between the Company and Citicorp International Limited, as trustee (the “Trustee”). Holders of the Notes will not be entitled to any registration rights. The Indenture will not be qualified under, incorporate or include any of, or be subject to, the provisions of the U.S. Trust Indenture Act of 1939, as amended.

The following is a summary of certain provisions of the Indenture, the Notes and the Subsidiary Guarantees. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes and the Subsidiary Guarantees. It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. You should read the Indenture and the Notes as they, and not this “Description of the Notes”, define your rights as Holders. Copies of the Indenture will be (i) available to Holders on or after the Original Issue Date during normal business hours (being between 9:00 a.m. and 3:00 p.m. Hong Kong time from Monday to Friday (excluding public holidays)) at the corporate trust office of the Trustee, currently located at 20/F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong upon prior written request and proof of holding and identity satisfactory to the Trustee; or (ii) available to the Holders electronically via email from the Trustee, so long as any of the Notes are outstanding.

Brief Description of the Notes

The Notes will be:

- general unsecured obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and
- effectively subordinated in right of payment to all secured Indebtedness of the Company to the extent of the value of the assets serving as security therefor and to all liabilities (including trade payables and indebtedness) of each Subsidiary of the Company that does not guarantee the Notes.

On the Original Issue Date, all of the Company’s Subsidiaries will be Restricted Subsidiaries. The operations of the Company are conducted through its Subsidiaries and, therefore, the Company will depend on the cash flow of its Subsidiaries to meet obligations, including its obligations under the Notes. None of the Company’s Subsidiaries will initially guarantee the Notes, and the Notes will be effectively subordinated to all Indebtedness and other liabilities (including trade payables and lease obligations) of such Subsidiaries. Any right of the Company to receive assets of any of its Subsidiaries upon the liquidation or reorganization of such Subsidiaries, and the consequent right of the Holders of the Notes to participate in those assets, will be effectively subordinated to the claims of that Subsidiary’s creditors, except to the extent that the Company is itself recognized as an unsubordinated creditor of such Subsidiary. Even if the Company is recognized as an unsubordinated creditor of such Subsidiary, the claims of the Company would still be subordinate in right of

payment to any Indebtedness of such Subsidiary to the extent of any security interest in the assets of that Subsidiary securing such Indebtedness and to any indebtedness of that Subsidiary senior to that held by the Company. See “*Risk Factors — Risks Relating to the Notes — The Company is a holding company and its ability to pay principal and interest on the Notes will be limited by the distribution of funds from its subsidiaries. Holders of the Notes will be effectively subordinated to all the Company’s subsidiaries’ indebtedness and obligations*”.

Under certain circumstances, the Company will be able to designate current or future Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries generally will not be subject to the restrictive covenants set forth in the Indenture and will not guarantee the Notes.

The Notes will mature on October 21, 2028, unless redeemed earlier pursuant to the terms thereof and the Indenture. The Indenture will allow additional Notes to be issued from time to time (the “Additional Notes”), subject to certain limitations described under “— *Further Issues*”. Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the Notes” include any Additional Notes that are actually issued. The Notes will bear interest at 11.250% per annum, in each case from and including the Original Issue Date, or from and including the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrears on April 21 and October 21 of each year (each an “Interest Payment Date”) commencing on October 21, 2023. Interest payable in relation to the Notes will be paid as if such Notes were issued on the Original Issue Date.

Except as otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity.

Interest

Interest on the Notes will be paid on each Interest Payment Date to Holders of record at the close of business on April 6 or October 6 immediately preceding such Interest Payment Date (each, a “Record Date”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360-day year comprising twelve 30-day months.

Amortization of Principal

Installments of principal on the Notes are payable on each April 21 and October 21 of each year (each, an “Amortization Payment Date”) commencing October 21, 2025, pro rata to the Holders thereof in accordance with “— *Selection and Notice*” on the immediately preceding Record Date, in an amount (the “Amortization Amount”) equal to the product of (x) the applicable Amortization Ratio on the applicable Amortization Payment Date *times* (y) the principal amount of Notes outstanding immediately prior to the applicable Amortization Payment Date:

Amortization Payment Date	Applicable Amortization Percentage	Amortization Ratio
October 21, 2025.....	11.0%	11/100
April 21, 2026.....	11.0%	11/89
October 21, 2026.....	11.0%	11/78
April 21, 2027.....	11.0%	11/67
October 21, 2027.....	11.0%	11/56
April 21, 2028.....	11.0%	11/45

October 21, 2028.....	34.0%	34/34
	100.0%	

Payment of Notes

In any case in which the date of the payment of principal of, premium (if any) or interest on the Notes (including any payment to be made on any date fixed for redemption or purchase of any Note) is not a Business Day in the relevant place of business of the Paying Agent, then payment of principal, premium (if any) or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes shall accrue for the period after such date. Interest on overdue principal and interest and Additional Amounts, if any, will accrue at the same rate as the then applicable interest rate on the Notes.

The Notes will be issued only in fully registered form, without coupons, in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. See “— *Book-Entry; Delivery and Form*”. No service charge will be made for any registration of transfer or exchange of the Notes, but the Company may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars by wire transfer by the Company at the office or agency of the Company maintained for that purpose (which initially will be the specified office of the Paying Agent, currently located at c/o Citibank, N.A., Dublin Branch, 1 North Wall Quay, Dublin 1, Ireland), and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided* that, if the Notes are in certificated form and the Company is acting as its own paying agent, at the option of the Company, payment of interest may be made by check mailed to the address of the Holders as such address appears in the Note register or by wire transfer. Interest payable on the Notes held through DTC will be available to DTC participants on the Business Day following payment thereof.

Further Issues

Subject to the covenants described below, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of any Subsidiary Guarantees and any collateral) in all respects (or in all respects except for the issue date, issue price, the first payment date of interest on them, the first payment date of an Amortization Amount on them, the first date on which interest will accrue and Amortization Amounts which will be owing, and, to the extent necessary, certain temporary securities law transfer restrictions) (a “Further Issue”) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that if such Additional Notes are not fungible with the Notes for U.S. federal income tax purposes, such Additional Notes will have a separate CUSIP or other identifying number; *provided, further*, that the issuance of any such Additional Notes would then be permitted under the “Limitation on Indebtedness” covenant described below.

In addition, the issuance of any Additional Notes by the Company will be subject to the following conditions:

- (1) all obligations with respect to the Additional Notes shall be secured and guaranteed under the Indenture, the Notes, any Subsidiary Guarantees and any collateral to the same extent and on the same basis as the Notes outstanding on the date the Additional Notes are issued; and

- (2) the Company shall have delivered to the Trustee an Officers' Certificate, in form and substance satisfactory to the Trustee, confirming that the issuance of the Additional Notes complies with the Indenture.

Optional Redemption

At any time and from time to time prior to October 21, 2025, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the aggregate principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, and Additional Amounts, if any, on the Notes redeemed, to (but not including) the redemption date. Neither the Trustee nor the Paying Agent shall be responsible for calculating or verifying the Applicable Premium.

At any time and from time to time on or after October 21, 2025, the Company may at its option redeem the Notes, in whole or in part, at a redemption price (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, and Additional Amounts, if any, on the Notes redeemed, to (but not including) the redemption date during the twelve-month period beginning on October 21 of the years indicated below:

Year	Redemption Price
2025.....	105.625%
2026.....	102.8125%
2027 and thereafter.....	100.000%

At any time and from time to time prior to October 21, 2025, the Company may at its option redeem up to 40% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 111.250% of the aggregate principal amount of the Notes, plus accrued and unpaid interest, if any, and Additional Amounts, if any, on the Notes redeemed, to (but not including) the redemption date; *provided* that at least 60% of the aggregate principal amount of the Notes issued on the Original Issue Date and any Additional Notes issued under the Indenture after the Original Issue Date (excluding Notes held by the Company and its Restricted Subsidiaries) remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering. Notice of any redemption upon any Equity Offering may be given prior to the completion of such Equity Offering, and any such redemption or notice may, at the Company's discretion, be conditioned on the completion of the related Equity Offering.

Selection and Notice

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption to the Holders and upon reasonable notice in advance of such notice to Holders to the Trustee and the Paying Agent (which notice shall be irrevocable). If less than all of the Notes are to be redeemed at any time, the Notes for redemption will be selected as follows:

- (1) if the Notes are listed on any national securities exchange and/or are held through a clearing system, in compliance with the requirements of the principal national securities exchange on which the Notes are listed (if any) and/or the requirements of the clearing system; or
- (2) if the Notes are not listed on any national securities exchange or held through the clearing systems, on a pro rata basis, by lot or by such other method as the Trustee in its sole and absolute discretion shall deem to be fair and appropriate unless otherwise required by law.

A Note of U.S.\$200,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Mandatory Offer to Purchase

If the Company fails to redeem all outstanding Senior Secured Notes by September 1, 2023, the Company shall, on such date, make an Offer to Purchase for all outstanding Notes (a “Mandatory Offer to Purchase”) at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, and Additional Amounts, if any, to (but not including) the Offer to Purchase Payment Date.

The Company shall, upon a Mandatory Offer to Purchase, timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Mandatory Offer to Purchase required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Mandatory Offer to Purchase, it would continue to be prohibited from purchasing the Notes. In that case, the failure of the Company to purchase tendered Notes would constitute an Event of Default under the Indenture.

The Company will not be required to make a Mandatory Offer to Purchase if (1) a third party makes such Mandatory Offer to Purchase in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to such Mandatory Offer to Purchase and such third party purchases all Notes validly tendered and not withdrawn under such Mandatory Offer to Purchase or (2) notice of redemption for all outstanding Notes has been given pursuant to the Indenture as described above under the caption “— *Optional Redemption*”, unless and until there is a default in payment of the applicable redemption price.

The ability of the Company to pay cash to the Holders following the occurrence of a Mandatory Offer to Purchase may be limited by the Company’s then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See “*Risk Factors — Risks Relating to the Notes — The Company may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a Change of Control Triggering Event or resulting in a Mandatory Offer to Purchase the Notes as required by the Indenture governing the Notes*”.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Mandatory Offer to Purchase. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described hereunder by virtue of its compliance with such laws and regulations.

Repurchase of Notes Upon a Change of Control Triggering Event

Not later than 30 days following a Change of Control Triggering Event, the Company will make an Offer to Purchase all outstanding Notes (a “Change of Control Offer”) at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, and Additional Amounts, if any, to (but not including) the Offer to Purchase Payment Date.

The Company will agree in the Indenture that, upon a Change of Control Triggering Event, it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the failure of the Company to purchase tendered Notes would constitute an Event of Default under the Indenture.

The Company will not be required to make a Change of Control Offer following a Change of Control Triggering Event if (1) a third party makes such Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to such Change of Control Offer and such third party purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (2) notice of redemption for all outstanding Notes has been given pursuant to the Indenture as described above under the caption “— *Optional Redemption*”, unless and until there is a default in payment of the applicable redemption price.

Certain of the events constituting a Change of Control under the Notes may also constitute an event of default, or trigger the rights of lenders to require prepayment, under certain other debt instruments. Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require repurchase or repayment of such debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of the purchase on the Company. The ability of the Company to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Company’s then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See “*Risk Factors — Risks Relating to the Notes — The Company may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a Change of Control Triggering Event or resulting in a Mandatory Offer to Purchase the Notes as required by the Indenture governing the Notes*”.

The phrase “all or substantially all”, as used with respect to the assets of the Company in the definition of “Change of Control”, will likely be interpreted under New York law and its interpretation will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of “all or substantially all” the assets of the Company has occurred.

Notwithstanding anything to the contrary contained herein, an Offer to Purchase may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described hereunder by virtue of its compliance with such laws and regulations.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control Triggering Event or any event which could lead to the occurrence of a Change of Control Triggering Event has occurred and shall not be liable for any failure to do so.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

If holders of not less than 90% in aggregate principal amount of the outstanding Notes at such time properly tender such Notes pursuant to a Change of Control Offer and the Company, or any third party making such Change of Control offer in lieu of the Company, as described above, purchases all of the Notes properly tendered by such holders, the Company or such third party will have the right, upon not less than 30 days nor more than 60 days' notice given not later than 60 days following the settlement of such Change of Control Offer, to redeem any and all Notes that remain outstanding following such Change of Control Offer, at a redemption price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, and Additional Amounts, if any, to (but not including) the redemption date.

No Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments of principal of, and premium (if any) and interest on the Notes and all payments under the Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, any Subsidiary Guarantor or any Surviving Person (as defined under the caption "*— Consolidation, Merger and Sale of Assets*") of the Company or any Subsidiary Guarantor is organized or resident for tax purposes or through which payment is made (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a "Relevant Jurisdiction"), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required by a Relevant Jurisdiction, the Company, the applicable Subsidiary Guarantor or any Surviving Person of any of the foregoing, as the case may be, will pay such additional amounts ("Additional Amounts") as will result in receipt by the Holder of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

- (1) for or on account of:
 - (a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
 - (i) the existence of any present or former connection between the Holder or beneficial owner of such Note or Subsidiary Guarantee, as the case may be, and the Relevant Jurisdiction other than merely holding such Note or the receipt of payments thereunder or under the Subsidiary Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;
 - (ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if

any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

- (iii) the failure of the Holder or beneficial owner to comply with a timely request of the Company, any Subsidiary Guarantor or any Surviving Person of any of the foregoing, as the case may be, addressed to the Holder or beneficial owner, as the case may be, to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with the Relevant Jurisdiction, or other pertinent information, if and to the extent that due and timely compliance with such request is required by statute, regulation or administrative practice of the Relevant Jurisdiction to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or
 - (iv) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;
- (b) any tax, duty, assessment or other governmental charge which is payable other than by deduction or withholding from payments of principal or interest of the Notes;
 - (c) any tax required to be withheld or deducted under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") (or any amended or successor versions of such Sections) ("FATCA"), any current or future regulations or other official guidance thereunder, any intergovernmental agreement entered into in connection with FATCA, any agreements entered into pursuant to Section 1471(b) of the Code, or any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA or an intergovernmental agreement;
 - (d) any estate, inheritance, gift, sale, transfer, capital gains, excise, personal property or similar tax, assessment or other governmental charge; or
 - (e) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a) through (d);
- (2) with respect to any payment of the principal of, or premium, if any, or interest on, such Note or any payment under any Subsidiary Guarantee to a Holder, if the Holder is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in income under the laws of the Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

As a result of these provisions, there are circumstances in which taxes could be withheld or deducted but Additional Amounts would not be payable to some or all beneficial owners of Notes.

Notwithstanding the foregoing, the limitations on the obligations of the Company, a Surviving Person or any Subsidiary Guarantor, as applicable, to pay Additional Amounts set forth in clause (1)(a)(iii) above will not apply if the provision of any certification, identification, information, documentation or other reporting requirement described in such clause (1)(a)(iii) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder or beneficial owner of a Note than comparable

information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice (such as U.S. Internal Revenue Service Forms W-8BEN, W-8BEN-E and W-9). For the avoidance of doubt, no Holder or beneficial owner of a Note shall have any obligation to establish eligibility for a reduced withholding tax rate under any income tax treaty.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts *provided* for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Company, any Subsidiary Guarantor or any Surviving Person, as the case may be, will also (i) make such withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Company, any Subsidiary Guarantor or any Surviving Person, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to such payment, the Company will deliver to the Trustee an Officers' Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable, and will set forth such other information necessary to enable the Paying Agent to pay such Additional Amounts to the Holders on the payment date.

The Indenture will further provide that if the Company or any Subsidiary Guarantor conducts business in any jurisdiction (an "Additional Jurisdiction") other than a Relevant Jurisdiction and, as a result, is required by the law of such Additional Jurisdiction to deduct or withhold any amount on account of taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within such Additional Jurisdiction from payments under the Notes or, as the case may be, a Subsidiary Guarantee, which would not have been required to be so deducted or withheld but for such conduct of business in such Additional Jurisdiction, all references in this Offering Memorandum and in the Indenture to a Relevant Jurisdiction shall be construed to include a reference to such Additional Jurisdiction.

In addition, the Company will pay any stamp, issue, registration, documentary, value added or other similar taxes and other duties (including interest and penalties) payable in any Relevant Jurisdiction in respect of the creation, issue, offering, execution or enforcement of the Notes, or any documentation with respect thereto (other than a transfer of the Notes by a Holder).

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Company or the Surviving Person of the Company, as the case may be, in whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable) and upon reasonable notice in advance of such notice to the Trustee and the Paying Agent, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person of the Company, as the case may be, for redemption (the "Tax Redemption Date") if, as a result of:

- (a) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a jurisdiction in which the Company or a Surviving Person of the Company is organized or resident for tax purposes (or any political subdivision or taxing authority thereof) (a "Relevant Taxing Jurisdiction"); or
- (b) any change in, or amendment to, the existing official position, interpretation or the stating of an official position regarding the application or interpretation of such laws, or regulations or

rulings promulgated thereunder (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective (i) with respect to the Company or any Surviving Person of the Company on or after the Original Issue Date and (ii) with respect to any Subsidiary Guarantor, on or after the date such Subsidiary Guarantor became a Subsidiary Guarantor, with respect to any payment due or to become due under the Notes or any Subsidiary Guarantee, or the Indenture, the Company, any Subsidiary Guarantor, or any Surviving Person of any of the foregoing, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company, the relevant Subsidiary Guarantor or any Surviving Person of any of the foregoing, as the case may be; *provided* that changing the jurisdiction of the Company, a Subsidiary Guarantor or the Surviving Person of any of the foregoing is not a reasonable measure for the purposes of this section; *provided further* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, any Subsidiary Guarantor, or any Surviving Person of any of the foregoing, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company or the Surviving Person of the Company, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

- (1) an Officers' Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company, the relevant Subsidiary Guarantor or such Surviving Person, as the case may be, taking reasonable measures available to it; and
- (2) an Opinion of Counsel or an opinion of a tax consultant, in each case of recognized international standing with respect to tax matters of the Relevant Taxing Jurisdiction, that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee shall accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled as soon as is practicable.

Open Market Purchases

The Company and any Restricted Subsidiary may purchase Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws and regulations, so long as such acquisition does not otherwise violate the terms of the Indenture. Any Notes acquired by the Company or any Restricted Subsidiary will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness

- (1) The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness), *provided* that the Company or any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if, after giving pro forma effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing, (y) the Fixed Charge Coverage Ratio would not be less than 2.5 to 1.0 and (z) if such Indebtedness constitutes Consolidated Priority Indebtedness, such

Indebtedness constitutes Permitted Priority Indebtedness. Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Company or a Restricted Subsidiary so long as it is so held).

- (2) Notwithstanding the foregoing, the Company and any Restricted Subsidiary may Incur Indebtedness (“Permitted Indebtedness”) to the extent provided below:
- (a) Indebtedness under the Notes (excluding any Additional Notes) and any Subsidiary Guarantee thereof and any related Deed of Guarantee;
 - (b) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date after giving effect to the application of the proceeds from the sale of the Notes, excluding Indebtedness permitted under clause (2)(c) of this covenant;
 - (c) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; *provided* that (x) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) will be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (2)(c), (y) if the Company is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly be subordinated in right of payment to the Notes and (z) if a Subsidiary Guarantor is the obligor on such Indebtedness and a Restricted Subsidiary that is not a Subsidiary Guarantor is the obligee, such Indebtedness must be unsecured and expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor;
 - (d) Indebtedness of the Company or any Restricted Subsidiary (“Permitted Refinancing Indebtedness”) issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, “refinance” and “refinances” and “refinanced” shall have a correlative meaning), then-outstanding Indebtedness (or Indebtedness repaid substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under proviso to clause (1) of this covenant or any of clauses (2)(a), (2)(b), (2)(d), (2)(1) or (2)(m) of this covenant and any refinancings thereof; *provided* that (A) Indebtedness the proceeds of which are used to refinance or refund the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or a Subsidiary Guarantee will only be permitted under this clause (2)(d) if (x) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or a Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with the remaining Notes or such Subsidiary Guarantee, or (y) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee, (B) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded and (C) such new Indebtedness has an aggregate principal amount, or if Incurred with original issue discount, an aggregate issue price, that is equal to or less than the aggregate principal amount, or if

Incurred with original issue discount, the aggregate accreted value, then outstanding under the Indebtedness being refinanced (plus premiums, accrued interest, underwriting discounts, costs (including any defeasance costs), fees and expenses);

- (e) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations for the purpose of protecting the Company or such Restricted Subsidiary from fluctuations in interest rates, currencies or the price of commodities and not for speculation;
- (f) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit or trade guarantees issued in the ordinary course of business to the extent that such letters of credit or trade guarantees are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than 30 days following receipt by the Company or such Restricted Subsidiary of a demand for reimbursement;
- (g) Indebtedness Incurred by the Company or any Restricted Subsidiary in connection with one or more standby letters of credit, performance and surety bonds, bankers' acceptances or survey or appeal bonds issued by the Company or a Restricted Subsidiary in the ordinary course of business or pursuant to self-insurance obligations and not in connection with the borrowing of money or the obtaining of advances or credit;
- (h) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price, earn out or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in each case, Incurred or assumed in connection with the acquisition or disposition of any business, assets or Capital Stock of a Restricted Subsidiary, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Capital Stock of a Restricted Subsidiary for the purposes of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness in connection with a disposition shall at no time exceed the gross proceeds actually received by the Company and its Restricted Subsidiaries in connection with such disposition;
- (i) Indebtedness of the Company or a Restricted Subsidiary arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within five Business Days of Incurrence;
- (j) guarantees by the Company or any Subsidiary Guarantor of Indebtedness of any Restricted Subsidiary or the Company that was permitted to be Incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Subsidiary Guarantee, then the guarantee shall be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;
- (k) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or claims arising under similar legislation, or self-insurance obligations or bid, performance or surety bonds, including guarantees or obligations of the Company or any Restricted Subsidiary thereof with respect to letters of credit supporting such bid, performance or surety bonds, in each case other than for an obligation for borrowed money;

- (l) Indebtedness of the Company or any Restricted Subsidiary with a maturity of one year or less used by the Company or any Restricted Subsidiary for working capital; *provided* that the aggregate principal amount of Indebtedness Incurred under this clause (2)(l) at any time outstanding (together with refinancings thereof) does not exceed U.S.\$50.0 million (or the Dollar Equivalent thereof);
- (m) Indebtedness Incurred by the Company or any Restricted Subsidiary; *provided* that the aggregate principal amount of Indebtedness Incurred under this clause (2)(m) at any time outstanding does not exceed U.S.\$30.0 million (or the Dollar Equivalent thereof); and
- (n) Indebtedness Incurred by the Company or any Restricted Subsidiary to the extent the net cash proceeds thereof are promptly and irrevocably deposited with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose) to defease or to satisfy and discharge the Notes as described under “—*Defeasance*” or “—*Satisfaction and Discharge*”,

provided that, with respect to the incurrence of Permitted Indebtedness under this paragraph (other than (x) Permitted Refinancing Indebtedness that refinances Permitted Priority Indebtedness under clause (d) of this paragraph or (y) Indebtedness under clause (n) of this paragraph), if such Permitted Indebtedness constitutes Consolidated Priority Indebtedness, on the date of the incurrence of such Indebtedness and after giving effect thereto, such Indebtedness constitutes Permitted Priority Indebtedness.

- (1) For purposes of determining compliance with this “Limitation on Indebtedness” covenant, in the event that an item of Indebtedness meets the criteria of more than one type of Indebtedness, the Company, in its sole discretion, shall classify such item of Indebtedness and only be required to include the amount of such Indebtedness as one of such types, and the Company may from time to time reclassify any such item of Indebtedness into one or more types of Indebtedness described above.
- (2) The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness; *provided*, in each such case, that the amount of any such accrual, accretion or payment is included in the Consolidated Fixed Charges of the Company as accrued.
- (3) The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency value. For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred (or first committed, in the case of revolving credit debt); *provided*, that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the

principal amount of such Indebtedness being refinanced (plus premiums, accrued interest, underwriting discounts, costs (including any defeasance costs), fees and expenses).

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as “Restricted Payments”):

- (1) declare or pay any dividend or make any distribution on or with respect to the Company’s or any of its Restricted Subsidiaries’ Capital Stock (other than dividends or distributions payable solely in shares of the Company’s Capital Stock or by a Restricted Subsidiary in its Capital Stock (in each case other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of any such Capital Stock) held by Persons other than the Company or any Restricted Subsidiary;
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock (or options, warrants or other rights to acquire such shares of Capital Stock) of the Company, any Subsidiary Guarantor or any direct or indirect parent of the Company held by any Persons other than the Company or any Restricted Subsidiary;
- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any Subsidiary Guarantee (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries or between or among Restricted Subsidiaries); or
- (4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving pro forma effect to, the proposed Restricted Payment:

- (a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;
- (b) the Company could not Incur at least U.S.\$1.00 of Indebtedness under the proviso to clause (1) of the covenant described under the caption “—*Limitation on Indebtedness*”; or
- (c) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Company and its Restricted Subsidiaries after the Measurement Date, shall exceed the sum (without duplication) of:
 - (i) (50.0% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the semi-annual period in which the Measurement Date occurs and ending on the last day of the Company’s most recently ended semi-annual period for which consolidated financial statements of the Company (which may be internal consolidated financial statements) are available; plus
 - (ii) 100% of the aggregate Net Cash Proceeds received by the Company after the Measurement Date as a capital contribution to its common equity by or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Company, and including any Net Cash Proceeds received upon (x) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Company or any Restricted Subsidiary into Capital Stock (other than Disqualified Stock) of the Company, or (y) the exercise by a Person who is not a Subsidiary of the

Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock), in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company); plus

- (iii) the amount by which Indebtedness of the Company or any Restricted Subsidiary is reduced on the Company's statement of financial position upon conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Measurement Date of any Indebtedness of the Company or any Restricted Subsidiary into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company or any Restricted Subsidiary upon such conversion or exchange); plus
- (iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income), (B) the unconditional release of a guarantee *provided* by the Company or any Restricted Subsidiary after the Measurement Date of an obligation of another Person, (C) the Net Cash Proceeds from the sale of any such Investment (except to the extent such Net Cash Proceeds are included in the calculation of Consolidated Net Income) or (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person.

The foregoing provision shall not be violated by reason of:

- (1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;
- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;
- (3) any Restricted Payment made in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution to or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;
- (4) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary to all holders of any class of Capital Stock of such Restricted Subsidiary, a majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Company, in each case on a pro rata basis or on a basis more favorable to the Company;
- (5) repurchases of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights to acquire Capital Stock to the extent such Capital Stock represents a portion of the exercise price thereof;

- (6) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible or exchangeable for Capital Stock of the Company; *provided* that any such cash payment shall not be for the purpose of evading the limitations of this covenant;
- (7) the making of any other Restricted Payment in an aggregate amount, together with all other Restricted Payments made under this clause (7), not exceeding U.S.\$25.0 million (or the Dollar Equivalent thereof); or
- (8) any Investment by the Company or any Restricted Subsidiary in the Capital Stock of PT Hengjaya Mineralindo remaining after the issuance, sale, transfer or other disposition of any Capital Stock of PT Hengjaya Mineralindo to comply with Law No. 4 of 2009 on Mineral and Coal Mining, as amended by Law No. 3 of 2020 on Amendment to Law 4/2009 as well as Law No. 11 of 2020 on Job Creation or any other amendment thereto from time to time, and any regulations, rules or official guidance thereunder if, after giving effect thereto, PT Hengjaya Mineralindo is no longer a Restricted Subsidiary of the Company;

provided that in the case of clause (7) above, no Default will have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein, *provided further* that, each Restricted Payment made pursuant to clauses (4) and (8) of this paragraph will be included in calculating whether the conditions of clause (c) of the first paragraph of this “— *Limitation on Restricted Payments*” covenant have been met with respect to any subsequent Restricted Payments; and *provided further* that, each Restricted Payment made pursuant to clauses (1), (2), (3), (5), (6) and (7) of this paragraph will be excluded in calculating whether the conditions of clause (c) of the first paragraph of this “— *Limitation on Restricted Payments*” covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors’ determination of the Fair Market Value of a Restricted Payment or any such assets or securities must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of recognized international standing if the Fair Market Value exceeds U.S.\$10.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in excess of U.S.\$10.0 million (or the Dollar Equivalent thereof), the Company will deliver to the Trustee an Officers’ Certificate stating that such Restricted Payment is permitted under the Indenture and setting forth the basis upon which the calculations required by this “— *Limitation on Restricted Payments*” covenant were computed, together with a copy of any opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:
 - (a) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Company or any Restricted Subsidiary;
 - (b) pay any Indebtedness or other obligation owed to the Company or any Restricted Subsidiary;
 - (c) make loans or advances to the Company or any Restricted Subsidiary; or
 - (d) sell, lease or transfer any of its property or assets to the Company or any Restricted Subsidiary,

provided that it being understood that (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary; and (iii) provisions requiring transactions between or among the Company and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's-length basis, in each case, shall not be deemed to constitute such an encumbrance or restriction.

- (2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:
- (a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees or the Indenture, or any extensions, refinancings, renewals, supplements, amendments or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement are not materially more restrictive, taken as a whole, than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed, supplemented, amended or replaced;
 - (b) existing under or by reason of applicable law, rule, regulation, license, concession, approval, decree or order issued by any government or any agency thereof;
 - (c) customary non-assignment provisions in contracts and licenses entered into in the ordinary course of business;
 - (d) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;
 - (e) existing with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals, supplements, amendments or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement are not materially more restrictive, taken as a whole, than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed, supplemented, amended or replaced;
 - (f) that otherwise would be prohibited by the provision described in clause (1)(d) of this covenant if they arise, or are agreed to, in the ordinary course of business and that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license or similar instrument, (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, reduce the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;
 - (g) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is not prohibited by the “— *Limitation on Indebtedness*” and “— *Limitation on Asset Sales*” covenants;

- (h) with respect to any Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;
- (i) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Subsidiary or its subsidiaries or the property or assets of such Subsidiary or its subsidiaries, and any extensions, refinancings, renewals, supplements or amendments or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement are not materially more restrictive, taken as a whole, than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed, supplemented, amended or replaced;
- (j) arising from provisions in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements entered into in the ordinary course of business if, as determined by the Board of Directors in good faith, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company to make required payments on the Notes; or
- (k) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness permitted to be Incurred under the covenant described under the caption “— *Certain Covenants — Limitation on Indebtedness*” if, as determined by the Board of Directors in good faith, the encumbrances or restrictions (i) are customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company to make required payments on the Notes.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor, directly or indirectly, to provide any guarantee for any Indebtedness (“Guaranteed Indebtedness”) of the Company or any Subsidiary Guarantor, unless (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee of payment of the Notes by such Restricted Subsidiary (and, if such Restricted Subsidiary is incorporated in Indonesia, enters into a Deed of Guarantee) and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim, or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any Subsidiary Guarantor as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee (or related Deed of Guarantee) until the Notes have been paid in full.

If the Guaranteed Indebtedness (A) ranks *pari passu* in right of payment with the Notes or any Subsidiary Guarantee, then the guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or (B) is subordinated in right of payment to the Notes or any Subsidiary Guarantee, then the guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Subsidiary Guarantee.

Limitation on Transactions with Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder of 10.0% or more of any class of Capital Stock of the Company (or any Affiliate of such holder) or (y) any Affiliate of the Company, in either case, involving an aggregate consideration in excess of U.S.\$2.5 million (each, an “Affiliate Transaction”), unless:

- (1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary, as the case may be, than those that would have been obtained in a comparable arm’s-length transaction by the Company or the relevant Restricted Subsidiary with a Person that is not such a holder or an Affiliate of the Company or such Restricted Subsidiary or any such holder; and
- (2) the Company delivers to the Trustee:
 - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.\$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers’ Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors (or if there are no disinterested members of the board of directors, by a majority of the Board of Directors); and
 - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.\$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause (2)(a) above, an opinion issued by an accounting, appraisal or investment banking firm of recognized standing stating either (i) that such Affiliate Transaction is, or series of related Affiliate Transactions are, fair to the Company or such Restricted Subsidiary from a financial point of view or (ii) that the terms of such Affiliate Transaction is, or series of related Affiliate Transactions are, not materially less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm’s-length transaction by the Company or such Restricted Subsidiary with a Person that is not such a holder or an Affiliate of the Company or such Restricted Subsidiary.

The foregoing limitation does not limit, and shall not apply to:

- (1) the payment of reasonable and customary regular fees to directors or commissioners of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;
- (2) transactions between or among the Company and any of its Restricted Subsidiaries or between or among Restricted Subsidiaries;
- (3) any Restricted Payment permitted by the covenant described under the caption “— *Limitation on Restricted Payments*”;
- (4) transactions or payments pursuant to any employment, compensation or benefit plan or agreement (whether based in cash or securities), officer, director or commissioner indemnification agreement, severance or termination agreement or any similar arrangement entered into by the Company or any Restricted Subsidiary with their respective officers, directors, commissioners or employees and payments pursuant thereto, including the payment of reasonable fees and reimbursement of expenses, in each case in the ordinary course of business and in compliance with the listing rules of the ASX;

- (5) transactions with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company, directly or indirectly, owns Capital Stock in, or controls, such Person or solely because the Company or one of its Subsidiaries has the right to designate one or more members of the Board of Directors or similar governing body of such Person;
- (6) any agreement between any Person (other than a Person that is an Affiliate of the Company or acquired from an Affiliate of the Company) that is acquired by or merged into the Company or any of its Restricted Subsidiaries and an Affiliate of the Company existing at the time of such acquisition or merger; *provided* that such agreement was not entered into in contemplation of such acquisition or merger;
- (7) transactions with clients, contractors, purchasers or suppliers of goods, services (including administrative, logistics, legal and regulatory, engineering, technical, financial, accounting, procurement, marketing, insurance, labor, management, operation and maintenance, power supply and other services), nickel ore, nickel pig iron or other resources or lessors or lessees, in each case in the ordinary course of business and that are fair or on terms at least as favorable as arm's-length as determined in good faith by the Board of Directors;
- (8) any sale of Capital Stock (other than Disqualified Stock) of the Company; and
- (9) loans or advances to, or guarantees of obligations of, commissioners, directors, officers or employees of the Company or any Restricted Subsidiary in the ordinary course of business not to exceed U.S.\$2.5 million (or the Dollar Equivalent thereof) in the aggregate at any one time outstanding.

In addition, the requirements of (x) clause (2) of the first paragraph of this covenant will not apply to (i) transactions pursuant to agreements in effect on the Original Issue Date and described in this Offering Memorandum, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date or (ii) any Permitted Investment (other than a Permitted Investment of the type described in clause (1)(b) of the definition of "Permitted Investment") or (y) clause (2)(b) of the first paragraph of this covenant will not apply to transactions with Shanghai Decent Investment (Group) Co., Ltd. and its Affiliates.

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are secured equally and ratably with (or, if the obligation to be secured by such Lien is subordinated in right of payment to the Notes or any Subsidiary Guarantee, senior in priority to) the obligation so secured for so long as such obligation is so secured by such Lien.

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, consummate any Asset Sale, unless:

- (1) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of;
- (2) in the case of an Asset Sale that constitutes an Asset Disposition, the Company could Incur at least U.S.\$1.00 of Indebtedness under the proviso to clause (1) of the covenant described above under the caption "*— Limitation on Indebtedness*" after giving pro forma effect to such Asset Disposition; and

- (3) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets, *provided* that for purposes of this provision, each of the following will be deemed to be cash:
- (a) (any liabilities, as shown on the Company's most recent consolidated statement of financial position, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that irrevocably and unconditionally releases the Company or such Restricted Subsidiary, as the case may be, from further liability; and
 - (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 45 days of closing, converted by the Company or such Restricted Subsidiary, as the case may be, into cash, to the extent of the cash received in such conversion.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company or the applicable Restricted Subsidiary, as the case may be, may apply such Net Cash Proceeds to:

- (1) permanently repay any Senior Indebtedness of the Company or any Restricted Subsidiary (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly permanently reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or
- (2) acquire Replacement Assets.

Pending application of such Net Cash Proceeds as set forth in the preceding paragraph, the Company (or applicable Restricted Subsidiary) may use such Net Cash Proceeds to make an Investment in cash or Temporary Cash Investments or to temporarily reduce revolving credit Indebtedness.

Any Net Cash Proceeds from Asset Sales by the Company or any Restricted Subsidiary that are not applied or invested as provided in clauses (1) and (2) in the second preceding paragraph will constitute "Excess Proceeds". Excess Proceeds of less than U.S.\$15.0 million (or the Dollar Equivalent thereof) may be carried forward and accumulated. Within 10 days after the aggregate amount of Excess Proceeds totals at least U.S.\$15.0 million (or the Dollar Equivalent thereof), the Company must commence and thereafter consummate an Offer to Purchase from the Holders and holders of Senior Indebtedness containing provisions similar to those set forth in the Indenture with respect to offers to purchase with the proceeds of sales of assets, to purchase the maximum principal amount of Notes and such Senior Indebtedness that may be purchased out of the Excess Proceeds.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount (or accreted value, if applicable) of the Notes and such Senior Indebtedness plus accrued and unpaid interest, if any, and Additional Amounts, if any, to the date of purchase, and will be payable in cash. If the aggregate principal amount of Notes and Senior Indebtedness tendered into such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes and such Senior Indebtedness will be purchased on a pro rata basis based on the principal amount tendered or such other method as the Company shall deem to be fair and appropriate. To the extent that any Excess Proceeds remain after consummation of an Offer to Purchase pursuant to this "Limitation on Asset Sales" covenant, the Company or any Restricted Subsidiary may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture, and those Excess Proceeds shall no longer constitute "Excess Proceeds".

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Offer to Purchase. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described hereunder by virtue of its compliance with such laws and regulations.

Limitation on Business Activities of the Company

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; *provided, however*, that the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited when made by the covenant under the caption “—*Limitation on Restricted Payments*”.

Use of Proceeds

The Company will not, and will cause its Restricted Subsidiaries not to, use the net proceeds from the sale of the Notes issued and sold on the Original Issue Date in any amount or for any purpose other than (1) in the approximate amounts and for the purposes specified under the caption “Use of Proceeds” in this Offering Memorandum and (2) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in Temporary Cash Investments.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary, provided that (1) in no event will any license, authorization or concession to operate the Permitted Business be transferred to or held by an Unrestricted Subsidiary to the extent such transfer would have a material and adverse effect on the business prospects, financial condition or results of operation of the Company or any Restricted Subsidiary; (2) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (3) such Restricted Subsidiary does not own any Disqualified Stock of the Company or any Disqualified or Preferred Stock of any Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under the caption “— *Limitation on Indebtedness*” or the grant of such Lien would violate the covenant described under the caption “— *Limitation on Liens*”; (4) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; (5) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company or any other Restricted Subsidiary; and (6) the Investment deemed to have been made thereby in such newly designated Unrestricted Subsidiary and each other newly designated Unrestricted Subsidiary being concurrently designated would be permitted to be made by the covenant described under the caption “— *Limitation on Restricted Payments*”.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred under the covenant described under the caption “— *Limitation on Indebtedness*”; (3) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be incurred under the covenant described under the caption

“— *Limitation on Liens*”; (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and (5) such Unrestricted Subsidiary will, if required to guarantee the Notes under the covenant described under “— *Limitation on Issuances of Guarantees by Restricted Subsidiaries*”, upon such designation, (i) execute and deliver to the Trustee a supplemental Indenture by which it shall become a Subsidiary Guarantor, and (ii) enter into a related Deed of Guarantee if incorporated in Indonesia.

All designations under this covenant must be evidenced by a Board Resolution delivered to the Trustee certifying compliance with the preceding provisions.

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary or desirable to engage in the Permitted Business (if any); (2) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Liens not prohibited by the covenant described under “— *Limitation on Liens*”; and (3) comply with all applicable laws, regulations, orders, judgments and decrees of any governmental body; except to the extent that failure to so obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Company and its Restricted Subsidiaries taken as a whole or (b) the ability of the Company or any Subsidiary Guarantor to perform its obligations under the Notes, the relevant Subsidiary Guarantee or the Indenture.

Anti-Layering

The Company will not, and the Company will not permit any Subsidiary Guarantor to, directly or indirectly, Incur any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company or such Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the applicable Subsidiary Guarantee on substantially identical terms; *provided* that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company or any Subsidiary Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior priority basis.

Maintenance of Insurance

The Company will, and will cause its Restricted Subsidiaries to, maintain insurance coverage with reputable and financially sound carriers against such risks and in such amounts as is customarily carried by similarly situated businesses.

Suspension of Certain Covenants

If on any date following the Original Issue Date, the Notes have a rating of Investment Grade from both of the Rating Agencies and no Default or Event of Default has occurred and is continuing (a “Suspension Event”), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from both of the Rating Agencies, the provisions of the Indenture summarized under the following captions will be suspended:

- (1) “— Certain Covenants — Limitation on Indebtedness”;
- (2) “— Certain Covenants — Limitation on Restricted Payments”;
- (3) “— Certain Covenants — Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries”;

- (4) “— Certain Covenants — Limitation on Issuances of Guarantees by Restricted Subsidiaries”;
- (5) “— Certain Covenants — Limitation on Asset Sales”;
- (6) clauses (3), (4)(a) and (6) of the first paragraph of “— Consolidation, Merger and Sale of Assets”;
- (7) “— Certain Covenants — Maintenance of Insurance”;
- (8) “— Certain Covenants — Anti-Layering”; and
- (9) “— Certain Covenants — Limitation on Business Activities of the Company”.

Upon the occurrence of any Suspension Event, the amount of Excess Proceeds from Net Cash Proceeds shall be reset at zero.

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of the Restricted Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant under the caption “— *Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries*” or the definition of “Unrestricted Subsidiary”.

Such covenants will be reinstated and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect (the “Reinstatement Date”). The period of time between the date of the Suspension Event and the Reinstatement Date is referred to as the “Suspension Period”.

Such covenants will not, however, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the Suspension Period.

Following the Reinstatement Date, calculations under the covenant summarized under “— *Certain Covenants.*”

“*Limitation on Restricted Payments*” will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made during the Suspension Period.

On the Reinstatement Date, all Indebtedness Incurred during the Suspension Period will be classified to have been Incurred pursuant to clause (d) of paragraph (2) of the covenant under the caption “— *Certain Covenants—Limitation on Indebtedness*”.

There can be no assurance that the Notes will ever achieve an Investment Grade rating or that any such rating will be maintained.

Provision of Financial Statements and Reports

- (1) So long as any of the Notes remain outstanding, the Company will file with the Trustee and furnish to the Holders upon request (a) as soon as available after the end of each fiscal year (and, in any event, within 120 days after the close of such fiscal year), annual reports in English, including financial statements (containing a consolidated statement of financial position as of the end of such fiscal year and immediately preceding fiscal year and consolidated statements of profit and loss and other comprehensive income, retained earnings and cash flows for such fiscal year and the immediately preceding fiscal year) with a report thereon by an internationally recognized independent firm of chartered accountants, (b) as soon as available (and, in any event, within 60 days after the close of the first six months in each fiscal year) interim semi-annual reports in English, containing a condensed consolidated statement of financial position as of the end of each interim period covered thereby and as of the end of the immediately preceding fiscal year and condensed consolidated statements of earnings and cash flows for each interim period covered thereby and for the comparable period of the

immediately preceding fiscal year and (c) as soon as available (and, in any event, within 60 days after the close of the first three and nine months in each fiscal year) quarterly reports required to be filed under the rules of the ASX. The Company need not file with the Trustee or furnish to Holders those annual, interim or quarterly reports if and to the extent that the Company files or furnishes those reports with the ASX and those reports are available on the ASX website within the time periods referred to in clauses (a), (b) and (c) above. The Trustee shall not be required to review any financial statements furnished or delivered to it as contemplated in this clause and, if the same shall not be in the English language, shall not be required to translate or request or obtain an English language translation of the same or to investigate or verify the accuracy of any translation of any financial statements furnished or delivered to it as contemplated in this clause, and the Trustee shall not be liable to any Holder or any other person for not doing so.

- (2) In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee within 120 days after the close of each fiscal year, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the two most recent semi-annual periods and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, together with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation (to the extent such auditor generally provides such certifications); and (b) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, an Officers' Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto. The Trustee shall not be required to review or verify the accuracy and correctness of any calculation and arithmetic computation in the Officer's Certificate furnished or delivered to it as contemplated in this clause, and shall not be liable to any Holder or any other person for not doing so.

All historical financial statements shall be prepared in accordance with GAAP as in effect on the date of such report or financial statement and on a consistent basis for the periods presented; *provided, however*, that the reports set forth in clause (1) above may, in the event of a change in applicable GAAP, present earlier periods on a basis that applied to such periods.

At any time that the Company has Subsidiaries which are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Company, then the annual, semi-annual and quarterly financial information required by clause (1) above shall include a summary presentation, either on the face of the financial statements or in the footnotes thereto or in the operating and financial review of the financial statements of the revenue, EBITDA (as presented in this Offering Memorandum), net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense of such Unrestricted Subsidiaries.

In addition, so long as any Notes are "restricted securities" (as defined in Rule 144 under the Securities Act) during any period during which the Company is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company shall furnish to the Holders and prospective purchasers, upon their request, of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4).

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

- (1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable under the Indenture as described under “— *Brief Description of the Notes — Amortization of Principal*” or at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest or Additional Amounts on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) (x) the failure to make or consummate an Offer to Purchase in the manner described under the captions “— *Mandatory Offer to Purchase*”, “— *Repurchase of Notes upon a Change of Control Triggering Event*” or “— *Certain Covenants — Limitation on Asset Sales*”, or (y) the default in the performance of any of the obligations set forth under the captions “— *Consolidation, Merger and Sale of Assets*”;
- (4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes then outstanding;
- (5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of U.S.\$15.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or will hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (b) a failure to pay principal of, or interest or premium (subject to the applicable grace period in the relevant documents) on, such Indebtedness when the same becomes due;
- (6) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed U.S.\$15.0 million (or the Dollar Equivalent thereof) (in excess of amounts that reputable insurance carriers have agreed in writing to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (7) an involuntary case or other proceeding is commenced against the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) or for any substantial part of the property and assets of the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (8) the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment

of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) or for all or substantially all of the property and assets of the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) or (c) effects any general assignment for the benefit of creditors;

- (9) any Subsidiary Guarantor denies or disaffirms in writing its obligations under its Subsidiary Guarantee or any Subsidiary Guarantee is finally determined in any judicial proceeding by a court of competent jurisdiction to be unenforceable or invalid or will for any reason cease to be in full force and effect, or the Company or any Subsidiary Guarantor repudiates the Indenture, the Notes or any Subsidiary Guarantee in writing, except as permitted by the Indenture;
- (10) a moratorium is agreed or declared in respect of any Indebtedness of the Company or any Subsidiary Guarantor, excluding any moratorium instituted in accordance with the directions or circular of any governmental authority, if such a moratorium is not specifically directed at the Company or its Affiliates or declared by the creditors of the Company or its Affiliates on account of actual stress in the accounts of the Company or its Affiliates, or any governmental authority shall take any action to condemn, seize, nationalize or appropriate all or a substantial part of the assets of the Company and its Restricted Subsidiaries; or
- (11) it becomes unlawful for the Company or any Subsidiary Guarantor to perform or comply with any of its obligations under or in respect of the Notes, any Subsidiary Guarantee or the Indenture in any material respect.
- (12) If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written direction of such Holders shall (subject to receiving indemnity and/or security (including by way of prefunding) to its satisfaction), declare the principal of, premium, if any, and accrued and unpaid interest and Additional Amounts, if any, on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest and Additional Amounts, if any, shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs, the principal of, premium, if any, and accrued and unpaid interest, and Additional Amounts, if any, on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

If an Event of Default occurs and is continuing, the Trustee may, at its sole discretion and without further notice, pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Holders unless (i) the Trustee shall have been directed in writing by the requisite number of Holders, (ii) the Trustee shall have been offered security and/or indemnity (including by way of prefunding) to its satisfaction against the losses, liabilities and expenses that might be incurred by it in compliance with such request or direction, *provided* that, with respect to a request or direction from Holders to enforce the Deed of Guarantee, or any other document governed under the laws of Indonesia against the Subsidiary Guarantors or any other Person, such security and indemnity shall include, without

limitation (and without limiting the Trustee's ability to accept other forms of security and/or indemnity), prefunding by the requesting Holders of an account in the name of the Trustee in such amounts as the Trustee determines in its sole discretion and (iii) the Trustee is satisfied that the act or exercise of any rights or powers vested in it by the Indenture will not result in any of its directors, officers, employees or agents incurring personal liability. It may not be possible for the Trustee to take certain actions notwithstanding the provision of indemnity and/or security (including by way of prefunding) to its satisfaction and accordingly, in such circumstances, it will be for the Holders to take such actions directly. The foregoing prefunding requirements shall be in addition, and subject in all respects, to any other requirements of the Trustee regarding the indemnity or security to be provided to it in connection with any such enforcement request, including requirements regarding the creditworthiness of the requesting Holders.

The Holders of more than 50% in aggregate principal amount of the outstanding Notes by written notice to the Company and to the Trustee (subject to the Trustee being indemnified and/or secured (including by way of prefunding) to its satisfaction by such Holders), may on behalf of all Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

- (x) all existing Events of Default, other than the non-payment of the principal of, premium, if any, and interest, and Additional Amounts, if any, on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and
- (y) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

The Holders of more than 50% in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee will be under no obligation and may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability or to the extent that it does not receive security and/or indemnification (including by way of prefunding) to its satisfaction, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. In addition, the Trustee will not be required to expend its own funds in following such direction if it does not believe that reimbursement or indemnification and/or security (including by way of prefunding) is assured to it to its satisfaction.

Notwithstanding anything to the contrary in the Indenture, the Deeds of Guarantee or any other document relating to the Notes, in the event the Trustee shall receive instructions and/or indemnity and/or security (including by way of prefunding) to its satisfaction from two or more groups of Holders, each holding at least 25% in aggregate principal amount of the then outstanding Notes, and the Trustee believes (in its sole discretion and subject to such legal or other advice as it may deem appropriate) that such instructions are conflicting, the Trustee may, in its sole discretion, exercise any one or more of the following options:

- (i) refrain from acting on any such conflicting instructions;
- (ii) take the action requested by the Holders of the highest percentage of the aggregate principal amount of the then outstanding Notes, notwithstanding any other provisions of the Indenture (and always subject to such indemnification and/or security (including by way of prefunding) from the Holders as is satisfactory to the Trustee); and

- (iii) petition a court of competent jurisdiction for further instructions.

In all such instances where the Trustee has acted or refrained from acting as outlined above, the Trustee shall not be responsible or liable for any losses or liability of any nature whatsoever to any party as a result of its choosing to act or refrain from acting as outlined above.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any Holders unless such Holders have instructed the Trustee in writing and have offered to the Trustee security and/or indemnity (including by way of pre-funding) to its satisfaction (which, in the case of a direction to enforce the Deed of Guarantee, or any other document governed under the laws of Indonesia against the Guarantors or any other Person, shall be subject to the provisions of the Indenture) against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no Holder may pursue any remedy with respect to the Indenture, the Notes, the Subsidiary Guarantees or any Deed of Guarantee unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer the Trustee indemnity and/or security (including by way of prefunding) satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;
- (4) the Trustee does not comply with the request within (x) 60 days after receipt of the written request pursuant to clause (2) above or (y) 60 days after the receipt of, the offer of indemnity and/or security (including by way of prefunding) pursuant to clause (3) above, whichever occurs later; and
- (5) during such 60-day period, the Holders of more than 50% in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest and Additional Amounts, if any, on, such Note or any payment under any Subsidiary Guarantee, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee, on or before a date not more than 120 days after the end of each fiscal year, and also within 14 days after any written request by the Trustee, that a review has been conducted of the activities of the Company and its Restricted Subsidiaries and the Company's performance under the Notes and the Indenture and that the Company has fulfilled all of its obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to promptly notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture. See "*— Provision of Financial Statements and Reports*".

Consolidation, Merger and Sale of Assets

The Company will not consolidate with or merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries (taken as a whole) (in one transaction or a series of related transactions) to another Person unless each of the following conditions is satisfied:

- (1) the Company will be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the “Surviving Person”) will be a corporation organized and validly existing under the laws of Australia or any state or territory thereof, Indonesia, Mauritius, The Netherlands, the Cayman Islands, the British Virgin Islands, Hong Kong, Singapore, Canada, the United Kingdom, any member state of the European Union, Switzerland, the United States or any state thereof or the District of Columbia and will expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture and the Notes, and the Indenture and the Notes will remain in full force and effect;
- (2) immediately after giving effect to such transaction on a *pro forma* basis, no Default will have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a *pro forma* basis, the Company or the Surviving Person, as the case may be, could Incur at least U.S.\$1.00 of Indebtedness under the proviso to clause (1) of the covenant described under the caption “— *Certain Covenants—Limitation on Indebtedness*”,
- (4) the Company delivers to the Trustee (a) an Officers’ Certificate (attaching the arithmetic computations to demonstrate compliance with clause (3) of this paragraph) and (b) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and such supplemental indenture complies with this provision and that all conditions precedent *provided* for in the Indenture relating to such transaction have been complied with;
- (5) each Subsidiary Guarantor, unless such Subsidiary Guarantor is the Person with which the Company has entered into a transaction described under this covenant, shall execute and deliver (i) a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee shall apply to the obligations of the Company or the Surviving Person in accordance with the Notes and the Indenture; and (ii) a Deed of Guarantee; and
- (6) no Rating Decline will have occurred.

The requirements of clause (3) of the first paragraph of this covenant will not apply to any consolidation, or other combination or merger, of the Company into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Company or changing the legal form of the Company.

Although there is a limited body of case law interpreting the phrase “substantially all”, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

Upon any consolidation or merger, or any sale, conveyance, transfer, lease, assignment or other disposition of all or substantially all of the properties and assets of the Company in a transaction that is subject to, and that complies with the provisions of, this “Consolidation, Merger and Sale of Assets” covenant, the successor Person (to the Company) shall, except as provided above, succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, conveyance, transfer, lease, assignment or other disposition, the provisions of the Indenture referring to “Company” shall refer instead to the successor Person and not to the predecessor Company (and the predecessor Company shall be relieved from its obligations under the Indenture, including the obligation to pay the principal of, premium on, if any, and interest on, and Additional Amounts on, if any, on, the Notes under the Indenture or the Notes), and may exercise every right and power of the Company under the Indenture with the same effect as if such successor Person had been named as the Company in the Indenture; *provided*, however, that the predecessor Company shall not be relieved from the obligation to pay the principal of, premium on, if any, and interest on, and Additional Amounts on, if any, on,

the Notes under the Indenture or the Notes in the case of a lease of all or substantially all of its properties and assets.

The foregoing provisions would not necessarily afford Holders protection in the event of highly leveraged or other transactions involving the Company or any Restricted Subsidiary that may adversely affect the Holders.

No Payments for Consents

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes or any Subsidiary Guarantee unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment. Notwithstanding the foregoing, the Company and its Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, to exclude Holders in any jurisdiction where (A) the solicitation of such consent, waiver or amendment in the manner deemed appropriate by the Company would require the Company or any of its Subsidiaries to (i) file a registration statement, prospectus or similar document or subject the Company or any of its Subsidiaries to ongoing periodic reporting or similar requirements under the securities laws (including but not limited to the United States federal securities laws, the laws of the European Union or its member states, and the laws of Australia), which the Company in its sole discretion determines would be burdensome, (ii) qualify as a foreign corporation or other entity or as a dealer in securities in such jurisdiction if it is not otherwise required to so qualify, (iii) generally consent to service of process in any such jurisdiction or (iv) subject itself or any of its Subsidiaries to taxation in such jurisdiction if it is not otherwise so subject; or (B) such solicitation would not otherwise be permitted under applicable law in such jurisdiction.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust) if, among other things:

- (1) the Company (1) has deposited with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose), in trust, cash in U.S. dollars and/or U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide cash in U.S. dollars in an amount sufficient to pay the principal of, premium, if any, and accrued interest and Additional Amounts, if any, on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest and Additional Amounts, if any, on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture and an Opinion of Counsel to the effect that the Holders have a valid, perfected, exclusive security in such trust;
- (2) the Company has delivered to the Trustee (a) either (i) an Opinion of Counsel of recognized standing with respect to U.S. federal tax laws which is based on a change in applicable U.S. federal income tax

law occurring after the Original Issue Date to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the Company's exercise of its option under this "Defeasance and Discharge" provision and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same time as would have been the case if such deposit, defeasance and discharge had not occurred or (ii) a ruling received from the U.S. Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel and (b) an Opinion of Counsel to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 183 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the U.S. Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law;

- (3) the Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by it with the intent of preferring the Holders over any other of its creditors or with the intent of defeating, hindering, delaying or defrauding any other of its creditors or others;
- (4) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any of its Restricted Subsidiaries is a party or by which the Company or any of its Restricted Subsidiaries is bound; and
- (5) the Company must deliver to the Trustee an Officers' Certificate acceptable to the Trustee and an Opinion of Counsel, each stating that all conditions precedent relating to such defeasance have been complied with.

In the case of either discharge or defeasance of the Notes, each of the Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture further will provide that the provisions of the Indenture will no longer be in effect with respect to clauses (3), (4)(a) and (6) of the first paragraph under "*— Consolidation, Merger and Sale of Assets*" and all the covenants described herein under "*— Certain Covenants*", other than as described under "*— Certain Covenants — Limitation on Issuances of Guarantees by Restricted Subsidiaries*", "*— Certain Covenants — Government Approvals and Licenses; Compliance -with Law*" and "*— Certain Covenants — Anti-Layering*", clause (3) under "Events of Default" with respect to such clauses (3), (4)(a) and (5) of the first paragraph under "*— Consolidation, Merger and Sale of Assets*" and with respect to the other events set forth in such clause, clause (4) under "*— Events of Default*" with respect to such other covenants and clauses (5), (6), (7) and (8) under "*— Events of Default*" shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose), in trust, of cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide cash in U.S. dollars in an amount sufficient to pay the principal of, premium, if any, Additional Amounts, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (2)(b), (3) and (5) of under "*— Defeasance and Discharge*" above and the delivery by the Company to the Trustee of an Opinion of Counsel of recognized standing with respect to U.S. federal income tax matters to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to U.S. federal income tax on the

same amount and in the same manner and at the same time as would have been the case if such deposit and defeasance had not occurred.

Defeasance and Certain Other Events of Default

In the event the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of cash in U.S. dollars and/or U.S. Government Obligations on deposit with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose) will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company and the Subsidiary Guarantors will remain liable for such payments.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees and the Deeds of Guarantee may be amended or supplemented, without notice to or the consent of any Holder:

- (1) to cure any ambiguity, defect, omission or inconsistency in the Indenture, the Notes, the Subsidiary Guarantees or the Deeds of Guarantee;
- (2) to comply with the provisions described under “— Consolidation, Merger and Sale of Assets”;
- (3) to evidence and provide for the acceptance of appointment by a successor Trustee;
- (4) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
- (5) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (6) to effect any changes to the Indenture in a manner necessary to comply with the procedures of DTC, Euroclear or Clearstream or any relevant clearing system or depository;
- (7) to add any Subsidiary Guarantor or any Subsidiary Guarantee or release any Subsidiary Guarantor from any Subsidiary Guarantee as provided or permitted by the terms of the Indenture;
- (8) to conform the text of the Indenture, the Notes, any Subsidiary Guarantee or any Deed of Guarantee to any provision of this “Description of the Notes” to the extent that the relevant provision in the Indenture, the Notes, any Subsidiary Guarantee or any Deed of Guarantee was intended to be a verbatim recitation of the relevant provision of this “Description of the Notes”;
- (9) (9) add collateral to secure the Notes or any Subsidiary Guarantee and create or register Liens on such collateral as provided or permitted under the Indenture;
- (10) to provide for uncertificated Notes in addition to or in place of Certificated Notes; or
- (11) make any other change that, in the good faith opinion of the Board of Directors, does not materially and adversely affect the rights of any Holder of Notes.

Amendments With Consent of Holders

Amendments to the Indenture, the Notes, any Subsidiary Guarantee or any Deed of Guarantee may be made by the Company, any Subsidiary Guarantor and the Trustee with the consent of the Holders of more than 50%

in aggregate principal amount of the outstanding Notes (including, without limitation, consent obtained in connection with a purchase of, or tender offer or exchange offer for Notes), and the Holders of more than 50% in principal amount of the outstanding Notes may waive future compliance by the Company or any Subsidiary Guarantor with any provision of the Indenture, the Notes, any Subsidiary Guarantee or any Deed of Guarantee; *provided, however*, that, unless consented to by the Holders of at least 90% of the aggregate principal amount of the then outstanding Notes, no such modification, amendment or waiver may:

- (1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;
- (2) reduce the principal amount of, or premium, if any, or interest on, any Note;
- (3) change the currency or time of payment of principal of, or premium, if any, or interest on, any Note or any Subsidiary Guarantee;
- (4) impair the contractual right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note or any Subsidiary Guarantee;
- (5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;
- (6) waive a default in the payment of principal of, premium, if any, or interest on the Notes (except a rescission of acceleration of the Notes by the Holders of more than 50% in aggregate principal amount of the outstanding Notes and a waiver of the payment default that resulted from such acceleration);
- (7) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;
- (8) release any Subsidiary Guarantor from its Subsidiary Guarantee or modify any Subsidiary Guarantee in any manner adverse to the Holders (or release any Deed of Guarantee or modify any Deed of Guarantee in any manner adverse to the Holders), in any such case except as provided in the Indenture;
- (9) reduce the amount payable upon a Mandatory Offer to Purchase, a Change of Control Offer, or an Offer to Purchase with the Excess Proceeds from an Asset Sale or change the time or manner by which a Mandatory Offer to Purchase, a Change of Control Offer, or an Offer to Purchase with the Excess Proceeds from an Asset Sale, may be made or by which the Notes must be repurchased pursuant to a Mandatory Offer to Purchase, a Change of Control Offer, or an Offer to Purchase with the Excess Proceeds from an Asset Sale, in each case after the obligation to make such Mandatory Offer to Purchase, Change of Control Offer or Offer to Purchase with the Excess Proceeds from any Asset Sale has arisen;
- (10) change the redemption date or the redemption price of the Notes from that stated under the captions “— *Optional Redemption*” or “— *Redemption for Taxation Reasons*”;
- (11) amend, change or modify the obligation of the Company or any Subsidiary Guarantor to pay Additional Amounts; or
- (12) amend, change or modify any provision of the Indenture or the related definitions to contractually subordinate in right of payment the Notes or any Subsidiary Guarantee to any other Indebtedness of the Company or any Subsidiary Guarantor (for the avoidance of doubt, the Notes and the Subsidiary Guarantees will not be contractually subordinated in right of payment to any other Indebtedness of the Company or any Subsidiary Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior priority basis).

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when:

- (1) either:
 - (a) all of the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment cash in U.S. dollars has theretofore been deposited in trust by the Company and thereafter repaid to the Company) have been delivered to the Registrar for cancellation; or
 - (b) all Notes not theretofore delivered to the Registrar for cancellation have become due and payable pursuant to an optional redemption notice or otherwise or will become due and payable within one year, and the Company has irrevocably deposited or caused to be deposited with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose) funds, in cash in U.S. dollars, non-callable U.S. Government Obligations or a combination thereof, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Registrar for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit together with irrevocable written instructions from the Company directing the Trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;
- (2) the Company or any Subsidiary Guarantor has paid all other sums payable under the Indenture; and
- (3) such deposit will not result in a breach or violation of, or constitute a default under, any instruments to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound (other than the Indenture or the Notes).

In addition, the Company must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel stating that all conditions precedent to satisfaction and discharge under the Indenture have been satisfied. The Trustee shall be entitled to rely on such certificate and/or opinion without any liability or responsibility to any person.

Unclaimed Money

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Members, Officers, Directors, Commissioners or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, or any Subsidiary Guarantor in the Indenture, or in any of the Notes or the Subsidiary Guarantees if any, or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, member, officer, commissioner, director, employee or controlling person of the Company, or any Subsidiary Guarantor or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes and the Subsidiary Guarantees, if any. Such waiver may not be effective to waive liabilities under any applicable securities law.

Concerning the Trustee and the Agents

Citicorp International Limited is to be appointed as Trustee under the Indenture, and Citibank, N.A., London Branch will also be appointed as registrar, transfer agent and paying agent (the “Paying Agent”) with regard to the Notes. However the Company may change the Paying Agent without notice to the Holders, and the Company may act as Paying Agent. Except during the continuance of an Event of Default, the Trustee will only be liable for the performance of such duties as are specifically set forth in the Indenture to the extent of its own gross negligence or willful default. No implied covenant or obligation shall be read into the Indenture or the Notes against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture or the Notes as a prudent person would exercise under the circumstances in the conduct of such person’s own affairs.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company or any of the Subsidiary Guarantors, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions with the Company and its Affiliates.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, we will appoint and maintain a paying agent in Singapore where the Notes may be presented or surrendered for payment or redemption in the event that a global note is exchanged for individual definitive notes. In addition, in the event that a global note is exchanged for individual definitive notes, an announcement of such exchange will be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the individual definitive notes, including details of the paying agent in Singapore.

The Trustee will be under no obligation to exercise any rights or powers conferred under the Indenture for the benefit of the Holders unless such Holders have instructed the Trustee in writing and offered to the Trustee security and/or indemnity (including by way of prefunding) satisfactory to the Trustee against any loss, liability or expense.

Notwithstanding anything to the contrary herein, whenever the Trustee is required or entitled by the terms of the Indenture to exercise any discretion or power, take any action of any nature, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to solicit Holders for direction, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or the non-exercise of such discretion or power, or not taking any such action or making any such decision or giving any such direction or certification in the absence of any such directions from Holders. In any event, and as provided elsewhere herein and in the Indenture, even where the Trustee has been directed by the Holders, the Trustee shall not be required to exercise any such discretion, power or take any such action as aforesaid unless it has been indemnified and/or secured (including by way of prefunding) to its satisfaction.

The Trustee is entitled to rely on all certifications received pursuant to the Indenture without investigating the accuracy, authenticity and validity of those certifications.

The Trustee will not be responsible for the performance by any other person appointed by the Company in respect of the Notes and, unless notified in writing to the contrary, will assume that the same are being duly performed.

Book-Entry; Delivery and Form

The certificates representing the Notes will be issued in fully registered form without interest coupons. Notes sold in offshore transactions in reliance on Regulation S under the Securities Act will initially be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a “Regulation S Global Note”) and will be deposited with Citibank N.A., London Branch as custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream.

Notes sold in reliance on Rule 144A will be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a “Restricted Global Note” and together with the Regulation S Global Notes, the “Global Notes”) and will be deposited with Citibank N.A., London Branch as custodian for, and registered in the name of a nominee of, DTC.

Each Global Note (and any Notes issued for exchange therefor) will be subject to certain restrictions on transfer set forth therein as described under “*Transfer Restrictions.*”

Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC (“participants”) or persons who hold interests through participants. Ownership of beneficial interests in a Global Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Beneficial owners may hold their interests in a Global Note directly through DTC if they are participants in such system, or indirectly through organizations which are participants in such system.

Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through DTC.

So long as DTC, or its nominee, is the registered owner or holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Indenture and the Notes. No beneficial owner of an interest in a Global Note will be able to transfer that interest except in accordance with DTC’s applicable procedures, in addition to those provided for under the Indenture and, if applicable, those of Euroclear and Clearstream.

None of the Trustee, the Agents or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests.

Payments of the principal of, premium, if any, and interest on, a Global Note will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither the Company nor any Subsidiary Guarantor, the Trustee nor any of the Agents will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Company expects that DTC or its nominee, upon receipt of any payment of principal of, premium, if any, or interest in respect of a Global Note, will credit participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Company also expects that payments by participants to owners of beneficial interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

The Company expects that DTC will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in a Global Note is credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such

direction. However, if there is an Event of Default under the Notes, DTC will exchange the applicable Global Note for Certificated Notes, which it will distribute to its participants and which may be legended as set forth under the heading “*Transfer Restrictions*.”

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in a Global Note among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Company, any Subsidiary Guarantor, the Trustee or the Agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

If DTC is at any time unwilling or unable to continue as a depository for the Global Notes and a successor depository is not appointed by the Company within 90 days, the Company, upon prior written notice given to the Trustee, will issue Certificated Notes in registered form, which may bear the legend referred to under “*Transfer Restrictions*”, in exchange for the Global Notes. Holders of an interest in a Global Note may receive Certificated Notes, which may bear the legend referred to under “*Transfer Restrictions*”, in accordance with the DTC’s rules and procedures in addition to those provided for under the Indenture.

The Clearing Systems

General

DTC, Euroclear and Clearstream have advised the Company as follows:

- **DTC.** DTC is a limited-purpose trust company organized under the laws of the State of New York, a “banking organization” within the meaning of New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of securities certificates. DTC’s participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom own DTC, and may include the Initial Purchasers. Indirect access to the DTC system is also available to others that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly (“indirect participants”). Transfers of ownership or other interests in Notes in DTC may be made only through DTC participants. In addition, beneficial owners of Notes in DTC will receive all distributions of principal of and interest on the Notes from the Trustee through such DTC participant.
- **Euroclear and Clearstream.** Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

None of the Company, any Subsidiary Guarantor, the Trustee or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including rules and procedures relating to book-entry interests.

Initial Settlement

Initial settlement of the Notes will be made in immediately available funds. Investors' interests in Notes held in book-entry form by DTC will be represented through financial institutions acting on their behalf as direct and indirect participants in DTC. As a result, Euroclear and Clearstream will hold positions on behalf of their participants through DTC.

Investors electing to hold their Notes through DTC (other than through accounts at Euroclear or Clearstream) must follow the settlement practices applicable to United States corporate debt obligations. The securities custody accounts of investors will be credited with their holdings against payment in same day funds on the settlement date.

Investors electing to hold their Notes through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Notes will be credited to the securities custody accounts of Euroclear Holders and of Clearstream. Holders on the Business Day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. depository; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if a transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering or receiving Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to the U.S. depositories.

Because of time zone differences, credits of Notes received in Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions in such Notes settled during such processing will be reported to the relevant Clearstream participants or Euroclear participants on such Business Day. Cash received in Clearstream or Euroclear as a result of sales of Notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the Business Day following settlement in DTC.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the United States mails (if intended for the Company or any Subsidiary Guarantor) addressed to the Company or Subsidiary Guarantor at the registered office of the Company, (if intended for the Trustee) at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

While the Notes are in global form, any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of DTC. Any such notice will be deemed to have been delivered on the day such notice is delivered to DTC or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Company, and each Subsidiary Guarantor will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, the Subsidiary Guarantees and the Indenture, or any transaction contemplated thereby; and (2) designate and appoint Cogency Global Inc. of 122 East 42nd Street, 18th Floor, New York, NY 10168 for receipt of service of process in any such suit, action or proceeding.

Governing Law

The Notes, the Subsidiary Guarantees and the Indenture provide that such instrument will be governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby. The Deeds of Guarantee will be governed by Indonesian law.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes" for which no definition is provided.

"Acquired Indebtedness" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary, whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"Adjusted Treasury Rate" means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under "Treasury Constant Maturities", for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after October 21, 2025, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal

to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

“Affiliate” means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director, commissioner or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child, parent, brother, sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew or niece of a Person described in clause (1) or (2). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Applicable Premium” means, with respect to a Note at any redemption date, the greater of (i) 1.00% of the principal amount of such Note and (ii) the excess of (A) the present value at such redemption date of the redemption price of such Note on October 21, 2025 (such redemption price being described in the “— *Optional Redemption*” section exclusive of any accrued interest), plus all required remaining scheduled principal and interest payments due on such Note (assuming the due payment of all Amortization Amounts in accordance with the amortization schedule set out in “— *Amortization of Principal*” through October 21, 2025 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 50 basis points, over (B) the principal amount of such Note on such redemption date.

“Asset Acquisition” means (1) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any Restricted Subsidiary; or (2) an acquisition by the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

“Asset Disposition” means the sale or other disposition by the Company or any Restricted Subsidiary (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any Restricted Subsidiary.

“Asset Sale” means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale or issuance of Capital Stock) in one transaction or a series of related transactions by the Company or any Restricted Subsidiary to any Person; *provided* that “Asset Sale” shall not include:

- (1) sales or other dispositions of inventory, receivables and other current assets, or rights granted to others pursuant to leases or licenses, in each case in the ordinary course of business;
- (2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the covenant described under the caption “— *Certain Covenants—Limitation on Restricted Payments*”,
- (3) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of U.S.\$5.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;
- (4) a sale or the disposition of cash or Temporary Cash Investment;
- (5) any sale, transfer, assignment or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the

Company or its Restricted Subsidiaries; any sale, transfer, assignment or other disposition deemed to occur in connection with creating or granting any Lien in compliance with the covenant described under the caption “— *Certain Covenants—Limitation on Liens*”,

- (6) a transaction covered by the covenant described under the caption “— Consolidation, Merger and Sale of Assets”;
- (7) foreclosures, condemnation, eminent domain or any similar action on assets;
- (8) any sale, transfer or other disposition of any assets by the Company or any Restricted Subsidiary to the Company or to any Restricted Subsidiary;
- (9) any transfer resulting from any casualty or condemnation of property; *provided* that any Net Cash Proceeds from any such transfer shall be applied in accordance with the covenant described under the caption “Limitation on Asset Sales”;
- (10) any transfer, termination, unwinding or other disposition of Hedging Obligations;
- (11) any sale, transfer or other disposition of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between joint venture parties set forth in joint venture arrangements and similar binding arrangements; *provided* that any Net Cash Proceeds from any such sale, transfer or other disposition shall be applied in accordance with the covenant described under the caption “Limitation on Asset Sales”;
- (12) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business; and
- (13) any issuance, sale, transfer or other disposition of Capital Stock of PT Hengjaya Mineralindo to comply with Law No. 4 of 2009 on Mineral and Coal Mining, as amended by Law No. 3 of 2020 on Amendment to Law 4/2009 as well as Law No. 11 of 2020 on Job Creation or any other amendment thereto from time to time, and any regulations, rules or official guidance thereunder; *provided* that any Net Cash Proceeds from any such sale, transfer or other disposition shall be applied in accordance with the covenant described under the caption “Limitation on Asset Sales”.

“**ASX**” means ASX Limited (ABN 98 008 624 691) or any successor thereof.

“**Attributable Indebtedness**” means, in respect of a Sale and Leaseback Transaction, at the time of determination, the present value, discounted at the interest rate implicit in such Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in such Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended, determined in accordance with GAAP.

“**Australian PPSA**” means the Personal Property Securities Act 2009 (Cth).

“**Average Life**” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“**Beneficial Owner**” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether

such right is currently exercisable or exercisable only upon the occurrence of a subsequent condition. The terms “Beneficially Owns” and “Beneficially Owned” will have a corresponding meaning.

“Board of Directors” means the board of directors of the Company elected or appointed by the stockholders of the Company to manage the business of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, Sydney, Australia, London, England or Indonesia (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the statement of financial position of such Person.

“Capitalized Lease Obligations” means the discounted present value of the rental obligations under a Capitalized Lease.

“Change of Control” means the occurrence of one or more of the following events:

- (1) the direct or indirect sale of all or substantially all the consolidated assets of the Company to another Person, other than one or more Permitted Holders;
- (2) the Company consolidates with, or merges with or into, any Person (other than one or more Permitted Holders), or any Person (other than one or more Permitted Holders) consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction;
- (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any “person” or “group” (as those terms are used in Section 13(d)(3) of the Exchange Act) (other than one or more Permitted Holders) becomes the Beneficial Owner, directly or indirectly, of the Company’s Voting Stock representing more than 50.0% of the voting power of the Company’s outstanding Voting Stock;
- (4) individuals who on the Original Issue Date constituted the Board of Directors (together with any new directors whose election was approved by (i) a vote of at least a majority of the members of the Board of Directors then in office who were members of the Board of Directors on the Original Issue Date or whose election was previously so approved or (ii) a vote of at least a majority of the members of the

nominating committee of the board of commissioners of the Company) cease for any reason to constitute a majority of the members of the Board of Directors then in office; or

- (5) the adoption of a plan relating to the liquidation or dissolution of the Company.

“Change of Control Triggering Event” means the occurrence of both a Change of Control and a Rating Decline.

“Clearstream” means Clearstream Banking S.A. or any successor thereof.

“Commodity Agreement” means any spot, forward or futures contract, commodity swap agreement, commodity price protection, commodity cap or floor agreement, commodity option agreement or other similar agreement or arrangement.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and includes, without limitation, all series and classes of such common stock or ordinary shares.

“Comparable Treasury Issue” means the U.S. Treasury security having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes from the redemption date to October 21, 2025.

“Comparable Treasury Price” means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Company, Reference Treasury Dealer Quotations for such redemption date.

“Consolidated EBITDA” means, with respect to any Person for any period, Consolidated Net Income of such Person for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense;
- (2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets); and
- (3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period that reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income (other than accrual of revenue in the ordinary course of business);

all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with GAAP; *provided* that Consolidated EBITDA will be reduced (to the extent not otherwise reduced in accordance with GAAP or the Indenture), if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, by an amount equal to (A) the amount of the Consolidated EBITDA attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any Restricted Subsidiary; and *provided further* that the amounts referred to in clauses (2) and (3) relating to a Restricted Subsidiary will be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent that a corresponding amount would be permitted at the date of determination to be dividended to the Company or a Restricted Subsidiary by such Restricted Subsidiary without prior government approval (that has not been obtained), and without direct or indirect restriction pursuant to the terms of its charter and all agreements, instruments, judgments,

decrees, orders, statutes, rules and governmental regulations applicable to such Restricted Subsidiary or its stockholders.

“Consolidated Fixed Charges” means, for any period, the sum (without duplication) of (i) Consolidated Interest Expense for such period and (ii) all cash and non-cash dividends or distributions paid, declared, accrued or accumulated during such period on any Disqualified Stock, Preferred Stock or perpetual capital or similar securities (other than Common Stock) of the Company or any Restricted Subsidiary held by Persons other than the Company or any Restricted Subsidiary, except for dividends payable in the Company’s Capital Stock (other than Disqualified Stock); *provided* that dividends declared, accrued or accounted for in one period shall not be included in “Consolidated Fixed Charges” of a later period when subsequently paid in such later period).

“Consolidated Interest Expense” means, for any period, the amount that would be included in gross interest expense on a consolidated statement of comprehensive income prepared in accordance with GAAP for such period of the Company and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Company and its Restricted Subsidiaries, without duplication, (i) interest expense attributable to Capitalized Lease Obligations and imputed interest with respect to Attributable Indebtedness, (ii) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (iii) the interest portion of any deferred payment obligation, (iv) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (v) the net costs associated with Hedging Obligations (including the amortization of fees), (vi) interest accruing on Indebtedness of any other Person that is guaranteed by the Company or any Restricted Subsidiary or secured by a Lien on assets of the Company or any Restricted Subsidiary proportionate to the extent that such Indebtedness is guaranteed or secured, (vii) any capitalized interest and (viii) all other non-cash interest expense.

“Consolidated Net Income” means, with respect to any Person (the “Subject Person”) for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided* that the following items shall be excluded in computing Consolidated Net Income (without duplication):

- (1) the net income (or loss) of any Person that is not the Company or a Restricted Subsidiary or that is accounted for by the equity method of accounting except to the extent of the amount of net income actually paid in cash to the Subject Person or a Restricted Subsidiary of the Subject Person during such period;
- (2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Company or any Restricted Subsidiary;
- (3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;
- (4) the cumulative effect of a change in accounting principles;
- (5) any net after tax gains realized on the sale or other disposition of (a) any property or assets of the Company or any Restricted Subsidiary which is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Company or a Restricted Subsidiary

realized on sales of Capital Stock of the Company or any Restricted Subsidiary); any translation gains or losses due solely to fluctuations in currency values and related tax effects; and

- (6) any net after-tax extraordinary or non-recurring gains or losses.

“Consolidated Priority Indebtedness” means, without duplication, (a) any Indebtedness of any Restricted Subsidiary (other than a Subsidiary Guarantor) other than Indebtedness outstanding under clause (2)(c) or 2(e) of the covenant described under the caption “— *Certain Covenants — Limitation on Indebtedness*” and (b) any secured Indebtedness of the Company or a Subsidiary Guarantor, other than (i) the Notes and the Subsidiary Guarantees, (ii) Indebtedness outstanding under clause (2)(c) or (2)(e) of the covenant described under the caption “— *Certain Covenants — Limitation on Indebtedness*”, and (iii) any other Indebtedness of the Company or a Subsidiary Guarantor secured by a Lien on property or assets that also equally and ratably secures the Notes and the Subsidiary Guarantees as permitted by the Indenture.

“Currency Agreement” means any foreign exchange forward or futures contract, currency swap agreement, currency cap or floor agreement, currency hedge agreement, currency option agreement or other similar agreement or arrangement.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is

- (1) required to be redeemed on or prior to the date that is 366 days after the Stated Maturity of the Notes,
- (2) redeemable at the option of the holder of such class or series of Capital Stock on or prior to the date that is 366 days after the Stated Maturity of the Notes or
- (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity on or prior to the date that is 366 days after the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the Stated Maturity of the Notes shall not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the “—*Limitation on Asset Sales*” and “—*Repurchase of Notes upon a Change of Control Triggering Event*” covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company’s repurchase of such Notes as are required to be repurchased pursuant to the covenants described under the captions “— *Certain Covenants—Limitation on Asset Sales*” and “— *Repurchase of Notes upon a Change of Control Triggering Event*”.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination or, in the case of the Rupiah, at the average of the buying and selling exchange rate of the Indonesian Rupiah to the U.S. dollar quoted by Bank Indonesia.

“DTC” means The Depository Trust Company or any successor thereof.

“Equity Offering” means any underwritten public offering or private placement of Common Stock (or options, warrants or rights related to Common Stock) of the Company after the Original Issue Date to any Person other than to a Subsidiary of the Company.

“Euroclear” means Euroclear Bank SA/NV or any successor thereof.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.

“Fair Market Value” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution.

“Fitch” means Fitch Ratings Ltd. or any successor to the rating agency business thereof.

“Fixed Charge Coverage Ratio” means, on any Transaction Date, the ratio of (a) the aggregate amount of Consolidated EBITDA for the Two Semi-Annual Period with respect to such Transaction Date to (b) the aggregate Consolidated Fixed Charges during such Two Semi-Annual Period. In making the foregoing calculation:

- (1) *pro forma* effect will be given to any Indebtedness Incurred, repaid or redeemed during the Reference Period relating to such Two Semi-Annual Period (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Two Semi-Annual Period), in each case as if such Indebtedness had been Incurred, repaid or redeemed on the first day of such Reference Period, including the application of the proceeds of such Indebtedness; *provided* that, in the event of any such repayment or redemption, Consolidated EBITDA for such period will be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness;
- (2) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a *pro forma* basis and bearing a floating interest rate will be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;
- (3) *pro forma* effect will be given to the creation, designation or redesignation of Restricted Subsidiaries and Unrestricted Subsidiaries during the Reference Period as if such creation, designation or redesignation had occurred on the first day of such Reference Period;
- (4) *pro forma* effect will be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and
- (5) *pro forma* effect will be given to asset dispositions and asset acquisitions (including giving *pro forma* effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged or consolidated with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period,

provided that to the extent that clause (4) or (5) of this sentence requires that *pro forma* effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such *pro forma* calculation will be based upon the Two Semi-Annual Period immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

“GAAP” means Australian Accounting Standards as in effect from time to time.

“guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term “guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “guarantee” used as a verb has a corresponding meaning.

“Hedging Obligation” of any Person means the obligations of such Person pursuant to any Commodity Agreement, Currency Agreement or Interest Rate Agreement.

“Holder” means the Person in whose name a Note is registered in the Note register.

“Incur” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness, the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles and the payment of dividends on Preferred Stock or Disqualified Stock in the form of additional shares of Preferred Stock or Disqualified Stock (to the extent provided for when the Indebtedness, Preferred Stock or Disqualified Stock on which such interest or dividend is paid was originally issued) will not be considered an Incurrence of Indebtedness. The terms “Incurrence”, “Incurred” and “Incurrence” have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
- (5) all Capitalized Lease Obligations and Attributable Indebtedness;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness shall be the

lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;

- (7) all Indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations; and
- (9) all Disqualified Stock issued by such Person and all Preferred Stock issued by any Restricted Subsidiary of such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase or redemption price plus accrued dividends.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided* that:

- (1) the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;
- (2) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest; and
- (3) the amount of Indebtedness with respect to any Hedging Obligation shall be equal to (i) zero if such Hedging Obligation has been Incurred pursuant to clause (2)(e) of the covenant described under the caption “— *Certain Covenants — Limitation on Indebtedness*” or (ii) the net amount payable if the Commodity Agreement, Currency Agreement or Interest Rate Agreement giving rise to such Hedging Obligation terminated at that time due to default by such Person if not Incurred pursuant to such clause.

Notwithstanding the foregoing, “Indebtedness” shall not include any obligations of the Company or any Restricted Subsidiary in respect of letters of credit, bank guarantees of payments to contractors or subcontractors, trade guarantees or similar instruments, bankers’ acceptances or performance, surety or appeal bonds issued in the ordinary course of business to the extent that such letters of credit, bank guarantees or trade guarantees or performance, surety or appeal bonds are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the 30 days following receipt by the Company or such Restricted Subsidiary of a demand for reimbursement.

“**Indonesia**” means the Republic of Indonesia.

“**Interest Rate Agreement**” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement.

“**Investment**” means:

- (1) any direct or indirect advance, loan or other extension of credit to another Person;
- (2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);
- (3) any purchase or acquisition of Capital Stock (or options, warrants or other rights to acquire such Capital Stock), Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or

- (4) any guarantee of any obligation of another Person to the extent such obligation is outstanding and to the extent guaranteed by such Person; or
- (5) all other items that would be classified as investments (including purchases of assets outside the ordinary course of business) on a statement of financial position of such Person prepared in accordance with GAAP.

For the purposes of the provisions of the covenants described under the captions “— *Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries*” and “— *Certain Covenants — Limitation on Restricted Payments*”: (1) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the Company’s proportionate interest in the assets (net of the Company’s proportionate interest in the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary calculated as of the time of such designation, (2) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors and (3) if the Company or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Company or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at that time.

“**Investment Grade**” means a rating of “Aaa”, “Aa”, “A” or “Baa”, as modified by a “1”, “2” or “3” indication, or an equivalent rating representing one of the four highest rating categories, by Moody’s or any of its successors or assigns, or a rating of “AAA”, “AA”, “A” or “BBB”, as modified by a “+” or “—” indication, or an equivalent rating representing one of the four highest rating categories, by Fitch or any of its successors or assigns or an equivalent rating representing one of the four highest rating categories of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for Moody’s or Fitch or both, as the case may be.

“**Lien**” means any mortgage, fiduciary security, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

“**Measurement Date**” means April 1, 2021.

“**Moody’s**” means Moody’s Investors Service, Inc. and its affiliates and its successors.

“**Net Cash Proceeds**” means:

- (1) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of:
 - (a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;
 - (b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Restricted Subsidiaries, taken as a whole;

- (c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale; and
 - (d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP;
 - (e) any portion of the purchase price in respect of such Asset Sale placed in escrow (excluding amounts as and when released from escrow and received by the Company or any Restricted Subsidiary); and
 - (f) all distributions and other payments required to be made to minority shareholders; and
- (2) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“Offer to Purchase” means an offer to purchase Notes by the Company from the Holders commenced by the Company mailing a notice by first class mail, postage prepaid, to the Trustee and each Holder at its last address appearing in the Note register stating:

- (1) the provision in the Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;
- (2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “Offer to Purchase Payment Date”);
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;
- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the Note completed, to the Paying Agent or tender agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;
- (6) that Holders will be entitled to withdraw their election if the Paying Agent or tender agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

- (7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each new Note issued shall be in a principal amount of U.S.\$200,000 or integral multiples of U.S.\$1,000 in excess thereof.

One Business Day prior to the Offer to Purchase Payment Date, the Company shall deposit with the Paying Agent or tender agent for such Offer to Purchase immediately available and cleared funds sufficient to pay the purchase price of all Notes or portions thereof to be accepted by the Company for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, the Company shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Company. In the case of the notes in certificated form the Paying Agent or tender agent for such Offer to Purchase will as soon as practicable mail to the Holders of Notes so accepted payment in an amount equal to the purchase price and, upon receipt of a written order of the Company signed by an Officer, the Trustee shall promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each new Note issued shall be in a principal amount of U.S.\$200,000 or integral multiples of U.S.\$1,000 in excess thereof. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date.

The materials used in connection with an Offer to Purchase are required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase. To the extent that the provisions of any securities laws or regulations conflict with the requirements of the relevant Offer to Purchase, the Company will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the Notes, the Indenture and the Subsidiary Guarantees by virtue of its compliance with such securities laws or regulations.

"Officer" means one of the directors, managing directors or officers of the Company or a Subsidiary Guarantor, as applicable.

"Officers' Certificate" means a certificate signed by two Officers.

"Opinion of Counsel" means a written opinion, from legal counsel who is reasonably acceptable to the Trustee that meets the requirements of the Indenture.

"Original Issue Date" means the date on which the Notes are originally issued under the Indenture.

"Permitted Business" means any business conducted or proposed to be conducted by the Company and its Restricted Subsidiaries (as described in this Offering Memorandum) and other businesses reasonably related, ancillary or complementary thereto, including the operation of high pressure acid leach nickel processing facilities and stainless steel manufacturing.

"Permitted Holder" means Shanghai Decent Investment (Group) Co., Ltd. and its Affiliates.

"Permitted Investment" means:

- (1) any Investment in (a) the Company or a Restricted Subsidiary that is, directly or indirectly, primarily engaged in a Permitted Business or (b) a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or be merged or

consolidated with or into or transfer or convey all or substantially all its assets to the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business;

- (2) cash or Temporary Cash Investments;
- (3) payroll, travel, entertainment, relocation and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;
- (4) stock, obligations or securities received in satisfaction of claims or judgments, in compromise or settlement of debts created in the ordinary course of business or by reason of a composition or readjustment of debts or reorganization of another Person;
- (5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment by one Unrestricted Subsidiary in another Unrestricted Subsidiary;
- (6) any Investment pursuant to a Hedging Obligation designed to protect the Company or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates;
- (7) receivables, trade credits or other current assets owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms, including such concessionary trade terms as the Company or any Restricted Subsidiary considers reasonable under the circumstances;
- (8) any securities or other Investments received as consideration in, or retained in connection with sales or other dispositions of property or assets, including Asset Dispositions, made in compliance with the covenant described under the caption “— *Certain Covenants — Limitation on Asset Sales*”;
- (9) pledges or deposits (i) with respect to leases or utilities provided to third parties in the ordinary course of business or (ii) otherwise described in the definition of “Permitted Liens”;
- (10) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers, compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of a Permitted Business;
- (11) Investments received in compromise or resolution of obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any Restricted Subsidiary, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or as a result of foreclosure of or transfer of title with respect to any secured Investment and any Investments obtained in exchange for any such Investments;
- (12) advances or extensions of credit to customers, suppliers, contractors or distributors for the acquisition of assets, consumables or services or construction of property and equipment in the ordinary course of business that are recorded as deposits or prepaid expenses on the Company’s consolidated statement of financial position;
- (13) repurchases of the Notes;
- (14) loans or advances to, or guarantees of obligations of, directors, commissioners, officers or employees of the Company or a Restricted Subsidiary in the ordinary course of business in an aggregate amount not to exceed U.S.\$2.5 million (or the Dollar Equivalent thereof) at any time outstanding;
- (15) deposits made to secure the performance of tenders, bids, leases, bankers’ acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business;

- (16) deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries and prepayments made in connection with the acquisition of real property or other assets by the Company or any Restricted Subsidiary, in each case, in the ordinary course of business;
- (17) any guarantee of Indebtedness of the Company or a Restricted Subsidiary Incurred in accordance with the covenant described under the caption “— *Certain Covenants — Limitation on Indebtedness*”,
- (18) Investments existing, or made pursuant to legally binding commitments in existence, at the Original Issue Date and described in this Offering Memorandum and any Investment that amends, extends, renews, replaces or refinances an Investment existing on such date; *provided* that such new Investment is on terms and conditions no less favorable to the Company or the applicable Restricted Subsidiary than the Investment being amended, extended, renewed, replaced or refinanced; and
- (19) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (19) since the Original Issue Date, not to exceed 2.5% of Total Assets.

“**Permitted Liens**” means:

- (1) Liens for taxes, assessments, governmental charges or claims, including, but not limited to, sales taxes, value-added taxes and customs and excise taxes and duties, that are either (a) not yet delinquent by more than 30 days or (b) are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, materialmen, repairmen, employees or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as required in conformity with GAAP will have been made and Liens arising solely by virtue of any statutory or common law provisions relating to attorney’s Liens;
- (3) any Lien in favor of the Commonwealth of Australia, any state or territory thereof, or any department, agency, instrumentality or political subdivision of either, or any municipal or local authority in Australia;
- (4) any Lien required by any contract or statute in order to permit the Company or any of its Restricted Subsidiaries to perform any contract or subcontract made with or at the request of the Commonwealth of Australia, any state or territory thereof, or any department, agency, instrumentality or political subdivision of either, or any municipal or local authority in Australia;
- (5) an interest that is a Lien by virtue only of the operation of section 12(3) of the Australian PPSA *provided* that it does not secure the payment or performance of an obligation;
- (6) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers’ acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds, reclamation and mine closure obligations (including reclamation guarantees) and other obligations of a similar nature or deposits as security for contested taxes or import duties, in each case incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

- (7) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;
- (8) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired; *provided further* that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (9) Liens in favor of the Company or any Restricted Subsidiary;
- (10) Liens arising from attachment or the rendering of a final judgment or order against the Company or any Restricted Subsidiary that does not give rise to an Event of Default;
- (11) Liens securing reimbursement obligations with respect to (i) letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof or (ii) in favor of any bank having a right of set-off, revocation, refund or chargeback with respect to money or instruments of the Company or any Restricted Subsidiary on deposit with or in the possession of such bank;
- (12) Liens existing on the Original Issue Date;
- (13) Liens securing the Notes (including Additional Notes issued in accordance with the Indenture) and any Subsidiary Guarantees;
- (14) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (2)(d) of the covenant described under the caption “—*Certain Covenants—Limitation on Indebtedness*”; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;
- (15) Liens securing Indebtedness under Hedging Obligations permitted by clause (2)(e) of the covenant described under the caption “— *Certain Covenants — Limitation on Indebtedness*”,
- (16) any interest or title of a lessor in the property subject to any operating lease;
- (17) Liens with respect to minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or municipal ordinances, zoning ordinances or other restrictions as to the use of real property, not interfering in any material respect with the conduct of the business of the Company and its Restricted Subsidiaries;
- (18) Liens securing Indebtedness Incurred by the Company or any Restricted Subsidiary relating to bid, performance or surety bonds or letters of credit or bank guarantees issued in the ordinary course of business;
- (19) Liens incurred or deposits made in connection with workers’ compensation, unemployment insurance, other types of social security and other types of related statutory obligations;
- (20) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

- (21) Liens securing rights of setoff in favor of a bank imposed by law or customary general terms of banks and incurred in the ordinary course of business on deposit accounts maintained with such bank and cash and Temporary Cash Investments in such accounts;
- (22) Liens resulting from escrow arrangements entered into in connection with the acquisition or disposition of assets;
- (23) any retention of title reserved by any seller of goods or any Lien imposed, reserved or granted over goods supplied by such seller in the ordinary course of business;
- (24) Liens Incurred in connection with any cash or treasury management program, or cash pooling, netting or set-off arrangements, in each case established in the ordinary course of business for the benefit of the Company or any Restricted Subsidiary;
- (25) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Company or any Restricted Subsidiary in the ordinary course of business;
- (26) licenses or leases or subleases as licensor, lessor or sublessor of any of the Company's or the Restricted Subsidiaries' property, including intellectual property, in the ordinary course of business;
- (27) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;
- (28) Liens securing Permitted Priority Indebtedness;
- (29) Liens on property or assets securing Indebtedness used or to be used to defease or satisfy and discharge the Notes; *provided* that (a) the Incurrence of such Indebtedness was not prohibited by the Indenture and (b) such defeasance or satisfaction and discharge is not prohibited by the Indenture and (y) Liens on cash and Temporary Cash Investments arising in connection with the defeasance, discharge or redemption of Indebtedness;
- (30) any encumbrance or restriction, including customary rights of first refusal and tag, drag and similar rights with respect to Capital Stock of any joint venture pursuant to joint venture agreements entered into in the ordinary course of business;
- (31) Liens on any interest reserve, debt service reserve, debt service accrual or similar account used to service interest payments or debt obligations with respect to Indebtedness permitted to be Incurred under the covenant described under the caption entitled "— Certain Covenants — Limitation on Indebtedness",
- (32) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or credited for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods; and
- (33) Liens with respect to obligations that do not exceed U.S.\$5.0 million (or the Dollar Equivalent thereof) at any one time outstanding.

"Permitted Priority Indebtedness" means any Consolidated Priority Indebtedness, *provided* that, on the date of Incurrence of such Indebtedness, and after giving effect thereto and the application of the proceeds thereof, the Consolidated Priority Indebtedness would be no greater than 10.0% of Total Assets.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Rating Agencies” means (1) Moody’s and (2) Fitch and (3) if Moody’s or Fitch or both shall not make a rating of the Notes publicly available, a nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) or organizations, as the case may be, selected by the Company, which shall be substituted for Moody’s or Fitch or both, as the case may be.

“Rating Category” means (i) with respect to Fitch, any of the following categories: “BB”, “B”, “CCC”, “CC”, “C” and “D” (or equivalent successor categories), (ii) with respect to Moody’s, any of the following categories: “Ba”, “B”, “Caa”, “Ca”, “C” and “D” (or equivalent successor categories); and (iii) the equivalent of any such category of Fitch or Moody’s used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (“+” and for Fitch; “1”, “2” and “3” for Moody’s; or the equivalent gradations for another Rating Agency) will be taken into account (e.g., with respect to Fitch, a decline in a rating from “BB+” to “BB”, as well as from “BB-” to “B+”, will constitute a decrease of one gradation).

“Rating Date” means

- (1) in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Company or any other Person or Persons to effect a Change of Control or
- (2) in connection with actions contemplated under the caption “—*Consolidation, Merger and Sale of Assets*”, that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and
- (3) a public notice of the occurrence of any such actions.

“Rating Decline” means (1) in connection with a Change of Control Triggering Event, the occurrence on, or within six months after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Company or any other Person or Persons to effect a Change of Control (which period shall be extended so long as the rating of the Notes, the Company or the Company and its Subsidiaries, is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below or (2) in connection with actions contemplated under the caption “—*Consolidation, Merger and Sale of Assets*”, the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

- (a) in the event the Notes are rated by both Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by either Rating Agency shall be below Investment Grade;
- (b) in the event the Notes are rated by either, but not both, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency shall be below Investment Grade; or
- (c) in the event the Notes are rated below Investment Grade by both Rating Agencies on the Rating Date, the rating of the Notes by either Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories),

provided that a Rating Agency will be deemed to have not changed its rating of the Notes to below Investment Grade or to have decreased its rating of the Notes if such Rating Agency states publicly in writing that (i) its change in rating of the Notes is the result of a rating downgrade applicable to the Government of Indonesia or generally applicable to companies in the Company's industry or companies located or operating in Indonesia and (ii) is not as a result of such proposed action contemplated under the caption "*— Consolidation, Merger and Sale of Assets*".

"Reference Period" means, with respect to any Transaction Date, the period commencing on and including the first day of the Two Semi-Annual Period with respect to such Transaction Date and ending on and including the Transaction Date.

"Reference Treasury Dealer" means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Company in good faith.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such redemption date.

"Regulation S" means Regulation S promulgated under the U.S. Securities Act.

"Replacement Assets" means, with respect to an Asset Sale, (1) properties and assets that replace the properties and assets that were the subject of such Asset Sale and properties or assets (other than current assets) that will be used in a Permitted Business, (2) acquiring all or substantially all of the assets of any Person that is primarily engaged in a Permitted Business or the Capital Stock of any Person that is primarily engaged in a Permitted Business holding such property or assets if such Person is or will, upon the acquisition by the Company or any of its Restricted Subsidiaries of such Capital Stock, become a Restricted Subsidiary or (3) any other capital expenditure relating to properties or assets that are used in a Permitted Business.

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"Rule 144A" means Rule 144A promulgated under the U.S. Securities Act.

"S&P" means Standard & Poor's Ratings Services and its affiliates.

"Sale and Leaseback Transaction" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

"Securities Act" means the U.S. Securities Act of 1933, as amended.

"Senior Indebtedness" of the Company or any Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or such Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to the Notes or, in respect of the Company or, in respect of any Subsidiary Guarantor, its Subsidiary Guarantee; *provided* that Senior Indebtedness does not include (a) any obligation to the Company or any Restricted Subsidiary, (b) trade payables or (c) Indebtedness Incurred in violation of the Indenture.

"Senior Secured Notes" means the U.S.\$225,000,000 10.0% senior secured notes due 2025.

"SGX-ST" means the Singapore Exchange Securities Trading Limited.

“Significant Subsidiary” means any Restricted Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated under the Securities Act, as such regulation is in effect on the Original Issue Date; *provided* that in each instance in such definition in which the term “10 percent” is used, the term “5 percent” shall be substituted therefor.

“Stated Maturity” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

“Subordinated Indebtedness” means any Indebtedness of the Company or any Subsidiary Guarantor that is contractually subordinated or junior in right of payment to the Notes or any Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity (a) of which more than 50.0% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (b) of which 50.0% of the outstanding Voting Stock is owned, directly or indirectly, by such Person and which is “controlled” and consolidated by such Person in accordance with GAAP; *provided* that with respect to clause (b) the occurrence of any event (other than the issuance or sale of Capital Stock) as a result of which such corporation, association or other business entity ceases to be “controlled” by such Person under GAAP and to constitute a Subsidiary of such Person shall be deemed to be a designation of such corporation, association or other business entity as an Unrestricted Subsidiary by such Person and be subject to the requirements under the first paragraph of the “—Designation of Restricted and Unrestricted Subsidiaries” covenant.

“Subsidiary Guarantee” means any guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

“Subsidiary Guarantor” means any Restricted Subsidiary that guarantees the obligations of the Company under the Indenture and the Notes; *provided* that “Subsidiary Guarantor” does not include any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes.

“Temporary Cash Investment” means any of the following:

- (1) direct obligations of the United States of America, Australia, any state of the European Economic Area, the United Kingdom, Singapore or Hong Kong or any agency of the foregoing; *provided* that such country or state is rated “AA” (or such similar equivalent rating) or higher by at least two nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) (each such country or state a “Rated Country/State”), or obligations fully and unconditionally guaranteed by any Rated Country/State, in each case (unless such securities are deposited to defease or satisfy and discharge any Indebtedness) maturing within one year of the date of acquisition thereof;
- (2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America or any state thereof, or any other Rated Country/State, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of U.S.\$500 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;
- (4) commercial paper, maturing within 180 days of the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P or Fitch;
- (5) securities maturing within one year of the date of acquisition thereof, issued or fully and unconditionally guaranteed by any state, commonwealth or territory of the United States of America or Australia, or by any political subdivision or taxing authority thereof, and rated at least “A” by S&P, Fitch or Moody’s;
- (6) any mutual or money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above; and
- (7) demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with (i) Westpac Banking Corporation, Bank Mandiri, Bank Sulteng, Bank Rakyat Indonesia, Bank China, Bank Rakyat Indonesia, Bank Rakyat Indonesia, Bank Sulteng, Bank Negara Indonesia, United Overseas Bank Limited and China Citic Bank; (ii) any other bank, financial institution or trust company organized under the laws of Australia or Indonesia or a jurisdiction where the principal place of business of the Company or a Restricted Subsidiary is located whose long-term debt rating by Moody’s, Fitch or S&P is rated as high or higher than any of those banks listed in subclause (i) of this paragraph or (iii) any other bank, financial institution or trust company organized under the laws of Australia or Indonesia or a jurisdiction where the principal place of business of the Company or a Restricted Subsidiary is located; *provided* that, in the case of clause (iii), such deposits do not exceed U.S.\$5.0 million (or the Dollar Equivalent thereof) with any single bank or U.S.\$15.0 million (or the Dollar Equivalent thereof) in the aggregate, at any date of determination thereafter.

“Total Assets” means, as of any date of determination, the total consolidated assets of the Company and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recently ended semi-annual period prior to such date for which consolidated financial statements (which may be internal financial statements) of the Company are available; *provided* that “Total Assets” will be calculated after giving pro forma effect to reflect (without duplication) (a) the cumulative value of all assets, real or personal property, machinery, plant and equipment, the acquisition, development, installation, expansion, construction or improvement of which requires or required the Incurrence of Indebtedness, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any Restricted Subsidiary to the bank or financial institutional lender providing such Indebtedness (but only to the extent that such cumulative value is not reflected in such total consolidated assets as of the last day of such semi-annual period) and (b) any asset acquisitions and asset dispositions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made since the last day of such semi-annual period and on or prior to such date of determination.

“Trade Payables” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and payable within 365 days.

“Transaction Date” means, with respect to (i) the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and (ii) any Restricted Payment, the date such Restricted Payment is to be made.

“Two Semi-Annual Period” means, as of any Transaction Date, the then most recent two fiscal semi-annual periods prior to such Transaction Date for which consolidated financial statements of the Company (which may be internal financial statements) are available.

“Unrestricted Subsidiary” means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

“U.S. Government Obligations” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“Voting Stock” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Wholly Owned” means, with respect to any Subsidiary, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or Investments by foreign nationals mandated by applicable law or a legal requirement to have more than one shareholder) by the Company or one or more Wholly Owned Subsidiaries of the Company.

TAXATION

The following summary is based on applicable tax laws, regulations, decisions, administrative guidelines and circulars, and practices in effect on the date of this Offering Memorandum, and is subject to changes, including changes that could have retroactive effect. The following summary does not take into account or discuss the tax laws of any jurisdiction other than the ones described below. The summary represents a general guide only. The summary is not to be regarded as advice on the tax position of any Noteholder or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. Prospective purchasers in all jurisdictions are advised to consult their own tax advisors as to tax consequences applicable to the acquisition, ownership and disposition of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject.

Indonesian Taxation

The following is a summary of the principal Indonesian tax consequences relevant to prospective Noteholders who are either tax residents of Indonesia and/or non-residents who have no permanent establishment in Indonesia based on Indonesian tax laws and their implementing regulations in force as of the date of this Offering Memorandum.

General

In general, an individual is considered to be a non-resident of Indonesia if the individual does not reside in Indonesia, does not stay in Indonesia for more than 183 days within a year, or is present in Indonesia during a tax year but does not intend to reside in Indonesia. A corporation will be considered a non-resident of Indonesia if the entity is not established or domiciled in Indonesia. Non-resident individuals and non-resident corporates are further classified into those that have a permanent establishment in Indonesia and those that do not. In determining the tax residence or existence of a permanent establishment of an individual or a corporation consideration will also be given to the provision of any applicable agreement for the avoidance of double taxation (a “tax treaty”) that Indonesia has entered into with other countries. In this section, both a non-resident individual and a non-resident corporation without permanent establishment in Indonesia will be referred to as “non-resident taxpayers” unless the context requires otherwise.

Resident taxpayers and permanent establishments who receive income from Indonesia in the form of interest on the Notes are generally subject to a final withholding income tax at the rate of 10.0%. This withholding tax may be reduced or exempted under the provisions of the applicable tax treaty.

Income tax on interest on the Notes

Pursuant to Indonesian Government Regulation 91 of 2021 on Income Tax upon Income in the Form of Notes’ Interest Received or Obtained by Resident Taxpayers and Permanent Establishments (“GR 91/2021”), and Ministry of Finance Regulation No. 85/PMK.03/2011 dated May 23, 2011 (“MoFR 85/2011”), which has been amended by Ministry of Finance Regulation No. 07/PMK.011/2012 dated January 13, 2012 (“MoFR 07/2012”), interest on the Notes is subject to a final withholding tax under Article 4(2) of the Income Tax Law (Law No.7 of 1983 on Income Tax, as lastly amended with Law No.36 of 2008 on Fourth Amendment to Law No.7 of 1983).

Interest on the Notes (including premium or discount and any other payments in the nature of interest in the form of additional amounts) paid to a resident taxpayer and permanent establishments is subject to a final

withholding tax at the rate of 10.0% for which the issuer or custodian in Indonesia as appointed paying agent shall be obliged to act as the withholding agent. However, the withholding tax rate could be reduced or exempted under the applicable tax treaty. The application of the tax treaty rate or benefits is subject to the completion of certain requirements by the non-tax residents as stipulated under the Indonesian tax regulations. See “— *Procedures for the application of tax treaty benefits*”.

Withholding tax on disposition and repayment at maturity of the Notes

Pursuant to GR 91/2021 and MoFR 85/2011 (as amended by MoFR 07/2012), gains from the disposal of the Notes, and gains or discounts from the repayment of the Notes at maturity, are considered interest and is therefore subject to the final withholding tax outlined above.

Any gain from the disposal of the Notes by a resident taxpayer or permanent establishments, where the transactions are conducted through a securities company, dealer or bank in Indonesia (either as intermediary or buyer), and any gain or discount from the repayment of the Notes at maturity, will be subject to a final withholding tax at the rate of 10.0%.

In relation to the gain on the disposal of the Notes, the withholding tax should be paid by the relevant securities company, dealer or bank in Indonesia (either as intermediary or buyer). In relation to the gain or discount on the repayment of the Notes at maturity, the withholding tax should be paid by the issuer or custodian in Indonesia as the appointed paying agent.

However, if the non-resident taxpayer is a tax resident of a country that has a tax treaty with Indonesia which defines the gain on the disposal of the Notes as capital gain instead of interest, and where the treaty provides an exemption for capital gain in relation to the disposal of the Notes, relief from the imposition of such withholding tax shall be available. The exempted withholding tax is applicable subject to the satisfaction of the eligibility and reporting requirements for the relevant tax treaty and the Indonesian tax regulations, including the requirements that the recipient be the beneficial owner of the income and the availability of the certificate of domicile (i.e. the form from the Directorate General of Taxes (“DGT”), also known as “Form DGT”). See “— *Procedures for the application of tax treaty benefits*”.

Procedures for the application of tax treaty benefits

Indonesia has concluded tax treaties with a number of countries, including the United States of America, the United Kingdom, the Netherlands, Australia, Belgium, Canada, France, Germany, Japan, Singapore, Sweden and Switzerland. The relevant tax treaty may provide a different definition of non-resident taxpayers and permanent establishment and the reduced rate or exemption of withholding tax that might be applied to payments on the Notes.

Where a tax treaty exists and the eligibility requirements of that treaty are satisfied, the tax treaty benefits are not abused and the administrative requirements under Indonesian tax regulations are met, a reduced rate of withholding tax or exemption of withholding tax may be applicable on interest (or payments in the nature of interest, such as premium or discount) and gains from the disposal of the Notes or gains from the repayment of the Notes at maturity.

Indonesia has specific rules regarding the application of benefits under the various tax treaties. On November 21, 2018, the Directorate General of Tax as the Indonesian tax authority issued Regulation No. PER-25/PJ/2018 (“PER 25/2018”) regarding the Procedures for Applying Tax Treaties. This regulation sets out tests and administrative criteria to be satisfied. Failure to comply with the conditions means that the domestic withholding tax of 10.0% will apply. Under PER 25/2018, the provisions of tax treaty apply under the following conditions:

- the income recipient is not an Indonesian tax resident;

- the income recipient is an individual or an entity who is a tax resident of a tax treaty partner;
- the administrative requirements have been fulfilled;
- there is no tax treaty abuse by the income recipient; and
- the income recipient is the beneficial owner of the income (if so required by the tax treaty).

Administrative requirements

Under PER 25/2018, in order to enjoy tax treaty benefits, the certificate of domicile must meet the following administrative requirements:

- be in the form prescribed in the attachment to PER 25/2018 (i.e. Form DGT);
- filled in correctly, completely and clearly by the non-resident taxpayer;
- signed by the non-resident taxpayer or equivalent mark as normally used in its country;
- certified by the competent tax authority of the treaty country of the non-resident taxpayer or equivalent mark as normally used;
- included declaration from the non-resident taxpayer that there is no treaty abuse;
- included declaration that the non-resident taxpayer is the beneficial owner of the income (if so required by the tax treaty); and
- used for the period stated in the Form DGT (a maximum of 12 months).

If certification from the tax authority of the tax treaty country (as referred to above) cannot be obtained, non-resident taxpayers may replace this with the local Certificate of Residence (“CoR”) issued by the competent tax authority of the treaty country. In this case, the local CoR issued by the competent tax authority is required to be attached to the Form DGT that has been completed and signed by the non-resident taxpayer. The local CoR must satisfy certain requirements set by the DGT as follows:

- is in the English language;
- contains, at least, information concerning the name of the non-resident taxpayer, issuance date and the applicable tax year; and
- bears the name and signature of the authorized tax officer of the competent tax authority of the tax treaty country or sign/stamp that is equal to the signature of the tax officer and the name of the tax officer as commonly used.

Non-resident taxpayers should provide the original Form DGT (including local CoR, if applicable) to the Indonesian tax withholder. The Indonesian tax withholder is required to attach the copy of Form DGT from the non-resident taxpayer, or a receipt of earlier filing, in the relevant monthly tax return.

No treaty abuse

A tax treaty abuse takes place when the main purpose or one of the main purposes of the transaction(s) or arrangement(s) is to directly or indirectly obtain tax treaty benefits and in contradiction with the purposes and intention of the tax treaty. A treaty abuse will not have taken place where:

- there is economic substance in the establishment of the entity or in the execution of the transaction;
- the legal form is the same as the economic substance in the establishment of the entity or the execution of the transaction;

- the non-resident has activities managed by its own management and the management has appropriate authorities to carry out transactions;
- the non-resident has fixed assets and non-fixed assets (other than the assets generating income from Indonesia), which are adequate and sufficient to conduct business activities in the tax treaty partner country;
- the non-resident has sufficient employees with the expertise and certain skills in accordance with the line of business; and
- the non-resident has activities or active business other than receiving the income in the form of dividends, interest, royalties from Indonesia.

Beneficial Owner

Where a non-resident taxpayer is required by a tax treaty to be the beneficial owner of the income (e.g. for interest income), in addition to satisfying the conditions for non-abuse of the tax treaty, the non-resident taxpayer must fulfill the following:

- for a non-resident individual, he/she is not acting as an agent or nominee; or
- for a non-resident entity, it is not acting as an agent, nominee, or conduit, which is an entity that:
 - (i) has the power to use or enjoy the funds, assets, or rights to earn income from Indonesia;
 - (ii) does not use more than 50.0% of the total non-consolidated income to fulfill obligations to other parties in the form of interest, royalty, or other fees (excluding reasonable remuneration to employees and other normal business expenditures);
 - (iii) bears the risks of its own assets, capital, and/or liabilities; and
 - (iv) has no contractual or legal obligation to transfer the whole or part of the income received from Indonesia to another party.

In the event that there is tax treaty abuse or the income recipient is not the beneficial owner the following will apply:

- the Indonesian tax withholder will not be entitled to apply the tax treaty benefits and must withhold tax which is payable in accordance with Indonesian tax regulations (i.e. withholding tax at the rate of 20.0%); and
- the non-resident taxpayer who abuses the tax treaty will not be able to apply for a refund for the overpayment of the tax which should not have been payable.

If there is a difference between the legal form of a structure/scheme and the economic substance, the tax regulations will be applied in accordance with the economic substance (i.e. substance over form).

Multilateral Instrument

On November 12, 2019, the President of Indonesia issued Presidential Regulation No. 77 of 2019 (“PerPres No. 77/2019”), which ratifies the multilateral convention implementing tax treaty-related measures to prevent base erosion and profit shifting (“MLI”). Pursuant to PerPres No. 77/2019, 47 tax treaties (also referred to as Covered Tax Agreements (“CTAs”)) with Indonesia are nominated by Indonesia to become subject to the

changes set out under the MLI, including CTAs with Australia, Canada, France, Hong Kong, India, Japan, Luxembourg, Malaysia, Netherlands, Singapore, Switzerland, the United Kingdom and the U.S.

The MLI modifies a relevant CTA at a point (determined in the MLI) after both relevant jurisdictions have deposited the instrument of ratification, acceptance or approval and the entry into force of the MLI. On April 28, 2020, Indonesia deposited its instrument of ratification for implementation of the MLI with the Organization for Economic Co-operation and Development (“OECD”). The MLI have entered into force for Indonesia as of August 1, 2020. Out of the 47 treaty partner jurisdictions, some of treaty partner jurisdictions have already deposited the instrument of ratification with the OECD, while others have not.

The MLI has introduced several changes to a relevant CTA including, among others, the following:

- (a) the addition of the following preamble to the purpose of a CTA:

“Intending to eliminate double taxation with respect to the taxes covered by this agreement without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in this agreement for the indirect benefit of residents of third jurisdictions);” and

- (b) the replacement of the existing provision relating to the prevention of treaty abuse with the below or the addition of the provision below relating to the prevention of treaty abuse:

“Notwithstanding any provisions of the CTA, a benefit under the CTA shall not be granted in respect of an item of income or capital if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of the CTA.”

Noteholders should understand how the corresponding modifications to the provisions of a CTA will impact the Noteholders’ respective resident jurisdiction. To the extent the MLI operates to modify an applicable CTA with a Noteholder’s resident jurisdiction, the Noteholder should, in particular, note the potential implications, arising from the acquisition, sale and other dealings in respect of the Notes, of the principal purpose test and limitation of benefits (“LOB”) under the MLI, which may operate to limit treaty benefits in certain circumstances. Only some of the nominated tax treaties includes an LOB.

Stamp duty and other Indonesian taxes

Nominal stamp duty applies on a per document basis, and is not related to the value of the transaction. Stamp duty applies to:

- Documents that are made as instruments to represent events that are within the scope of civil law, including:
 - (i) agreement, explanatory letter, statement letter, or other similar letters, including its counterpart;
 - (ii) notarial deed including its *grosse*, copy and extract;
 - (iii) deed made by land deed officer including its copy and extract;
 - (iv) commercial paper with any name and form;
 - (v) securities transaction documents, including futures contract documents, with any name and form;

- (vi) auction documents including extract from minutes of auction, minutes of auction, copy of minutes of auction and *grosse* of minutes of auction;
- (vii) document that represents an amount of money of more than Rp5,000,000 (five million rupiah) that states receipt of money or contains recognition that a debt has been fully or partly repaid; and
- (viii) other documents stipulated by government regulation; and
- Documents that are used as evidence before a court.

The nominal amount of the Indonesian stamp duty for any kind of securities transaction is Rp.10,000. Generally, the stamp duty is due at the time the document is executed. Stamp duty is payable by the party that benefits from the executed document unless both parties state otherwise.

There are no other Indonesian taxes (namely estate tax, inheritance tax, succession tax or gift taxes) generally applicable to an acquisition, ownership or disposition of the Notes. There are no Indonesian registration or similar taxes payable by the Noteholders.

Australian Taxation

The following is a general summary of the material Australian tax consequences for Noteholders under the Income Tax Assessment Act 1936 (Cth) and Income Tax Assessment Act 1997 (Cth) (together, the “Australian Tax Act”), the Taxation Administration Act 1953 (Cth) (the “TAA”) and any relevant rulings, judicial decisions or administrative practice, as of the date of this Offering Memorandum.

There are a number of limitations to the summary below, including that:

- it applies only to the purchase, ownership and disposition of the Notes by investors that are not residents of Australia for Australian taxation purposes who will not hold the Notes, and will not derive the interest on the Notes, in carrying on business at or through a permanent establishment in Australia (“Non-Resident Investor”). It does not apply to Australian residents (for Australian taxation purposes) who may purchase the Notes. Such persons should consult with their tax and/or other professional advisors in respect of the Australian tax consequences of purchasing, owning or disposing of the Notes;
- it applies only to the absolute beneficial owners of the Notes, but is not exhaustive and does not deal with all classes of holders of the Notes (e.g., dealers); and
- it is based on Australian tax law and applicable double taxation agreements (“DTAs”) in force as of the date of this Offering Memorandum and does not take into account or anticipate any change in the law (including changes to legislation, regulations or judicial authority) or any DTAs.

The tax consequences of holding and otherwise dealing with the Notes can vary depending upon the individual circumstances of the Noteholders. This general summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor or relied upon as such. Each investor, and particularly those Noteholders not covered by this summary as noted above, should obtain independent professional taxation advice relating to their holding of the Notes in their particular circumstances.

Interest withholding tax

The Company intends to issue Notes which are to be characterized as “debt interests” for the purposes of the tests contained in Division 974 of the Australian Tax Act. In the case of “debt interests”, interest withholding tax (“IWT”) is generally payable at a rate of 10% of the gross amount of interest paid on the Notes (the rate may be modified under an applicable DTA) to a non-Australian resident (other than a non-Australian resident

who derives the interest income in carrying on business at or through a permanent establishment in Australia) or an Australian resident who derives the interest income in carrying on business at or through a permanent establishment outside Australia, unless an exemption is available.

An exemption from IWT is available in respect of interest paid on the Notes if (i) the requirements of section 128F of the Australian Tax Act are satisfied, or (ii) the requirements of an applicable DTA are satisfied.

Exemption under section 128F of the Australian Tax Act

An exemption from Australian IWT is available under section 128F of the Australian Tax Act in respect of the payment of interest on the Notes if the following conditions are met:

- (a) the Company is a resident of Australia and a company when it issues the Notes and when interest (as defined in section 128A(1AB) of the Australian Tax Act, including any original issue discount) is paid;
- (b) the Notes are issued as a result of an offer made in a manner which satisfies the public offer test. There are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in debt capital markets are aware that the Company is offering Notes for issue. Only one of the methods needs to be satisfied. In summary, the five principal methods are:
 - (i) offers to 10 or more unrelated persons carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in financial markets;
 - (ii) offers to 100 or more investors of a certain type;
 - (iii) offers of listed Notes;
 - (iv) offers via publicly available information sources; and
 - (v) offers to a dealer, manager or underwriter who offers to sell the Notes within 30 days by one of the preceding methods.
- (c) the Company does not know, or have reasonable grounds to suspect, at the time of issue, that the Notes (or interests in them) were being, or would later be, acquired, directly or indirectly, by an offshore associate of the Company (other than in the capacity of a dealer, manager or underwriter in relation to the placement of the relevant Notes or a clearing house, custodian, funds manager or responsible entity of a registered managed investment scheme); and
- (d) at the time of the payment of interest, the Company does not know, or have reasonable grounds to suspect, that the payee is an offshore associate of the Company (other than in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered managed investment scheme).

An “associate” of the Company for the purposes of section 128F of the Australian Tax Act broadly includes (i) a person or entity which holds more than 50% of the voting shares in, or otherwise controls, the Company; (ii) any entity that can sufficiently influence the Company; (iii) a company that is sufficiently influenced by the Company or another entity that is an associate of the Company; (iv) any entity in which more than 50% of the voting shares are held by, or which is otherwise controlled by, the Company; (v) a trustee of a trust where the Company is capable of benefiting (whether directly or indirectly) under that trust; and (vi) a person or entity who is an “associate” of another person or company which is an “associate” of the Company under points (i) and (ii) above.

An “offshore associate” of the Company is an associate of the Company that is either (i) a non-Australian resident that does not acquire the Notes in carrying on a business at or through a permanent establishment in

Australia; or (ii) an Australian resident that acquires the Notes in carrying on a business at or through a permanent establishment outside Australia.

Unless otherwise specified in a supplement to this Offering Memorandum, the Company proposes to issue Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

Exemption under double tax conventions

The Australian government has signed new or amended double tax conventions (“Specified Treaties”) with a number of countries (each a “Specified Country”).

In broad terms, once they have entered into force, the Specified Treaties effectively prevent IWT being imposed on interest derived by:

- the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; or
- a “financial institution” which is a resident of a Specified Country, is otherwise entitled to the benefits of the applicable Specified Treaty and which is unrelated to and dealing wholly independently of the Company. The term “financial institution” refers to either a bank or any other form of enterprise which substantially derives its profits by carrying on a business of raising and providing finance. (However, interest under a back-to-back loan or an economically equivalent arrangement will not qualify for this exemption.)

The Australian Federal Treasury maintains a listing of Australia’s double tax conventions which provides details of country, status, withholding tax rate limits and Australian domestic implementation.

Notes in bearer form

Section 126 of the Australian Tax Act imposes a type of withholding tax at the rate of (currently) 45% on the payment of interest on the Notes which are in bearer form if the Company fails to disclose the names and addresses of the holders to the Australian Taxation Office (“ATO”). Section 126 does not apply to the payment of interest on the Notes held by non-Australian resident noteholders who are not engaged in carrying on business in Australia at or through a permanent establishment in Australia where the issue of those Notes has satisfied the requirements of section 128F of the Australian Tax Act or IWT is payable. In addition, the ATO has confirmed in Taxation Determination 2001/19 that for the purpose of section 126 of the Australian Tax Act, the holder of debentures (such as the Notes) means the person in possession of the debentures. Section 126 is therefore limited in its application to persons in possession of Notes who are residents of Australia or non-Australian residents who are engaged in carrying on business in Australia at or through a permanent establishment in Australia.

Payment of additional amounts

As set out in more detail in “*Description of the Notes*”, and unless expressly provided to the contrary in a supplement to this Offering Memorandum, if the Company should at any time be compelled or authorized by law to deduct or withhold an amount in respect of any withholding taxes imposed or levied by the Commonwealth of Australia in respect of the Notes the Company shall, subject to certain exceptions, pay such additional amounts as may be necessary in order to ensure that the net amounts received by the Noteholders after such deduction or withholding shall equal the respective amounts which would have been receivable had no such deduction or withholding been required. In the event that the Company is compelled by law in relation to any Notes to deduct or withhold an amount in respect of any withholding taxes as a result of a change in law and would be required to pay additional amounts in respect of such taxes, the Company will have the option to redeem the Notes in whole but not in part (as described above under “*Description of the Notes*”).

Other Australian tax matters

The Company notes that under Australian laws as presently in effect:

- (a) if the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, payments of principal and interest in respect of the Notes to a Noteholder, who is a non-resident of Australia and who, during the taxable year, has not used the Notes in carrying on business at or through a permanent establishment in Australia, will not be subject to Australian incometaxes;
- (b) a Noteholder, who is a non-resident of Australia and who has never used the Notes in carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income tax on gains realized during a year on the sale or redemption of the Notes, provided such gains do not have an Australian source. Whether a profit or gain on disposal of the Notes has an Australian source is a question of fact that will be determined on the basis of the circumstances existing at the time of disposal. A gain arising on the sale of the Notes by a non-Australian resident Noteholder who does not hold the Notes in carrying on business at or through a permanent establishment in Australia to another non-Australian resident where the Notes are sold outside Australia and all negotiations are conducted and documentation executed outside Australia would not generally be regarded as having an Australian source. In certain cases, a non-Australian resident Noteholder may be able to claim an exemption from Australian income tax on Australian sourced gains pursuant to the terms of an applicable double tax convention;
- (c) no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- (d) no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue, transfer or redemption of any Notes;
- (e) neither the issue nor receipt of the Notes will give rise to a liability for goods and services tax (“GST”) in Australia on the basis that the supply of the Notes will comprise a GST-free supply (in the case of an offshore subscriber that is a non-resident). Furthermore, neither the payment of principal or interest by the Company, nor the disposal or redemption of the Notes, would give rise to any GST liability in Australia;
- (f) section 12-140 of Schedule 1 of the TAA imposes a type of withholding tax on the payment of interest on certain registered securities unless the relevant investor has quoted an Australian tax file number (“TFN”), in certain circumstances an Australian Business Number (“ABN”) or proof of some other exception (as appropriate). Under current law, a withholding rate of 47% applies. If the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, these rules should not apply to payments to a noteholder who is not a resident of Australia for tax purposes and not holding the Notes in the course of carrying on business at or through a permanent establishment in Australia. Payments to other classes of noteholders may be subject to withholding where the noteholder does not quote a TFN, ABN or provide proof of an appropriate exemption (as appropriate);
- (g) if the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, payments in respect of the Notes can be made free and clear of the “supply withholding tax” imposed under section 12-190 of Schedule 1 to the TAA; and
- (h) the Australian Commissioner of Taxation may give a direction requiring the Company to pay out of any payment to a noteholder any amount in respect of Australian tax payable by the noteholder. If the Company is served with such a direction then it will comply with that direction and will make any payment required by that direction.

FATCA

Pursuant to certain provisions of U.S. tax law commonly referred to as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Australia) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction generally would not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining “foreign passthru payments” are published in the U.S. Federal Register. Investors should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

Australia and the United States have signed an IGA (“Australian IGA”) in respect of FATCA and the Australian Government has enacted legislation amending, among other things, the TAA, to give effect to the Australian IGA. Australian financial institutions which are Reporting Australian Financial Institutions under the Australian IGA must comply with specific due diligence procedures to identify their account holders (for example, the Noteholders) and provide the Australian Taxation Office (“ATO”) with information on financial accounts (for example, the Notes) held by U.S. persons and recalcitrant account holders and on payments made to non-participating foreign financial institutions. The ATO is required to provide such information to the IRS. Consequently, Noteholders may be requested to provide certain information and certifications to any financial institutions through which payments on the Notes are made in order for the relevant financial institution to comply with their FATCA obligations.

Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (“CRS”) applies to Australian financial institutions and requires certain financial institutions to report information regarding certain accounts (which may include the Notes) to their local tax authority and follow related due diligence procedures. Noteholders who hold Notes through a financial institution intermediary may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. The Australian Government has enacted legislation amending, among other things, the TAA, to give effect to the CRS.

Singapore Taxation

The statements made herein regarding Singapore taxation are general in nature and based on certain aspects of the current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority of Singapore (“IRAS”) and the Monetary Authority of Singapore (“MAS”) in force as at the date of this Offering Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or in the interpretation of these laws, guidelines or circulars, occurring after such date, which changes could be made on a retrospective basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Memorandum are intended or are to be regarded as advice on the tax position of any Noteholder or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or

exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective Noteholders are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposition of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasized that none of the Company, the Initial Purchasers and any other persons involved in the offer and issuance of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

Interest and Other Payments

Generally, interest and other payments derived by a holder of the Notes who is not resident in Singapore and who does not have any permanent establishment in Singapore is not subject to tax, as such income is likely to be regarded as arising from a source outside Singapore, given that the Company is issuing the Notes outside Singapore and not through a branch, permanent establishment, or otherwise in Singapore. However, even if such interest and payments are regarded as sourced in Singapore, such interest and other payments may also be exempt from tax, including withholding of tax, if the Notes qualify as “qualifying debt securities” as discussed below.

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act 1947 of Singapore (“ITA”), the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable withholding tax rate for non-resident individuals is currently 22% and is proposed to be increased to 24% from the year of assessment 2024 pursuant to the Singapore Budget Statement 2022. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore, and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The withholding tax rate of 15% may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after January 1, 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after February 17, 2006; and

- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after February 15, 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

In addition, on the basis that the Company is not a “Singapore-based issuer” (as defined in the Income Tax (Qualifying Debt Securities) Regulations) and more than half of each of the Notes have been distributed by Financial Sector Incentive — Standard Tier or Financial Sector Incentive — Capital Market Companies (as defined in the ITA) at such time, and the Notes are issued as debt securities during the period from January 1, 2014 to December 31, 2023, the Notes (the “Relevant Notes”) would be qualifying debt securities (“QDS”) for the purposes of the ITA and the MAS Circular FDD Cir 11/2018 entitled “Extension of Tax Concessions for Promoting the Debt Market” issued by the MAS on 31 May 2018 (the ‘MAS Circular’), to which the following treatment applies:

- (a) subject to certain prescribed conditions having been fulfilled (including the submission to the MAS of a return on debt securities for each of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require and the inclusion by the Company in all offering documents relating to the Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “Qualifying Income”) from the Relevant Notes paid by the Company and derived by a holder who is not resident in Singapore and who (i) does not have any permanent establishment in Singapore or (ii) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore income tax;
- (b) subject to certain conditions having been fulfilled (including the submission to the MAS of a return on debt securities for each of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (c) subject to:
 - (i) the Company including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (ii) the submission to the MAS of a return on debt securities for each of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Company.

Notwithstanding the foregoing:

- (a) if during the primary launch of each of the Relevant Notes, such Relevant Notes are issued to fewer than four persons and 50% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Company, the Relevant Notes would not qualify as QDS; and
- (b) even though the Relevant Notes are QDS, if at any time during the tenure of the Notes, 50% or more of the Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Company, Qualifying Income derived from the Relevant Notes held by:
 - (i) any related party of the Company; or
 - (ii) any other person where the funds used by such person to acquire the Relevant Notes are obtained, directly or indirectly, from any related party of the Company,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “related party”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “break cost”, “prepayment fee” and “redemption premium” are defined in the ITA as follows:

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) is derived from any of the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore.

Notwithstanding that the Company is permitted to make payments of Qualifying Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax (including for the reasons described above) is required to include such income in a return of income made under the ITA.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any

trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standards 39 (“FRS 39”), 109 (“FRS 109”) or Singapore Financial Reporting Standards (International) 9 (“SFRS(I) 9”) (as the case may be), may for Singapore income tax purposes be required to recognize gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be) (as modified by the applicable provisions of Singapore income tax law). Please see the section below on “*Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes*”.

Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after January 1, 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after February 15, 2008.

United States Taxation

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Notes at the “issue price” (the first price at which a substantial amount of Notes are sold for cash, excluding sales to underwriters, placement agents or wholesalers) in this offering that are U.S. Holders and that will hold the Notes as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”). The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, investors that are required to take certain amounts into

income no later than the time such amounts are reflected on an applicable financial statement, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar).

This discussion does not address the U.S. federal income tax consequences to any holder of the 2024 Notes and the 2025 Notes of (i) the participation in any Concurrent Transaction, (ii) the subscription for Notes in connection with any Concurrent Transaction, and (iii) the ownership and disposition of the Notes subscribed for in connection with a Concurrent Transaction. Such holders should consult their own tax advisers regarding the tax consequences of the participation in any Concurrent Transaction and the subscription for and ownership and disposition of Notes in their particular circumstances.

As used herein, the term “U.S. Holder” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisors concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States including the Code, as amended (the “Code”), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Potential Contingent Payment Debt Treatment

In certain circumstances, a U.S. Holder may receive payments on the Notes other than the scheduled payments. For example, in the event that the Company fails to redeem all outstanding Senior Secured Notes by September 1, 2023, or upon the occurrence of a Change of Control Triggering Event, the Company is required to make an offer to purchase outstanding Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date (see “*Description of the Notes — Mandatory Offer to Purchase*” and “*Description of the Notes — Repurchase of Notes Upon a Change of Control Triggering Event*”). Moreover, we may in certain circumstances redeem at our option up to 40% of the aggregate principal amount of the Notes with net cash proceeds of an equity offering at a redemption price of 111.250% (see “*Description of the Notes — Optional Redemption*”). The possibility of these payments may implicate the provisions of the Treasury Regulations relating to “contingent payment debt instruments.” If the Notes were deemed to be contingent payment debt instruments, a U.S. Holder might be required to accrue interest income based upon a “comparable yield” (as

defined in the Treasury Regulations) determined at the time of issuance of the Notes (which is not expected to differ significantly from the actual yield on the Notes), with adjustments to such accruals when any contingent payments are made that differ from the payments based on the comparable yield. In addition, any income on the sale, exchange, retirement or other taxable disposition of the Notes would be treated as interest income rather than as capital gain. The Company intends to take the position that the possibility of such payments does not result in the Notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. The Company's position though binding on a holder unless such holder discloses in the proper manner to the Internal Revenue Service ("IRS") that it is taking a different position, is not binding on the IRS and there is no assurance that the IRS will not take a contrary position. U.S. Holders are urged to consult your tax adviser regarding the possible application of the contingent payment debt instrument rules to the Notes. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments.

Payments of Interest

General

Payments of stated interest on a Note (without reduction for any amounts withheld and including payments of any additional amounts paid with respect thereto) will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such U.S. Holder's method of accounting for U.S. federal income tax purposes.

Subject to certain limitations, a U.S. Holder generally may be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for non-U.S. income taxes withheld by the Company. Interest generally will constitute "passive category income" for purposes of the foreign tax credit rules. The rules governing foreign tax credits are complex and recently issued final U.S. Treasury regulations ("Final FTC Regulations") have imposed additional requirements that must be met for a foreign tax to be creditable and the Company does not intend to determine whether such requirements will be met. Prospective purchasers should consult their tax advisers concerning the foreign tax credit (or deduction) implications of any non-U.S. withholding taxes.

Sale or Other Taxable Disposition of the Notes and Amortization Payments Made on the Notes

General

A U.S. Holder generally will recognize gain or loss on the sale or other taxable disposition of a Note equal to the difference between the amount realized on the sale or other taxable disposition and the U.S. Holder's adjusted tax basis of the Note. A U.S. Holder's adjusted tax basis in a Note generally will be its cost, likely increased by the amount of de-minimis OID included in the U.S. Holder's income and reduced by any Amortization Amount paid on the Note (see "*Description of the Notes—Amortization of Principal*"). The amount realized does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. If the Notes are issued with OID that is less than the statutorily defined de minimis threshold, a pro-rata portion of such de-minimis OID will be includible in the U.S. Holder income with respect to each Amortization Amount paid on the Note and will be treated as gain on the sale or other taxable disposition of the Notes.

Gain or loss recognized by a U.S. Holder on the sale or other taxable disposition of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year. Non-corporate U.S. Holders generally are subject to tax on long-term capital gains at reduced rates. The deductibility of capital losses is subject to limitations.

Gain or loss realized by a U.S. Holder on the sale or other taxable disposition of a Note generally will be U.S. source. Under the Final FTC Regulations, non-U.S. taxes imposed on disposition gains of debt instruments are generally not creditable except in very limited circumstances. The rules governing foreign tax credits are very complex and prospective purchasers should consult their tax advisers as to the U.S. federal income tax implications if any non-U.S. taxes are imposed on a sale of the Notes, including the creditability or deductibility of such taxes and the determination of the amount realized and any disclosure requirements applicable to any treaty-based tax return position in their particular circumstances.

Backup Withholding and Information Reporting

Payments of principal and interest on the Notes, and the proceeds of a sale or other taxable disposition of Notes, by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable U.S. Treasury Regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisors about these rules and any other reporting obligations that may apply to the ownership or disposition of Notes, including requirements related to the holding of certain "specified foreign financial assets".

CERTAIN ERISA AND RELATED CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the notes (including any interest in a note) by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and entities whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”) (each, an “ERISA Plan”), and non-U.S. plans, governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA) (each a “Non ERISA Plan”) subject to the provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of the Code or ERISA (collectively, “Similar Laws”) (each, a “Plan”).

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of an ERISA Plan and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries, service providers or other related parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the notes of a portion of the assets of any Plan, a fiduciary must determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Laws relating to a fiduciary’s duties to the Plan including, to the extent applicable, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are “parties in interest”, within the meaning of ERISA, or “disqualified persons”, within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction with an ERISA Plan may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. Non ERISA Plans, while not subject to the prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be subject similar restrictions under applicable Similar Law. For example, the acquisition and holding of the notes (or any interest in a note) by an ERISA Plan with respect to which the Company, an initial purchaser, any of their agents, or certain of their affiliates is a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code unless a statutory or administrative exemption is applicable to the transaction. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, (“PTCEs”), that may apply to the acquisition of the notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers.

In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions between an

ERISA Plan and a person that is a party in interest or disqualified person with respect to the ERISA Plan solely by reason of providing services to the ERISA Plan or a relationship with such a service provider, *provided* that neither the person transacting with the ERISA Plan nor any of its affiliates has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of the ERISA Plan involved in the transaction and *provided further* that the ERISA Plan pays no more and receives no less than adequate consideration in connection with the transaction.

There can be no assurance that any of the foregoing exemptions or any other exemption will be available with respect to the acquisition, and holding and disposition of the notes (or any interest in a note) or that all of the conditions of any such exemptions will be satisfied. Accordingly, the notes (or any interest therein) should not be acquired by any person investing “plan assets” of any Plan, unless such acquisition will not constitute or result in a non-exempt prohibited transaction under ERISA or the Code or a similar violation of any applicable Similar Laws.

Investor Representations

By acquiring the notes (or any interest therein), each purchaser and subsequent transferee of the notes (or an interest therein) will be deemed to (and may be required to) represent and warrant that either (i) no portion of the assets used by such purchaser or transferee to acquire the notes constitutes assets of any Plan or (ii) the acquisition, holding and disposition of the notes (or any interest therein) by such purchaser or transferee will not constitute a breach of the fiduciary rules under ERISA or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

Each purchaser of the notes (including any interest in a note) that is an ERISA Plan by acceptance of a note (including any interest in a note), will be deemed to have represented and warranted that a fiduciary acting on its behalf is causing it to purchase the notes and that such fiduciary is independent of the Company, the Initial Purchasers and their respective affiliates (the “Transaction Parties”) and none of the Transaction Parties has given or will give advice in a fiduciary capacity, in connection with the purchaser’s transactions.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment, and to confirm that such purchase will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

The sale of the notes to a Plan is in no respect a representation or recommendation by the Company, the Initial Purchasers, the agents or any other person that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan or that such an investment is appropriate for Plans generally or any particular Plan.

PLAN OF DISTRIBUTION

The Company and the Initial Purchasers have entered into a purchase agreement (the “Purchase Agreement”) with respect to the Notes. Subject to the terms and conditions stated in the Purchase Agreement, each of the Initial Purchasers has agreed to purchase, severally and not jointly, and the Company has agreed to sell to each of the Initial Purchasers, the principal amount of the Notes set forth opposite its name as indicated in the following table:

	Principal Amount of Notes
	(U.S.\$)
Merrill Lynch (Singapore) Pte. Ltd.....	260,000,000
Morgan Stanley & Co. International plc	140,000,000
Total	400,000,000

The Purchase Agreement provides that the several and not joint obligations of the Initial Purchasers to purchase the Notes are subject to certain conditions. The Initial Purchasers must purchase all of the Notes if it purchases any of the Notes. The Initial Purchasers initially propose to offer the Notes for resale at the issue price that appears on the cover page of this Offering Memorandum. After the initial offering, the Initial Purchasers may change the offering price and any other selling terms. The Initial Purchasers may offer and sell Notes through certain of its affiliates. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

The Company has agreed to indemnify each Initial Purchaser against certain liabilities, including liabilities under the Securities Act, or contribute to payments each Initial Purchaser may be required to make in respect of these liabilities.

In the Purchase Agreement, the Company has agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of any of our debt securities (other than the Notes) for a period of 90 days after the date of this Offering Memorandum without the prior consent of the Initial Purchasers.

The Notes have not been registered under the Securities Act and, unless so registered, may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. See “*Transfer Restrictions*”.

The Notes have not been registered under the Securities Act or any state securities laws. The Initial Purchasers propose to offer the Notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S under the Securities Act. The Initial Purchasers will not offer or sell the Notes within the United States except to persons it reasonably believes to be QIBs (as defined in Rule 144A). The Initial Purchasers have acknowledged and agreed that, except as permitted by the preceding sentence, each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under “*Transfer Restrictions*”.

The Notes will constitute a new class of securities with no established trading market. Application will be made to the SGX-ST for the listing of and quotation for the Notes on the Official List of the SGX-ST. The offering and settlement of the Notes is not conditioned upon obtaining the listing. The Company does not intend to apply for listing or quotation of the Notes on any national securities exchange in the United States. However, there can be no assurance that the prices at which the Notes will sell in the market after this offering

will not be lower than the initial offering price or that an active trading market for the Notes after the completion of the offering will develop and continue after this offering.

The Initial Purchasers have advised us that they currently intend to make a market in the Notes. However, they are not obligated to do so and may discontinue any market-making activities with respect to the Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by applicable law. Accordingly, there can be no assurance that the trading market for the Notes will have any liquidity.

In connection with this offering, Merrill Lynch (Singapore) Pte. Ltd, as stabilizing manager, or any person acting for it, may purchase and sell Notes in the open market. These transactions may, to the extent permitted by law, include short sales, stabilizing transactions (other than in circumstances where such action would reasonably be expected to support, maintain or otherwise have an effect on the market for or the price of the Notes traded within Australia or on a financial market as defined in the Corporations Act, specified within Australia) and purchases to cover positions created by short sales. Short sales involve the sale of a greater amount of Notes than the Initial Purchasers are required to purchase in this offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the Notes while this offering is in progress. These activities, to the extent permitted by law, may stabilize, maintain or otherwise affect the market price of the Notes. These activities may be conducted in the over-the-counter market or otherwise. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time and must in any event be brought to an end after a limited time. These activities will be undertaken solely for the account of the stabilizing managers and not for and on behalf of the Company.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers and their respective affiliates may also engage in investment or commercial banking and other dealings in the ordinary course of business with the Company or its affiliates from time to time and may receive fees and commissions for these transactions. In addition to the transactions noted above, the Initial Purchasers and their respective affiliates may, from time to time after completion of the offering of the Notes, engage in other transactions with, and perform services for, the Company or its affiliates in the ordinary course of their business. The Initial Purchasers or their respective affiliates may also purchase Notes for asset management and/or proprietary purposes but not with a view to distribution or may hold Notes on behalf of clients or in the capacity of investment advisors. In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve our securities and other financial instruments, including the Notes. The Initial Purchasers and their respective affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or our other financial instruments, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments. While the Initial Purchasers and their respective affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause the Initial Purchasers or their respective affiliates or clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Notes. The Initial Purchasers may receive returns on such transactions and have no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Notes.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

It is expected that delivery of the Notes will be made against payment therefor on or about April 21, 2023, which is the sixth business day following the date hereof (such settlement cycle being referred to as “T+6”). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on any date prior to the second business day before delivery will be required, by virtue of the fact that the Notes initially will settle in T+6, to specify an alternative settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing and prior to the date that is more than two business days preceding the settlement date should consult their own advisors.

Selling Restrictions

General

No action has been taken or will be taken in any jurisdiction by the Company or the Initial Purchasers that would permit a public offering of notes, or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Notes or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

United States

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Notes are being offered and sold outside of the United States in offshore transactions in reliance on Regulation S. The Purchase Agreement provides that the Initial Purchasers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of the Notes within the United States only to QIBs in reliance on Rule 144A.

In addition, until 40 days following the commencement of this offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sell in compliance with an exemption from registration under the Securities Act.

United Kingdom

This Offering Memorandum has been prepared on the basis that any offer of securities in the UK will be made pursuant to an exemption under the FSMA from the requirement to publish a prospectus for offers of securities. The expression FSMA means the Financial Services and Markets Act 2000 (as amended). Neither the Company nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Company or the Initial Purchasers to publish a prospectus for such offer. Neither the Company nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this Offering Memorandum.

The Initial Purchasers have not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

This Offering Memorandum is for distribution only to persons who (i) fall within Article 43(2)(b) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order, (iii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of the Financial Promotion Order, (iv) are outside the United Kingdom, or (v) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (as amended, the “FSMA”)) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Each Initial Purchaser has represented, warranted and agreed that:

- it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Company; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

European Economic Area

This Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area will be made pursuant to an exemption under the Prospectus Regulation from the obligation to publish a prospectus for offers of Notes. Neither the Company nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Company or the Initial Purchasers to publish a prospectus for such offer. Neither the Company nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers which constitute the final placement of the Notes contemplated in this Offering Memorandum.

Each Initial Purchaser has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or

- (b) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Hong Kong

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, the Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, the Laws of Hong Kong) (“SFO”) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, the Laws of Hong Kong) and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made thereunder.

Important Notice to CMIs (including Private Banks)

This notice to CMIs (including Private Banks) is a summary of certain obligations the Code of Conduct imposes on CMIs, which require the attention and cooperation of other CMIs (including Private Banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the Code of Conduct.

Prospective investors who are the directors, employees or major shareholders of the Company, a CMI or its group companies would be considered under the Code of Conduct as having an Association with the Company, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, Private Banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Company or any CMI (including its group companies) and inform the Initial Purchasers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Memorandum.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information should be provided to the OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including Private Banks as the case may be) in the order book and book messages.

CMIs (including Private Banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Company. In addition, CMIs (including Private Banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The Code of Conduct requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Initial Purchasers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, Private Banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private Banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the Code of Conduct. Private Banks should be aware that placing an order on a “principal” basis may require the Initial Purchasers to apply the “proprietary orders” of the Code of Conduct to such order and will require the Initial Purchasers to apply the “rebates” requirements of the Code of Conduct to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including Private Banks) are requested to provide the following underlying investor information, preferably in Excel Workbook format, in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including Private Banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including Private Banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the OCs and/or any other third parties as may be required by the Code of Conduct, including to the Company, relevant regulators and/or any other third parties as may be required by the Code of Conduct, for the purpose of complying with the Code of Conduct, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Initial Purchasers may be asked to demonstrate compliance with their obligations under the Code of Conduct, and may request other CMIs (including Private Banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including Private Banks) are required to provide the relevant Initial Purchaser with such evidence within the timeline requested.

Japan

The Notes offered in this Offering Memorandum have not been and will not be registered under the Financial Instruments and Exchange Act of Japan. The Notes may not and will not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act of Japan and other relevant laws and regulations of Japan.

Singapore

Each Initial Purchaser has acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Initial Purchaser has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it

circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the SFA pursuant to Section 274 of the SFA); (ii) to a relevant person (as defined in Section 275(2) of the SFA pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018); or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any terms as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Indonesia

This offering does not constitute a public offering or private placement of debt securities in Indonesia under the Indonesia Capital Markets Law and OJK Rule No. 30. This Offering Memorandum may not be distributed in Indonesia and the Notes may not be offered or sold in Indonesia or to Indonesian citizens or entities wherever they are domiciled, or to Indonesian residents in a manner which constitutes a public offering or private placement under the laws and regulations of Indonesia, including OJK Rule No. 30.

France

This Offering Memorandum is not being distributed in the context of a public offer in France and has accordingly not been submitted to the *Autorité des marchés financiers* for prior approval and clearance. This Offering Memorandum is not to be further distributed or reproduced (in whole or in part) by the addressees.

Each of the Company and the Initial Purchasers represents and agrees that offers have not been and will not be made, directly or indirectly, to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Offering Memorandum or any offering material relating to the Offering, and that such offers, sales and distributions have been and shall only be made in France to (i) qualified investors other than individuals acting for their own account or (ii) providers of investment services relating to portfolio management for the account of third parties as defined in and in accordance with Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

Switzerland

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or any other exchange or regulated trading facility in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes constitutes (i) a prospectus as such term is understood pursuant to Article 652a or 1156 of the Swiss Code of Obligations or (ii) a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Offering Memorandum nor any other marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland. In addition, this Offering Memorandum or any other offering or marketing material relating to the Notes may not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. The Notes are being offered in Switzerland by way of private placement, without any public advertisement and only to investors who do not purchase the Notes with the intention to distribute them to the public. The investors will be individually approached directly from time to time. This Offering Memorandum, as well as any other offering or marketing material relating to the Notes, is personal and confidential and does not constitute an offer to any other person. This Offering Memorandum, as well as any other offering or marketing material relating to the Notes, may only be used by those investors to whom it has been handed out in connection with the offering and may neither directly nor indirectly be distributed or made available to other persons without the Company's express consent.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Notes has been, or will be, lodged with the Australian Securities and Investments Commission ("ASIC") or the Australian Securities Exchange. Each Initial Purchaser has represented and agreed that, unless the relevant Offering Memorandum otherwise provides, it:

- (a) has not made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, this Offering Memorandum or any other offering material or advertisement relating to the Notes in Australia,

unless:

- (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternative currency, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;

- (ii) the offer or invitation does not constitute an offer to a “retail client” for the purposes of sections 761G and 761GA of the Corporations Act;
- (iii) such action complies with any applicable laws, regulations and directives (including without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act) in Australia; and
- (iv) such action does not require any document to be lodged with ASIC.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

We have not registered the Notes under the Securities Act and the Notes may only be offered or sold (i) within the United States to “qualified institutional buyers” in reliance on Rule 144A under the Securities Act or (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. Terms used above and otherwise in this section of this Offering Memorandum have the meanings given to them by Regulation S and Rule 144A.

Each purchaser of Notes will be deemed to have represented and agreed as follows:

- (a) You understand and acknowledge that the Notes have not been and will not be registered under the Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including resales pursuant to Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (c) below.

You are not our “affiliate” (as defined in Rule 144 under the Securities Act), you are not acting on our behalf and you are either:

- (i) a qualified institutional buyer and are aware that any sale of these Notes to you will be made in reliance on Rule 144A and such acquisition will be for your own account or for the account of another qualified institutional buyer; or
 - (i) purchasing Notes in an offshore transaction in accordance with Regulation S.
- (b) You acknowledge that none of us, the Initial Purchasers or any person representing us or the Initial Purchasers has made any representation to you with respect to us or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you. You represent that you are only relying on this Offering Memorandum in making your investment decision with respect to the Notes. You acknowledge that the Initial Purchasers make no representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning us and the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.
- (c) You are purchasing Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of these Notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such Notes prior to (x) the date which is one year (or such shorter period of time as permitted by Rule 144(d) under the Securities Act or any successor provision thereunder) after the later of the date of the original issue of these Notes and the last date on which we or any of our affiliates were the owner of such Notes (or any predecessor thereto) or (y) such

later date, if any, as may be required by applicable law (the “Resale Restriction Termination Date”) only:

- (i) to us or any of our affiliates;
- (ii) pursuant to a registration statement which has been declared effective under the Securities Act;
- (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a qualified institutional buyer that purchases for its own account or for the account of another qualified institutional buyer to whom you give notice that the transfer is being made in reliance on Rule 144A;
- (iv) outside the United States in offshore transactions meeting the requirements of Rule 904 under the Securities Act; or
- (v) pursuant to any other available exemption from the registration requirements of the Securities Act;

subject in each of the foregoing cases to any requirement of law that the disposition of the seller’s property or the property of an investor account or accounts be within the seller or account’s control, and in compliance with any applicable state securities laws.

You acknowledge that we, the Trustee and the Registrar reserve the right prior to any offer, sale or other transfer of the Notes pursuant to clause (v) above prior to the Resale Restriction Termination Date of the Notes to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to us, the Trustee and the Registrar.

- (d) You acknowledge that each Note will contain a legend substantially in the following form:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A “QIB”) OR (B) IT IS NOT IN THE UNITED STATES, IS NOT ACQUIRING THIS NOTE FOR THE ACCOUNT OR BENEFIT OF A PERSON WITHIN THE UNITED STATES AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT, WITHIN THE TIME PERIOD REFERRED TO UNDER RULE 144 UNDER THE SECURITIES ACT AS IN EFFECT ON THE DATE OF THE TRANSFER OF THIS NOTE, RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER OR ANY OF ITS AFFILIATES THEREOF, (B) TO A PERSON WHOM THE HOLDER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED

HEREIN, THE TERMS “OFFSHORE TRANSACTION” AND “UNITED STATES” HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTIONS.”

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

- (e) You acknowledge that the Registrar will not be required to accept for registration or transfer any Notes acquired by you, except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth herein have been complied with.
- (f) You acknowledge that:
 - (i) the Company and its subsidiaries, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations and agreements set forth herein and you agree that, if any of your acknowledgements, representations or agreements herein cease to be accurate and complete, you will notify us and the Initial Purchasers promptly in writing; and
 - (ii) if you are acquiring any Notes as fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:
 - (1) you have sole investment discretion; and
 - (2) you have full power to make the foregoing acknowledgements, representations and agreements.
- (g) You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.
- (h) You understand that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under “*Plan of Distribution*.”
- (i) The Notes may not be sold or transferred to, and you as a purchaser, by your purchase and holding of the Notes, shall be deemed to have represented and covenanted that you are not acquiring the Notes for or on behalf of, and will not transfer the Notes to, any employee benefit plan that is subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), and entities whose underlying assets are considered to include “plan assets” of such employee benefit plans, plans accounts or arrangements (pursuant to Section 3(42) of ERISA and regulations promulgated under ERISA by the U.S. Department of Labor), unless such purchase and holding will not constitute a non-exempt prohibited transaction under Title I of ERISA and the Code.

You represent, agree and acknowledge that you are not a person or entity (for the purposes of this clause (j), a “Person”) (a) that is organised or resident in a country or territory which is the target of comprehensive country sanctions administered or enforced by any Sanctions Authority; (b) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current “Specially Designated Nationals and Blocked Persons” list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/sdnlist.pdf>) or (ii) the Foreign Sanctions Evaders List (which as of

the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/fse/fselist.pdf>) or (iii) the most current “Consolidated list of persons, groups and entities subject to EU financial sanctions”; or (c) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of their inclusion in: (i) the most current “Sectoral Sanctions Identifications” list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>) (the “SSI List”), (ii) Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the “EU Annexes”), or (iii) any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes (whereby “Sanctions Authority” shall be (1) the United States government; (2) the United Nations; (3) the European Union (or any of its member state); (4) the United Kingdom; (5) Australia; (6) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (7) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, the U.S. Department of Commerce and His Majesty’s Treasury) (“Sanctions Restricted Person”).

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Linklaters Singapore Pte. Ltd. as to matters of New York law and U.S. federal securities law, Allens as to matters of Australian law and by Widyawan & Partners as to matters of Indonesian law. Certain legal matters with respect to the Notes will be passed upon for the Initial Purchasers by Latham & Watkins LLP as to matters of New York law and U.S. federal securities law, King & Wood Mallesons as to matters of Australian law and by Hiswara Bunjamin & Tandjung as to matters of Indonesian law. Certain legal matters as to New York law will be passed upon for the Trustee by Allen & Overy.

INDEPENDENT AUDITORS

The consolidated financial statements of Nickel Industries Limited as of December 31, 2020, December 31, 2021 and December 31, 2022 and for the years ended December 31, 2020, December 31, 2021 and December 31, 2022, included in this Offering Memorandum, have been audited by KPMG, independent auditors, as stated in their report appearing herein.

The liability of KPMG, in relation to the performance of their professional services provided to Nickel Industries Limited including, without limitation, KPMG's audits of the consolidated financial statements described above, is limited under the Institute of Chartered Accountants in Australia (NSW) Scheme approved by the New South Wales Professional Standards Council or such other applicable scheme approved pursuant to the Professional Standards Act 1994 (NSW) (the "Professional Standards Act"), including the Treasury Legislation Amendment (Professional Standards) Act (the "Accountants Scheme"). Specifically, the Accountants Scheme limits liability of KPMG to a maximum amount of A\$75 million. The Accountants Scheme does not limit liability for breach of trust, fraud or dishonesty. The Professional Standards Act and the Accountants Scheme have not been subject to relevant judicial consideration and, therefore, how the limitations will be applied by courts and the effect of the limitations on the enforcement of foreign judgments is untested.

INDUSTRY CONSULTANT

The information contained in Appendix A to this Offering Memorandum, including all statistics and data therein, was prepared by AME, independent industry consultants and experts in the nickel industry. AME has given and not withdrawn their written consent to the issue of this Offering Memorandum with the inclusion herein of their name and all references thereto in this Offering Memorandum and to the inclusion of the Industry Report as an appendix to this Offering Memorandum, in the form and context in which it appears, and to act in such capacity in relation thereto. The Industry Report does not include all of the information that may be important for an investment decision.

RESOURCES CONSULTANT

The information contained in the Nickel Resources Statement attached as Appendix B to this Offering Memorandum, including all statistics, estimates and data therein, was prepared by in accordance with the JORC Code by PT Danmar Explorindo, an independent mining consultant, for the purpose of estimating our nickel resources at the Hengjaya mining project within the laterite nickel mine, in the Regency of Morowali, Province of Central Sulawesi, Indonesia. The Nickel Resources Statement utilizes data up to July 15, 2022 (in the case of exploration data) and June 30, 2022 (in the case of mining progress data), and does not include all of the information that may be important for an investment decision. For more information, see the Nickel Resources Statement attached as Appendix B to this Offering Memorandum.

RATINGS

The Notes are expected to be rated “B1” by Moody’s and “B+” by Fitch. The credit ratings accorded to the Notes are not a recommendation to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised, suspended or withdrawn by the rating agencies in the future if, in their judgment, circumstances so warrant. See “*Risk Factors — Risks relating to the Notes — The ratings assigned to the Notes may be lowered or withdrawn*”.

GLOSSARY

Angel Nickel Project	An NPI-producing asset located within the IWIP comprising four RKEF lines with an aggregate nameplate production capacity of 36,000 NiEq tonnes per annum (100% basis), which produced its first batch of NPI in November 2022.
Attributable nameplate production capacity	Refers, with respect to any of our nickel-producing assets, to the aggregate nameplate production capacity of such asset, as adjusted for our 80% indirect controlling interest or, in the case of Oracle Nickel Project, 70% indirect controlling interest, in such asset as of the date hereof (or to be acquired in the future).
Class 1 nickel products	Nickel projects containing a minimum of 99.8 percent nickel.
C1 Cash Costs	A standard metric used in the nickel industry as a reference point to denote the basic cash costs of running a nickel operation to allow a comparison across the industry. C1 Cash Costs include direct costs incurred in mining and processing nickel (such as labor, power, reagents, materials) plus local general and administrative expenses, freight and realization and selling costs. C1 Cash Costs are reported in US dollars per unit of nickel produced.
Deposit	A body of mineralization containing a sufficient average grade of tin to warrant further exploration and/or development expenditure.
Hengjaya Mine	A long-life, high-grade nickel laterite deposit located approximately 12 kilometers from the IMIP, with a JORC compliant resource of 185 dmt at 1.3% nickel including 39.7 dmt at 1.8% nickel.
Hengjaya Nickel Project	An NPI-producing asset located within the IMIP comprising two RKEF lines with an aggregate nameplate production capacity of 15,000 NiEq tonnes per annum (100% basis), which produced its first batch of NPI in January 2019.
HNC Acquisition	Acquisition of 10% indirect equity interest in the HNC Project for U.S.\$270 million pursuant to our binding agreement with Shanghai Decent.
HNC Project	A MHP-producing asset located within the IMIP comprising two lines with an aggregate nameplate production capacity of 60,000 tonnes nickel and 5,000 tonnes cobalt as MHP per annum (100% basis).
HPAL	High-pressure acid leach
IMIP	The Indonesia Morowali Industrial Park located in the Regency of Morowali, Province of Central Sulawesi, Indonesia.
IWIP	The Indonesia Weda Bay Industrial Park located on Halmahera Island in Indonesia's North Maluku province.

JORC	The Australasian Joint Ore Reserves Committee, which is sponsored by the Australian mining industry and its professional organization.
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves published by the JORC, Australian Institute of Geoscientists and Minerals Council of Australia in 2012, which contains the minimum standards, recommendations and guidelines for the reporting of exploration results, mineral resources and ore reserves.
Kcal/kg	Kilocalorie per kilogram.
Kg	Kilogram.
Km	Kilometer.
Koz	Kilo ounce or 1000 ounces.
Koz t	Kilo troy ounce or 1000 troy ounces.
kt	Kilo tonnes, a unit of weight, equal to 1000 tonnes.
ktpa	Kt per annum.
kV	Kilovolt.
kVA	Kilovolt-ampere.
kWp	Kilowattpeak.
kWh	Kilowatt-hour.
LME	London Metal Exchange.
MHP	Mixed hydroxide precipitate.
Mining Cash Cost	Mining Cash Cost is a standard industry measure used by most major nickel mining companies which reflects the direct costs involved in producing each tonne of nickel ore, including related transportation costs. Mining Cash Cost is calculated as U.S. dollars per tonne of payable nickel ore produced.
Mt	Megatonne, a metric unit equivalent to 1 million (10 ⁶) tonnes, or 1 billion (10 ⁹) kilograms.
Mtpa	Metric tonne per annum.
MW	Megawatt.
MWh	Megawatt-hour.
Nickel matte	An intermediate smelter product that must be further refined to obtain pure nickel metal.
NiEq tonnes	Tonnes of nickel contained in NPI.
NPI	Nickel pig iron.
Open-cut mining	A form of mining designed to extract minerals that lie near the surface. Overburden is removed to expose the minerals for mining. Rock covering the minerals may be blasted and removed by large draglines or electric shovels and trucks.

Open-pit mining	A mining method which involves removing the overlying strata or overburden and extracting the coal.
Oracle Nickel Project	An NPI-producing asset located within the IMIP comprising four RKEF lines with an aggregate nameplate production capacity of 36,000 NiEq tonnes per annum (100% basis).
Ore	Mineral bearing rock which can be mined and treated profitably under current or immediately foreseeable economic conditions.
Ore reserve	The economically mineable part of a measured and/or indicated mineral resource, including diluting materials and allowances for losses which may occur when the material is mined.
Overburden	Any material, consolidated or unconsolidated, such as layers of earth and rock, that overlies a coal seam. In surface mining operations, overburden is removed prior to coal extraction.
Processing	The process which in general refers to the extraction of usable portions of ore by using physical and chemical methods.
Qualified Person	A minerals industry professional responsible for the preparation of, and/or signing off on, reports on exploration results and mineral reserves and resources estimates and who is accountable for the prepared reports.
Ranger Nickel Project	An NPI-producing asset located within the IMIP comprising two RKEF lines with an aggregate nameplate production capacity of 15,000 NiEq tonnes per annum (100% basis), which produced its first batch of NPI in May 2019.
Reclamation	The process of restoring the environment to a stable state following mining activities by restoring topsoil and planting vegetation. The process commonly includes “recontouring” or “reshaping” the land to its approximate original appearance, restoring topsoil and planting native grass and ground covers. Reclamation operations are usually underway before the mining of a particular site is completed. Reclamation is regulated by applicable local law.
RKEF	Rotary kiln electric furnace.
RKEF Cash Cost	RKEF Cash Cost is a standard industry measure used by most major nickel companies which reflects the direct costs involved in producing each tonne of nickel equivalent NPI, including related transportation costs. RKEF Cash Cost is calculated as U.S. dollars per tonne of payable nickel unit produced.
Rotary kiln	A rotary kiln is a pyroprocessing device used to raise materials to a high temperature (calcination) in a continuous process.
Saprolite	Saprolite nickel ore is formed beneath the limonite zone. It contains generally 1.5% to 2.5% nickel.
Shanghai Decent	Shanghai Decent Investment (Group) Co., Ltd.

Slag	By-product of smelting, consisting of a mixture of metal oxides and silicon dioxide.
Smelting	A pyro-metallurgical process of separating metal by fusion from those impurities with which it is chemically combined or physically mixed in ores.
Stockpile	A stockpile is a pile or storage location for bulk materials, forming part of the bulk material handling process.
Strip or strip ratio	The strip ratio is the number of bank cubic meters of overburden needing removal to access one tonne of coal. A strip ratio of 4:1 means that four bank cubic meters of overburden must be stripped to produce one metric tonne of coal. Strip ratios vary based primarily on geological characteristics of the “in situ” coal and the depth at which deposits lie.
tonne	Tonne or metric tonne is a metric unit of mass equal to 1,000 kilograms or approximately 2,204.6 pounds.
Tsingshan group	A group of privately-held companies, including Tsingshan Holding Group Company Limited, Shanghai Decent and their respective subsidiaries and affiliated entities.
wmt	Wet metric tonne, a unit of measurement with the same mass value as a metric tonne, for materials with slurry or liquid components.

GENERAL INFORMATION

- 1 The issue of the Notes has been authorized by resolutions of the Company's Board of Directors dated March 24, 2023.
- 2 Citicorp International Limited has given its consent to act as the Trustee and for its name to be included in all subsequent periodical communication to be sent to the Noteholders.
- 3 Save as disclosed in this Offering Memorandum, there are no, nor have there been any, litigation or arbitration proceedings, including those which are pending or threatened, of which the Company is aware, which may have, or have had during the 12 months prior to the date of this Offering Memorandum, a material adverse effect on the Company's financial position.
- 4 Save as disclosed in this Offering Memorandum, there has been no material change in the Company's financial or trading position since December 31, 2022 and, since such date, save as disclosed in this Offering Memorandum, there has been no material adverse change in the Company's or the Group's financial position or prospects.
- 5 Copies of the following documents, all of which are published in English, may be inspected during normal business hours at the offices of the Trustee (upon reasonable advance notice being given to the Trustee) after the date of this Offering Memorandum for so long as any of the Notes remains outstanding:
 - (a) the Company's constitution; and
 - (b) the Indenture.
- 6 We expect that the Global Notes will be accepted for clearance through the facilities of DTC and its direct and indirect participants, including Clearstream and Euroclear, on or prior to April 21, 2023.

The CUSIP and ISIN numbers for the Global Notes are as follows:

	Rule 144A	Regulation S
CUSIP	653890 AA1	Q67949 AC3
ISIN	US653890AA15	USQ67949AC34

- 7 Listing of the Notes:

Application will be made to the SGX-ST for the listing of and quotation for the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Company, the Group, their subsidiaries, their associated companies or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Company will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a global note representing such Notes is exchanged for Notes in definitive form. In addition, in the event that a global note is exchanged for Notes in definitive form, an announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the Notes in definitive form, including details of the paying agent in Singapore.

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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 audit of Nickel Industries Limited for the financial year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Stephen Board
Partner

Brisbane
28 February 2023

NICKEL INDUSTRIES LIMITED
and its controlled entities

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

US\$	Notes	31 December 2022 \$	31 December 2021 \$
Sales revenue	22	1,217,041,820	645,935,639
Cost of sales		(856,617,781)	(393,203,284)
Depreciation and amortisation expense		(66,598,202)	(35,977,298)
Gross profit		293,825,837	216,755,057
Directors' fees and consultants' expenses		(9,289,162)	(9,432,472)
Exploration and evaluation expenditure		(3,348,413)	-
Share of gain/(loss) of equity accounted investees	15	404,812	(50,482)
Other expenses	4	(22,710,611)	(13,255,745)
Results from operating activities		258,882,463	194,016,358
Financial income	5	1,007,513	2,786,467
Financial expense	5	(42,844,043)	(15,763,290)
Net financial expense		(41,836,530)	(12,976,823)
Profit before income tax		217,045,933	181,039,535
Income tax expense	10	(7,678,323)	(5,062,549)
Profit for the year		209,367,610	175,976,986
Other comprehensive income			
Items that may be classified subsequently to profit or loss		7,088	(81,549)
Total comprehensive profit for the year		209,374,698	175,895,437
Profit attributable to:			
Owners of the Company		158,978,977	137,938,917
Non-controlling interest		50,388,633	38,038,069
Profit for the year		209,367,610	175,976,986
Total comprehensive profit attributable to:			
Owners of the Company		158,984,647	137,873,678
Non-controlling interest		50,390,051	38,021,759
Total comprehensive profit for the year		209,374,698	175,895,437
Earnings per share			
Basic and diluted profit per share (cents) for the year	9	5.93	5.48

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

NICKEL INDUSTRIES LIMITED
and its controlled entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

		31 December 2021
	Notes	- restated*
US\$		\$
Current assets		
Cash and cash equivalents	18	144,242,357
Trade and other receivables	6	137,861,958
Inventory	8	235,617,714
Other current assets	7	204,845,299
Total current assets		106,997,153
		47,793,529
		632,498,899
Non-current assets		
Other non-current assets	7	15,162,987
Property, plant and equipment	11	13,193,397
Deposit		1,264,281,811
Goodwill	16	-
Total non-current assets		30,000,000
		102,748,404
		2,040,020,795
Total assets		1,770,618,822
Current liabilities		
Trade and other payables	12	177,185,164
Current tax payable	10	55,738,089
Provision		21,244,636
Borrowings	13	1,159,184
Total current liabilities		7,647,688
		1,174,237
		7,772,688
		207,376,725
Non-current liabilities		
Provision – rehabilitation		2,034,921
Deferred income tax liability	10	1,955,576
Other non-current liability		96,099,816
Borrowings	13	77,982,164
Total non-current liabilities		617,535
		551,515,430
		650,598,530
Total liabilities		398,877,558
Net assets		857,975,255
		1,814,544,439
Equity		
Share capital	14	942,442,827
Reserves	14	732,929,135
Retained profits		19,144,965
Total equity attributable to equity holders of the Company		19,139,295
		337,031,589
		1,298,619,381
Non-controlling interest		1,002,845,739
Total equity		295,066,300
		1,814,544,439

* Restated following adjustment to provisional accounting for acquisition of a controlled entity. See Note 16 for further details.
The above consolidated statement of financial position should be read in conjunction with accompanying notes.

NICKEL INDUSTRIES LIMITED
and its controlled entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital	Retained profits	Reserves	Total	NCI	Total equity
US\$		\$	\$	\$	\$	\$	\$
Balance at 1 January 2021		732,929,135	187,927,099	19,204,534	940,060,768	146,168,140	1,086,228,908
Total comprehensive income for the year							
Profit for the year		-	137,938,917	-	137,938,917	38,038,069	175,976,986
Remeasurement of defined benefit obligation		-	-	(65,239)	(65,239)	(16,310)	(81,549)
Total comprehensive income for the year		-	137,938,917	(65,239)	137,873,678	38,021,759	175,895,437
Transactions with owners, recorded directly in equity							
Dividends	14	-	(75,088,707)	-	(75,088,707)	-	(75,088,707)
Non-controlling interest arising on acquisition	16	-	-	-	-	140,000,000	140,000,000
Distributions to non-controlling interest		-	-	-	-	(29,123,599)	(29,123,599)
Balance at 31 December 2021 - restated*		732,929,135	250,777,309	19,139,295	1,002,845,739	295,066,300	1,297,912,039
Balance at 1 January 2022		732,929,135	250,777,309	19,139,295	1,002,845,739	295,066,300	1,297,912,039
Total comprehensive income for the year							
Profit for the year		-	158,978,977	-	158,978,977	50,388,633	209,367,610
Remeasurement of defined benefit obligation		-	-	5,670	5,670	1,418	7,088
Total comprehensive income for the year		-	158,978,977	5,670	158,984,647	50,390,051	209,374,698
Transactions with owners, recorded directly in equity							
Issue of shares	14	212,000,000	-	-	212,000,000	-	212,000,000
Costs of issue	14	(2,486,308)	-	-	(2,486,308)	-	(2,486,308)
Dividends	14	-	(72,724,697)	-	(72,724,697)	-	(72,724,697)
Non-controlling interest arising on acquisition	16	-	-	-	-	159,000,000	159,000,000
Transaction with non-controlling interest without a change of control	16	-	-	-	-	39,600,000	39,600,000
Distributions to non-controlling interest		-	-	-	-	(28,131,293)	(28,131,293)
Balance at 31 December 2022		942,442,827	337,031,589	19,144,965	1,298,619,381	515,925,058	1,814,544,439

* Restated following adjustment to provisional accounting for acquisition of a controlled entity. See Note 16 for further details.

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

NICKEL INDUSTRIES LIMITED
and its controlled entities

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

US\$	Notes	31 December 2022 \$	31 December 2021 \$
Cash flows from operating activities			
Cash receipts from customers		1,203,312,931	660,867,873
Cash payments to employees and suppliers		(1,079,763,371)	(463,987,522)
Interest received		1,007,513	335,985
Taxes and fees paid		(58,165,488)	(8,195,616)
Payments for exploration and evaluation		(3,348,413)	-
Net cash from operating activities	18	<u>63,043,172</u>	<u>189,020,720</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(9,393,090)	(6,494,484)
Payments for construction in progress		(110,378,195)	(41,719,173)
Payments for deposit		-	(30,000,000)
Payments for acquisition of controlled entity	16	(235,000,000)	(527,600,000)
Advance payments for Oracle construction	16	(81,200,000)	-
Cash on acquisition of controlled entity	16	7,959,574	11,458,128
Advancement of loan monies	7	(2,000,000)	(3,500,000)
Net cash used in investing activities		<u>(430,011,711)</u>	<u>(597,855,529)</u>
Cash flows from financing activities			
Proceeds from issue of shares	14	106,000,000	-
Costs of issue	14	(2,486,308)	-
Dividend distributions	14	(72,724,697)	(75,088,707)
Proceeds from borrowings, net of borrowing costs	13	230,296,561	320,844,143
Repayment of borrowings	18(c)	(5,600,000)	(45,000,000)
Payment of interest charges	18(c)	(26,750,000)	(6,340,658)
Distributions to non-controlling interest		(28,131,293)	(29,123,599)
Contributions by non-controlling interest		172,550,000	32,000,000
Net cash from financing activities		<u>373,154,263</u>	<u>197,291,179</u>
Net increase in cash and cash equivalents		6,185,724	(211,543,630)
Effect of exchange rate adjustments on cash held		194,675	(2,039,734)
Cash and cash equivalents at the beginning of the year		<u>137,861,958</u>	<u>351,445,322</u>
Cash and cash equivalents at the end of the year		<u>144,242,357</u>	<u>137,861,958</u>
Non-cash financing and investing activities:			
The acquisition of an investment in an equity accounted investee disclosed in Note 11 included a non-cash transaction of \$106,000,000 which was funded through the issue of \$106,000,000 in shares.			
Non-cash investing activities			
Payment for acquisition of controlled entity	11	(106,000,000)	-
Total non-cash investing activities		<u>(106,000,000)</u>	<u>-</u>
Non-cash financing activities			
Proceeds from issue of shares	13	106,000,000	-
Total non-cash investing activities		<u>106,000,000</u>	<u>-</u>

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

NICKEL INDUSTRIES LIMITED
and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1 - REPORTING ENTITY

Nickel Industries Limited (the 'Company') is a company domiciled in Australia. The consolidated financial report for the year ended 31 December 2022 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity and is involved in nickel ore mining and nickel pig iron and nickel matte production operations.

NOTE 2 - BASIS OF PREPARATION

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the Group complies with International Financial Reporting Standards ('IFRS') and interpretations adopted by the International Accounting Standards Board ('IASB').

The financial report was authorised for issue by the Directors on 28 February 2023.

Basis of measurement

The consolidated 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 consolidated 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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 10 – Income tax expense and the recoverability of deferred tax assets.
- Note 16 – Impairment of goodwill.
- Note 16 – Controlled entities.

NICKEL INDUSTRIES LIMITED
and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interest

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree. Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Where a controlled entity issues shares to minority interests which does not result in loss of control by the Group, any gain or loss arising on the Group's interest in the controlled entity is recognised directly in equity.

NICKEL INDUSTRIES LIMITED
and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Investments in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Nickel ore and nickel pig iron and nickel matte sales revenue

Saprolite and limonite nickel ore and nickel pig iron sales revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over goods or a service to a customer.

Invoices for nickel ore sales are generated once a month upon receipt of assay results and are usually payable within 10 working days. Pro-forma invoices for exports of nickel pig iron are generated based on the loading inspection report and a final invoice is issued based on the nickel content delivered, following receipt of third party assay results. They are usually payable within 60 days. No discounts are provided for nickel ore and nickel pig iron products, but adjustments are made to the final sale price for items including final nickel grade, moisture content and nickel content.

Invoices for nickel matte sales are generated once a month, originally on a provisional basis based on until final assay results undertaken at the port of discharge have been received. When the final pricing is received, which happens approximately three months after the original invoice any adjustment is taken up in the month in which the amended final pricing is received.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to United States dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to United States dollars at foreign exchange rates ruling at the dates the fair value was determined.

The Group transacts in the following foreign currencies: Australian dollars (A\$ or AUD), Indonesian Rupee (IDR) and Singapore Dollars (SGD).

Financial statements of foreign operations

The assets and liabilities of foreign entities are translated to United States dollars at the foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to United States dollars at rates using a monthly average rate for the month in which the transaction occurred. Foreign exchange differences arising on retranslation are recognised directly in the foreign currency translation reserve ('FCTR'), a separate component of equity.

Foreign exchange gains and losses arising from a monetary item receivable or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in the FCTR.

NICKEL INDUSTRIES LIMITED
and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Foreign currency (Cont.)

Financial statements of foreign operations (Cont.)

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to United States dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to United States dollars using a monthly average rate for the month in which the transaction occurred. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

At 31 December 2022, the functional currency of all components in the Group is United States dollars. The FCTR represents the foreign exchange differences which arose on retranslation in prior years on subsidiaries which have not yet been disposed.

Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Construction in progress

The Group recognises plant construction in progress costs at cost in a construction in progress account. Once construction has been completed and the plant is in service, costs recognised as construction in progress will be transferred to the appropriate assets category within property, plant and equipment and depreciation charges will commence.

Depreciation and amortisation

Mining properties' amortisation rate is applied on a straight-line basis over the remaining term of the mining licence. The amortisation is included in the costs of conversion of inventories.

Depreciation is charged to the income statement using a reducing balance method from the date of acquisition using the following rates:

- Furniture and fittings and plant and machinery are depreciated at 25%.
- Buildings and infrastructure are depreciated at 5%.
- Mine infrastructure assets are depreciated at 5%.
- Office equipment is depreciated at rates of between 25% and 40%.
- Plant and machinery are depreciated at rates if between 6.25% and 12.5%.
- Motor vehicles are depreciated at 25%.

NICKEL INDUSTRIES LIMITED
and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Impairment

Financial assets

The Group recognises expected credit losses ('ECLs'), where material, on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are measured at an amount equal to lifetime ECLs. At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through profit or loss are credit impaired.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Non-financial assets

The carrying amounts of the Group's assets, other than deferred tax assets and inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill, being an indefinite life intangible asset, is subject to annual impairment testing, in which the goodwill is allocated to a cash generating unit ('CGU') for impairment testing and the value-in-use is compared to the carrying value of assets and liabilities in that CGU.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

NICKEL INDUSTRIES LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Impairment (Cont.)

Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment charges against the carrying value of goodwill cannot be reversed.

Share capital

Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the foreign currency gain or loss on financial assets and financial liabilities; and
- the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination.

Interest income or interest expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and interest expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

NICKEL INDUSTRIES LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Income tax

Income tax on the income statement for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

- The initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Goods and services tax and Value Added Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST') or value added tax ('VAT'), except where the amount of GST or VAT incurred is not recoverable from the taxation authority. In these circumstances, the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST or VAT included. The net amount of GST or VAT recoverable from, or payable to taxation authorities is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST or VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to taxation authorities are classified as operating cash flows.

Employee benefits

Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

NICKEL INDUSTRIES LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on average costs over the relevant period of production, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. It has been assessed that no such obligations exist presently in relation to the Company's RKEF operations which are undertaken within the confines of the IMIP and IWIP.

Site restoration

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of disturbed land, and the related expense, is recognised when the land is disturbed. Site restoration and rehabilitation at the Company's Hengjaya Mine is conducted on a continual basis and as mining operations move from one area of operation to the next. Additionally, under the Company's forestry licence obligations pursuant to the Company being granted access to new areas, the Company is then obliged to plant equivalent acreage of new forest in an area designated by the local Indonesian authorities (DAS/Watershed management).

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes by referencing the acquisition cost of assets and liabilities on the date of acquisition and if available the findings of Independent Expert's Reports who prepared a valuation on a recent comparable transaction basis. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Exploration, evaluation and development expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised at cost or fair value, as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the statement of comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest;
or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

NICKEL INDUSTRIES LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Exploration, evaluation and development expenditure (Cont.)

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within property, plant and equipment.

Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- fair value through other comprehensive income ('FVOCI') – equity investment; or
- fair value through profit or loss ('FVTPL').

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as fair value through profit or loss if:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Financial instruments (Cont.)

Non-derivative financial assets (Cont.)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value through other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Changes in significant accounting policies

All new standards and interpretations effective for periods after 1 January 2022 have been adopted by the Group in the preparation of these financial statements and have not had any material effect on the financial statements presented.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are able to be early adopted for annual periods beginning after 1 January 2023 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	31 December 2022	31 December 2021
	\$	\$
NOTE 4 - OTHER EXPENSES		
Audit fees – KPMG audit of financial reports	405,711	340,401
Travel	411,884	11,400
Legal fees	684,774	325,039
Withholding tax expense	18,228,093	11,554,670
Other	2,980,149	1,024,235
	<u>22,710,611</u>	<u>13,255,745</u>

NOTE 5 - FINANCIAL INCOME AND FINANCE EXPENSE

Interest income	1,007,513	335,985
Interest expense*	(33,767,809)	(13,044,911)
Net change in fair value of investment in associate	(404,812)	2,450,482
Foreign exchange gain/(loss)	(8,671,422)	(2,718,379)
	<u>(41,836,530)</u>	<u>(12,976,823)</u>

* Includes bond issue costs of \$4,120,535 which are being expensed under the effective interest rate method. Refer to Note 13 for further details.

NOTE 6 - TRADE AND OTHER RECEIVABLES

Sales taxes receivable	65,281,833	48,017,752
Trade receivables	170,335,881	77,076,361
	<u>235,617,714</u>	<u>125,094,113</u>

NOTE 7 - OTHER ASSETS

Current

Prepayments^	47,440,071	15,208,226
Interest receivable*	353,458	-
	<u>47,793,529</u>	<u>15,208,226</u>

^ Includes \$39.8M of prepaid value added taxes (VAT) at the Oracle Nickel project.

Non-current

Prepayments	8,466,970	8,466,969
Loan*	5,500,000	3,500,000
Other	1,196,017	1,226,428
	<u>15,162,987</u>	<u>13,193,397</u>

* In August 2021 the Company executed a facility agreement with PT Sinar Inti Pembangunan ('PT SIP') under which the Company advanced to PT SIP \$3.5M to assist in funding the development and eventual acquisition of the Pt. Adadi Nickel Nusantara ('ANN') and Pt. Sulawesi Nickel Abadi ('SNA') nickel projects. Interest is calculated at a rate of 8.5% p.a., with interest payable every thirty days following a six month interest free period commencing on 9 August 2021. The loan is secured and management assessed that no provision for impairment is required. In July 2022 the Company advanced to PT SIP an additional \$2.0M to further advance the development of the ANN and SNA projects. Interest is calculated at a rate of 10.0% p.a., with interest payable every thirty days following a six month interest free period commencing on 7 July 2022.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	31 December 2022 \$	31 December 2021 \$
NOTE 8 - INVENTORY		
Inventory – Hengjaya mine nickel ore stockpiles	12,455,365	3,858,039
Inventory – nickel pig iron production raw materials	113,665,821	103,139,114
Inventory – nickel matte production raw materials	38,677,924	-
Inventory – nickel pig iron	30,803,925	-
Inventory – nickel matte	9,242,264	-
	<u>204,845,299</u>	<u>106,997,153</u>

During the year ended 31 December 2022, the Company's 80% subsidiary PT Hengjaya Mineralindo supplied nickel saprolite ore to the Company's subsidiaries PT Hengjaya Nickel Industry and PT Ranger Nickel Industry under monthly contracts to supply a minimum of between 50,000 to 70,000 wmt per month to each entity for the year ended 31 December 2022. In April 2022 PT Hengjaya Mineralindo also re-commenced the supply of limonite ore to the Huayue Nickel Cobalt project within the IMIP.

Nickel pig iron production raw materials includes nickel ore acquired by PT Hengjaya 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 measured at the lower of cost and net realisable value.

NOTE 9 - PROFIT PER SHARE

Basic and diluted profit per share have been calculated using:

Net profit for the year attributable to equity holders of the Company	<u>158,978,977</u>	<u>137,938,917</u>
	N° of shares	N° of Shares
Weighted average number of ordinary shares (basic and diluted)		
Issued ordinary shares at the beginning of the year	2,515,029,051	2,515,029,051
- Effect of shares issued on 15 February 2022	94,792,086	-
- Effect of shares issued on 4 May 2022	<u>71,686,515</u>	<u>-</u>
Weighted average number of shares at the end of the year	<u>2,681,507,652</u>	<u>2,515,029,051</u>

NICKEL INDUSTRIES LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	31 December 2022 \$	31 December 2021 \$
NOTE 10 - INCOME TAX EXPENSE		
Profit before tax – continuing operations	217,045,933	181,039,535
Prima facie income tax expense/(benefit) at the Australian tax rate of 30% (31 December 2021: 30%)	65,113,780	54,311,860
Increase in income tax expense/(benefit) due to:		
- Effect of tax rates in foreign jurisdictions*	(60,700,136)	(53,513,320)
- Effect of change in tax rates in foreign jurisdictions	(6,648,588)	-
- Non-deductible/non-assessable income	11,679,113	5,652,778
- Effect of deferred tax assets for tax losses not brought to account	(258,481)	(85,545)
- Effect of net deferred tax assets not brought to account	(1,314,511)	(1,781,330)
- Effect of foreign currency conversion	(192,854)	478,106
Income tax expense – current and deferred	<u>7,678,323</u>	<u>5,062,549</u>

* The current Indonesian company tax rate is 22% but each of the Company's four RKEF projects currently operate under a holiday from Indonesian Company income tax.

Deferred tax liabilities have been recognised in respect of the following items:

Opening balance	77,982,164	55,404,895
Net deductible temporary differences – property, plant and equipment*	24,766,240	22,577,269
Net deductible temporary differences – change as a result of change in effective Indonesian income tax rate	(6,648,588)	-
	<u>96,099,816</u>	<u>77,982,164</u>

* See Note 16 for further details.

Deferred tax assets have not been recognised in respect of the following items:

Net deductible temporary differences	2,483,529	2,213,208
Tax losses	3,956,401	1,431,016
	<u>6,439,930</u>	<u>3,644,224</u>

The deductible temporary differences and tax losses do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits of the deferred tax asset. The Company does not have any franking credits.

Current tax payable:

Income taxes payable	15,345,721	4,080,929
<i>Indirect taxes payable</i>		
Value added taxes payable	2,627,201	2,911,108
Withholding taxes payable	2,057,747	588,046
Other taxes payable	1,213,967	67,605
	<u>21,244,636</u>	<u>7,647,688</u>

NICKEL INDUSTRIES LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	31 December 2022	31 December 2021 - restated#
	\$	\$
NOTE 11 - PROPERTY, PLANT AND EQUIPMENT		
Furniture and fittings		
Furniture and fittings – cost	598,794	316,255
Accumulated depreciation	(322,372)	(167,696)
Net book value	276,422	148,559
Mine infrastructure assets		
Mine infrastructure assets – cost	7,554,900	10,033,705
Accumulated depreciation	(1,900,478)	(1,608,529)
Net book value	5,654,422	8,425,176
Buildings and land		
Buildings – cost	209,661,399	66,247,888
Accumulated depreciation	(16,750,444)	(8,798,255)
Net book value	192,910,955	57,449,633
Mining properties		
Mining properties – cost	32,027,200	31,342,848
Accumulated amortisation	(7,790,425)	(5,926,464)
Net book value	24,236,775	25,416,384
Office equipment		
Office equipment – cost	1,922,007	1,455,486
Accumulated depreciation	(1,131,359)	(774,991)
Net book value	790,648	680,495
Plant and machinery		
Plant and machinery – cost	1,123,005,501	560,218,885
Accumulated depreciation	(137,915,287)	(81,649,914)
Net book value	985,090,214	478,568,971
Motor vehicles		
Motor vehicles – cost	1,018,406	768,694
Accumulated depreciation	(625,403)	(433,667)
Net book value	393,003	335,027
Construction in progress		
Construction in progress	712,756,965	693,257,566
Accumulated depreciation	-	-
Net book value	712,756,965	693,257,566
Total property, plant and equipment	1,922,109,404	1,264,281,811

Restated following adjustment to provisional accounting for acquisition of a controlled entity. See Note 16 for further details.

NICKEL INDUSTRIES LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Cont.)

Impairment

The Directors have completed impairment assessments over the carrying value of the Group's property, plant and equipment assets at 31 December 2022, and concluded that no impairment charged is warranted.

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below.

	31 December 2022 \$	31 December 2021 - restated# \$
Furniture and fittings		
Carrying amount at beginning of year	148,559	213,314
Additions	282,539	3,111
Depreciation	(154,676)	(67,866)
Net book value	<u>276,422</u>	<u>148,559</u>
Mine infrastructure assets		
Carrying amount at beginning of year	8,425,176	5,950,519
Additions	2,166,327	2,726,918
Transfer	(4,645,131)	-
Depreciation	(291,950)	(252,261)
Net book value	<u>5,654,422</u>	<u>8,425,176</u>
Buildings and land		
Carrying amount at beginning of year	57,449,633	60,394,671
Additions	143,413,512	404,053
Depreciation	(7,952,190)	(3,349,091)
Net book value	<u>192,910,955</u>	<u>57,449,633</u>
Mining properties		
Carrying amount at beginning of year	25,416,384	27,278,951
Additions	703,266	43,648
Disposal	(18,916)	(25,511)
Amortisation	(1,863,959)	(1,880,704)
Net book value	<u>24,236,775</u>	<u>25,416,384</u>
Office equipment		
Carrying amount at beginning of year	680,495	626,333
Additions	466,520	310,191
Depreciation	(356,367)	(256,029)
Net book value	<u>790,648</u>	<u>680,495</u>
Plant and machinery		
Carrying amount at beginning of year	478,568,971	505,928,409
Additions	562,786,616	2,669,977
Depreciation	(56,265,373)	(30,029,415)
Net book value	<u>985,090,214</u>	<u>478,568,971</u>

NICKEL INDUSTRIES LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Cont.)

	31 December 2022 \$	31 December 2021 - restated# \$
Motor vehicles		
Carrying amount at beginning of year	335,027	371,398
Additions	249,711	105,559
Depreciation	(191,735)	(141,930)
Net book value	<u>393,003</u>	<u>335,027</u>
Construction in progress		
Carrying amount at beginning of year	693,257,566	-
Additions	83,871,205	36,571,799
Additions arising from business combination*	515,164,044	688,685,767
Transfers^	(579,535,850)	(32,000,000)
Net book value	<u>712,756,965</u>	<u>693,257,566</u>
 Total property, plant and equipment	 <u>1,922,109,404</u>	 <u>1,264,281,811</u>

* Additions arising from business combinations in 2022 relate to the acquisition of Oracle Development Private Limited on 27 September 2022 (see Note 16 for further details) and additions arising from business combinations in 2021 relate to the acquisition of Angel Capital Private Limited on 1 October 2021.

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

Restated following adjustment to provisional accounting for acquisition of a controlled entity. See Note 16 for further details.

NOTE 12 - TRADE AND OTHER PAYABLES

Current

Creditors	170,068,973	49,759,427
Accruals	6,052,742	5,125,121
Other	1,063,449	853,541
	<u>177,185,164</u>	<u>55,738,089</u>

NOTE 13 - BORROWINGS

Current

Interest on Senior Unsecured Notes	5,281,250	5,281,250
Interest on Senior Secured Notes	2,491,438	-
Working capital loan	-	4,000,000
Interest on working capital loan	-	3,014
	<u>7,772,688</u>	<u>9,284,264</u>

Non-current

Senior Unsecured Notes	321,283,009	318,322,283
Senior Secured Notes	216,456,370	-
Working capital loan	13,400,000	-
Interest on working capital loan	376,051	-
	<u>551,515,430</u>	<u>318,322,283</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 13 - BORROWINGS (Cont.)

Senior Unsecured Notes

In March 2021, as part of the financing package to facilitate the Company's acquisition of an 80% interest Angel Nickel project the Company made an inaugural issue of \$175,000,000 senior unsecured notes ('Senior Unsecured Notes'). This was followed in September 2021 of a \$150,000,000 'tap' of the notes, forming a \$325,000,000 single series of notes. Key terms of the Senior Unsecured Notes are as follows:

- Issue size of \$325,000,000.
- Coupon interest rate of 6.5% per annum.
- Interest is payable on a semi-annual basis in arrears.
- Principal to be repaid at Final Maturity Date of 1 April 2024.
- Total transaction costs for both the inaugural issue and the 'tap' issue totalled \$8,155,857.

Senior Secured Notes

In August 2022, to facilitate the Company's acquisition of a 70% interest Oracle Nickel project the Company completed the issuance of \$225,000,000 senior secured notes ('Senior Secured Notes'). Key terms of the Senior Secured Notes are as follows:

- Issue size of \$225,000,000.
- Coupon interest rate of 10.0% per annum.
- Interest is payable on a quarterly basis in arrears.
- Principal to be repaid at Final Maturity Date of 23 August 2025.
- Total transaction costs totalled \$9,703,439.

Angel Nickel working capital loans

Commencing in December 2021 the indirect shareholders of Angel Nickel, Nickel Industries and Decent Resource Limited ('Decent Resource') an associate of Shanghai Decent, provided working capital loans to Angel Nickel totalling \$80 million (\$20 million prior to 31 December 2021) to fund operations through the ramp-up commissioning phase of operations. These loans are proportionate to the shareholders interest in Angel Nickel; i.e. Nickel Industries provided 80% of the total amount, \$64 million (\$16 million in 2021) and Decent Resource provided 20%, \$16 million (\$4 million in 2021). Interest is charged at a rate of 2.5% per annum. Total interest payable by Angel Nickel on the working capital loans is \$1,768,451, with \$1,411,763 payable to the Company eliminating on consolidation and \$356,688 payable to Decent Resource. In December 2022 Angel Nickel commenced repayment of the working capital loans, with \$22.4 million paid to the Company and \$5.6 million to Decent Resource. The term of the loan was extended from 1 to 3 years during the year.

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 \$10 million to fund operations through the ramp-up commissioning phase of operations. These loans are proportionate to the shareholders interest in Oracle Nickel; i.e. Nickel Industries provided 70% of the total amount, \$7 million and Decent Resource provided 30%, \$3 million. Interest is charged at a rate of 2.5% per annum. Total interest payable by Oracle Nickel on the working capital loans is \$62,599, with \$43,236 payable to the Company eliminating on consolidation and \$19,363 payable to Decent Resource. The term of the loan is 3 years.

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NOTE 13 - BORROWINGS (Cont.)

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

	Currency	Nominal interest rate	Year of maturity	Carrying Value 31 December 2022 \$	Face Value 31 December 2022 \$	Carrying Value 31 December 2021 \$	Face Value 31 December 2021 \$
Senior Unsecured Notes	US\$	6.5%	2024	326,564,259	325,000,000	323,603,533	325,000,000
Senior Secured Notes	US\$	10.0%	2025	218,947,808	225,000,000	-	-
Angel working capital loan	US\$	2.5%	2024	10,756,688	10,400,000	4,003,014	4,000,000
Oracle working capital loan	US\$	2.5%	2025	3,019,363	3,000,000	-	-
Total interest bearing liabilities				559,288,118	563,400,000	327,606,547	329,000,000

NOTE 14 - ISSUED CAPITAL AND RESERVES

	Number of shares	\$
Ordinary shares on issue at 31 December 2020 - fully paid	2,515,029,051	732,929,135
Issue of shares	216,244,446	212,000,000
Costs of issue	-	(2,486,308)
Ordinary shares on issue at 31 December 2022 - fully paid	2,731,273,497	942,442,827

Year ended 31 December 2022

In February 2022, through a placement to institutional investors the Company issued 108,122,223 shares for cash totalling A\$148,127,446 (equivalent to \$106,000,000). There were no amounts unpaid on the shares issued and the share issue costs amounts to \$2,418,820.

In May 2022, following shareholder approval, the Company issued 108,122,223 shares to the nominee of Shanghai Decent, Decent Resource, as a share-based payment for a further 20% interest in the Oracle Nickel project. This payment was the equivalent of cash with a fair value of A\$148,127,446 (equivalent to \$106,000,000). There were no amounts unpaid on the shares issued and the share issue costs amounts to \$67,488.

Options

There were no options granted, exercised or lapsed unexercised during the years ended 31 December 2022 or 31 December 2021.

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NOTE 14 - ISSUED CAPITAL AND RESERVES (Cont.)

Dividends

The company paid an interim unfranked dividend of A\$0.02 per share during the year and a final unfranked dividend for 2021 of A\$0.02 during the year ended 31 December 2022 amounting to \$72,724,697. Total dividends of A\$0.04 was paid or declared during the year ended 31 December 2022.

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.

Reserves

	31 December 2022	31 December 2021 - restated*
	\$	\$
Opening balance	19,139,295	19,204,534
Remeasurement of defined benefit obligation	5,670	(65,239)
	<u>19,144,965</u>	<u>19,139,295</u>

* Restated following adjustment to provisional accounting for acquisition of a controlled entity. See Note 16 for further details.

NOTE 15 - EQUITY-ACCOUNTED INVESTEEES

	31 December 2022	31 December 2021
	\$	\$
Opening balance	-	-
Acquisition of a 30% interest in Angel Nickel	-	210,000,000
Acquisition of an additional 20% interest in Angel Nickel	-	137,600,000
Share of loss of Angel Nickel	-	(50,482)
Acquisition of an additional 30% interest in Angel Nickel	-	210,000,000
Fair value movement in the carrying value of investment in Angel Nickel	-	2,450,482
Consideration for business combination of Angel Nickel	-	(560,000,000)
Acquisition of a 10% interest in Oracle Nickel	53,000,000	-
Acquisition of an additional 20% interest in Oracle Nickel	106,000,000	-
Share of profit of Oracle Nickel	404,812	-
Acquisition of an additional 40% interest in Oracle Nickel	212,000,000	-
Fair value movement in the carrying value of investment in Oracle Nickel	(404,812)	-
Consideration for business combination of Oracle Nickel	(371,000,000)	-
	<u>-</u>	<u>-</u>

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NOTE 15 - ~~ACCOUNTED~~ INVESTEEES (Cont.)

The Company acquired an initial 10% interest of the Oracle Nickel project in February 2022 for \$53 million, inclusive of a \$30 million deposit having been paid prior to 31 December 2021. The interest was acquired through the acquisition of the issued share capital of Oracle Development Private Limited ('Oracle Development'), a Singaporean holding company which holds 100% of the shares (directly and indirectly) of PT Oracle Nickel Industry ('Oracle Nickel'), which is an Indonesian PMA company which will own and operate the Oracle Nickel RKEF project once completed. An additional 20% interest in Oracle Nickel was acquired in May 2022 following the issuance of 108,122,223 shares in the Company at A\$1.37 to Decent Resource Limited, an associate of Shanghai Decent. On 30 September 2022, the Company acquired an additional 40% interest in Oracle Development at the cost of an additional \$212 million, taking its total interest to 70% and equity accounting of the investment in Oracle Development was ceased at 27 September 2022.

The Company's equity accounting share of the Oracle Development profit for the period 4 May 2022 to 27 September 2022 was \$404,812, primarily from foreign exchange gains.

NOTE 16 - CONTROLLED ENTITIES

Acquisition of controlled entities

Angel Nickel

At 31 December 2021 the Company reported on a provisional basis the business combination acquisition of the Angel Nickel project. The acquisition and control of Angel Capital had the following effect on the Group's assets and liabilities on acquisition date:

Fair value of net assets of entity acquired:	Pre-acquisition carrying amounts	Fair value adjustments	Advancement payment	Recognised values on acquisition
Cash and cash equivalents	11,458,128	-	-	11,458,128
Other current assets	5,756,942	-	-	5,756,942
Property, plant and equipment	275,839,802	228,053,219	184,792,746	688,685,767
Trade and other payables	(5,900,837)	-	-	(5,900,837)
Goodwill	-	22,577,269	-	22,577,269
Deferred income tax liability	-	(22,577,269)	-	(22,577,269)
Net assets and liabilities	287,154,035	228,053,219	184,792,746	700,000,000
Consideration transferred:				
Fair value of equity accounted investment	560,000,000			
Non-controlling interest	140,000,000			
	<u>700,000,000</u>			
Consideration paid	(557,600,000)			
Cash acquired	11,458,128			
Net cash outflow	<u>(546,141,872)</u>			

The business combination was recorded on a provisional basis as at 31 December 2021 as the measurement period had not yet concluded. During the year the Company reviewed the business combination accounting for the Angel Nickel project and determined that an adjustment against prepaid construction costs totalling \$32 million was required, resulting in a change of the fair value of property, plant and equipment. This adjustment did not have a tax effected impact, meaning that no adjustment to the deferred tax liability or goodwill was required. The adjustment against the prepaid construction costs has impacted the total consideration with 80% of this amount representing the Company's interest in the Angel Nickel project and the balance being attributable to non-controlling interests. The effect of this restatement is shown below.

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NOTE 16 - CONTROLLED ENTITIES (Cont.)	31 December 2021 - restated \$	31 December 2021 - original \$	Effect of change \$
US\$			
Current assets			
Total current assets	385,161,450	385,161,450	-
Non-current assets			
Other non-current assets	13,193,397	13,193,397	-
Property, plant and equipment	1,264,281,811	1,296,281,811	(32,000,000)
Deposit	30,000,000	30,000,000	-
Goodwill	77,982,164	77,982,164	-
Total non-current assets	1,385,457,372	1,417,457,372	(32,000,000)
Total assets	1,770,618,822	1,802,618,822	(32,000,000)
Current liabilities			
Total current liabilities	73,829,225	73,829,225	-
Non-current liabilities			
Total non-current liabilities	398,877,558	398,877,558	-
Total liabilities	472,706,783	472,706,783	-
Net assets	1,297,912,039	1,329,912,039	(32,000,000)
Equity			
Share capital	732,929,135	732,929,135	-
Reserves	19,139,295	44,739,295	(25,600,000)
Retained profits	250,777,309	250,777,309	-
Total equity attributable to equity holders of the Company	1,002,845,739	1,028,445,739	(25,600,000)
Non-controlling interest	295,066,300	295,066,300	(6,400,000)
Total equity	1,297,912,039	1,329,912,039	(32,000,000)

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NOTE 16 - CONTROLLED ENTITIES (Cont.)

Oracle Nickel

In December 2021 the Company signed a Definitive Agreement to acquire a 70% interest in the issued share capital of Oracle Development Private Limited ('Oracle Development'), a Singaporean holding company which holds 100% of the shares (directly and indirectly) of PT Oracle Nickel Industry ('Oracle Nickel'), which is an Indonesian PMA company which will own and operate the Oracle Nickel RKEF project once completed. The consideration to acquire the 70% interest was \$371 million (\$530 million x 70%). At the same time the Company committed to provide 70% of the \$220 million funding required for Oracle Nickel to build a 380MW power plant.

On 27 September 2022, the Company acquired for \$212 million a further 40% interest in Oracle Development. This took the Company's interest in Oracle Development to 70%, following the acquisition of an initial 30% interest of the Oracle Development project in February 2022 for \$53 million (inclusive of a \$30 million deposit having been paid prior to 31 December 2021) and the acquisition of a further 20% in May 2022 following the issuance of 108,122,223 shares in the Company at A\$1.37 to Decent Resource Limited, an associate of Shanghai Decent.

On moving to a 70% interest nominees of Nickel Industries constituted the majority of the Board of Oracle Development and it was then deemed that Nickel Industries controlled Oracle Development and equity accounting of the investment in Oracle Development was ceased at 27 September 2022.

The acquisition and control of Oracle Development had the following effect on the Group's assets and liabilities on acquisition date, determined on a provisional basis. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised:

Fair value of net assets of entity acquired:	Pre-acquisition carrying amounts	Fair value adjustments	Advancement payment*	Recognised values on acquisition
Cash and cash equivalents	7,959,574	-	-	7,959,574
Other current assets	15,163,020	-	-	15,163,020
Property, plant and equipment*	216,487,755	250,164,043	48,512,245	515,164,044
Trade and other payables	(8,286,638)	-	-	(8,286,638)
Goodwill	-	24,766,240	-	24,766,240
Deferred income tax liability	-	(24,766,240)	-	(24,766,240)
Net assets and liabilities	229,223,711	250,164,043	48,512,245	530,000,000
Consideration transferred:				
Fair value of equity accounted investment	371,000,000			
Non-controlling interest	159,000,000			
	<u>530,000,000</u>			
Consideration paid	(371,000,000)^			
Cash acquired	<u>7,959,574</u>			
Net cash outflow	<u>(363,040,426)</u>			

^ \$106 million was paid in shares as a share based payment through the issuance in May 2022 of 108,122,223 shares in the Company at A\$1.37 per share to a nominee of Shanghai Decent.

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NOTE 16 - CONTROLLED ENTITIES (Cont.)

* Property, plant and equipment consists of construction in progress costs. The total estimated cost of construction of the Oracle RKEF lines is \$265.0 million, of which \$48.5 million are advanced payments of construction costs. The Company has no additional acquisition costs for the Oracle Nickel project, with all RKEF construction costs to be funded by Shanghai Decent. The Company and Decent are jointly providing funding for the construction of the Oracle power plant, whose estimated construction cost is \$220 million, of which the Company will be required to provide 70% of i.e. \$154 million. At 31 December 2022 the Company had provided \$92.4 million of power plant construction funding, and Decent had provided \$39.6 million. \$81.2 million of power plant construction funding was provided by the Company to Oracle Nickel prior to and \$11.2 million was subsequent to Oracle Nickel becoming part of the consolidated Group on 30 September 2022. At 31 December 2022 the Company has a commitment under the Oracle Nickel acquisition agreement to provide an additional \$61.6 million of funding towards the construction of the Oracle nickel power plant by 31 March 2023, with Decent committed to provide an additional \$26.4 million.

The values of assets and liabilities recognised on acquisition are their estimated fair values. The fair value of the assets was determined on acquisition date by reference to a valuation of \$530 million, being the underlying valuation when determining the cost of any additional increase in the Company's interest in Oracle Development. The \$530 million relates to the valuation of the RKEF plants and ancillary facilities. The cost to construct the Oracle Nickel power plant is estimated to be \$220M and is being jointly funded by the Oracle Nickel shareholders in proportion to their indirect equity interest. i.e. 70% the Company and 30% Shanghai Decent.

Particulars in relation to controlled entities:

	Ordinary shares – Group interest 31 December 2022 %	Ordinary shares – Group interest 31 December 2021 %
<i>Parent entity</i>		
Nickel Industries Limited		
<i>Controlled entities</i>		
PT Hengjaya Mineralindo (incorporated in Indonesia)	80	80
Hengjaya Holdings Private Limited (incorporated in Singapore)	80	80
Hengjaya Nickel Private Limited (incorporated in Singapore)	80	80
PT Hengjaya Nickel Industry (incorporated in Indonesia)	80	80
Ranger Investment Private Limited (incorporated in Singapore)	80	80
Ranger Nickel Private Limited (incorporated in Singapore)	80	80
PT Ranger Nickel Industry (incorporated in Indonesia)	80	80
Angel Capital Private Limited (incorporated in Singapore)	80	80
Angel Nickel Private Limited (incorporated in Singapore)	80	80
PT Angel Nickel Industry (incorporated in Indonesia)	80	80
Oracle Development Private Limited (incorporated in Singapore)	70	-
Oracle Nickel Private Limited (incorporated in Singapore)	70	-
PT Oracle Nickel Industry (incorporated in Indonesia)	70	-
Tablasufa Pty Ltd	100	100

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NOTE 16 - CONTROLLED ENTITIES (Cont.)

Non-controlling interests

The following table summarises the information relating to the Group's subsidiaries that have a material non-controlling interest, before any intra-group eliminations.

	Hengjaya Holdings Private Limited and its controlled entities		PT Hengjaya Mineralindo		Ranger Investment Private Limited and its controlled entities		Angel Capital Private Limited and its controlled entities		Oracle Development Limited and its controlled entities		Total	
	December 2022	December 2021	December 2022	December 2021	December 2022	December 2021	December 2022	December 2021	December 2022	Dec 2021	December 2022	December 2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
								- restated⁽³⁾				- restated⁽³⁾
Non-controlling interest percentage	20%	20%	20%	20%	20%	20%	20%	20%	30%	-		
Current assets	146,495,006	139,200,703	44,913,011	22,713,198	136,166,600	133,473,064	206,188,169	45,220,070	88,068,271	-	621,831,057	340,607,035
Non-current assets	289,447,634	304,731,662	43,514,128	40,746,944	274,143,688	289,824,050	685,680,815	734,082,122	740,912,839	-	2,033,699,104	1,351,149,546
Current liabilities	(15,503,705)	(19,861,957)	(22,681,044)	(15,439,746)	(16,458,729)	(19,317,060)	(99,483,745)	(44,316,944)	(143,274,298)	-	(297,401,521)	(98,935,706)
Non-current liabilities	(25,790,776)	(29,297,098)	(5,853,806)	(25,243,635)	(23,107,762)	(26,250,028)	(22,577,269)	-	(24,766,240)	-	(102,095,853)	(80,790,761)
Net assets	394,648,159	394,773,310	59,892,289	22,776,761	370,743,797	377,730,026	769,807,970	734,985,248	660,940,572	-	2,256,032,787	1,512,030,113
Carrying amount of non-controlling interest ⁽²⁾	78,123,854	78,493,824	11,379,795	4,043,856	71,834,809	73,694,072	155,503,403	138,834,548	199,092,552	-	515,934,413	295,066,300
Revenue ⁽¹⁾	358,966,074	317,814,143	133,776,804	82,981,198 ⁽¹⁾	357,564,103	327,004,157	505,778,817	-	-	-	1,356,085,798	727,799,497
Profit/(loss)	69,996,848	87,330,360	37,664,956	14,675,948	58,640,772	93,732,470	83,228,274	(640,579)	1,641,839	-	251,172,689	195,098,199
Other comprehensive income	-	-	7,088	(81,549)	-	-	-	-	-	-	7,088	(81,549)
Total comprehensive income	69,996,848	87,330,360	37,672,044	14,594,399	58,640,772	93,732,470	83,228,274	(640,579)	1,641,839	-	251,179,773	195,016,650
Profit/(loss) allocated to non-controlling interest ⁽²⁾	14,097,223	17,032,231	7,334,521	2,935,190	11,828,036	18,196,762	16,645,655	(126,114)	492,552	-	50,397,987	38,038,069
Other comprehensive loss allocated to non-controlling interest	-	-	1,418	(16,310)	-	-	-	-	-	-	1,418	(16,310)

⁽¹⁾ Includes saprolite nickel ore sales from the Company's controlled entity PT Hengjaya Mineralindo to the Company's controlled entities PT Hengjaya Nickel Industry and PT Ranger Nickel Industry.

⁽²⁾ After intra-group eliminations.

⁽³⁾ See Note 16 for further details.

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NOTE 16 - CONTROLLED ENTITIES (Cont.)

	31 December 2022	31 December 2021
Goodwill	\$	\$
Opening balance	77,982,164	55,404,895
Goodwill arising on acquisition of Angel Capital Private Limited	-	22,577,269
Goodwill arising on acquisition of Oracle Development Private Limited	24,766,240	-
	<u>102,748,404</u>	<u>77,982,164</u>

The increase in the goodwill balance has arisen on the business combinations for the Oracle Nickel project referred to above. The goodwill has been determined on a provisional basis.

The remaining goodwill balance amounting to \$77,982,164 pertains to the Hengjaya Nickel, Ranger Nickel and Angel Nickel RKEF Projects. 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 goodwill.

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 goodwill	Nickel production (tpa)	Nickel price (p/t)*	Cash costs (\$/t)*	Discount rate - real (%)	Model period (years)
Hengjaya Nickel	\$29,219,349	20,250	\$17,500	\$13,500	9.5	30
Ranger Nickel	\$26,185,545	20,250	\$17,500	\$13,500	9.5	30
Angel Capital	\$22,577,269	48,600	\$17,500	\$12,620	9.5	30
Oracle Development	\$24,766,240	42,300	\$17,500	\$12,620	10.5	30

* Price and costs are based on an average of an adopted range per tonne over respective periods. Forecasts are in real terms.

A reasonable possible change in the assumptions utilised in the underlying cash flows would not drive impairment.

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NOTE 17 - RELATED PARTIES

Key management personnel of the Group during the year ended 31 December 2022 are the following:

Robert Neale	Chairman (Non-Executive)	Norman Seckold	Deputy Chairman
Justin Werner	Managing Director	James Crombie	Director (Non-Executive)
Weifeng Huang	Director (Non-Executive)	Mark Lochtenberg	Director (Non-Executive)
Dasa Sutantio	Director (Non-Executive)	Yuanyuan Xu	Director (Non-Executive)
Chris Shepherd	Director and Chief Financial Officer		

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 31 December 2022. The total remuneration paid to key management personnel of the Group during the year is as follows:

Key Management Personnel compensation

	31 December 2022	31 December 2021
	\$	\$
Short term employee benefits	1,811,922	1,255,928
Termination benefits	-	224,098
Other benefits	29,007	-
	<u>1,840,929</u>	<u>1,480,026</u>

Key Management Personnel transactions

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 year. The aggregate value of transactions and outstanding balances (excluding the compensation noted above) 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. On 1 January 2019 MIS agreed to provide these services for a fee of A\$35,000 per month and this fee was increased to A\$37,000 per month in October 2021 and A\$38,000 per month from November 2021. Fees charged by MIS during the year amounted to A\$459,000 (31 December 2021: A\$590,500). As at 31 December 2022 \$38,000 (31 December 2021: A\$3,000) remained outstanding.

Transactions with Shanghai Decent and its associates

On 4 May 2022, following approval by the Company's shareholders, the Company completed a placement of 108,122,223 Shares to Shanghai Decent and its associates, which increased to a 21.15% equity interest in the Company and consequently now meets the definition of a related party for accounting purposes.

During the period 4 May 2022 to 31 December 2022 the Group sold NPI totalling \$852,887,371 to Shanghai Decent-related entities. \$216,798,943 of raw materials and services and fixed assets were purchased from Shanghai Decent-related entities. As at 31 December 2022 trade receivables of \$109,453,078 from Shanghai Decent-related entities remained outstanding and was included in the receivables balance, and trade payables of \$50,798,204 payable to Shanghai Decent-related entities remained outstanding and was included in the creditor's balance.

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NOTE 17 - RELATED PARTIES (Cont.)

Decent Resource, an associate of Shanghai Decent has, prior to Shanghai Decent becoming a Related Party of the Company, provided working capital loans to the Angel Nickel project totalling \$16,000,000 (\$4,000,000 in 2021 and \$12,000,000 in 2022). Interest is charged at a rate of 2.5% per annum. Total interest incurred by Angel Nickel on the working capital loan to Decent Resource in 2022 totalled \$353,635. In December 2022 \$5,600,000 of this working capital loan was repaid. At 31 December 2022 a working capital loan amount of \$10,400,000 and interest totalling \$356,688 remained outstanding and is included in the borrowings balance.

Commencing in October 2022 Decent Resource has also provided working capital loans to the Oracle Nickel project totalling \$3,000,000. Interest is charged at a rate of 2.5% per annum. Total interest incurred by Oracle Nickel on the working capital loan to Decent Resource in 2022 totalled \$19,363. At 31 December 2022 the working capital loan of \$3,000,000 and interest totalling \$19,363 remained outstanding and is included in the borrowings balance.

Over the course of the year the Company has acquired a 70% interest in the Oracle Nickel project from associates of Shanghai Decent. The acquisition took place in three stages:

- i) acquisition of a 10% interest in February 2022, following the payment of \$23,000,000 to Shanghai Decent, in addition to the \$30,000,000 of deposits already paid;
- ii) acquisition of an additional 20% interest in May 2022, following the completion of the Conditional Placement of 108,122,223 new ordinary shares at A\$1.37 per share (equivalent to \$106M) to Shanghai Decent's nominee Decent Resource Limited;
- iii) acquisition of an additional 40% interest in September 2022, following the payment of \$212,000,000 to Shanghai Decent.

In addition, the Company has made funding contributions of \$92,400,000 to the construction of the power plant during the year. \$81,200,000 of this construction funding was made prior to the Company moving to a 70 % interest in the Oracle Nickel project and hence consolidating Oracle Nickel, and also prior to Decent becoming a related party of the Company on 4 May 2022. \$11,200,000 were made subsequent to the consolidation of Oracle Nickel. This construction funding is paid to Oracle Development Pte Ltd ('ODPL'), the Singaporean entity in which the Company has acquired a 70% direct interest. ODPL then flows the funds to PT Oracle Nickel Industry, which is constructing the Oracle Nickel project.

During the period 4 May 2022 to 31 December 2022 dividend distributions from the Company's 80% owned subsidiaries Hengjaya Holdings Private Limited and Ranger Investment Private Limited to Shanghai Decent's associate Decent Investment International Private Limited, totalled \$12,818,160.

Shanghai Decent and its associates hold 20% equity interests in the Hengjaya Nickel, Ranger Nickel and Angel Nickel projects and a 30% equity interest in the Oracle Nickel project, which reflects the non-controlling interest in the Group amounting to \$504,554,617 as at 31 December 2022.

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, and has responsibility for the remaining construction at the Oracle Nickel project. The Company has to provide additional funding of \$61,600,000 towards construction of the Oracle Nickel power plant by 31 March 2023.

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.

NICKEL INDUSTRIES LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	31 December 2022	31 December 2021
	\$	\$

NOTE 18 - STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Bank balances	144,242,357	137,861,598

(b) Reconciliation of net loss from ordinary activities after tax to net cash used in operating activities

Profit from ordinary activities after tax	209,367,610	175,976,986

Non-cash items

Depreciation and amortisation	66,598,202	35,977,298
Foreign exchange loss/(gain)	8,671,422	2,718,379
Interest expense	29,241,438	13,044,911
Net change in fair value of investment in associate	404,812	(2,450,482)

Changes in assets and liabilities

Trade receivables and other assets	(142,482,144)	(14,391,304)
Inventory	(97,848,145)	(45,712,105)
Provisions	94,397	344,110
Trade and other payables	(11,004,420)	23,512,927

Net cash from operating activities	63,043,172	189,020,720

(c) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities	Equity	
	Loans and borrowings	Share capital	Total
	\$	\$	\$
Opening balance at 1 January 2022	327,603,532	732,929,135	1,060,532,667
<i>Changes from financing activities</i>			
Proceeds from issue of shares	-	212,000,000*	212,000,000
Costs of issue	-	(2,486,308)	(2,486,308)
Proceeds from issue of senior secured notes	225,000,000	-	225,000,000
Proceeds from borrowings	15,000,000	-	15,000,000
Costs of issue	(9,703,439)	-	(9,703,439)
Repayment of borrowings	(5,600,000)	-	(5,600,000)
Repayment of interest	(26,750,000)	-	(26,750,000)
Total changes from financing cash flows	197,946,561	209,513,692	407,460,253
<i>Other changes</i>			
Finance expenses	29,617,490	-	29,617,490
Costs of issue expensed – non cash	4,120,535	-	4,120,535
Total other changes	33,738,025	-	33,738,025
Closing balance at 31 December 2022	559,288,118	942,442,827	1,501,730,945

*\$106,000,000 was a non-cash investment in an equity accounted investee as disclosed in Note 15.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 19 - FINANCIAL INSTRUMENTS DISCLOSURE

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, currency risk and interest rate risk. The summaries below present information about the Group's exposure to each of these risks, their objectives, policies and processes for measuring and managing risk, the management of capital and financial instruments.

Measurement of fair values

Fair Value Hierarchy

The fair value of assets and liabilities being acquired in the business combinations detailed in Note 16 were determined by reference to the consideration paid in arm's length transactions in acquiring the business combination and are supported by independent expert valuations received prior to seeking shareholder approval for acquisition of the business combinations. The fair value measurement for the business combinations has been categorised as Level 3 fair value based on the valuation technique used.

Credit risk

Credit risk arises mainly from the risk of counterparties defaulting on the terms of their agreements. The carrying amounts of the following assets represent the Group's maximum exposure to credit risk in relation to financial assets:

		31 December	31 December
		2022	2021
	Note	\$	\$
Cash and cash equivalents	18	144,242,357	137,861,958
Trade and other receivables	6	235,617,714	125,094,113
Loan and interest receivable	7	5,853,458	3,500,000
		<u>385,713,529</u>	<u>266,456,071</u>

Cash and cash equivalents

The Group mitigates credit risk on cash and cash equivalents by dealing with regulated banks in Australia, China, Indonesia and Singapore.

Trade and other receivables

Credit risk of trade and other receivables is low as it consists predominantly of saprolite and limonite nickel ore and nickel pig iron and nickel matte sales. Saprolite ore sales are currently all either to the Company's 80% owned PT Hengjaya Nickel Industry or the Company's 80% owned PT Ranger Nickel Industry. NPI trade receivables in 2022 were all from sales to two customers, Shanghai Decent or PT Indonesia Stainless Steel, a stainless steel producer operating at the IMIP and a related party of the Group, through Shanghai Decent. Additional amounts are recoverable from Australian and Indonesian Taxation Authorities. None of the Group's material trade and other receivables are past due. Limonite ore sales are to Huayue Nickel Cobalt project located within the IMIP. At 31 December 2022 \$1,709,599 was outstanding. Nickel Matte sales are to Golden Harbour International Pte. Ltd., located in Singapore. At 31 December 2022 \$58,359,136 was outstanding.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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NOTE 19 - FINANCIAL INSTRUMENTS DISCLOSURE (Cont.)

Liquidity risk (Cont.)

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount \$	Contractual cash flows \$	Less than one year \$	Between one and five years \$	More than five years \$
Consolidated					
31 December 2022					
Trade and other payables (including tax)	198,429,800	198,429,800	198,429,800	-	-
Borrowings	559,288,118	658,090,304	43,625,000	614,465,304	-
	<u>757,717,918</u>	<u>856,520,104</u>	<u>242,054,800</u>	<u>614,465,304</u>	
31 December 2021					
Trade and other payables (including tax)	63,385,777	63,385,777	63,385,777	-	-
Borrowings	327,606,547	383,634,013	25,186,096	358,447,917	-
	<u>390,992,324</u>	<u>447,019,790</u>	<u>88,571,873</u>	<u>358,447,917</u>	

Ultimate responsibility for liquidity management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate funding where possible and monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of expected settlement of financial assets and liabilities.

Currency risk

The functional currency in 2022 was assessed as being United States dollars for all group entities. The Group is exposed to foreign currency risks due to the fact that the domestic ore sales of its subsidiaries PT Hengjaya Mineralindo, PT Hengjaya Nickel Industry and Ranger Nickel Industry are in Indonesian Rupiah (although the underlying sale price is denominated in US dollars), liabilities of the Group are denominated in both Indonesian Rupiah and Australian dollars and the issues of shares during the year were denominated in Australian dollars.

The Group's gross financial position exposure to foreign currency risk at 31 December is as follows:

	31 December 2022		31 December 2021	
	Foreign currency	USD	Foreign currency	USD
IDR				
Cash at bank	IDR646,527,777,428	\$41,098,962	IDR 246,669,671,023	\$17,310,152
Accounts receivable	IDR880,464,457,205	\$55,970,025	IDR 631,784,620,256	\$44,335,763
Other current assets	IDR2,338,019,497,637	\$148,624,976	IDR 749,426,825,993	\$52,591,356
Provisions and accrual	IDR159,516,969,271	\$10,140,294	IDR 52,059,372,471	\$3,653,289
Taxes payable	IDR244,760,923,332	\$15,559,146	IDR 85,150,325,803	\$5,975,461
Trade and other payables	IDR1,272,144,392,570	\$80,868,628	IDR 706,499,031,786	\$49,578,879
AUD				
Cash at bank	A\$343,150	\$233,822	A\$12,277,507	\$8,913,470
Receivables	A\$55,844	\$38,052	A\$86,073	\$62,489
Prepayment	A\$776,960	\$529,421	-	-
Trade and other payables	A\$226,846	\$154,573	A\$70,352	\$51,091
SGD				
Cash at bank	SGD\$634,100	\$473,102	SGD\$105	\$78

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 19 - FINANCIAL INSTRUMENTS DISCLOSURE (Cont.)

Currency risk (Cont.)

The following significant exchange rates applied during the year:

USD	Average rate		Reporting date spot rate	
	12 months to 31 December 2022	12 months to 31 December 2021	31 December 2022	31 December 2021
IDR	14,906	14,313	15,731	14,250
AUD	1.445	1.339	1.468	1.377
SGD	1.377	1.343	1.340	1.349

The following sensitivity analysis is based on the exchange rate risk exposures at balance date. At balance date, if the exchange rate between the United States dollar and the Indonesian Rupiah, the Australian dollar or the Singaporean dollar had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

Judgement of reasonable possible movements:

	Post tax loss (Higher)/Lower 31 December 2022 \$	Total equity (Higher)/Lower 31 December 2022 \$	Post tax loss (Higher)/Lower 31 December 2021 \$	Total equity (Higher)/Lower 31 December 2021 \$
+ 10% higher USD to IDR exchange rate	13,912,589	13,912,589	5,502,964	5,502,964
- 5% lower USD to IDR exchange rate	(6,956,295)	(6,956,295)	(2,751,482)	(2,751,482)
+ 10% higher USD to AUD exchange rate	64,672	64,672	892,488	892,488
- 5% lower USD to AUD exchange rate	(32,336)	(32,336)	(446,244)	(446,244)
+ 10% higher USD to SGD exchange rate	47,310	47,310	8	8
- 5% lower USD to SGD exchange rate	(23,655)	(23,655)	(4)	(4)

Interest rate risk

The Group's exposure to market interest rate relates to cash assets.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk:

		31 December 2022 \$	31 December 2021 \$
Financial assets			
Cash and cash equivalents	19	144,242,357	137,861,958
Financial liabilities			
Borrowings	13	-	-

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit for the period by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the comparative period.

	31 December 2022 \$	30 December 2021 \$
Profit for the year	1,410,522	2,221,536

NICKEL INDUSTRIES LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 19 - FINANCIAL INSTRUMENTS DISCLOSURE (Cont.)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board ensures, where possible, costs are not incurred in excess of available funds and will seek to raise additional funding through issues of shares for the continuation of the Group's operation. There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements.

NOTE 20 - PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ended 31 December 2022, the parent entity of the Group was Nickel Industries Limited.

	Parent Entity 31 December 2022 \$	Parent Entity 31 December 2021 \$
Result of the parent entity		
Net loss	(41,775,344)	(19,346,274)
Other comprehensive income	-	-
Total comprehensive loss	<u>(41,775,344)</u>	<u>(19,346,274)</u>
	31 December 2022 \$	31 December 2021 \$
Financial position of the parent entity at year end		
Current assets	36,077,591	56,012,772
Non-current assets	<u>1,258,870,240</u>	<u>921,698,458</u>
Total assets	<u>1,294,947,831</u>	<u>977,711,230</u>
Current liabilities	8,513,944	5,708,090
Non-current liabilities	<u>537,739,379</u>	<u>318,322,283</u>
Total liabilities	<u>546,253,323</u>	<u>324,030,373</u>
Net Assets	<u>748,694,508</u>	<u>653,680,857</u>
Equity		
Share capital	942,442,827	732,929,135
Retained profits*	<u>(193,748,319)</u>	<u>(79,248,278)</u>
Total Equity	<u>748,694,508</u>	<u>653,680,857</u>

* During 2022 the Company made dividend payment totaling \$72,724,697 (2021: \$75,088,707) which is included within retained profits for the 2022 financial year.

At balance date, the Company has no capital commitments or contingencies (31 December 2021: \$nil), other than as outlined in Note 25.

NICKEL INDUSTRIES LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 21 - 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 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 year ended 31 December 2022, the Group had two segments, being nickel ore mining in Indonesia and the RKEF projects in Indonesia and Singapore.

	Nickel ore mining \$	RKEF Projects^ \$	Unallocated \$	Total \$
31 December 2022				
External revenues	14,666,929*	1,202,374,891	-	1,217,041,820
Reportable segment profit/(loss) before tax	48,117,774	201,972,377	(33,044,218)	217,045,933
EBITDA [#]	53,859,346	298,692,648	(13,368,583)	339,183,411
Interest income	165,804	320,384	521,325	1,007,513
Interest expense	-	-	29,647,274	29,647,274
Depreciation and amortisation	3,598,279	62,996,831	3,092	66,598,202
Reportable segment assets	87,243,576	2,549,195,856	36,080,262	2,672,519,694
Reportable segment liabilities	25,522,097	286,199,835	546,253,323	857,975,255
31 December 2021				
External revenues	1,117,340*	644,818,299	-	645,935,639
Reportable segment profit/(loss) before tax	18,746,146	182,315,704	(20,022,315)	181,039,535
EBITDA [#]	21,995,650	224,892,496	(4,367,163)	242,520,983
Interest income	125,550	189,967	20,468	335,985
Interest expense	-	-	11,566,771	11,566,771
Depreciation and amortisation	3,301,584	32,674,077	1,637	35,977,298
Reportable segment assets	53,566,916	1,655,726,903	61,325,003	1,770,618,822
Reportable segment liabilities	17,870,628	130,805,784	324,030,371	472,706,783

* Revenue number for sales of limonite ore only. Sales of saprolite nickel ore are internal to the Group and so are eliminated on consolidation, whilst limonite ore sales are to a party external to the Group.

^ As disclosed in Note 16, the Group has four separate CGUs (RKEF plants). They are considered as an aggregate portfolio and therefore are included within the one segment here.

[#] EBITDA is defined as profit/(loss) for the period, plus depreciation and amortisation costs, plus net financial income/(costs), plus tax expenses.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 21 - SEGMENT INFORMATION (Cont.)

	31 December 2022 \$	31 December 2021 \$
Reconciliations of reportable segment revenues and profit or loss		
Profit or loss		
Total profit for reportable segments	250,090,151	201,061,850
Unallocated amounts:		
Net other corporate expenses	(33,044,218)	(20,022,315)
Consolidated profit before tax	<u>217,045,933</u>	<u>181,039,535</u>
Reconciliations of reportable assets and liabilities		
Assets		
Total assets for reportable segments	2,636,439,432	1,709,293,819
Unallocated corporate assets	36,080,262	61,325,003
Consolidated total assets	<u>2,672,519,694</u>	<u>1,770,618,822</u>
Liabilities		
Total liabilities for reportable segments	(311,721,932)	(148,676,412)
Unallocated corporate liabilities	(546,253,323)	(324,030,371)
Consolidated total liabilities	<u>(857,975,255)</u>	<u>(472,706,783)</u>

Geography of reportable segment assets

	Indonesia \$	Singapore \$	Total \$
31 December 2022			
Reportable segment assets	<u>2,630,881,643</u>	<u>5,557,788</u>	<u>2,636,439,431</u>
31 December 2021			
Reportable segment assets	<u>1,705,675,338</u>	<u>3,618,481</u>	<u>1,709,293,819</u>

Revenue

All sales during the year were to customers located in either China, Indonesia or Singapore. All NPI sales by Hengjaya Nickel and Ranger Nickel were in Indonesia, all NPI sales by Angel Nickel were exported to China and all nickel matte sales by Hengjaya Nickel were exported to Singapore. For the year ended 31 December 2022 the value of total NPI, to a customer based in China was \$485.8 million, to customers based in Indonesia was \$626.0 million and the total value of nickel matte sales to a customer based in Singapore was \$90.5 million. Limonite ore revenue totaling \$14.7 million was all to customers located in Indonesia.

Major customers

All sales of nickel pig iron during the year ended 31 December 2022 were either exported sales to Shanghai Decent in China, or sales within to PT Indonesia Stainless Steel, a stainless steel producer operating within the IMIP. All sales of nickel matte were to Golden Harbour, based in Singapore.

All sales of saprolite nickel ore during the year ended 31 December 2022, were to the Company's subsidiaries PT Hengjaya Nickel Industry and PT Ranger Nickel Industry, under a series of offtake agreements to supply between 70,000 to 100,000 wmt per month to each entity. In April 2022 PT Hengjaya Mineralindo also re-commenced the supply of limonite ore to HPAL projects operating within the IMIP. During the year limonite ore was delivered to both the Huayue Nickel Cobalt project and the QMB HPAL nickel project.

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NOTE 22 - REVENUE

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major production and timing of revenue recognition.

The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Nickel pig iron		Nickel matte		Saprolite ore		Limonite ore	
	31	31	31	31	31	31	31	31
	December	December	December	December	December	December	December	December
	2022	2021	2022	2021	2022*	2021*	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Major products	1,111,831,675	644,818,299	90,543,216	-	119,109,876	82,968,747	14,666,929	1,117,340
<i>Timing of revenue recognition</i>								
Products transferred at								
a point in time	1,111,831,675	644,818,299	90,543,216	-	119,109,876	82,968,747	14,666,929	1,117,340
Revenue from contracts								
with customers	1,111,831,675	644,818,299	90,543,216	-	119,109,876	82,968,747	14,666,929	1,117,340

* Sales of saprolite nickel ore are internal to the Group and so are eliminated on consolidation.

The extent to which an entity's revenue is disaggregated for the purposes of this disclosure depends on the facts and circumstances of the entity's contracts with customers.

NOTE 23 - AUDITOR REMUNERATION

During the year ended 31 December 2022 KPMG, the Company's auditor, has performed other services in addition to their statutory audit duties.

Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for audit and non-audit services provided during the year and prior period are set out below:

	31 December	31 December
	2022	2021
	\$	\$
<i>Auditors of the Company</i>		
Audit and review of financial reports – KPMG Australia	300,249	222,654
Audit and review of financial reports – KPMG Indonesia	105,462	117,747
Other assurance services – KPMG Australia	47,360	234,914
Advisory services – KPMG Australia	10,350	-
	<u>463,421</u>	<u>575,315</u>

NICKEL INDUSTRIES LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 24 – SUBSEQUENT EVENTS

On 18 January 2023, the Company signed an Electric Vehicle Battery Supply Chain Strategic Framework Agreement with Shanghai Decent, and entered into binding agreements with Shanghai Decent to acquire 10% interests in two producing nickel assets, that being an additional 10% interest in the Oracle Nickel project and a 10% interest in the HNC project. Additionally, the Company had acquired options to collaborate with Shanghai Decent on future battery nickel opportunities for \$40 million. To fund these transactions at the same time the Company announced a \$471 million capital raising, comprising a \$185 million (~A\$264 million) fully underwritten, institutional placement, a \$286.4 million conditional placement and \$20 million (~A\$29 million) non-underwritten share purchase plan.

On 24 January 2023 the Company issued 259,103,642 shares to complete the institutional placement component of the raising at A\$1.02 per share, raising A\$264.3 million (\$185.0 million), before costs.

Other than the matters outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any 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.

NOTE 25 – COMMITMENTS AND CONTINGENCIES

There are no contingent liabilities existing at 31 December 2022 (31 December 2021: \$nil).

Under the terms of Oracle Nickel Definitive Agreement Nickel Industries Limited committed to provide construction funding totalling \$154 million (70% of \$220 million) for construction of the Oracle Nickel power plant. At 31 December 2022 a further \$61.6 million is to be provided to the Company's 70% owned subsidiary Oracle Development Pte Ltd, who will in turn providing the funds to PT Oracle Nickel Industry who is constructing the power plant.

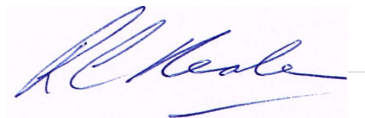
NICKEL INDUSTRIES LIMITED
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DIRECTORS' DECLARATION

1. In the opinion of the Directors of Nickel Industries Limited ('the Company'):
 - (a) the consolidated financial statements and notes set out on pages 41 to 80 and the Remuneration report on pages 35 to 39 in the Directors' report, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards, (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 31 December 2022.

Signed at Sydney this 28th day of February 2023

in accordance with a resolution of the Board of Directors:



Robert Neale
Chairman



Norman Seckold
Deputy Chairman



Independent Auditor's Report

To the shareholders of Nickel Industries Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Nickel Industries Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2022;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key Audit Matters

The **Key Audit Matters** we identified are:

- Consolidation of subsidiaries; and
- Oracle Nickel Project Business Combination.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Consolidation of Subsidiaries

Refer to Note 16 Controlled Entities

The key audit matter	How the matter was addressed in our audit
Nickel Industries Limited consolidates its investments in subsidiaries as outlined in Note 16 to the financial statements. The Group has operations in Indonesia, a corporate head office in Australia and other registered entities in Singapore. There are also non-controlling interests held in certain subsidiaries of the Group. Consolidation of subsidiaries is a key audit matter due to the complexity of the manual consolidation process, significant number of components in the Group, non-controlling interests held by the Group, diverse accounting systems used by the Group and the consolidation process susceptibility to error, the impacts of which are potentially significant.	Our procedures included: • We assessed the appropriateness of the Group's consolidation accounting policies against the requirements of the accounting standards and our understanding of the business and industry practice; • We obtained an understanding of the components in the Group, and their ownership structure, to scope components into our audit, based on size and level of risk; • We held discussions with management, and used our knowledge of the Group's operations to assess the consolidation process; • We tested manual consolidation journals to underlying documentation given the facts and circumstances of intra-company transactions entered into by the Group; • Obtained the Group's manual consolidation spreadsheet and tested: • the individual financial information for entities included in the consolidation for consistency with the reporting we received from component auditors; • elimination of intercompany balances and transactions; • sources for each journal and relevance for inclusion in the

	consolidation; and • recognition of non-controlling interests journals and compared against the percentage of non-controlling interests held by the Group.

Oracle Nickel Project Business Combination (\$371 million)	
Refer to Note 16 Controlled Entities	
The key audit matter	How the matter was addressed in our audit
The Group's investment in Oracle Development Private Limited ('Oracle Development'), a Singaporean holding company which holds 100% of the shares (directly and indirectly) of PT Oracle Nickel Industry ('Oracle Nickel'), was acquired during the financial year ended 31 December 2022. The Group equity accounted the investment during part of the year and was consolidated effective 27 September 2022. This was a key audit matter due to: • Size of the acquisition: the fair value of the Oracle Development Project was assessed as \$750 million at the date of acquisition, comprising \$530 million for the net assets of the business acquired and \$220 million for estimated construction costs to build a 380MW Power Plant (commitment to fund the construction of supplementary assets 380MW Power Plant); and • Complexity: The terms and conditions of the acquisition were complex due to the allocation of fair values between the business combination and commitment to fund the construction of supplementary assets. This allocation involves the existence of significant judgements by the Group due to the assets being at varying percentages of completion at acquisition date.	Our procedures included: • Reading the Collaboration Agreement to understand the key terms and conditions of the acquisition and the obligations and rights of each party to the contract; • Evaluating the acquisition accounting by the Group against the requirements of the accounting standards. Using our knowledge of the transaction, and working with our accounting specialists, this included; • Challenging the Group's assessment of the date of gaining control of Oracle Development based on the obligations and rights of each party; and • Assessing the implications of the commitment to fund the construction of supplementary assets (380MW Power Plant) and its impact on the allocation of consideration transferred and the identification of assets and liabilities acquired. • Understanding the Group's methodology for calculating the fair value of the transaction, including the consideration transferred and the associated purchase price allocation to identified assets and liabilities acquired, including the consideration of the existence of intangible assets. Using our knowledge of the transaction and working with our

We focused on these significant judgements made by the Group in the transaction: • The date of gaining control of Oracle Development due to the rights and obligations of each party under the Collaboration Agreement; • The accounting treatment for the acquisition including assessing the implications of the commitment to fund the construction of supplementary assets (380MW Power Plant); • The determination and allocation of the fair value of the consideration transferred, including non-controlling interests; and • The determination and allocation of provisional fair values assigned to the identifiable assets and liabilities acquired. These conditions require significant audit effort and greater involvement by senior team members and our valuation specialists.	valuation specialists this included: • Assessing the fair value of \$750 million assigned by the Group for the total project, against the feasibility of achieving assumptions included in the underlying estimated net present value of future cash flows for the project as a whole; • Testing the acquisition date balance sheet of Oracle Development to the underlying accounting records of each entity acquired and assessing compliance of those accounting records with the accounting standards; • Testing the allocation of the consideration transferred against provisional fair values assigned to the identifiable assets and liabilities. This included testing the allocation between the net assets of the business acquired and the commitment to fund construction costs of a separate 380MW Power Plant. We assessed the Group's methodology for estimating the allocation based on a percentage of completion method. We tested this by re-calculating the percentage of completion against underlying accounting records; • Testing of the post-acquisition financial performance and position of Oracle Development, including as at 31 December 2022, and ongoing compliance with accounting standards; and • Re-calculating the goodwill balance recognised as a result of the business combination against the amount recorded by the Group. • Evaluating the adequacy of the Group's disclosures in the financial report using our understanding obtained from our testing and against the requirements of accounting standards.



Other Information

Other Information is financial and non-financial information in Nickel Industries Limited's 's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the *Remuneration Report* and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Nickel Industries Limited for the year ended 31 December 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 35 to 39 of the Directors' report for the year ended 31 December 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Stephen Board
Partner

Brisbane
28 February 2023

LEAD AUDITOR'S INDEPENDENCE DECLARATION



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Nickel Mines Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Nickel Mines Limited for the financial year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A stylized, handwritten signature of the KPMG firm, rendered in a dark grey or black ink.

KPMG

A handwritten signature in cursive script, appearing to read 'Stephen Board', in a dark grey or black ink.

Stephen Board
Partner

Brisbane
23rd February 2022

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

USD	Notes	31 December 2021 \$	31 December 2020 \$
Sales revenue	23	645,935,639	523,492,413
Cost of sales		(393,203,284)	(321,565,521)
Depreciation and amortisation expense		(35,977,298)	(36,786,945)
Gross profit		216,755,057	165,139,947
Directors' fees and consultants' expenses		(9,432,472)	(4,068,152)
Share of loss of equity accounted investees	15	(50,482)	-
Other expenses	4	(13,255,745)	(3,403,452)
Results from operating activities		194,016,358	157,668,343
Financial income	5	2,786,467	2,166,484
Financial expense	5	(15,763,290)	(5,268,152)
Net financial expense		(12,976,823)	(3,101,668)
Profit before income tax		181,039,535	154,566,675
Income tax expense	8	(5,062,549)	(867,835)
Profit for the year		175,976,986	153,698,840
Other comprehensive income			
Items that may be classified subsequently to profit or loss		(81,549)	(2,487)
Total comprehensive profit for the year		175,895,437	153,696,353
Profit attributable to:			
Owners of the Company		137,938,917	110,610,841
Non-controlling interest		38,038,069	43,087,999
Profit for the year		175,976,986	153,698,840
Total comprehensive profit attributable to:			
Owners of the Company		137,873,678	110,608,851
Non-controlling interest		38,021,759	43,087,502
Total comprehensive profit for the year		175,895,437	153,696,353
Earnings per share			
Basic and diluted profit per share (cents) for the year	9	5.48	5.68

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

USD	Notes	31 December 2021 \$	31 December 2020 \$
Current assets			
Cash and cash equivalents	19	137,861,958	351,445,322
Trade and other receivables	6	125,094,113	117,758,937
Inventory	10	106,997,153	61,285,049
Other current assets	7	15,208,226	8,150,977
Total current assets		385,161,450	538,640,285
Non-current assets			
Other non-current assets	7	13,193,397	9,868,209
Property, plant and equipment	11	1,296,281,811	600,763,595
Deposit	17	30,000,000	30,000,000
Goodwill	16	77,982,164	55,404,895
Total non-current assets		1,417,457,372	696,036,699
Total assets		1,802,618,822	1,234,676,984
Current liabilities			
Trade and other payables	12	55,738,089	40,259,761
Current tax payable	8	7,647,688	3,751,344
Provision		1,159,184	841,243
Borrowings	13	9,284,264	12,857,143
Total current liabilities		73,829,225	57,709,491
Non-current liabilities			
Provision – rehabilitation		1,955,576	1,929,408
Deferred income tax liability	8	77,982,164	55,404,895
Other non-current liability		617,535	1,261,425
Borrowings	13	318,322,283	32,142,857
Total non-current liabilities		398,877,558	90,738,585
Total liabilities		472,706,783	148,448,076
Net assets		1,329,912,039	1,086,228,908
Equity			
Share capital	14	732,929,135	732,929,135
Reserves		44,739,295	19,204,534
Retained profits		250,777,309	187,927,099
Total equity attributable to equity holders of the Company		1,028,445,739	940,060,768
Non-controlling interest		301,466,300	146,168,140
Total equity		1,329,912,039	1,086,228,908

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

USD	Notes	Share capital \$	Retained profits \$	Reserves \$	Total \$	Non- controlling interest \$	Total equity \$
Balance at 1 January 2020		315,501,048	92,757,906	19,206,524	427,465,478	294,653,627	722,119,105
Total comprehensive income for the year							
Profit for the year		-	110,610,841	-	110,610,841	43,087,999	153,698,840
Remeasurement of defined benefit obligation		-	-	(1,990)	(1,990)	(497)	(2,487)
Total comprehensive income for the year		-	110,610,841	(1,990)	110,608,851	43,087,502	153,696,353
Transactions with owners, recorded directly in equity							
Issue of shares	14	430,033,781	-	-	430,033,781	-	430,033,781
Costs of issue	14	(12,605,694)	-	-	(12,605,694)	-	(12,605,694)
Dividends	14	-	(15,441,648)	-	(15,441,648)	-	(15,441,648)
Transaction with non-controlling interest without a change of control	16	-	-	-	-	(147,018,262)	(147,018,262)
Distributions to non-controlling interest		-	-	-	-	(44,554,727)	(44,554,727)
Balance at 31 December 2020		732,929,135	187,927,099	19,204,534	940,060,768	146,168,140	1,086,228,908
Balance at 1 January 2021		732,929,135	187,927,099	19,204,534	940,060,768	146,168,140	1,086,228,908
Total comprehensive income for the year							
Profit for the year		-	137,938,917	-	137,938,917	38,038,069	175,976,986
Remeasurement of defined benefit obligation		-	-	(65,239)	(65,239)	(16,310)	(81,549)
Total comprehensive income for the year		-	137,938,917	(65,239)	137,873,678	38,021,759	175,895,437
Transactions with owners, recorded directly in equity							
Dividends	14	-	(75,088,707)	-	(75,088,707)	-	(75,088,707)
Non-controlling interest arising on acquisition	16	-	-	-	-	140,000,000	140,000,000
Transaction with non-controlling interest without a change of control	14	-	-	25,600,000	25,600,000	6,400,000	32,000,000
Distributions to non-controlling interest		-	-	-	-	(29,123,599)	(29,123,599)
Balance at 31 December 2021		732,929,135	250,777,309	44,739,295	1,028,445,739	301,466,300	1,329,912,039

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

USD	Notes	31 December 2021 \$	31 December 2020 \$
Cash flows from operating activities			
Cash receipts from customers		660,867,873	517,640,552
Cash payments to employees and suppliers		(463,987,522)	(358,863,954)
Interest received		335,985	301,618
Taxes and fees paid		(8,195,616)	(9,123,479)
Net cash from operating activities	19	189,020,720	149,954,737
Cash flows from investing activities			
Payments for property, plant and equipment		(6,494,484)	(7,387,864)
Payments for construction in progress		(41,719,173)	-
Payments for deposit	17	(30,000,000)	(30,000,000)
Payments for investments in controlled entities	16	-	(147,018,262)
Payments for acquisition of controlled entity	16	(527,600,000)	-
Cash on acquisition of controlled entity	16	11,458,128	-
Advancement of loan monies		(3,500,000)	-
Net cash used in investing activities		(597,855,529)	(184,406,126)
Cash flows from financing activities			
Proceeds from issue of shares	14	-	430,033,781
Costs of issue	14	-	(12,359,577)
Dividend distributions	14	(75,088,707)	(15,441,648)
Proceeds from borrowings, net of borrowing costs	13	320,844,143	-
Repayment of borrowings	19(c)	(45,000,000)	(20,000,000)
Payment of interest charges	19(c)	(6,340,658)	(5,268,152)
Distributions to non-controlling interest		(29,123,599)	(43,330,951)
Contributions to construction in progress by non-controlling interest		32,000,000	-
Net cash from financing activities		197,291,179	333,633,453
Net increase in cash and cash equivalents		(211,543,630)	299,182,064
Effect of exchange rate adjustments on cash held		(2,039,734)	2,443,245
Cash and cash equivalents at the beginning of the year		351,445,322	49,820,013
Cash and cash equivalents at the end of the year		137,861,958	351,445,322

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 1 - REPORTING ENTITY

Nickel Mines Limited (the 'Company') is a company domiciled in Australia. The consolidated financial report for the year ended 31 December 2021 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity and is involved in nickel ore mining and nickel pig iron production operations.

NOTE 2 - BASIS OF PREPARATION

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the Group complies with International Financial Reporting Standards ('IFRS') and interpretations adopted by the International Accounting Standards Board ('IASB').

The financial report was authorised for issue by the Directors on 23rd February 2022.

Basis of measurement

The consolidated 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 consolidated 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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 8 – Income tax expense and the recoverability of deferred tax assets.
- Note 15 – Impairment of goodwill.
- Note 16 – Controlled entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interest

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree. Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Where a controlled entity issues shares to minority interests which does not result in loss of control by the Group, any gain or loss arising on the Group's interest in the controlled entity is recognised directly in equity.

Investments in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Nickel ore and nickel pig iron sales revenue

Saprolite and limonite nickel ore and nickel pig iron sales revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over goods or a service to a customer.

Invoices for nickel ore sales are generated once a month upon receipt of assay results and are usually payable within 10 working days. Pro-forma invoices for exports of nickel pig iron are generated based on the loading inspection report and a final invoice is issued based on the nickel content delivered, following receipt of third party assay results. They are usually payable within 60 days. No discounts are provided for nickel ore and nickel pig iron products, but adjustments are made to the final sale price for items including final nickel grade, moisture content and nickel content.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to United States dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to United States dollars at foreign exchange rates ruling at the dates the fair value was determined.

The Group transacts in the following foreign currencies: Australian dollars (A\$ or AUD), Indonesian Rupee (IDR) and Singapore Dollars (SGD).

Financial statements of foreign operations

The assets and liabilities of foreign entities are translated to United States dollars at the foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to United States dollars at rates using a monthly average rate for the month in which the transaction occurred. Foreign exchange differences arising on retranslation are recognised directly in the foreign currency translation reserve ('FCTR'), a separate component of equity.

Foreign exchange gains and losses arising from a monetary item receivable or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in the FCTR.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to United States dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to United States dollars using a monthly average rate for the month in which the transaction occurred. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

At 31 December 2021, the functional currency of all components in the Group is United States dollars. The FCTR represents the foreign exchange differences which arose on retranslation in prior years on subsidiaries which have not yet been disposed.

Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Construction in progress

The Group recognises plant construction in progress costs at cost in a construction in progress account. Once construction has been completed and the plant is in service, costs recognised as construction in progress will be transferred to the appropriate assets category within property, plant and equipment and depreciation charges will commence.

Depreciation and amortisation

Mining properties' amortisation rate is applied on a straight-line basis over the remaining term of the mining licence. The amortisation is included in the costs of conversion of inventories.

Depreciation is charged to the income statement using a reducing balance method from the date of acquisition using the following rates:

- Furniture and fittings and plant and machinery are depreciated at 25%.
- Buildings and infrastructure are depreciated at 5%.
- Mine infrastructure assets are depreciated at 5%.
- Office equipment is depreciated at rates of between 25% and 40%.
- Plant and machinery are depreciated at rates if between 6.25% and 12.5%.
- Motor vehicles are depreciated at 25%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Impairment

Financial assets

The Group recognises expected credit losses ('ECLs'), where material, on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12 month ECLs:

- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are measured at an amount equal to lifetime ECLs. At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through profit or loss are credit impaired.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Non-financial assets

The carrying amounts of the Group's assets, other than deferred tax assets and inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill, being an indefinite life intangible asset, is subject to annual impairment testing, in which the goodwill is allocated to a cash generating unit ('CGU') for impairment testing and the value-in-use is compared to the carrying value of assets and liabilities in that CGU.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment charges against the carrying value of goodwill cannot be reversed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Share capital

Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the foreign currency gain or loss on financial assets and financial liabilities; and
- the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination.

Interest income or interest expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and interest expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs which are directly attributable to the Group's exploration and evaluation and development activities are capitalised in relation to qualifying assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Income tax

Income tax on the income statement for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

- The initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Goods and services tax and Value Added Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST') or value added tax ('VAT'), except where the amount of GST or VAT incurred is not recoverable from the taxation authority. In these circumstances, the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST or VAT included. The net amount of GST or VAT recoverable from, or payable to taxation authorities is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST or VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to taxation authorities are classified as operating cash flows.

Employee benefits

Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on average costs over the relevant period of production, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Site restoration

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of disturbed land, and the related expense, is recognised when the land is disturbed.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes by referencing the acquisition cost of assets and liabilities on the date of acquisition and if available the findings of Independent Expert's Reports who prepared a valuation on a recent comparable transaction basis. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Exploration, evaluation and development expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised at cost or fair value, as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the statement of comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Leases accounting policy

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single measurement recognition and approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group's exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- fair value through other comprehensive income ('FVOCI') – equity investment; or
- fair value through profit or loss ('FVTPL').

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as fair value through profit or loss if:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value through other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement and gains and losses

Financial assets at amortised cost These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity instruments at FVOCI These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Changes in significant accounting policies

All new standards and interpretations effective for periods after 1 January 2021 have been adopted by the Group in the preparation of these financial statements and have not had any material effect on the financial statements presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (CONT.)

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are able to be early adopted for annual periods beginning after 1 January 2021 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

	31 December 2021 \$	31 December 2020 \$
NOTE 4 - OTHER EXPENSES		
Audit fees – KPMG audit of financial reports	340,401	336,757
Travel	11,400	70,265
Legal fees	325,039	64,158
Withholding tax expense	11,554,670	2,795,999
Other	1,024,235	136,273
	13,255,745	3,403,452

NOTE 5 - FINANCIAL INCOME AND FINANCE EXPENSE

Interest income	335,985	518,573
Interest expense*	(13,044,911)	(5,268,152)
Net change in fair value of investment in associate	2,450,482	-
Foreign exchange gain/(loss)	(2,718,379)	1,647,911
	(12,976,823)	(3,101,668)

* Includes bond issue costs of \$1,478,140 which are being expensed under the effective interest rate method. Refer to Note 13 for further details.

NOTE 6 - TRADE AND OTHER RECEIVABLES

Sales taxes receivable	48,017,752	23,352,812
Trade receivables	77,076,361	94,406,125
	125,094,113	117,758,937

NOTE 7 - OTHER ASSETS

Current

Prepayments	15,208,226	8,150,977

Non-current

Prepayments	8,466,969	8,466,970
Loan*	3,500,000	-
Other	1,226,428	1,401,239
	13,193,397	9,868,209

* The Company executed a facility agreement with PT Sinar Inti Pembangunan ('PT SIP') under which the Company advanced to PT SIP \$3.5M to assist in funding the development and eventual acquisition of the Pt. Adadi Nikel Nusantara ('ANN') and Pt. Sulawesi Nikel Abadi ('SNA') nickel projects. Interest is calculated at a rate of 8.5% p.a., with interest payable every thirty days following a six month interest free period commencing on 9 August 2021. The loan is secured and management assessed that no provision for impairment is required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

	31 December 2021 \$	31 December 2020 \$
NOTE 8 - INCOME TAX EXPENSE		
Profit before tax – continuing operations	181,039,534	154,566,675
Prima facie income tax expense/(benefit) at the Australian tax rate of 30% (31 December 2020: 30%)	54,311,860	46,370,003
Increase in income tax expense/(benefit) due to:		
- Effect of tax rates in foreign jurisdictions	(53,513,320)	(50,130,131)
- Non-deductible/non-assessable income	5,652,778	6,249,619
- Effect of deferred tax assets for tax losses not brought to account	(85,545)	(211,341)
- Effect of net deferred tax assets not brought to account	(1,781,330)	(1,621,656)
- Effect of foreign currency conversion	478,106	211,341
Income tax expense – current and deferred	5,062,549	867,835
Deferred tax liabilities have been recognised in respect of the following items:		
Net deductible temporary differences – property, plant and equipment	77,982,164	55,404,895
	77,982,164	55,404,895
Deferred tax assets have not been recognised in respect of the following items:		
Net deductible temporary differences	2,213,208	4,802,482
Tax losses	1,431,016	1,065,326
	3,644,224	5,867,808
The deductible temporary differences and tax losses do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits of the deferred tax asset. The Company does not have any franking credits.		
Current tax payable:		
Income taxes payable	4,080,929	1,242,010
Indirect taxes payable		
Value added taxes payable	2,911,108	1,801,149
Withholding taxes payable	588,046	708,185
Other taxes payable	67,605	-
	7,647,688	3,751,344

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

	31 December 2021 \$	31 December 2020 \$

NOTE 9 - PROFIT PER SHARE

Basic and diluted profit per share have been calculated using:

Net profit for the year attributable to equity holders of the Company	137,938,917	110,610,841

	Nº of shares	Nº of Shares
Weighted average number of ordinary shares (basic and diluted)		
Issued ordinary shares at the beginning of the year	2,515,029,051	1,665,468,329
- Effect of shares issued on 29 May 2020	-	211,367,737
- Effect of shares issued on 16 June 2020	-	56,522,197
- Effect of shares issued on 14 December 2020	-	13,569,602
- Effect of shares issued on 24 December 2020	-	1,812,806
Weighted average number of shares at the end of the year	2,515,029,051	1,948,740,671

	31 December 2021 \$	31 December 2020 \$

NOTE 10 - INVENTORY

Inventory – nickel ore stockpiles	3,858,039	661,338
Inventory – nickel pig iron production raw materials	103,139,114	54,079,991
Inventory – nickel pig iron	-	6,543,720
	106,997,153	61,285,049

During the year ended 31 December 2021, the Company's 80% subsidiary PT Hengjaya Mineralindo supplied nickel saprolite ore to the Company's subsidiaries PT Hengjaya Nickel Industry and PT Ranger Nickel Industry under monthly contracts to supply a minimum of between 50,000 to 70,000 wmt per month to each entity for the year ended 31 December 2021. In November 2021 PT Hengjaya Mineralindo also commenced the supply of limonite ore to the Huayue Nickel Cobalt project within the IMIP.

Nickel pig iron production raw materials includes nickel ore acquired by PT Hengjaya 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 measured at the lower of cost and net realisable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

	31 December 2021 \$	31 December 2020 \$
NOTE 11 - PROPERTY, PLANT AND EQUIPMENT		
Furniture and fittings		
Furniture and fittings – cost	316,255	313,144
Accumulated depreciation	(167,696)	(99,830)
Net book value	148,559	213,314
Mine infrastructure assets		
Mine infrastructure assets – cost	10,033,705	7,306,786
Accumulated depreciation	(1,608,529)	(1,356,267)
Net book value	8,425,176	5,950,519
Buildings and land		
Buildings – cost	66,247,888	65,843,834
Accumulated depreciation	(8,798,255)	(5,449,163)
Net book value	57,449,633	60,394,671
Mining properties		
Mining properties – cost	31,342,848	31,324,712
Accumulated amortisation	(5,926,464)	(4,045,761)
Net book value	25,416,384	27,278,951
Office equipment		
Office equipment – cost	1,455,486	1,145,295
Accumulated depreciation	(774,991)	(518,962)
Net book value	680,495	626,333
Plant and machinery		
Plant and machinery – cost	560,218,885	557,548,908
Accumulated depreciation	(81,649,914)	(51,620,499)
Net book value	478,568,971	505,928,409
Motor vehicles		
Motor vehicles – cost	768,694	663,136
Accumulated depreciation	(433,667)	(291,738)
Net book value	335,027	371,398
Construction in progress		
Construction in progress	725,257,566	-
Accumulated depreciation	-	-
Net book value	725,257,566	-
Total property, plant and equipment	1,296,281,811	600,763,595

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (CONT.)

Impairment

After consideration of both internal and external factors, the Directors believe that no indicators of impairment existed at 31 December 2021 and have therefore not completed an impairment assessment over the carrying value of the Group's property, plant and equipment assets at 31 December 2021.

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below.

	31 December 2021 \$	31 December 2020 \$
Furniture and fittings		
Carrying amount at beginning of year	213,314	115,328
Additions	3,111	139,418
Depreciation	(67,866)	(41,432)
Net book value	148,559	213,314
Mine infrastructure assets		
Carrying amount at beginning of year	5,950,519	4,712,552
Additions	2,726,918	1,406,293
Depreciation	(252,261)	(168,326)
Net book value	8,425,176	5,950,519
Buildings and land		
Carrying amount at beginning of year	60,394,671	61,084,560
Additions	404,053	2,558,560
Depreciation	(3,349,091)	(3,248,449)
Net book value	57,449,633	60,394,671
Mining properties		
Carrying amount at beginning of year	27,278,951	25,450,598
Additions	43,648	3,333,690
Disposal	(25,511)	-
Amortisation	(1,880,704)	(1,505,337)
Net book value	25,416,384	27,278,951
Office equipment		
Carrying amount at beginning of year	626,333	433,728
Additions	310,191	395,551
Depreciation	(256,029)	(202,946)
Net book value	680,495	626,333
Plant and machinery		
Carrying amount at beginning of year	505,928,409	536,454,333
Additions	2,669,977	996,606
Depreciation	(30,029,415)	(31,522,530)
Net book value	478,568,971	505,928,409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (CONT.)

	31 December 2021 \$	31 December 2020 \$
Motor vehicles		
Carrying amount at beginning of year	371,398	265,479
Additions	105,559	203,843
Depreciation	(141,930)	(97,924)
Net book value	335,027	371,398
Construction in progress		
Carrying amount at beginning of year	-	-
Additions*	36,571,799	-
Additions arising from business combination**	688,685,767	-
Depreciation	-	-
Net book value	725,257,566	-
Total property, plant and equipment	1,296,281,811	600,763,595
* Construction in progress represents construction costs from construction of the Angel Nickel Project.		
** Additions arising from the acquisition of Angel Capital Private Limited ('Angel Capital') from 1 October 2021 (see Note 16 for further details).		

NOTE 12 - TRADE AND OTHER PAYABLES

Current		
Creditors	49,759,427	33,633,284
Accruals	5,125,121	3,161,092
Other	853,541	3,465,385
	55,738,089	40,259,761

NOTE 13 - BORROWINGS

Current		
Ranger debt facility	-	12,857,143
Interest on Senior Unsecured Notes	5,281,250	-
Working capital loan	4,000,000	-
Interest on working capital loan	3,014	-
	9,284,264	12,857,143
Non-current		
Ranger debt facility	-	32,142,857
Senior Unsecured Notes	318,322,283	-
	318,322,283	32,142,857

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 13 - BORROWINGS (CONT.)

Ranger debt facility

In August 2019, as part of the financing package to increase the Company's interest in the Ranger Nickel project from 17% to 60% the Company secured a senior debt facility agreement with a Shanghai Decent associated company. Key terms of the Ranger debt facility agreement are outlined on the following page:

Key terms:

- Facility amount of \$80,000,000.
- Interest rate of 6% plus the greater of (i) 3-month US\$ LIBOR or (ii) 2.5% per annum.
- Interest is payable on the last day of each interest period of one month.
- Principal to be repaid in quarterly instalments by repaying on the last business day of November, February, May and August (beginning on 30 November 2020) an amount equal to 1/15th of the amount borrowed under the debt facility.
- Nickel Mines granted security over its equity interests in Ranger Investment Private Limited, the Singaporean entity which holds a 100% indirect interest in the Ranger Nickel project, and its equity interest in Hengjaya Holdings Private Limited, the Singaporean entity which holds a 100% indirect interest in the Hengjaya Nickel project.

Prior to 1 January 2021, the Company had made voluntary prepayments against the Ranger debt facility totalling \$35,000,000, which had reduced the outstanding facility balance to \$45,000,000. During the year ended 31 December 2021, the Company paid the remaining \$45,000,000, fully repaying the Ranger debt facility.

Senior Unsecured Notes

In March 2021, as part of the financing package to facilitate the Company's acquisition of an 80% interest Angel Nickel project the Company made an inaugural issue of US\$175,000,000 senior unsecured notes ('Senior Unsecured Notes'). This was followed in September 2021 of a \$150,000,000 'tap' of the notes, forming a \$325,000,000 single series of notes. Key terms of the Senior Unsecured Notes are as follows:

- Issue size of \$325,000,000.
- Coupon interest rate of 6.5% per annum.
- Interest is payable on a semi-annual basis in arrears.
- Principal to be repaid at Final Maturity Date of 1 April 2024.
- Total transaction costs for both the inaugural issue and the 'tap' issue totalled \$8,155,857.

Angel working capital loans

In December 2021 the indirect shareholders of Angel Nickel, Nickel Mines and Decent Resource Limited ('Decent Resource') an associate of Shanghai Decent, provided working capital loans to Angel Nickel totalling \$20 million to fund operations through the ramp-up commissioning phase of operations. These loans were proportionate to the shareholders interest in Angel Nickel. i.e. Nickel Mines provided 80% of the total amount, \$16 million and Decent Resource provided 40%, \$4 million. Interest is charged at a rate of 2.5% per annum. Total interest payable by Angel Nickel to Decent Resource on the working capital loans was \$15,069, with \$12,055 payable to the Company eliminating on consolidation and \$3,014 payable to Decent Resource. There is no fixed repayment date but it is anticipated the loans will be repaid within the next twelve months.

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

				Carrying Value 31 December 2021 \$	Face Value 31 December 2021 \$	Carrying Value 31 December 2020 \$	Face Value 31 December 2020 \$
	Nominal Currency	interest rate	Year of maturity				
Ranger debt facility	US\$	6% plus X% ⁽¹⁾	2020-24	-	-	45,000,000	45,000,000
Senior Unsecured Notes	US\$	6.5%	2024	323,603,533	325,000,000	-	-
Angel working capital loan	US\$	2.5%	-	4,003,014	4,000,000	-	-
Total interest bearing liabilities				327,606,547	329,000,000	45,000,000	45,000,000

⁽¹⁾ X% being the greater of (i) 3-month US\$ LIBOR or (ii) 2.5% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

	Number of shares	\$
NOTE 14 - ISSUED CAPITAL AND RESERVES		
Ordinary shares on issue at 31 December 2019+ - fully paid	1,665,468,329	315,501,048
Issue of shares - cash	849,560,722	430,033,781
Costs of issue	-	(12,605,694)
Ordinary shares on issue at 31 December 2020 - fully paid	2,515,029,051	732,929,135
Issue of shares - cash	-	-
Costs of issue	-	-
Ordinary shares on issue at 31 December 2021 - fully paid	2,515,029,051	732,929,135

Year ended 31 December 2020

In December 2020, through an Accelerated Non-Renounceable Entitlement Offer ('ANREO'), the Group issued 386,929,409 shares for cash totalling A\$363,713,644 (equivalent to \$274,927,849). There were no amounts unpaid on the shares issued and share issue costs amounted to \$5,646,064.

In May and June 2020, through an ANREO, the Group issued 462,631,313 shares for cash totalling A\$231,315,657 (equivalent to \$155,105,932). There were no amounts unpaid on the shares issued and share issue costs amounted to \$6,959,630.

Options

There were no options granted, exercised or lapsed unexercised during the years ended 31 December 2021 or 31 December 2020.

Dividends

The company paid an interim unfranked dividend of A\$0.02 per share during the year and a final unfranked dividend for 2020 of A\$0.02 during the year ended 31 December 2021 amounting to \$75,088,707. Total dividends of A\$0.04 was paid or declared during the year ended 31 December 2021. Subsequent to year end the Company declared a final dividend of A\$0.02 per share, being a distribution of \$35,366,339.

The company paid maiden interim unfranked dividend of A\$0.01 per share during the year ended 31 December 2020 amounting to \$15,441,648.

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.

Reserves

	31 December 2021 \$	31 December 2020 \$
Opening balance	19,204,534	19,206,524
Remeasurement of defined benefit obligation	(65,239)	(1,990)
Transaction with non-controlling interest without a change of control*	25,600,000	-
	44,739,295	19,204,534

* Subsequent to the Company consolidating Angel Capital Private Limited ('Angel Capital') from 1 October 2021 (see Note 16 for further details) Shanghai Decent has contributed \$32 million to fund construction of the Angel Nickel project. Subsequently \$25.6 million, 80% of this amount, equivalent to the Company's ownership interest in the Angel Capital is then assigned to the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 15 - EQUITY-ACCOUNTED INVESTEEES

	31 December 2021 \$	31 December 2020 \$
Opening balance	-	-
Acquisition of a 30% interest in equity accounted investee	210,000,000	-
Acquisition of an additional 20% interest	137,600,000	-
Share of loss of equity accounted investee	(50,482)	-
Acquisition of an additional 30% interest	210,000,000	-
Fair value movement in the carrying value of investment	2,450,482	-
Consideration for business combination	(560,000,000)	-
	-	-

The Company acquired an initial 30% interest of the Angel Nickel project in January 2021 for \$210 million, inclusive of a \$30 million deposit having been paid prior to 31 December 2020. The interest was acquired through the acquisition of the issued share capital of Angel Capital Private Limited ('Angel Capital'), a Singaporean holding company which holds 100% of the shares (directly and indirectly) of PT Angel Nickel Industry ('Angel Nickel'), which is an Indonesian PMA company which will own and operate the Angel Nickel RKEF project once completed. An additional \$137.6 million was paid in April 2021 to acquire of a further 20% interest in Angel Capital, taking the Company's current interest to 50% of the Angel Nickel project. This payment included a \$2.4 million early payment discount. On 30 September 2021, the Company acquired an additional 30% interest in Angel Capital at the cost of an additional \$210 million, taking its total interest to 80% and equity accounting of the investment in Angel Capital was ceased at 30 September 2021.

The Company's equity accounting share of the Angel Capital loss for the period 1 February 2021 to 30 September 2021 was \$50,482.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 16 - CONTROLLED ENTITIES

Acquisition of controlled entities

On 30 September 2021, in accordance with its rights under a Collaboration Agreement, the Company acquired for \$210 million a further 30% of the issued share capital of Angel Capital Private Limited ('Angel Capital'), a Singaporean holding company which holds 100% of the shares (directly and indirectly) of PT Angel Nickel Industry ('Angel Nickel'), which is an Indonesian PMA company which will own and operate the Angel Nickel RKEF project once completed. This took the Company's interest in Angel Capital to 80%, following the acquisition of an initial 30% interest of the Angel Nickel project in January 2021 for \$210 million and the acquisition of a further 20% in April 2021 for an additional \$137.6 million. This payment included a \$2.4 million early payment discount. On moving to an 80% interest nominees of Nickel Mines constituted the majority of the Board of Angel Capital and it was then deemed that Nickel Mines controlled Angel Capital and equity accounting of the investment in Angel Capital was ceased at 30 September 2021.

The acquisition and control of Angel Capital had the following effect on the Group's assets and liabilities on acquisition date, determined on a provisional basis:

Fair value of net assets of entity acquired:	Pre-acquisition carrying amounts	Fair value adjustments \$	Advancement payment*	Recognised values on acquisition
Cash and cash equivalents	11,458,128	-	-	11,458,128
Other current assets	5,756,942	-	-	5,756,942
Property, plant and equipment*	275,839,802	228,053,219	184,792,746	688,685,767
Trade and other payables	(5,900,837)	-	-	(5,900,837)
Goodwill	-	22,577,269	-	22,577,269
Deferred income tax liability	-	(22,577,269)	-	(22,577,269)
Net assets and liabilities	287,154,035	228,053,219	184,792,746	700,000,000
Consideration transferred:				
Fair value of equity accounted investment	560,000,000			
Non-controlling interest	140,000,000			
	700,000,000			
Cash/consideration paid	(210,000,000)			
Cash acquired	11,458,128			
Net cash outflow	(198,541,872)			

* Property, plant and equipment consists of construction in progress costs. The total estimated cost of construction is \$460 million, of which \$184.8 million are advanced payments of construction costs. The Company has no additional acquisition costs for the Angel Nickel project, with all construction costs to be funded by Shanghai Decent.

The values of assets and liabilities recognised on acquisition are their estimated fair values. The fair value of the assets was determined on acquisition date by reference to a valuation of \$700 million, being the underlying valuation when determining the cost of any additional increase in the Company's interest in Angel Capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 16 - CONTROLLED ENTITIES (CONT.)

Particulars in relation to controlled entities:

	Ordinary shares – Group interest 31 December 2021 %	Ordinary shares – Group interest 31 December 2020 %
<i>Parent entity</i>		
Nickel Mines Limited		
<i>Controlled entities</i>		
PT Hengjaya Mineralindo (incorporated in Indonesia)	80	80
Hengjaya Holdings Private Limited (incorporated in Singapore)	80	80
Hengjaya Nickel Private Limited (incorporated in Singapore)	80	80
PT Hengjaya Nickel Industry (incorporated in Indonesia)	80	80
Ranger Investment Private Limited (incorporated in Singapore)	80	80
Ranger Nickel Private Limited (incorporated in Singapore)	80	80
PT Ranger Nickel Industry (incorporated in Indonesia)	80	80
Angel Capital Private Limited (incorporated in Singapore)	80	-
Angel Nickel Private Limited (incorporated in Singapore)	80	-
PT Angel Nickel Industry (incorporated in Indonesia)	80	-
Tablasufa Pty Ltd	100	-

In June 2020 Nickel Mines notified Shanghai Decent of its intention to exercise its option to acquire a further 20% of the issued and paid-up share capital of Hengjaya Holdings Private Limited and Ranger Investment Private Limited, being the respective Singaporean domiciled holding companies that wholly own PT Hengjaya Nickel Industry and PT Ranger Nickel Industry, the Indonesian PMA companies that in turn own 100% of the Hengjaya Nickel and Ranger Nickel Projects. The acquisitions were completed on 30 June 2020, with the Company paying Shanghai Decent and its nominees US\$120M for the additional 20% interest in the two Projects, plus a settlement of \$23,268,607 for the 20% of the undistributed retained earnings attributable to Shanghai Decent remaining in both PT Hengjaya Nickel Industry and PT Ranger Nickel Industry to the end of April 2020. A final settlement of the undistributed retained earnings at 30 June 2020 of \$3,749,655 was made in September 2020 following the release of the reviewed half year financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 16 - CONTROLLED ENTITIES (CONT.)

Non-controlling interests

The following table summarises the information relating to the Group's subsidiaries that have a material non-controlling interest, before any intra-group eliminations.

	Hengjaya Holdings Private Limited and its controlled entities		PT Hengjaya Mineralindo		Ranger Investment Private Limited and its controlled entities		Angel Capital Private Limited and its controlled entities	
	31 December 2021 \$	31 December 2020 \$	31 December 2021 \$	31 December 2020 \$	31 December 2021 \$	31 December 2020 \$	31 December 2021 \$	31 December 2020 \$
Non-controlling interest percentage	20%	20%	20%	20%	20%	20%	20%	100%
Current assets	139,200,703	106,417,123	22,713,198	16,066,904	133,473,064	105,522,401	45,220,070	-
Non-current assets	304,731,662	319,827,057	40,746,944	39,200,203	289,824,050	306,193,652	766,082,122	-
Current liabilities	(19,861,957)	(24,271,607)	(15,439,746)	(9,657,655)	(19,317,060)	(25,007,858)	(44,316,944)	-
Non-current liabilities	(29,297,098)	(29,227,624)	(25,243,635)	(38,992,219)	(26,250,028)	(26,188,637)	-	-
Net assets	394,773,310	372,744,949	22,776,761	6,617,234	377,730,026	360,519,558	766,985,248	-
Carrying amount of non-controlling interest ⁽²⁾	78,493,824	74,730,150	4,043,856	1,323,446	73,694,072	70,114,545	145,234,548	-
Revenue	317,814,143	260,273,425	82,981,198 ⁽¹⁾	25,139,919 ⁽¹⁾	327,004,157	263,218,988	-	-
Profit	87,330,360	72,768,662	14,675,948	1,544,688	93,732,470	77,137,207	(640,579)	-
Other comprehensive income	-	-	(81,549)	(2,487)	-	-	-	-
Total comprehensive income	87,330,360	72,768,662	14,594,399	1,542,201	93,732,470	77,137,207	(640,579)	-
Profit/(loss) allocated to non-controlling interest ⁽²⁾	17,032,231	20,996,983	2,935,190	309,435	18,196,762	21,781,581	(126,114)	-
Other comprehensive loss allocated to non-controlling interest	-	-	(16,310)	(497)	-	-	-	-

⁽¹⁾ Includes saprolite nickel ore sales from the Company's controlled entity PT Hengjaya Mineralindo to the Company's controlled entities PT Hengjaya Nickel Industry and PT Ranger Nickel Industry.

⁽²⁾ After intra-group eliminations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 16 - CONTROLLED ENTITIES (CONT.)

Goodwill	31 December 2021 \$	31 December 2020 \$
Opening balance	55,404,895	55,404,895
Goodwill arising on acquisition of Angel Capital Private Limited	22,577,269	-
	77,982,164	55,404,895

The increase in the goodwill balance has arisen on the business combinations for the Angel Nickel project referred to above. The goodwill has been determined on a provisional basis and the measurement period has not yet concluded. Accordingly, the increase in the goodwill balance has not yet been finalised and allocated to a cash generating unit for impairment testing. At 31 December 2021, the Directors consider there are no indicators of impairment. The goodwill balance arising from the Angel Nickel business combination will be finalised and impairment testing completed no later than 31 December 2022.

The remaining goodwill balance amounting to \$55,404,895 pertains to the Hengjaya Nickel and Ranger Nickel RKEF Projects. 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 goodwill. The underlying cash flows of each CGU (RKEF plant) have outperformed the original valuation prepared for the CGU's on their acquisition.

The key assumptions used in the original cash flow forecasts are set out below:

RKEF Project	Carrying amount of goodwill	NPI production (tpa)	NPI Grade (%)	Nickel Production (tpa)	Nickel Price (p/t)	Cash costs (\$/t)	Discount Rate (%)	Model Period (years)
Hengjaya Nickel	\$29,219,349	150,000	11.0	16,500	\$13,370	\$8,142	10	37
Ranger Nickel	\$26,185,545	150,000	11.0	16,500	\$13,370	\$8,174	10	37
Angel Capital	\$22,577,269	327,273	11.0	36,000	\$13,950	\$7,600	11	35

NOTE 17 - DEPOSIT

In November 2021, the Company signed a memorandum of understanding ('MoU') and subsequently a definitive agreement with Shanghai Decent to acquire a 70% interest in Oracle Development Private Limited, the Singaporean domiciled holding company that wholly owns PT Oracle Nickel Industry ('Oracle Nickel'), an Indonesian PMA company that owns 100% of the Oracle Nickel project, a development project within the Indonesia Morowali Industrial Park Indonesia's Central Sulawesi province.

Under the amended terms of the definitive agreement, the Company will acquire an 70% interest in Oracle Nickel in accordance with the following staged payments:

- Stage 1 - \$53.M by 31 March 2022 to secure an initial 10% interest.
- Stage 2 - \$106M by 30 June 2022 to secure a further 30% interest.
- Stage 3 - \$212M by 31 December 2022 to secure a further 30% interest.

Oracle Nickel will also separately undertake the construction of a 380MW power plant. The Company has the obligation to provide Oracle Nickel \$154M (\$220M * 70%) of funding by way of shareholder loans.

On signing the MoU in November 2021 the Company paid a \$10M 'good faith deposit' to Shanghai Decent and upon execution of the definitive agreement in December 2021 made a further \$20M 'down payment' to Shanghai Decent.

Subsequent to year end, in February 2022 the Company completed the acquisition of the initial 10% interest in Oracle Nickel following the payment of \$23M to Shanghai Decent, with the \$30M in deposits detailed here having already been paid in 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 18 - RELATED PARTIES

Key management personnel of the Group during the year ended 31 December 2021 are the following:

Robert Neale	Chairman (Non-Executive)	Norman Seckold	Deputy Chairman
Justin Werner	Managing Director	Peter Nightingale	Director and Chief Financial Officer*
James Crombie	Director (Non-Executive)	Weifeng Huang	Director (Non-Executive)
Mark Lochtenberg	Director (Non-Executive)	Dasa Sutantio	Director (Non-Executive)
Yuan Yuan Xu	Director (Non-Executive)	Chris Shepherd	Chief Financial Officer^

* Resigned as a Director and CFO on 15 November 2021.

^ Appointed as CFO 15 November 2021.

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 31 December 2021. The total remuneration paid to key management personnel of the Group during the year is as follows:

Key Management Personnel compensation

	31 December 2021 \$	31 December 2020 \$
Short term employee benefits	1,255,928	937,929
Termination benefits	224,098	-
	1,480,026	937,929

Key Management Personnel transactions

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 year. The aggregate value of transactions and outstanding balances (excluding the compensation noted above) relating to key management personnel and entities over which they have control or joint control were as follows:

Norman Seckold and Peter Nightingale hold 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. On 1 January 2019 MIS agreed to provide these services for a fee of A\$35,000 per month and this fee was increased to A\$37,000 per month in October 2021 and A\$38,000 per month from November 2021. Fees charged by MIS during the year amounted to A\$590,500 (31 December 2020: A\$600,625) which included the agreed monthly fee and the reimbursement of consultant expenses incurred by MIS on behalf of the Group. At 31 December 2021 \$3,000 (31 December 2020: A\$16,250) remained outstanding.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

	31 December 2021 \$	31 December 2020 \$
NOTE 19 - STATEMENT OF CASH FLOWS		
(a) Reconciliation of cash and cash equivalents		
Cash and cash equivalents as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Bank balances	137,861,598*	351,445,322
(b) Reconciliation of net loss from ordinary activities after tax to net cash used in operating activities		
Profit from ordinary activities after tax	175,976,986	153,698,840
<i>Non-cash items</i>		
Depreciation and amortisation	35,977,298	36,786,945
Foreign exchange loss/(gain)	2,718,379	(1,647,911)
Interest expense	13,044,911	5,268,152
Net change in fair value of investment in associate	(2,450,482)	-
<i>Changes in assets and liabilities</i>		
Trade receivables and other assets	(14,391,304)	(27,407,730)
Inventory	(45,712,105)	(5,046,491)
Provisions	344,110	1,958,305
Trade and other payables	23,512,927	(13,655,373)
Net cash from operating activities	189,020,720	149,954,737

* Cash and cash equivalents includes \$7.9 million held as a temporary security for a Letter of Credit which expired on 14 January 2022, as well as \$4.9 million held as a restricted time deposit in relation to reclamation of the Hengjaya Mine site.

(c) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities Loans and borrowings \$	Equity Share capital \$	Total \$
Opening balance at 1 January 2021	45,000,000	732,929,135	777,929,135
<i>Changes from financing activities</i>			
Proceeds from issue of senior secured notes	325,000,000	-	325,000,000
Proceeds from borrowings	4,000,000	-	4,000,000
Costs of issue	(8,155,857)	-	(8,155,857)
Repayment of borrowings	(45,000,000)	-	(45,000,000)
Repayment of interest	(6,340,658)	-	(6,340,658)
Total changes from financing cash flows	269,503,485	-	269,503,485
<i>Other changes</i>			
Finance expenses	11,566,771	-	11,566,771
Costs of issue expensed – non cash	1,478,140	-	1,478,140
Total other changes	13,044,911	-	13,044,911
Closing balance at 31 December 2021	327,548,396	732,929,135	1,060,477,531

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 20 - FINANCIAL INSTRUMENTS DISCLOSURE

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, currency risk and interest rate risk. The summaries below present information about the Group's exposure to each of these risks, their objectives, policies and processes for measuring and managing risk, the management of capital and financial instruments.

Credit risk

Credit risk arises mainly from the risk of counterparties defaulting on the terms of their agreements. The carrying amounts of the following assets represent the Group's maximum exposure to credit risk in relation to financial assets:

	Note	31 December 2021 \$	31 December 2020 \$
Cash and cash equivalents	19	137,861,958	351,445,322
Trade and other receivables	6	125,094,113	117,758,937
Loan	7	3,500,000	-
		266,456,071	469,204,259

Cash and cash equivalents

The Group mitigates credit risk on cash and cash equivalents by dealing with regulated banks in Australia, China, Indonesia and Singapore.

Trade and other receivables

Credit risk of trade and other receivables is low as it consists predominantly of saprolite nickel ore and nickel pig iron sales. Saprolite ore sales are currently all either to the Company's 80% owned PT Hengjaya Nickel Industry or the Company's 80% owned PT Ranger Nickel Industry or and nickel pig iron trade receivables in 2021 were all from sales to two customers, Shanghai Decent or PT Indonesia Stainless Steel, a stainless steel producer operating at the IMIP. Additional amounts are recoverable from Australian and Indonesian Taxation Authorities. None of the Group's material trade and other receivables are past due. In November 2021 the Hengjaya Mine also commenced sales of limonite ore to Huayue Nickel Cobalt project located within the IMIP. At 31 December 2021 \$503,181 was outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 20 - FINANCIAL INSTRUMENTS DISCLOSURE (CONT.)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Consolidated	Carrying amount \$	Contractual cash flows \$	Less than one year \$	Between one and five years \$	More than five years \$
31 December 2021					
Trade and other payables (including tax)	63,385,777	63,385,777	63,385,777	-	-
Borrowings	327,606,547	383,634,013	25,186,096	358,447,917	-
	390,992,324	447,019,790	88,571,873	358,447,917	-
31 December 2020					
Trade and other payables (including tax)	44,011,105	44,011,105	44,011,105	-	-
Borrowings	45,000,000	51,763,571	16,049,196	35,714,375	-
	89,011,105	95,774,676	60,060,301	35,714,375	-

Ultimate responsibility for liquidity management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate funding where possible and monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of expected settlement of financial assets and liabilities.

Currency risk

The functional currency in 2021 was assessed as being United States dollars for all group entities. The Group is exposed to foreign currency risks due to the fact that the domestic ore sales of its subsidiaries PT Hengjaya Mineralindo, PT Hengjaya Nickel Industry and Ranger Nickel Industry are in Indonesian Rupiah (although the underlying sale price is denominated in US dollars), liabilities of the Group are denominated in both Indonesian Rupiah and Australian dollars and the issues of shares during the year were denominated in Australian dollars.

The Group's gross financial position exposure to foreign currency risk at 31 December is as follows:

	31 December 2021		31 December 2020	
	Foreign currency	USD	Foreign currency	USD
IDR				
Cash at bank	IDR 246,669,671,023	\$17,310,152	IDR 37,420,778,576	\$2,663,401
Accounts receivable	IDR 631,784,620,256	\$44,335,763	IDR 18,000,000	\$1,281
Other current assets	IDR 749,426,825,993	\$52,591,356	IDR 8,233,155,900	\$585,278
Provisions and accrual	IDR 52,059,372,471	\$3,653,289	IDR 38,927,632,500	\$2,770,651
Taxes payable	IDR 85,150,325,803	\$5,975,461	IDR 36,141,595,813	\$2,572,356
Trade and other payables	IDR 706,499,031,786	\$49,578,879	IDR 484,596,425,369	\$34,562,023
AUD				
Cash at bank	A\$12,277,507	\$8,913,470	A\$117,727,957	\$90,579,890
Receivables	A\$86,073	\$62,489	A\$199,924	\$153,822
Trade and other payables	A\$70,352	\$51,091	A\$128,028	\$98,505
SGD				
Cash at bank	SGD\$105	\$78	SGD\$17,321	\$13,107

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 20 - FINANCIAL INSTRUMENTS DISCLOSURE (CONT.)

The following significant exchange rates applied during the year:

USD	Average rate		Reporting date spot rate	
	12 months to 31 December 2021	12 months to 31 December 2020	31 December 2021	31 December 2020
IDR	14,313	14,513	14,250	14,050
AUD	1.3387	1.4474	1.377	1.2997
SGD	1.3432	1.3791	1.349	1.3209

The following sensitivity analysis is based on the exchange rate risk exposures at balance date. At balance date, if the exchange rate between the United States dollar and the Indonesian Rupiah, the Australian dollar or the Singaporean dollar had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

Judgement of reasonable possible movements:

	Post tax loss (Higher)/Lower 31 December 2021 \$	Total equity (Higher)/Lower 31 December 2021 \$	Post tax loss (Higher)/Lower 31 December 2020 \$	Total equity (Higher)/Lower 31 December 2020 \$
+ 10% higher USD to IDR exchange rate	5,502,964	5,502,964	(3,551,803)	(3,551,803)
- 5% lower USD to IDR exchange rate	(2,751,482)	(2,751,482)	1,775,901	1,775,901
+ 10% higher USD to AUD exchange rate	892,488	892,488	9,063,521	9,063,521
- 5% lower USD to AUD exchange rate	(446,244)	(446,244)	(4,531,760)	(4,531,760)
+ 10% higher USD to SGD exchange rate	8	8	1,311	1,311
- 5% lower USD to SGD exchange rate	(4)	(4)	(655)	(655)

Interest rate risk

The Group's exposure to market interest rate relates to cash assets.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk:

		31 December 2021 \$	31 December 2020 \$
Financial assets			
Cash and cash equivalents	19	137,861,958	351,445,322
Financial liabilities			
Borrowings	13	-	45,000,000

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit for the period by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the comparative period.

	31 December 2021 \$	30 December 2020 \$
Profit for the year	2,221,536	1,456,327

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 20 - FINANCIAL INSTRUMENTS DISCLOSURE (CONT.)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board ensures, where possible, costs are not incurred in excess of available funds and will seek to raise additional funding through issues of shares for the continuation of the Group's operation. There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements.

NOTE 21 - PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ended 31 December 2021, the parent entity of the Group was Nickel Mines Limited.

	Parent Entity 31 December 2021 \$	Parent Entity 31 December 2020 \$
Result of the parent entity		
Net loss	(19,346,274)	(5,918,126)
Other comprehensive income	-	-
Total comprehensive loss	(19,346,274)	(5,918,126)
	31 December 2021 \$	31 December 2020 \$
Financial position of the parent entity at year end		
Current assets	56,012,772	321,513,844
Non-current assets	921,698,458	471,844,618
Total assets	977,711,230	793,358,462
Current liabilities	5,708,090	13,099,767
Non-current liabilities	318,322,283	32,142,857
Total liabilities	324,030,373	45,242,624
Net Assets	653,680,857	748,155,838
Equity		
Share capital	732,929,135	732,929,135
Retained profits	(79,248,278)*	15,186,703
Total Equity	653,680,857	748,155,838

* During 2021 the Company made dividend payment totaling \$75,088,707 (2020: \$15,441,648) which is included within retained profits for the 2021 financial year.

At balance date, the Company has no capital commitments or contingencies (31 December 2020: \$nil), other than as outlined in Note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 22 - 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 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 year ended 31 December 2021, the Group had two segments, being nickel ore mining in Indonesia and the RKEF projects in Indonesia and Singapore.

	Nickel ore mining \$	RKEF Projects \$	Unallocated \$	Total \$
31 December 2021				
External revenues	1,117,340	644,818,299	-	645,935,639
Reportable segment profit/(loss) before tax	18,746,146	182,315,704	(20,022,315)	181,039,535
Interest income	125,550	189,967	20,468	335,985
Interest expense	-	-	11,566,771	11,566,771
Depreciation and amortisation	3,301,584	32,674,077	1,637	35,977,298
Reportable segment assets	53,566,916	1,687,726,903	61,325,003	1,802,618,822
Reportable segment liabilities	17,870,628	130,805,784	324,030,371	472,706,783
31 December 2020				
External revenues	- ⁽¹⁾	523,492,413	-	523,492,413
Reportable segment profit/(loss) before tax	1,216,424	173,045,571	(19,695,320)	154,566,675
Interest income	90,510	378,840	49,223	518,573
Interest expense	-	55,664	5,212,488	5,268,152
Depreciation and amortisation	1,434,100	34,358,790	994,054	36,786,945
Reportable segment assets	33,097,749	880,065,390	321,513,845	1,234,676,984
Reportable segment liabilities	12,837,122	90,368,329	45,242,624	148,448,076

⁽¹⁾ Sales of nickel ore are internal to the Group and so are eliminated on consolidation, whilst limonite ore sales are to a party external to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 22 - SEGMENT INFORMATION (CONT.)

	31 December 2021 \$	31 December 2020 \$
Reconciliations of reportable segment revenues and profit or loss		
Profit or loss		
Total profit for reportable segments	201,061,850	174,261,995
Unallocated amounts:		
Net other corporate expenses	(20,022,315)	(19,695,320)
Consolidated profit before tax	181,039,535	154,566,675
Reconciliations of reportable assets and liabilities		
Assets		
Total assets for reportable segments	1,741,293,819	913,163,139
Unallocated corporate assets	61,325,003	321,513,845
Consolidated total assets	1,802,618,822	1,234,676,984
Liabilities		
Total liabilities for reportable segments	(148,676,412)	(103,205,451)
Unallocated corporate liabilities	(324,030,371)	(45,242,624)
Consolidated total liabilities	(472,706,783)	(148,448,075)

Geography of reportable segment assets

	Indonesia \$	Singapore \$	Total \$
31 December 2021			
Reportable segment assets	1,737,675,338	3,618,481	1,741,293,819
31 December 2020			
Reportable segment assets	902,697,958	10,465,181	913,163,139

Revenue

All sales during the year were to customers located in either Indonesia or China. For the year ended 31 December 2021 the value of total NPI sales to customers based in China was \$358.4 million and to customers based in Indonesia was \$286.4 million. Limonite ore revenue totaling \$1.1 million was all to customers located in Indonesia.

Major customers

All sales of nickel pig iron during the year ended 31 December 2021 were either exported sales to Shanghai Decent in China, or sales within to PT Indonesia Stainless Steel, a stainless steel producer operating within the IMIP.

All sales of saprolite nickel ore during the year ended 31 December 2021, were to the Company's subsidiaries PT Hengjaya Nickel Industry and PT Ranger Nickel Industry, under a series of offtake agreements to supply between 50,000 to 70,000 wmt per month to each entity. In November 2021 PT Hengjaya Mineralindo also commenced the supply of limonite ore to the Huayue Nickel Cobalt project within the IMIP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 23 - REVENUE

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major production and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Nickel pig iron		Saprolite ore		Limonite ore	
	31 December 2021 \$	31 December 2020 \$	31 December 2021* \$	31 December 2020* \$	31 December 2021* \$	31 December 2020 \$
Major products	644,818,299	523,492,413	82,968,747	25,139,919	1,117,340	-
<i>Timing of revenue recognition</i>						
Products transferred at a point in time	644,818,299	523,492,413	82,968,747	25,139,919	1,117,340	-
Revenue from contracts with customers	644,818,299	523,492,413	82,968,747	25,139,919	1,117,340	-
Revenue as reported in Note 22	644,818,299	523,492,413	82,968,747	25,139,919	1,117,340	-

* Sales of nickel ore are internal to the Group and so are eliminated on consolidation.

The extent to which an entity's revenue is disaggregated for the purposes of this disclosure depends on the facts and circumstances of the entity's contracts with customers.

NOTE 24 - AUDITOR REMUNERATION

During the year ended 31 December 2021 KPMG, the Company's auditor, has performed other services in addition to their statutory audit duties.

Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for audit and non-audit services provided during the year and prior period are set out below:

	31 December 2021 \$	31 December 2020 \$
<i>Auditors of the Company</i>		
Audit and review of financial reports – KPMG Australia	222,654	195,880
Audit and review of financial reports – KPMG Indonesia	117,747	140,877
Other assurance services – KPMG Australia	234,914	-
	575,315	336,757

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

NOTE 25 – SUBSEQUENT EVENTS

- At an Extraordinary General Meeting of shareholders held on 25 January 2022, shareholders approved the acquisition of 70% of Oracle Nickel.
- On 27 January 2022, the Company announced that the Angel Nickel Project had entered its commissioning phase with the first of its four RKEF lines having commenced the production of NPI.
- On 27 January 2022, the Company declared a A\$0.02 final dividend for 2021, which was paid on 10 February 2022, being a distribution of \$35,366,339.
- On 9 February 2022, the Company announced an approximate \$225M capital raising to fund the acquisition of an initial 30% interest in Oracle Nickel. On 15 February 2022 the Company issued 108,122,223 shares in the institutional placement component of the raising at A\$1.37 per share, raising A\$148.1M (\$105.6M), before costs. In addition to the institutional placement, the capital raising also includes a share purchase plan as well as a placement to Shanghai Decent which is subject to shareholder and Foreign Investment Review Board approval.
- In February 2022, the Company completed the acquisition of the initial 10% interest in Oracle Nickel following the payment of \$23M to Shanghai Decent, with \$30M in deposits having already been paid in 2021.

Other than the matters outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any 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.

NOTE 26 – COMMITMENTS AND CONTINGENCIES

There are no contingent liabilities existing at 31 December 2021 (31 December 2020: \$nil).

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Nickel Mines Limited ("the Company"):
 - (a) the consolidated financial statements and notes set out on pages 30 to 65 and the Remuneration report on pages 24 to 27 in the Directors' report, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards, (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 31 December 2021.

Signed at Sydney this 23rd day of February 2022 in accordance with a resolution of the Board of Directors:



Robert Neale
Chairman



Norman Seckold
Deputy Chairman



Independent Auditor's Report

To the shareholders of Nickel Mines Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Nickle Mines Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2021;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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INDEPENDENT AUDITOR'S REPORT



Key Audit Matters

The **Key Audit Matters** we identified are:

- Consolidation of subsidiaries; and
- Acquisition of non-controlling interests.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Consolidation of subsidiaries

Refer to Note 16 Controlled Entities

The key audit matter

Nickel Mines Limited consolidates its investments in subsidiaries as outlined in Note 16 to the financial statements. In doing so, they are required to make a number of adjustments to the underlying financial information to ensure alignment to Australian Accounting Standards and the Group's accounting policies.

This is a key audit matter because certain adjustments are material and technical in nature.

How the matter was addressed in our audit

Our procedures included:

- Interacting with Group management and the relevant component audit team, we developed an understanding of local accounting policies of the subsidiaries and the nature and extent of any accounting standard or accounting policy adjustments required to align with those of the Group's. We sample tested that the adjustments made by the Group were consistent with this understanding; and
- Upon receipt of the audited balance sheets and income statements of PT Hengjaya Mineralindo, PT Hengjaya Nickel Industry, PT Ranger Nickel Industry and PT Angel Nickel Industry all incorporated in Indonesia, which are the material subsidiaries in the Group's operations, reperforming management's calculations of adjustments impacting Nickel Mines Limited's consolidated statement of comprehensive income and consolidated statement of financial position, and reperforming management's calculation of adjustments impacting the Group and non-controlling interests share of net profits and comparing to those calculated by the Group.

INDEPENDENT AUDITOR'S REPORT



Acquisition of non-controlling interests (\$147m)	
Refer to Note 16 Controlled Entities	
The key audit matter	How the matter was addressed in our audit
The Group's investment in Angel Capital Private Limited ('Angel Capital'), a Singaporean holding company which holds 100% of the shares (directly and indirectly) of PT Angel Nickel Industry ('Angel Nickel'), was acquired during the financial year ended 31 December 2021. The investment was equity accounted for during part of the year and was consolidated effective 30 September 2021. This was a key audit matter due to the following: • Size of the transaction: the fair value of the net assets of Angel Capital was assessed as US\$700 million at the date of acquisition; and • Complexity: The acquisition was part of the Collaboration Agreement with Shanghai Decent Investment (Group) Co., Limited and Decent Resource Limited. The terms and conditions of the Collaboration Agreement were complex and the implications had pervasive impacts on the financial report. In addition, the Collaboration Agreement was amended throughout the financial year. We focused on significant judgements made by the Group in relation to: • The date of gaining control of Angel Capital; • The fair value of the consideration transferred, including non-controlling interests; and • The provisional fair values assigned to the identifiable assets and liabilities. These conditions require significant audit effort and greater involvement by senior team members and KPMG valuation specialists.	Our procedures included: • Reading the Collaboration Agreement and subsequent amendments to understand the key terms and conditions of the agreement and the obligations of each party to the contract. Using this we challenged the Group's assessment of the date of gaining control of Angel Capital; • Working with our valuation specialists we assessed and challenged the key assumptions used in the purchase price allocation to identify assets and liabilities acquired, including a consideration of the existence of intangible assets; • Working with our valuation specialists we assessed and challenged the Group's fair value assessments, including: • The fair value of the consideration transferred by assessing the value of US\$700 million assigned by the Group by reference to the estimated net present value of future cash flows, • The provisional fair values assigned to identifiable assets and liabilities, including identifiable intangible assets. • Testing of the acquisition date balance sheet of Angel Capital to the underlying accounting records of each entity acquired and assessing compliance of those accounting records with the accounting standards; • Testing of the post-acquisition financial performance and position of Angel Capital, including as at 31 December 2021, and ongoing compliance with accounting standards; and • Evaluating the Group's disclosures in the financial report against the requirements of accounting standards.

INDEPENDENT AUDITOR'S REPORT



Other Information

Other Information is financial and non-financial information in Nickle Mines Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

INDEPENDENT AUDITOR'S REPORT



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Nickel Mines Limited for the year ended 31 December 2021, complies with *Section 300A* of the *Corporations Act 2001*.

A stylized, handwritten-style signature of the KPMG firm, rendered in a dark grey or black ink.

KPMG

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 24 to 27 of the Directors' report for the year ended 31 December 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

A handwritten signature of Stephen Board, written in a dark ink, appearing to be 'S Board'.

Stephen Board
Partner

Brisbane
23rd February 2022



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Nickel Mines Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Nickel Mines Limited for the year ended 31 December 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature of the KPMG representative, written in dark ink.

KPMG

A handwritten signature of Stephen Board, written in dark ink.

Stephen Board
Partner

Brisbane
24th February 2021

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

USD	Notes	12 months to 31 December 2020 \$	6 months to 31 December 2019 \$
Sales revenue	22	523,492,413	236,059,160
Cost of sales		(321,565,521)	(136,207,419)
Depreciation and amortisation expense		(36,786,945)	(16,419,372)
Gross profit		165,139,947	83,432,369
Directors' fees and consultants' expenses		(4,068,152)	(2,893,410)
Share of profit of equity accounted investees		-	1,239,032
Other expenses	4	(3,403,452)	(1,023,527)
Results from operating activities		157,668,343	80,754,464
Financial income	5	2,166,484	13,035,913
Financial expense	5	(5,268,152)	(2,336,467)
Net financial (expense)/income		(3,101,668)	10,699,446
Profit before income tax		154,566,675	91,453,910
Income tax expense	8	(867,835)	(173,476)
Profit for the year/period		153,698,840	91,280,434
Other comprehensive income			
Items that may be classified subsequently to profit or loss		(2,487)	(22,393)
Total comprehensive profit for the year/period		153,696,353	91,258,041
Profit attributable to:			
Owners of the Company		110,610,841	56,504,374
Non-controlling interest		43,087,999	34,776,060
Profit for the year/period		153,698,840	91,280,434
Total comprehensive profit attributable to:			
Owners of the Company		110,608,851	56,486,460
Non-controlling interest		43,087,502	34,771,581
Total comprehensive profit for the year/period		153,696,353	91,258,041
Earnings per share			
Basic and diluted profit per share (cents) for the year/period	9	5.68	3.46

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

USD	Notes	31 December 2020 \$	31 December 2019 \$
Current assets			
Cash and cash equivalents	18	351,445,322	49,820,013
Trade and other receivables	6	117,758,937	97,208,882
Inventory	10	61,285,049	56,238,558
Other current assets	7	8,150,977	1,293,301
Total current assets		538,640,285	204,560,754
Non-current assets			
Other non-current assets	7	9,868,209	9,014,394
Property, plant and equipment	11	600,763,595	628,516,578
Deposit	16	30,000,000	-
Goodwill	15	55,404,895	55,404,895
Total non-current assets		696,036,699	692,935,867
Total assets		1,234,676,984	897,496,621
Current liabilities			
Trade and other payables	12	40,259,761	52,489,262
Current tax payable		3,751,344	652,704
Provision		841,243	662,427
Borrowings	13	12,857,143	4,333,333
Total current liabilities		57,709,491	58,137,726
Non-current liabilities			
Provision – rehabilitation		1,929,408	149,919
Deferred income tax liability	8	55,404,895	55,404,895
Other non-current liability		1,261,425	1,018,309
Borrowings	13	32,142,857	60,666,667
Total non-current liabilities		90,738,585	117,239,790
Total liabilities		148,448,076	175,377,516
Net assets		1,086,228,908	722,119,105
Equity			
Share capital	14	732,929,135	315,501,048
Reserves		19,204,534	19,206,524
Retained profits		187,927,099	92,757,906
Total equity attributable to equity holders of the Company		940,060,768	427,465,478
Non-controlling interest		146,168,140	294,653,627
Total equity		1,086,228,908	722,119,105

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

USD	Notes	Share capital \$	Retained profits \$	Reserves \$	Total \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2019		275,938,304	36,253,532	(639,437)	311,552,399	143,214,479	454,766,878
Total comprehensive income for the period							
Profit for the period		-	56,504,374	-	56,504,374	34,776,060	91,280,434
Remeasurement of defined benefit obligation		-	-	(17,914)	(17,914)	(4,479)	(22,393)
Total comprehensive income for the period		-	56,504,374	(17,914)	56,486,460	34,771,581	91,258,041
Transactions with owners, recorded directly in equity							
Issue of shares	14	40,000,000	-	-	40,000,000	-	40,000,000
Costs of issue		(437,256)	-	-	(437,256)	-	(437,256)
Non-controlling interest arising on acquisition		-	-	-	-	136,531,442	136,531,442
Transaction with non-controlling interest without a change of control		-	-	19,863,875	19,863,875	(19,863,875)	-
Balance at 31 December 2019		315,501,048	92,757,906	19,206,524	427,465,478	294,653,627	722,119,105
Balance at 1 January 2020		315,501,048	92,757,906	19,206,524	427,465,478	294,653,627	722,119,105
Total comprehensive income for the year							
Profit for the year		-	110,610,841	-	110,610,841	43,087,999	153,698,840
Remeasurement of defined benefit obligation		-	-	(1,990)	(1,990)	(497)	(2,487)
Total comprehensive income for the year		-	110,610,841	(1,990)	110,608,851	43,087,502	153,696,353
Transactions with owners, recorded directly in equity							
Issue of shares	14	430,033,781	-	-	430,033,781	-	430,033,781
Costs of issue	14	(12,605,694)	-	-	(12,605,694)	-	(12,605,694)
Dividends	14	-	(15,441,648)	-	(15,441,648)	-	(15,441,648)
Transaction with non-controlling interest without a change of control	15	-	-	-	-	(147,018,262)	(147,018,262)
Distributions to non-controlling interest		-	-	-	-	(44,554,727)	(44,554,727)
Balance at 31 December 2020		732,929,135	187,927,099	19,204,534	940,060,768	146,168,140	1,086,228,908

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

USD	Notes	12 months to 31 December 2020 \$	6 months to 31 December 2019 \$
Cash flows from operating activities			
Cash receipts from customers		517,640,552	212,696,681
Cash payments to employees and suppliers		(358,863,954)	(169,899,088)
Interest received		301,618	89,507
Taxes and fees paid		(9,123,479)	(4,677,776)
Net cash from operating activities	18	149,954,737	38,209,324
Cash flows from investing activities			
Payments for property, plant and equipment		(7,387,864)	(29,617,317)
Payments for deposit	16	(30,000,000)	-
Payments for investments in controlled entities	15	(147,018,262)	-
Payments for acquisition of controlled entity	15	-	(1,400,000)
Cash on acquisition of controlled entity	15	-	7,244,743
Net cash used in investing activities		(184,406,126)	(23,772,574)
Cash flows from financing activities			
Proceeds from issue of shares	14	430,033,781	-
Costs of issue	14	(12,359,577)	(444,893)
Dividend distributions	14	(15,441,648)	-
Contribution by/(distributions to) non-controlling interest		(43,330,951)	16,986,235
Repayment of borrowings and interest changes	13	(25,268,152)	(29,886,953)
Net cash from/(used in) financing activities		333,633,453	(13,345,611)
Net increase in cash and cash equivalents		299,182,064	1,091,139
Effect of exchange rate adjustments on cash held		2,443,245	(274,103)
Cash and cash equivalents at the beginning of the year/period		49,820,013	49,002,977
Cash and cash equivalents at the end of the year/period		351,445,322	49,820,013
Non-cash financing and investing activities:			
The acquisition of a controlled entity disclosed in Note 15 included a non-cash transaction of \$120,000,000 which was funded through the issue of \$40,000,000 in shares and \$80,000,000 in debt.			
Non-cash investing activities			
Payments for acquisition of controlled entity	15	-	(120,000,000)
Total non-cash investing activities		-	(120,000,000)
Non-cash financing activities			
Proceeds from issue of shares	14	-	40,000,000
Proceeds from borrowings	13	-	80,000,000
Total non-cash financing activities		-	120,000,000

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 1 - REPORTING ENTITY

Nickel Mines Limited (the 'Company') is a company domiciled in Australia. The consolidated financial report for the year ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity and is involved in nickel ore mining and nickel pig iron production operations.

NOTE 2 - BASIS OF PREPARATION

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the Group complies with International Financial Reporting Standards ('IFRS') and interpretations adopted by the International Accounting Standards Board ('IASB').

The financial report was authorised for issue by the Directors on 24 February 2021.

Basis of measurement

The consolidated 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 consolidated financial statements are presented in United States dollars, which is the Company's functional currency.

Change of financial year end

The financial year of the Company was changed from 30 June to 31 December in 2019 to align the year end date of the Company with that of its subsidiary companies in both Indonesia and Singapore to improve the efficiency of the Company's financial reporting and planning cycles. Accordingly, the financial period reported in these financial statements covers the twelve month period from 1 January 2020 to 31 December 2020. Comparative figures for these financial statements cover the six month period from 1 July 2019 to 31 December 2019. The results for the current period are therefore not directly comparable with the results for the prior period.

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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 8 – Income tax expense and the recoverability of deferred tax assets.
- Note 15 – Impairment of goodwill.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interest

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree. Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Where a controlled entity issues shares to minority interests which does not result in loss of control by the Group, any gain or loss arising on the Group's interest in the controlled entity is recognised directly in equity.

Investments in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Nickel ore and nickel pig iron sales revenue

Nickel ore and nickel pig iron sales revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over goods or a service to a customer.

Invoices for nickel ore sales are generated once a month upon receipt of assay results and are usually payable within 10 working days. Pro-forma invoices for exports of nickel pig iron are generated based on the loading inspection report and a final invoice is issued based on the nickel content delivered, following receipt of third party assay results. They are usually payable within 60 days. No discounts are provided for nickel ore and nickel pig iron products, but adjustments are made to the final sale price for items including final nickel grade, moisture content and nickel content.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to United States dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to United States dollars at foreign exchange rates ruling at the dates the fair value was determined.

The Group transacts in the following foreign currencies: Australian dollars (A\$ or AUD), Indonesian Rupee (IDR) and Singapore Dollars (SGD).

Financial statements of foreign operations

The assets and liabilities of foreign entities are translated to United States dollars at the foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to United States dollars at rates using a monthly average rate for the month in which the transaction occurred. Foreign exchange differences arising on retranslation are recognised directly in the foreign currency translation reserve ('FCTR'), a separate component of equity.

Foreign exchange gains and losses arising from a monetary item receivable or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in the FCTR.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to United States dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to United States dollars using a monthly average rate for the month in which the transaction occurred. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

At 31 December 2020, the functional currency of all components in the Group is United States dollars. The FCTR represents the foreign exchange differences which arose on retranslation in prior years on subsidiaries which have not yet been disposed.

Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation and amortisation

Mining properties' amortisation rate is applied on a straight-line basis over the remaining term of the mining licence. The amortisation is included in the costs of conversion of inventories.

Depreciation is charged to the income statement using a reducing balance method from the date of acquisition using the following rates:

- Furniture and fittings and plant and machinery are depreciated at 25%.
- Buildings and infrastructure are depreciated at 5%.
- Mine infrastructure assets are depreciated at 5%.
- Office equipment is depreciated at rates of between 25% and 40%.
- Plant and machinery are depreciated at rates if between 6.25% and 12.5%.
- Motor vehicles are depreciated at 25%.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment

Financial assets

The Group recognises expected credit losses ('ECLs'), where material, on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12 month ECLs:

- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are measured at an amount equal to lifetime ECLs. At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through profit or loss are credit impaired.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Non-financial assets

The carrying amounts of the Group's assets, other than deferred tax assets and inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill, being an indefinite life intangible asset, is subject to annual impairment testing, in which the goodwill is allocated to a cash generating unit ('CGU') for impairment testing and the value-in-use is compared to the carrying value of goodwill.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Any impairment charges taken up against goodwill balances are not reversed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Share capital

Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the foreign currency gain or loss on financial assets and financial liabilities; and
- the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination.

Interest income or interest expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and interest expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs which are directly attributable to the Group's exploration and evaluation and development activities are capitalised in relation to qualifying assets.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income tax

Income tax on the income statement for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

- The initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Goods and services tax and Value Added Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST') or value added tax ('VAT'), except where the amount of GST or VAT incurred is not recoverable from the taxation authority. In these circumstances, the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST or VAT included. The net amount of GST or VAT recoverable from, or payable to taxation authorities is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST or VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to taxation authorities are classified as operating cash flows.

Employee benefits

Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on average costs over the relevant period of production, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Site restoration

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of disturbed land, and the related expense, is recognised when the land is disturbed.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes by referencing the acquisition cost of assets and liabilities on the date of acquisition and if available the findings of Independent Expert's Reports who prepared a valuation on a recent comparable transaction basis. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Exploration, evaluation and development expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised at cost or fair value, as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the statement of comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within property, plant and equipment.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leases accounting policy

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single measurement recognition and approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group's exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- fair value through other comprehensive income ('FVOCI') – equity investment; or
- fair value through profit or loss ('FVTPL').

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as fair value through profit or loss if:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value through other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity instruments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Changes in significant accounting policies

All new standards and interpretations effective for periods after 1 January 2019 have been adopted by the Group in the preparation of these financial statements and have not had any material effect on the financial statements presented.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are able to be early adopted for annual periods beginning after 1 January 2020 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

	12 months to 31 December 2020 \$	6 months to 31 December 2019 \$
NOTE 4 - OTHER EXPENSES		
Audit fees – KPMG audit of financial reports	336,757	232,490
Travel	70,265	191,119
Legal fees	64,158	167,804
Withholding tax expense	2,795,999	-
Other	136,273	432,114
	3,403,452	1,023,527

NOTE 5 - FINANCIAL INCOME AND FINANCE EXPENSE

Interest income	518,573	228,603
Interest expense	(5,268,152)	(2,336,467)
Net change in fair value of investment in associate	-	7,400,232
Foreign exchange gain	1,647,911	5,407,078
	(3,101,668)	10,699,446

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

	31 December 2020 \$	31 December 2019 \$

NOTE 6 - TRADE AND OTHER RECEIVABLES

Sales taxes receivable	23,352,812	12,539,843
Trade receivables	94,406,125	84,669,039
	117,758,937	97,208,882

NOTE 7 - OTHER ASSETS

Current

Prepayments	8,150,977	1,293,301

Non-current

Prepayments	8,466,970	8,629,570
Other	1,401,239	384,824
	9,868,209	9,014,394

	12 months to 31 December 2020 \$	6 months to December 2019 \$

NOTE 8 - INCOME TAX EXPENSE

Profit before tax – continuing operations	154,566,675	91,453,910
Prima facie income tax expense/(benefit) at the Australian tax rate of 30% (31 December 2019: 30%)	46,370,003	27,436,173
Increase in income tax expense/(benefit) due to:		
- Effect of tax rates in foreign jurisdictions	(50,130,131)	(28,714,598)
- Non-deductible/non-assessable income	6,249,619	2,002,293
- Effect of deferred tax assets for tax losses not brought to account	(211,341)	123,125
- Effect of net deferred tax assets not brought to account	(1,621,656)	(570,391)
- Effect of foreign currency conversion	211,341	(103,127)
Income tax expense – current and deferred	867,835	173,476

Deferred tax liabilities have been recognised in respect of the following items:

Net deductible temporary differences – property, plant and equipment	55,404,895	55,404,895
	55,404,895	55,404,895

Deferred tax assets have not been recognised in respect of the following items:

Net deductible temporary differences	4,802,482	1,826,485
Tax losses	1,065,326	872,118
	5,867,808	2,698,603

The deductible temporary differences and tax losses do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits of the deferred tax asset. The Company does not have any franking credits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

	12 months to 31 December 2020 \$	6 months to 31 December 2019 \$

NOTE 9 - PROFIT PER SHARE

Basic and diluted profit per share have been calculated using:

Net profit for the year attributable to equity holders of the Company	110,610,841	56,504,374

	N° of shares	N° of Shares
Weighted average number of ordinary shares (basic and diluted)		
Issued ordinary shares at the beginning of the year	1,665,468,329	1,525,495,624
- Effect of shares issued on 14 August 2019	-	105,740,250
- Effect of shares issued on 29 May 2020	211,367,737	-
- Effect of shares issued on 16 June 2020	56,522,197	-
- Effect of shares issued on 14 December 2020	13,569,602	-
- Effect of shares issued on 24 December 2020	1,812,806	-
Weighted average number of shares at the end of the year	1,948,740,671	1,631,235,874

	31 December 2020 \$	31 December 2019 \$

NOTE 10 - INVENTORY

Inventory – nickel ore stockpiles	661,338	237,071
Inventory – nickel pig iron production raw materials	54,079,991	43,306,276
Inventory – nickel pig iron	6,543,720	12,695,211
	61,285,049	56,238,558

During the year ended 31 December 2020, the Company's 80% subsidiary PT Hengjaya Mineralindo supplied nickel ore to the Company's subsidiaries PT Hengjaya Nickel Industry and PT Ranger Nickel Industry under monthly contracts to supply 100,000 wmt per month between each entity for the year ended 31 December 2020.

Nickel pig iron production raw materials includes nickel ore acquired by PT Hengjaya 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 measured at the lower of cost and net realisable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

	31 December 2020 \$	31 December 2019 \$
NOTE 11 - PROPERTY, PLANT AND EQUIPMENT		
Furniture and fittings		
Furniture and fittings – cost	313,144	173,726
Accumulated depreciation	(99,830)	(58,398)
Net book value	213,314	115,328
Mine infrastructure assets		
Mine infrastructure assets – cost	7,306,786	5,900,493
Accumulated depreciation	(1,356,267)	(1,187,941)
Net book value	5,950,519	4,712,552
Buildings and land		
Buildings – cost	65,843,834	63,285,275
Accumulated depreciation	(5,449,163)	(2,200,715)
Net book value	60,394,671	61,084,560
Mining properties		
Mining properties – cost	31,324,712	27,991,023
Accumulated amortisation	(4,045,761)	(2,540,425)
Net book value	27,278,951	25,450,598
Office equipment		
Office equipment – cost	1,145,295	749,743
Accumulated depreciation	(518,962)	(316,015)
Net book value	626,333	433,728
Plant and machinery		
Plant and machinery – cost	557,548,908	556,552,301
Accumulated depreciation	(51,620,499)	(20,097,968)
Net book value	505,928,409	536,454,333
Motor vehicles		
Motor vehicles – cost	663,136	459,293
Accumulated depreciation	(291,738)	(193,814)
Net book value	371,398	265,479
Total property, plant and equipment	600,763,595	628,516,578

Impairment

After consideration of both internal and external factors, the Directors believe that no indicators of impairment existed at 31 December 2020 and have therefore not completed an impairment assessment over the carrying value of the Group's property, plant and equipment assets at 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below.

	12 months to 31 December 2020 \$	6 months to 31 December 2019 \$
Furniture and fittings		
Carrying amount at beginning of year	115,328	23,784
Additions	139,418	103,815
Depreciation	(41,432)	(12,271)
Net book value	213,314	115,328
Mine infrastructure assets		
Carrying amount at beginning of year	4,712,552	2,359,157
Additions	1,406,293	2,374,449
Depreciation	(168,326)	(21,054)
Net book value	5,950,519	4,712,552
Buildings and land		
Carrying amount at beginning of year	61,084,560	30,055,046
Additions	2,558,560	32,627,666
Depreciation	(3,248,449)	(1,598,152)
Net book value	60,394,671	61,084,560
Mining properties		
Carrying amount at beginning of year	25,450,598	26,264,813
Additions	3,333,690	154,052
Amortisation	(1,505,337)	(968,267)
Net book value	27,278,951	25,450,598
Office equipment		
Carrying amount at beginning of year	433,728	349,763
Additions	395,551	130,496
Depreciation	(202,946)	(46,531)
Net book value	626,333	433,728
Plant and machinery		
Carrying amount at beginning of year	536,454,333	280,713,488
Additions	996,606	270,525,421
Depreciation	(31,522,530)	(14,784,576)
Net book value	505,928,409	536,454,333
Motor vehicles		
Carrying amount at beginning of year	265,479	324,443
Additions	203,843	110,455
Depreciation	(97,924)	(169,419)
Net book value	371,398	265,479
Total property, plant and equipment	600,763,595	628,516,578

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

	31 December 2020	31 December 2019
	\$	\$

NOTE 12 - TRADE AND OTHER PAYABLES

<i>Current</i>		
Creditors	33,633,284	50,156,272
Accruals	3,161,092	2,150,921
Other	3,465,385	182,069
	<u>40,259,761</u>	<u>52,489,262</u>

NOTE 13 - BORROWINGS

<i>Current</i>		
Ranger debt facility	<u>12,857,143</u>	<u>4,333,333</u>
<i>Non-current</i>		
Ranger debt facility	<u>32,142,857</u>	<u>60,666,667</u>

Ranger debt facility

In August 2019, as part of the financing package to increase the Company's interest in the Ranger Nickel project from 17% to 60% the Company secured a senior debt facility agreement with a Shanghai Decent associated company. Key terms of the Ranger debt facility agreement are outlined on the following page:

Key terms:

- Facility amount of \$80,000,000.
- Interest rate of 6% plus the greater of (i) 3-month US\$ LIBOR or (ii) 2.5% per annum.
- Interest is payable on the last day of each interest period of one month.
- Principal to be repaid in quarterly instalments by repaying on the last business day of November, February, May and August (beginning on 30 November 2020) an amount equal to 1/15th of the amount borrowed under the debt facility.
- Nickel Mines granted security over its equity interests in Ranger Investment Private Limited, the Singaporean entity which holds a 100% indirect interest in the Ranger Nickel project, and its equity interest in Hengjaya Holdings Private Limited, the Singaporean entity which holds a 100% indirect interest in the Hengjaya Nickel project. Due to acquisition of additional interest in controlled entities, on 30 June 2020 the Company's interest in the Hengjaya Nickel and Ranger Nickel projects increased to 80% in each. Refer to Note 15 for further details.

Prior to 31 December 2020, the Company made prepayments against the Ranger debt facility totalling \$35,000,000 since inception of the loan, which includes \$29,666,667 of voluntary early prepayments and includes \$20,000,000 paid in the year ended 30 December 2020. Prepayments are applied on a pro rata basis against all repayment dates following the prepayment. Subsequent to year end the Company made repayments totalling US\$45,000,000 against the Ranger Debt Facility, extinguishing the Debt Facility.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

	Number of shares	\$
NOTE 14 - ISSUED CAPITAL		
Ordinary shares on issue at 30 June 2019 - fully paid	1,525,495,624	275,938,304
Issue of shares - cash	139,972,705	40,000,000
Costs of issue	-	(437,256)
Ordinary shares on issue at 31 December 2019 - fully paid	1,665,468,329	315,501,048
Issue of shares - cash	849,560,722	430,033,781
Costs of issue	-	(12,605,694)
Ordinary shares on issue at 31 December 2020 - fully paid	2,515,029,051	732,929,135

Year ended 31 December 2020

In December 2020, through an Accelerated Non-Renounceable Entitlement Offer, the Group issued 386,929,409 shares for cash totalling A\$363,713,644 (equivalent to \$274,927,849). There were no amounts unpaid on the shares issued and share issue costs amounted to \$5,646,064.

In May and June 2020, through an Accelerated Non-Renounceable Entitlement Offer, the Group issued 462,631,313 shares for cash totalling A\$231,315,657 (equivalent to \$155,105,932). There were no amounts unpaid on the shares issued and share issue costs amounted to \$6,959,630.

6 months to 31 December 2019

In August 2019, the Group issued 139,972,705 shares for cash totalling A\$57,388,809 (equivalent to \$40,000,000). There were no amounts unpaid on the shares issued and share issue costs amounted to \$437,256.

Options

There were no options granted, exercised or lapsed unexercised during the year ended 31 December 2020 or the period ended 31 December 2019.

Dividends

The company paid maiden interim unfranked dividend of A\$0.01 per share during the year ended 31 December 2020 amounting to \$15,441,648. There was no dividend paid or declared during the period ended 31 December 2019. Subsequent to year end the Company declared a final dividend of A\$0.02 per share, being a distribution of \$38,987,980.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 15 - CONTROLLED ENTITIES

Acquisition of controlled entities

In June 2020 Nickel Mines notified Shanghai Decent of its intention to exercise its option to acquire a further 20% of the issued and paid-up share capital of Hengjaya Holdings Private Limited and Ranger Investment Private Limited, being the respective Singaporean domiciled holding companies that wholly own PT Hengjaya Nickel Industry and PT Ranger Nickel Industry, the Indonesian PMA companies that in turn own 100% of the Hengjaya Nickel and Ranger Nickel Projects. The acquisitions were completed on 30 June 2020, with the Company paying Shanghai Decent and its nominees US\$120M for the additional 20% interest in the two Projects, plus a settlement of \$23,268,607 for the 20% of the undistributed retained earnings attributable to Shanghai Decent remaining in both PT Hengjaya Nickel Industry and PT Ranger Nickel Industry to the end of April 2020. A final settlement of the undistributed retained earnings at 30 June 2020 of \$3,749,655 was made in September 2020 following the release of the reviewed half year financial statements.

Particulars in relation to controlled entities:

	Ordinary shares – Group interest 31 December 2020 %	Ordinary shares – Group interest 31 December 2019 %
<i>Parent entity</i>		
Nickel Mines Limited		
<i>Controlled entities</i>		
PT Hengjaya Mineralindo (incorporated in Indonesia)	80	80
Hengjaya Holdings Private Limited (incorporated in Singapore)	80	60
Hengjaya Nickel Private Limited (incorporated in Singapore)	80	60
PT Hengjaya Nickel Industry (incorporated in Indonesia)	80	60
Ranger Investment Private Limited (incorporated in Singapore)	80	60
Ranger Nickel Private Limited (incorporated in Singapore)	80	60
PT Ranger Nickel Industry (incorporated in Indonesia)	80	60

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 15 - CONTROLLED ENTITIES (Cont'd)

Non-controlling interests

The following table summarises the information relating to the Group's subsidiaries that have a material non-controlling interest, before any intra-group eliminations.

	Hengjaya Holdings Private Limited and its controlled entities		PT Hengjaya Mineralindo		Ranger Investment Private Limited and its controlled entities	
	31 December 2020 \$	31 December 2019 \$	31 December 2020 \$	31 December 2019 \$	31 December 2020 \$	31 December 2019 \$
Non-controlling interest percentage	20%	40%	20%	20%	20%	40%
Current assets	106,417,123	99,544,279	16,066,904	5,887,486	105,522,401	76,216,530
Non-current assets	319,827,057	336,509,990	39,200,203	31,198,951	306,193,652	322,589,337
Current liabilities	(24,271,607)	(19,833,708)	(9,657,655)	(7,547,875)	(25,007,858)	(26,352,730)
Non-current liabilities	(29,227,624)	(29,219,349)	(38,992,219)	(23,560,781)	(26,188,637)	(26,185,546)
Net assets	372,744,949	387,001,212	6,617,234	5,977,781	360,519,558	346,267,591
Carrying amount of non-controlling interest ⁽²⁾	74,730,150	155,131,585	1,323,446	1,015,006	70,114,545	138,507,036
Revenue	260,273,425	132,292,676	25,139,919 ⁽¹⁾	12,829,854 ⁽¹⁾	263,218,988	103,766,484
Profit	72,768,662	48,294,053	1,544,688	1,368,492	77,137,207	38,661,314
Other comprehensive income	-	-	(2,487)	-	-	-
Total comprehensive income	72,768,662	48,294,053	1,542,201	1,368,492	77,137,207	38,661,314
Profit/(loss) allocated to non-controlling interest ⁽²⁾	20,996,983	19,317,621	309,435	(6,087)	21,781,581	15,464,526
Other comprehensive income allocated to non-controlling interest	-	-	(497)	-	-	-
⁽¹⁾ Includes nickel ore sales from the Company's controlled entity PT Hengjaya Mineralindo to the Company's controlled entities PT Hengjaya Nickel Industry and PT Ranger Nickel Industry.						
⁽²⁾ After intra-group eliminations.						

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 15 - CONTROLLED ENTITIES (Cont'd)

Goodwill	12 months to 31 December 2020 \$	6 months to 31 December 2019 \$
Opening balance	55,404,895	29,219,349
Goodwill arising on acquisition of Ranger Investment Private Limited	-	26,185,546
	55,404,895	55,404,895

During the year the goodwill balance was allocated to a cash generating unit ('CGU') for impairment testing. 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 goodwill. The underlying cash flows of each CGU (RKEF plant) have outperformed the original valuation prepared for the CGU's on their acquisition.

The key assumptions used in the original cash flow forecasts are set out below:

RKEF Project	Carrying amount of goodwill	NPI production (tpa)	NPI Grade (%)	Nickel Production (tpa)	Nickel Price (p/t)	Cash costs (\$/t)	Discount Rate (%)	Model Period (years)
Hengjaya Nickel	\$29,219,349	150,000	11.0	16,500	\$13,370	\$8,142	10	37
Ranger Nickel	\$26,185,545	150,000	11.0	16,500	\$13,370	\$8,174	10	37

NOTE 16 - DEPOSIT

In October 2020, the Company signed a Memorandum of Understanding ('MoU') and subsequently a Definitive Agreement with Shanghai Decent to acquire a 70% interest in Angel Capital Private Limited, the Singaporean domiciled holding company that wholly owns PT Angel Nickel Industry, an Indonesian PMA company that owns 100% of the Angel Nickel project, a development project within the Indonesia Weda Bay Industrial Park on Halmahera Island in Indonesia's North Maluku province. Subsequent to year end, it was agreed by both parties that the Company's equity participation in the Angel Nickel project would increase to 80%.

Under the amended terms of the Definitive Agreement the Company will acquire an 80% interest in Angel Nickel in accordance with the following staged payments:

- Stage 1 - \$210M by 31 March 2021 to secure an initial 30% interest. In February 2021, the Company completed the Stage 1 acquisition of a 30% interest in Angel Nickel.
- Stage 2 - \$350M by 31 December 2021 to secure a further 50% interest. If the Stage 2 acquisition is completed by 30 June 2021, the purchase price will be discounted to \$344M.

On signing the MoU, the Company paid a \$10M 'good faith deposit' to Shanghai Decent and upon execution of the Definitive Agreement made a further \$20M 'down payment' to Shanghai Decent. In February 2021, the Company completed the Stage 1 acquisition of a 30% interest in Angel Nickel by payment of \$180M which, together with the \$30M deposit which had been paid from existing cash reserves, completed the first acquisition consideration payment of \$210M.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 17 - RELATED PARTIES

Key management personnel of the Group are the following:

Robert Neale	Chairman (Non-Executive)	Norman Seckold	Deputy Chairman
Justin Werner	Managing Director	Peter Nightingale	Director and Chief Financial Officer
James Crombie	Director (Non-Executive)	Weifeng Huang	Director (Non-Executive)
Mark Lochtenberg	Director (Non-Executive)	Dasa Sutantio	Director (Non-Executive)
Yuanyuan Xu	Director (Non-Executive)		

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 31 December 2020. The total remuneration paid to key management personnel of the Group during the year is as follows:

Key Management Personnel compensation

	12 months to 31 December 2020 \$	6 months to 31 December 2019 \$
Short term employee benefits	937,929	448,785

Key Management Personnel transactions

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 year. The aggregate value of transactions and outstanding balances (excluding the compensation noted above) relating to key management personnel and entities over which they have control or joint control were as follows:

Norman Seckold and Peter Nightingale hold 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. On 1 January 2019 MIS agreed to provide these services for a fee of A\$35,000 per month. This fee will be reviewed quarterly by the Company and MIS. Fees charged by MIS during the year amounted to A\$600,625 (6 months to 31 December 2019: A\$290,250) which included the agreed monthly fee and the reimbursement of consultant expenses incurred by MIS on behalf of the Group. At 31 December 2020 A\$16,250 (31 December 2019: A\$15,000) remained outstanding.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

	12 months to 31 December 2020 \$	6 months to 31 December 2019 \$

NOTE 18 - STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Bank balances	351,445,322	49,820,013

(b) Reconciliation of net loss from ordinary activities after tax to net cash used in operating activities

Profit from ordinary activities after tax	153,698,840	91,280,434

Non-cash items

Depreciation and amortisation	36,786,945	16,419,372
Foreign exchange gain	(1,647,911)	(5,407,078)
Interest expense	5,268,152	2,336,467
Net change in fair value of investment in associate	-	(7,400,232)

Changes in assets and liabilities

Trade receivables and other assets	(27,407,730)	(53,212,581)
Inventory	(5,046,491)	(47,321,083)
Provisions	1,958,305	116,150
Trade and other payables	(13,655,373)	41,397,875

Net cash from operating activities	149,954,737	38,209,324

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 18 - STATEMENT OF CASH FLOWS (Cont'd)

(c) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities	Equity	
	Loans and borrowings	Share capital	Total
	\$	\$	\$
Opening balance at 1 January 2020	65,000,000	315,501,048	380,501,048
<i>Changes from financing activities</i>			
Proceeds from issue of shares	-	430,033,781	430,030,354
Costs of issue	-	(12,605,694)	(12,602,267)
Repayment of borrowings	(20,000,000)	-	(20,000,000)
Repayment of interest	(5,268,152)	-	(5,268,152)
Total changes from financing cash flows	(25,268,152)	417,428,087	392,159,935
<i>Other changes</i>			
Finance expenses	5,268,152	-	5,268,152
Total other changes	5,268,152	-	
Closing balance at 31 December 2020	45,000,000	732,929,135	777,929,135

NOTE 19 - FINANCIAL INSTRUMENTS DISCLOSURE

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, currency risk and interest rate risk. The summaries below present information about the Group's exposure to each of these risks, their objectives, policies and processes for measuring and managing risk, the management of capital and financial instruments.

Credit risk

Credit risk arises mainly from the risk of counterparties defaulting on the terms of their agreements. The carrying amounts of the following assets represent the Group's maximum exposure to credit risk in relation to financial assets:

	Note	31 December 2020 \$	31 December 2019 \$
Cash and cash equivalents	18	351,445,322	49,820,013
Trade and other receivables	6	117,758,937	97,208,882
		469,204,259	147,028,895

Cash and cash equivalents

The Group mitigates credit risk on cash and cash equivalents by dealing with regulated banks in Australia, China, Indonesia and Singapore.

Trade and other receivables

Credit risk of trade and other receivables is low as it consists predominantly of nickel ore and nickel pig iron sales. Nickel ore sales are currently all either to the Company's 80% owned PT Hengjaya Nickel Industry or the Company's 80% owned PT Ranger Nickel Industry or and nickel pig iron trade receivables in 2020 were all from sales to one customer, Shanghai Decent and amounts recoverable from Australian and Indonesian Taxation Authorities. None of the Group's material trade and other receivables are past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 19 - FINANCIAL INSTRUMENTS DISCLOSURE (Cont'd)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Consolidated	Carrying amount \$	Contractual cash flows \$	Less than one year \$	Between one and five years \$	More than five years \$
31 December 2020					
Trade and other payables (including tax)	40,257,761	40,257,761	40,257,761	-	-
Borrowings	45,000,000	51,763,571	16,049,196	35,714,375	-
	85,257,761	92,021,332	56,306,957	35,714,375	-
31 December 2019					
Trade and other payables (including tax)	53,141,966	53,141,966	53,141,966	-	-
Borrowings	65,000,000	73,410,278	14,252,033	59,158,245	-
	118,141,966	126,552,244	67,393,999	59,158,245	-

Ultimate responsibility for liquidity management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate funding where possible and monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of expected settlement of financial assets and liabilities.

Currency risk

The functional currency in 2020 was assessed as being United States dollars for all group entities. The Group is exposed to foreign currency risks due to the fact that the domestic ore sales of its subsidiaries PT Hengjaya Mineralindo, PT Hengjaya Nickel Industry and Ranger Nickel Industry are in Indonesian Rupiah (although the underlying sale price is denominated in US dollars), liabilities of the Group are denominated in both Indonesian Rupiah and Australian dollars and the issues of shares during the year were denominated in Australian dollars.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 19 - FINANCIAL INSTRUMENTS DISCLOSURE (Cont'd)

The Group's gross financial position exposure to foreign currency risk at 31 December is as follows:

	31 December 2020		31 December 2019	
	Foreign currency	USD	Foreign currency	USD
IDR				
Cash at bank	IDR 37,420,778,576	\$2,663,401	IDR 46,974,621,253	\$3,383,729
Accounts receivable	IDR 18,000,000	\$1,281	IDR 89,013,638,068	\$6,411,931
Other current assets	IDR 8,233,155,900	\$585,278	-	-
Provisions	IDR 38,927,632,500	\$2,770,651	IDR 11,277,393,345	\$812,346
Taxes payable	IDR 36,141,595,813	\$2,572,356	IDR 8,366,066,505	\$602,634
Trade and other payables	IDR 484,596,425,369	\$34,562,023	IDR 607,578,601,916	\$43,765,792
AUD				
Cash at bank	A\$117,727,957	\$90,579,890	A\$25,390,739	\$17,829,377
Receivables	A\$ 199,924	\$153,822	A\$ 32,131	\$22,562
Trade and other payables	A\$ 128,028	\$98,505	A\$ 362,602	\$254,619
SGD				
Cash at bank	SGD 17,321	\$13,107	-	-

The following significant exchange rates applied during the year:

USD	Average rate		Reporting date spot rate	
	12 months to 31 December 2020	6 months to 31 December 2019	31 December 2020	31 December 2019
IDR	14,513	14,090	14,050	13,883
AUD	1.4474	1.4610	1.2997	1.4242
SGD	1.3791	1.3691	1.3209	1.3450

The following sensitivity analysis is based on the exchange rate risk exposures at balance date. At balance date, if the exchange rate between the United States dollar and the Indonesian Rupiah, the Australian dollar or the Singaporean dollar had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

Judgement of reasonable possible movements:

	Post tax loss (Higher)/Lower 31 December 2020 \$	Total equity (Higher)/Lower 31 December 2020 \$	Post tax loss (Higher)/Lower 31 December 2019 \$	Total equity (Higher)/Lower 31 December 2019 \$
+ 10% higher USD to IDR exchange rate	(3,551,803)	(3,551,803)	(3,538,511)	(3,538,511)
- 5% lower USD to IDR exchange rate	1,775,901	1,775,901	1,769,256	1,769,256
+ 10% higher USD to AUD exchange rate	9,063,521	9,063,521	1,759,732	1,759,732
- 5% lower USD to AUD exchange rate	(4,531,760)	(4,531,760)	(879,866)	(879,866)
+ 10% higher USD to SGD exchange rate	1,311	1,311	-	-
- 5% lower USD to SGD exchange rate	(655)	(655)	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 19 - FINANCIAL INSTRUMENTS DISCLOSURE (Cont'd)

Interest rate risk

The Group's exposure to market interest rate relates to cash assets.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk:

		31 December 2020 \$	31 December 2019 \$
Financial assets			
Cash and cash equivalents	18	351,445,322	49,820,013
Financial liabilities			
Borrowings	13	45,000,000	65,000,000

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit for the period by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the comparative period.

	12 months to 31 December 2020 \$	6 months to 30 December 2019 \$
Profit for the year	1,456,327	84,557

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board ensures, where possible, costs are not incurred in excess of available funds and will seek to raise additional funding through issues of shares for the continuation of the Group's operation. There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 20 - PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ended 31 December 2020, the parent entity of the Group was Nickel Mines Limited.

	Parent Entity 12 months to 31 December 2020 \$	Parent Entity 6 months to 31 December 2019 \$
Result of the parent entity		
Net profit/(loss)	(5,918,126)	4,355,503
Other comprehensive income	-	-
Total comprehensive profit/(loss)	(5,918,126)	4,355,503
	31 December 2020 \$	31 December 2019 \$
Financial position of the parent entity at year end		
Current assets	321,513,844	24,143,940
Non-current assets	457,091,382	378,549,158
Total assets	778,605,226	402,693,098
Current liabilities	13,099,767	4,732,142
Non-current liabilities	32,142,857	60,666,667
Total liabilities	45,242,624	65,398,809
Net Assets	733,362,602	337,294,289
Equity		
Share capital	732,929,135	315,501,048
Retained profits	433,467*	21,793,241
Total Equity	733,362,602	337,294,289

* During 2020 the Company made a maiden interim dividend payment totaling \$15,441,648 which is included within retained profits.

At balance date, the Company has no capital commitments or contingencies (31 December 2019: \$nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 21 - 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 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 year ended 31 December 2020, the Group had two segments, being nickel ore mining in Indonesia and the RKEF projects in Indonesia and Singapore.

	Nickel ore mining \$	RKEF Projects \$	Unallocated \$	Total \$
12 months to 31 December 2020				
External revenues	- ⁽¹⁾	(523,492,413)	-	(523,492,413)
Reportable segment profit/(loss) before tax	1,216,424	173,045,571	(19,695,320)	154,566,675
Interest income	90,510	378,840	49,223	518,573
Interest expense	-	55,664	5,212,488	5,268,152
Depreciation and amortisation	1,434,100	34,358,790	994,054	36,786,945
Reportable segment assets	33,097,749	880,065,390	321,513,845	1,234,676,984
Reportable segment liabilities	12,837,122	90,368,329	45,242,624	148,448,075
6 months to 31 December 2019				
External revenues	- ⁽¹⁾	236,059,160	-	236,059,160
Reportable segment profit/(loss) before tax	1,042,957	96,385,556	(5,974,603)	91,453,910
Interest income	9,882	(8,098)	104,338	106,122
Interest expense	-	127,648	2,208,819	2,336,467
Depreciation and amortisation	496,175	15,922,402	795	16,419,372
Reportable segment assets	35,735,798	837,616,883	24,143,940	897,496,621
Reportable segment liabilities	8,716,103	101,262,603	65,398,810	175,377,516

⁽¹⁾ From 1 April 2019, sales of nickel ore are internal to the Group and so are eliminated on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 21 - SEGMENT INFORMATION (Cont'd)

	12 months to 31 December 2020 \$	6 months to 31 December 2019 \$
Reconciliations of reportable segment revenues and profit or loss		
Profit or loss		
Total profit for reportable segments	174,261,995	97,428,513
Unallocated amounts:		
Net other corporate expenses	(19,695,320)	(5,974,603)
Consolidated profit before tax	154,566,675	91,453,910
	31 December 2020	31 December 2019
Reconciliations of reportable assets and liabilities		
Assets		
Total assets for reportable segments	913,163,139	873,352,681
Unallocated corporate assets	321,513,845	24,143,940
Consolidated total assets	1,234,676,984	897,496,621
Liabilities		
Total liabilities for reportable segments	(103,205,451)	(109,978,706)
Unallocated corporate liabilities	(45,242,624)	(65,398,810)
Consolidated total liabilities	(148,448,075)	(175,377,516)

Geography of reportable segment assets

	Indonesia \$	Singapore \$	Total \$
31 December 2020			
Reportable segment assets	902,697,958	10,465,181	913,163,139
31 December 2019			
Reportable segment assets	873,150,905	201,776	873,352,681

Revenue

All sales during the year were to customers located in either Indonesia or China.

Major customers

All sales of nickel pig iron during the year ended 31 December 2020 were exported sales to Shanghai Decent in China.

All sales of nickel ore during the year ended 31 December 2020 were to the Company's 80% owned subsidiaries PT Hengjaya Nickel Industry and PT Ranger Nickel Industry, under a series of offtake agreements to supply 100,000 wmt per month between each entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 22 - REVENUE

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major production and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Nickel pig iron		Nickel ore	
	12 months to 31 December 2020 \$	6 months to 31 December 2019 \$	12 months to 31 December 2020* \$	6 months to 31 December 2019* \$
Major products	523,492,413	236,059,160	25,139,919	12,829,854
<i>Timing of revenue recognition</i>				
Products transferred at a point in time	523,492,413	236,059,160	25,139,919	12,829,854
Revenue from contracts with customers	523,492,413	236,059,160	25,139,919	12,829,854
External revenue as reported in Note 21	523,492,413	236,059,160	25,139,919	12,829,854

* From 1 April 2019 sales of nickel ore are internal to the Group and so are eliminated on consolidation.

The extent to which an entity's revenue is disaggregated for the purposes of this disclosure depends on the facts and circumstances of the entity's contracts with customers.

NOTE 23 - AUDITOR REMUNERATION

During the year ended 31 December 2020, KPMG, the Company's auditor, has not performed any other services in addition to their statutory audit duties.

Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for audit and non-audit services provided during the year and prior period are set out below:

	12 months to 31 December 2020 \$	6 months to 31 December 2019 \$
<i>Auditors of the Company</i>		
Audit and review of financial reports – KPMG Australia	195,880	170,453
Audit and review of financial reports – KPMG Indonesia	140,877	62,037
	336,757	232,490

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

NOTE 24 - SUBSEQUENT EVENTS

- In January 2021, Company secured the right to acquire an additional 10% interest in Angel Nickel. In February 2021, the Company completed the initial acquisition of a 30% interest in Angel Nickel, following payment of \$180M, completing the first acquisition consideration of \$210M.
- At a General Meeting of shareholders held on 19 January 2021, 100% approval for the acquisition of 70% of Angel Nickel was given by shareholders.
- In January 2021, the Company made further voluntary early repayments of the Ranger senior debt facility, fully repaying the outstanding facility amount at 31 December 2020 of \$45M.
- In January 2021, the Company declared a A\$0.02 final dividend for the year ended 31 December 2020. The dividend was paid on 11 February 2021, totalling A\$50.3M (equivalent to approximately \$39.0M).

Other than the matters outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any 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.

NOTE 25 - COMMITMENTS AND CONTINGENCIES

There are no contingent liabilities existing at 31 December 2020 (31 December 2019: \$nil)

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Nickel Mines Limited ('the Company'):
 - (a) the consolidated financial statements and notes set out on pages 24 to 57 and the Remuneration report on pages 18 to 21 in the Directors' report, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards, (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 31 December 2020.

Signed at Sydney this 24th day of February 2021 in accordance with a resolution of the Board of Directors:



Robert Neale
Chairman



Norman Seckold
Deputy Chairman



Independent Auditor's Report

To the shareholders of Nickel Mines Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Nickel Mines Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2020
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The **Key Audit Matters** we identified were:

- Consolidation of subsidiaries; and
- Acquisition of non-controlling interests.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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INDEPENDENT AUDITOR'S REPORT



Consolidation of subsidiaries	
Refer to Note 15 Controlled Entities	
The key audit matter	How the matter was addressed in our audit
Nickel Mines Limited consolidates its investments in subsidiaries as outlined in Note 15 to the financial statements. In doing so, they are required to make a number of adjustments to the underlying financial information to ensure alignment to Australian Accounting Standards and the Group's accounting policies. This is a key audit matter because certain adjustments are material and technical in nature.	Our procedures included: - Interacting with Group management and the relevant component audit team, we developed an understanding of local accounting policies of the subsidiaries and the nature and extent of any accounting standard or accounting policy adjustments required to align with those of the Group's. We sample tested that the adjustments made by the Group were consistent with this understanding; and - Upon receipt of the audited balance sheets and income statements of PT Hengjaya Mineralindo, PT Hengjaya Nickel Industry and PT Ranger Nickel Industry, all incorporated in Indonesia, which are the material subsidiaries in the Group's operations, reperforming management's calculations of adjustments impacting Nickel Mines Limited's consolidated statement of comprehensive income and consolidated statement of financial position, and reperforming management's calculation of adjustments impacting the Group and non-controlling interests share of net profits and comparing to those calculated by the Group.
Acquisition of non-controlling interests (\$147m)	
Refer to Note 15 Controlled Entities	
The key audit matter	How the matter was addressed in our audit
The Group's investment in Ranger Investment Private Limited (Ranger Investment) and Hengjaya Holdings Private Limited (Hengjaya Investment) each increased from 60% to 80% during the financial year. The Group previously had control over each investment and therefore represented acquisition of non-controlling interests. This was a key audit matter due to the size of the transaction as the consideration paid to	Our procedures included: - Reading the acquisition agreements to understand the key terms and conditions of the agreements and the obligations of each party to the agreements; - Testing the acquisition consideration to acquire the non-controlling interest to the underlying accounting records of the respective entities;



increase the 20% interest in each investment totalled \$147m.	• Testing the acquisition payments made to bank statements; • Verifying the accuracy of the calculation of the change in non-controlling interests, and considering whether the treatment adopted in those calculations complied with the requirements of the accounting standards; • Evaluating the Group's disclosures in the Financial Report against the requirements of accounting standards.

Other Information

Other Information is financial and non-financial information in Nickel Mines Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITOR'S REPORT



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Nickel Mines Limited for year ended 31 December 2020, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 18 to 21 of the Directors' report for the year ended 31 December 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.


KPMG
Stephen Board
Partner

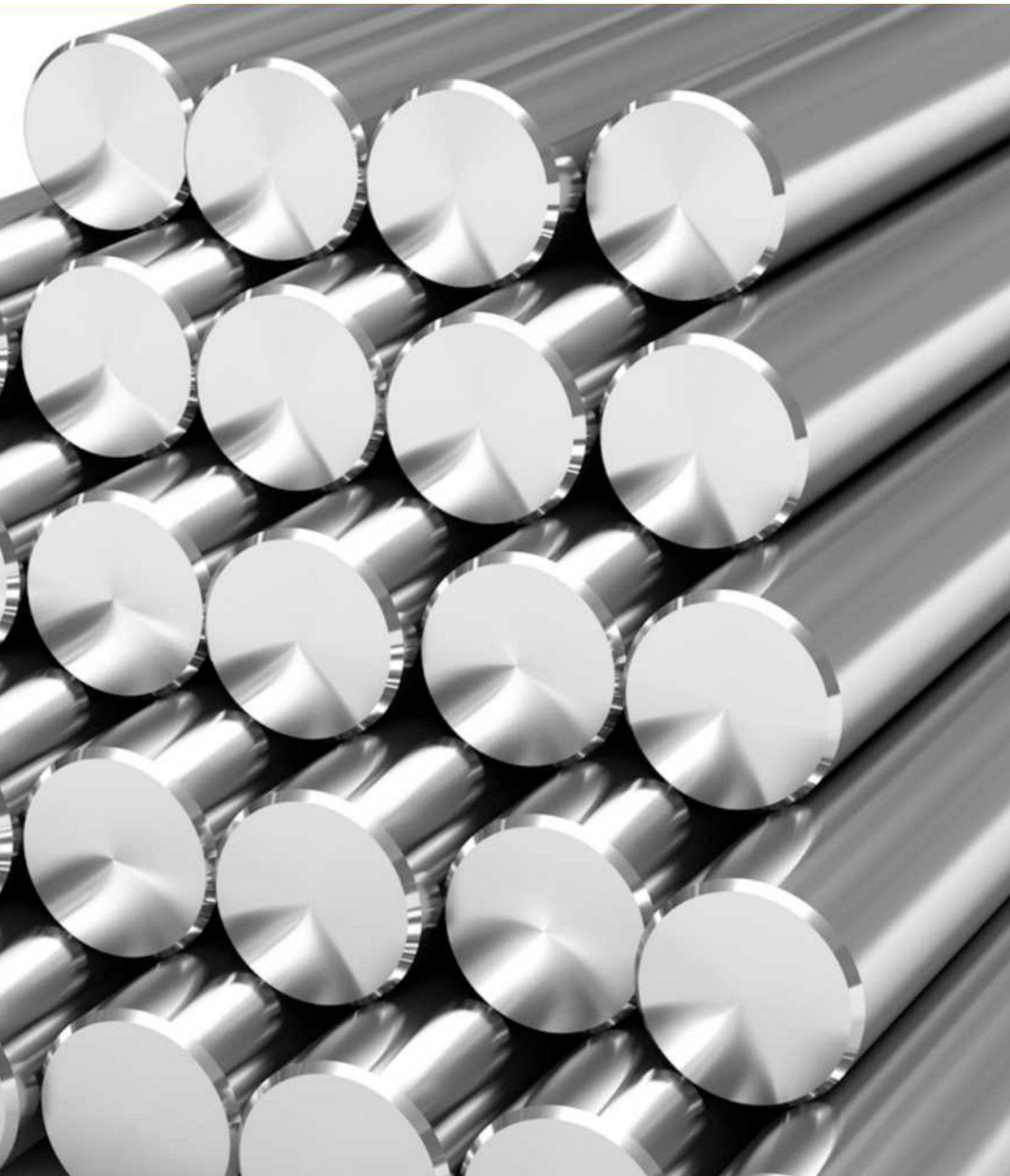
Brisbane
24th February 2021

**APPENDIX A –
INDUSTRY REPORT**



NICKEL INDUSTRIES LIMITED

NICKEL MARKET REPORT



17 March 2023

Richard Edwards
Nickel Industries Limited
Level 2
66 Hunter Street
Sydney NSW 2000
AUSTRALIA

Dear Mr Edwards,

RE: Nickel Market Report

AME Mineral Economics Pty Ltd ("AME") has been engaged by Nickel Industries Limited ("NIC" or the "Client") to produce this Industry Report on the nickel market ("Report"). Nickel Market Report (the "Report"). The Report will be used by Nickel Industries Limited (the "Client"), for inclusion in the Prospectus of a Regulation S / Rule 144a bond issue (the "Transaction").

Please do not hesitate to contact us should you require any further information.

Best wishes,

AME Mineral Economics Pty Ltd

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1.0 Overview

Nickel is used in battery technology as part of the cathode material for many different battery chemistries, including nickel-cadmium and nickel metal-hydride. The application in batteries has generated great interest as energy storage, and it will be a pillar of energy transition.

Nickel has historically been used as an alloying element. It imparts tensile strength and corrosion resistance to steel alloys. It is also used in aluminium and copper alloys, where it adds similar properties.

Products produced from nickel ore by industry can be broadly distinguished into two categories: nickel intermediates and finished nickel. Nickel intermediates are produced before being converted into finished nickel. Finished nickel is used in a first-use application to produce batteries, stainless-steel, etc.

Finished nickel includes:

1. Nickel metal – has greater than 99.8% nickel content. It is traded on the London Metal Exchange (LME) and is available in powder and briquette forms.
2. Nickel sulphate - a powder used in the manufacture of batteries and in electroplating.
3. Ferronickel – an iron nickel alloy produced in an RKEF with a minimum nickel content of 8%. It is mainly used in the production of stainless-steel. In this report, Nickel Industries' production is classified as ferronickel due to its processing route.
4. Nickel pig iron (NPI) – an iron nickel alloy with a nickel content of less than 5.5% and produced using a blast furnace process. Like ferronickel, it is used in the production of stainless-steel.

Intermediate nickel includes:

1. Mixed hydroxide precipitate (MHP) – a nickel-cobalt compound obtained by processing limonite ore via the HPAL process. It can be further processed to obtain nickel sulphate.
2. Mixed sulphide precipitate (MSP) – a nickel-cobalt compound obtained by processing limonite ore via the HPAL process.
3. Nickel matte – generally obtained by smelting sulphide ore. It can serve as a precursor to the production of class 1 nickel. It may also be obtained through processing of laterite ore via the RKEF process.
4. Nickel carbonate – is obtained through the Caron process. It also serves as a precursor to the production of class 1 nickel.

Nickel ore is the raw nickel-bearing material that is extracted during the mining, that has not been processed into an intermediate product. Nickel ore may also contain other metals, such as cobalt.

1.1 Technology

Nickel is mined from either laterite or sulphide deposits. Laterite is a reddish rock or soil which may contain nickel in a mineral form. Where nickel is present in laterite, it is found in the ores known as limonite and saprolite. The two types of ore are distinguished by their iron content, with limonite having greater quantities of iron than saprolite.

In addition to iron, nickel-rich laterites often contain significant levels of cobalt. Nickel laterite deposits generally occur close to the surface and may be exploited via open-pit mining. Concentrations of laterite deposits occur in Indonesia, New Caledonia, and the Philippines.

Sulphide nickel deposits are generally found underground and can only be economically exploited via underground mining. In a sulphide deposit, nickel is most often embedded in its ore form of pentlandite. Sulphide deposits contain other metals such as copper, cobalt, platinum and palladium. These metals contribute to the revenue of sulphide deposit mining operations. In many cases nickel serves as a by-product to the extraction of another metal from sulphide ores. Concentrations of sulphide deposits occur in Canada, Russia, and South Africa (in the form of PGM ore). Australia hosts nickel deposits in both laterite and sulphide form.

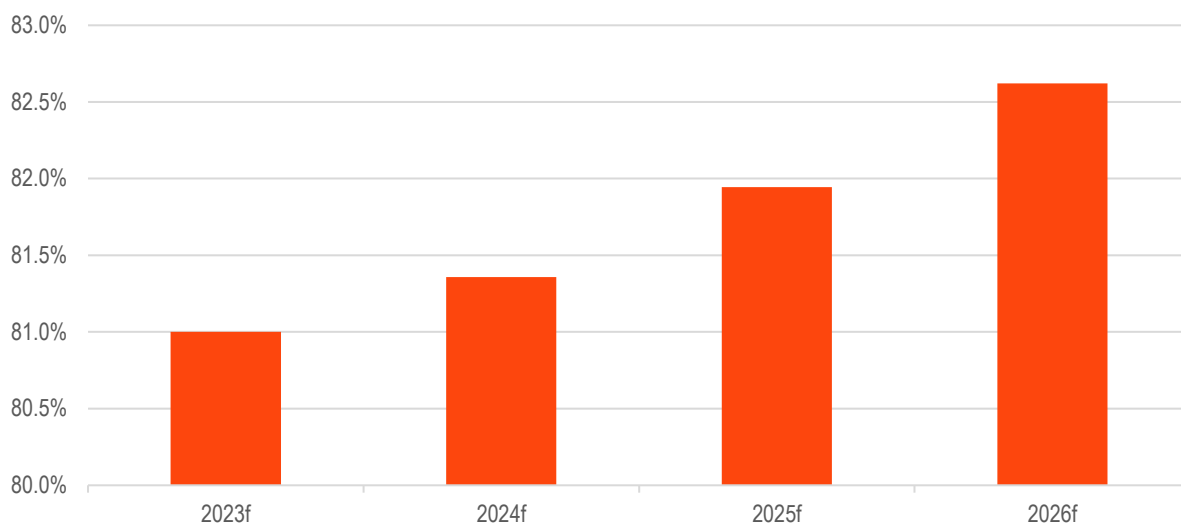
Table 1: Estimated Global Nickel Reserves at End of 2022

Country	Estimated nickel reserves (kt)
Indonesia	21,000
Australia	21,000
Brazil	16,000
Russia	7,500
Philippines	4,800
China	2,800
Canada	2,000
Other	20,000

Source: AME

Historically, nickel sulphide ores were the primary source of nickel for battery production as the extraction of nickel from laterite was too expensive. With the change in technology, laterite has emerged as an economical source of battery-grade nickel. Approximately 60% of the world's nickel reserves are found in laterite deposits. Laterite ore deposits are expected to contribute an increasing portion of the world's primary nickel supply.

Figure 1: Estimated Percentage of Nickel Obtained from Laterite Deposits



Source: AME

The mining of nickel-bearing ore is either via open pit or underground mining process. In an open-pit process, a pit is excavated, and ore is removed via haul trucks for further processing. In underground mining, a tunnel or “drift” is excavated to connect the surface to the ore. Underground mining involves additional costs such as constructing the drift and maintaining adequate ventilation underground for miners.

1.2 Nickel Processing

Sulphide Ore Processing

Ore mined from nickel sulphide deposits is crushed for flotation. The ore is fed into a vessel containing water and surfactants. Air or gas is bubbled through the mixture. The ore-rich portion of the feed floats to the top of the tank and is known as the “overflow”. This is passed into a thickener, where its moisture content is reduced, before the smelting stage. The nickel in concentrates prior to smelting is typically 10%.

During smelting, the sulphide concentrate is dried and roasted. The product is then fed into a smelter where a nickel-rich liquid matte is formed. The smelting is carried out by an electric or a reverberatory furnace.

An alternative is the flash smelting technique. This involves the production of nickel matte directly from dried nickel concentrate and roasted and smelted in a single stage. Oxygen is passed through a molten liquid matte from the furnace in a converter. Oxygen removes the remaining iron from the liquid phase, leaving a mixture of nickel, copper, and sulphur. The nickel matte obtained may serve as a nickel intermediate product to be sold to nickel metal producers.

Nickel matte may be processed to class 1 nickel by the reduction in sulphur and copper content. This mixture is then refined to separate copper and nickel metal via anode refining or solvent extraction electrowinning (SX/EW) process to obtain class 1 nickel.

Laterite Ore

The ore from a laterite mine is crushed and ground, and fed into a metallurgical process to create the saleable product using a hydrometallurgical or pyrometallurgical process.

If ferronickel is the desired product, the laterite ore is usually fed into a rotary kiln electric furnace (RKEF). In the RKEF process, the feed is first dried, then fed into the kiln where the iron and nickel compounds are converted to their metallic forms. The mixture then passes onto an electric arc furnace to create ferronickel. Chinese stainless-steel producer Tsingshan Group, one of the pioneers of the RKEF process, is a global leader in large-scale ferronickel production technology. This is also the same process used by Nickel Industries.

For nickel pig iron, the laterite ore is combined with coke breeze, and flux, then sintered in a blast furnace. The output has a nickel content less than the ferronickel with a maximum nickel content of 5.5%.

Ferronickel may be converted into nickel matte by injecting sulphur during the RKEF process. The injection of sulphur may occur during either the smelting or converting stage. The resulting nickel matte can then be used in the production of class 1 nickel products, the same as nickel matte made from sulphides, including in the value chain for battery chemicals.

To produce nickel products from laterite ore suitable for the battery-grade value chain, it is usually processed via high-pressure acid leach (HPAL) process, which is a less energy intensive processing route than producing nickel matte from saprolite. The HPAL process is only suitable for limonite ores. Sulphuric acid is fed into the HPAL, which is operated at temperatures of around 250-350°C and pressures of around 50bar. The sulphuric acid will break down the minerals to form a solution of metal sulphate salts.

If a mixed hydroxide precipitate (MHP) product is desired, the iron in the leach solution is removed in precipitation tanks via the addition of limestone. The remaining metals are then precipitated in a series of precipitation tanks via the addition of salts such as magnesia and lime to create a solid hydroxide precipitate. The MHP serves as a precursor to battery-grade nickel sulphate. The second-most common metal in MHP is generally cobalt. MHP is converted to nickel sulphate suitable for battery manufacturing by dissolving in sulphuric acid and removing any impurities.

If a mixed sulphide precipitate (MSP) is desired, the leach solution is exposed to hydrogen sulphide. The hydrogen sulphide will react with metals in the leach solution to form the required mixed sulphide precipitate. The precipitate is then extracted from the leach solution by means of filtration and other processes.

MHP and MSP differ in their nickel content. MSP generally has a nickel content of around 55%, while the nickel level of MHP is around 40%. MSP also generally has lower levels of impurities than MHP. However, the production of MSP requires greater capital cost than MHP, as a hydrogen sulphide plant must be established as part of the MSP production process. As the demand for battery grade nickel increases in the face of limited supply, MHP has emerged as a preferred alternative over MSP as a feedstock into the production of EV batteries. Although MHP has higher levels of impurities than MSP, its similar rate of dissolution to that of Class 1 nickel, has led to its recent adoption by battery metal precursor manufacturers as a substitute for battery production.

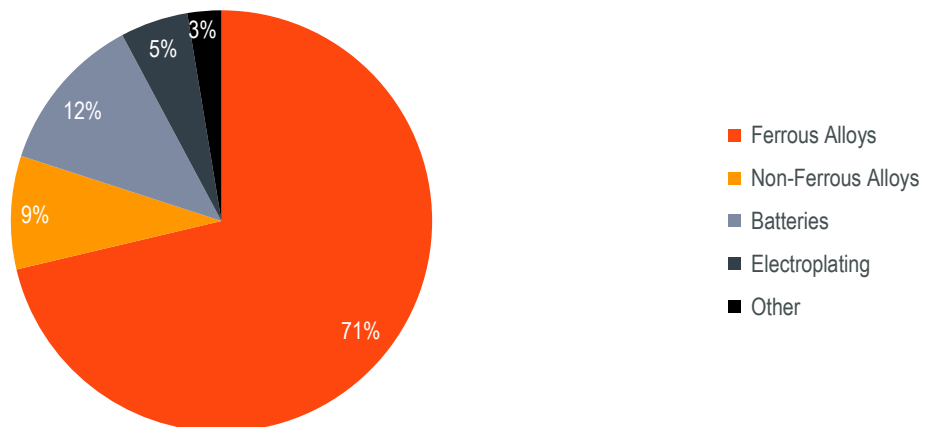
In addition to transforming the leach solution into MSP and MHP, nickel metal may be obtained from the leach solution by means of a combination of solvent extraction and electrowinning.

Class 1 nickel may also be obtained from laterite ore via the Caron process. This process is currently only employed at the Nicaro, Punta-Gorda, and Yabulu facilities.

2.0 Applications

At present, nickel is primarily used in steelmaking and metal fabrication applications. Nickel demand may be classified into demand for nickel in its alloyed forms for steelmaking, and demand for nickel in its metal or sulphate forms for battery production and electroplating.

Figure 2: Estimated First Use of Nickel 2023, %



Source: AME

2.1 Ferrous Alloys

The use of nickel in steelmaking stems from its properties to lift the tensile strength and corrosion resistance. AME estimates that around 71% of nickel demand will originate from the production of stainless steel in 2023.

Stainless steel may be classified into two classes: ferritic and austenitic. Ferritic stainless-steel accounts for approximately 30% of global stainless-steel production. These alloys typically use chromium as the sole or dominant alloying element to impart corrosion resistance. Austenitic stainless-steel accounts for most of the remaining approximately 70% of global stainless-steel production as of 2022 and uses a combination of chromium and nickel to provide corrosion resistance to the alloy. A typical austenitic stainless steel contains between 6% and 12% nickel.

Due to its superior strength and workability, hardness, and temperature resistance, austenitic stainless steels see wider use than ferritic stainless steels. The use of austenitic stainless steel is generally limited to applications such as automotive parts, industrial machinery, and kitchen wares. Ferritic steels are used for these applications as they are more easily subjected to cold working and deep drawing.

2.2 Non-Ferrous Alloys

Nickel is also used in the production of alloy steels. These steels generally do not include chromium and are not considered stainless steels. However, the inclusion of nickel in their composition may impart some degree of corrosion-resistance.

These nickel steels are used for their tensile strength, their resistance to impact and the maintenance of their physical properties during temperature changes. These properties allow nickel steel alloys to be

used in applications such as nuts, bolts, and components designed to be exposed to high loads and stress.

In addition to steel, nickel is also a useful alloying element to metals such as aluminium and copper. It may also serve as the primary metal in an alloy, to which alloying elements are added. In the context of aluminium alloys, nickel is most often added to aluminium together with copper to form a nickel aluminium bronze. The inclusion of nickel increases the tensile strength of the aluminium bronze alloy. Nickel aluminium bronze is particularly valued for its corrosion resistance, even on exposure to challenging marine environments and it is used for items such as marine propellers. Nickel aluminium bronze generally contains between 0.5% and 3% nickel.

Nickel may also act as an alloying element to copper, in an alloy known as cupronickel. This alloy generally contains between 10 and 30% nickel and is used in process equipment such as heat exchangers. Cupronickel equipment serves to convey fluids that might otherwise cause operational issues in a less corrosion-resistant piping system.

Nickel can also serve as the primary metal in an alloy. In this application, other elements such as chromium and molybdenum are added to augment the properties of nickel. These nickel alloys are generally used for their resistance to seawater and their resilience to temperature. They find a variety of applications, including in chemical process equipment and boiler furnaces.

2.3 Batteries

Nickel plays an important role in battery storage technology. Nickel has long been a key component of dry cell batteries, being used in rechargeable nickel-cadmium and nickel metal hydride batteries in consumer electronics. Historically, most batteries produced for consumer electronic purposes have been non-rechargeable batteries using zinc metal and manganese dioxide. The growing need for rechargeable batteries in response to the energy transition has led to an intensification of nickel demand from the battery sector.

The world's transition from fossil fuels into low carbon energy has fuelled the expansion of the electric vehicle (EV) market. In 2022, a total of 10.9m EVs were sold worldwide. This is an impressive 65% growth from the number of sales from the previous year. AME expects EV sales to reach 13.6m in 2023, growing to 43.3m in 2030. Nickel, being a vital component of EV batteries, will become increasingly driven by this market.

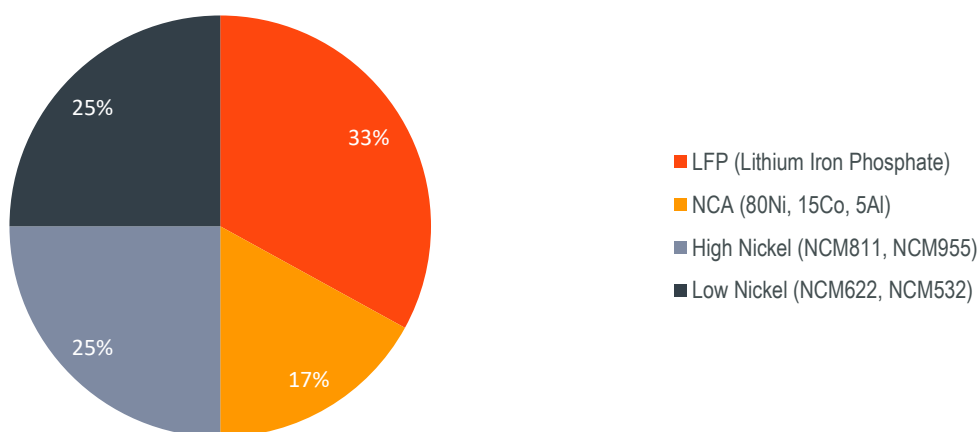
As with all battery chemistries, power in an EV battery is provided by the flow of a charge carrier from the anode to the cathode. The recharging of the battery takes place by subjecting the battery to an electric current, which causes the charge carrier to move from the cathode to the anode.

The first EVs used lead acid batteries as their energy storage medium, but these were quickly replaced by lithium-ion batteries. Lithium-ion batteries use lithium ions as charge carriers. The anode in all current lithium-ion batteries is graphite. However, there exists significant variations in the cathode chemistry of lithium-ion batteries, with a number of different chemistries competing for market share. The market share each of these cathode chemistries secure over the next decade will greatly influence nickel demand from the battery market.

Most batteries use some variation of lithium ion mix due to their significantly higher energy densities and chemical stability. The most commonly used nickel containing batteries in EVs, and renewable energy storage, are nickel cobalt manganese (NCM) and nickel cobalt aluminium (NCA), which contain 50-90% nickel and 80% nickel, respectively.

A third battery that has been gaining market recognition in recent years is the lithium iron phosphate (LFP) battery. This is because the chemicals used for its manufacturing are in higher abundance, while the metals needed for nickel batteries have been experiencing rising prices recently due to supply chain concerns. This makes LFP production cheaper in comparison. AME estimates that the market share of both nickel-free LFP chemistry and nickel-intensive chemistries such as NCM811 will grow over the next five years at the expense of lower-nickel intensity chemistries such as NCM622 and NCA.

Figure 3: Estimated Battery Chemistry Distribution 2023, %



Source: AME

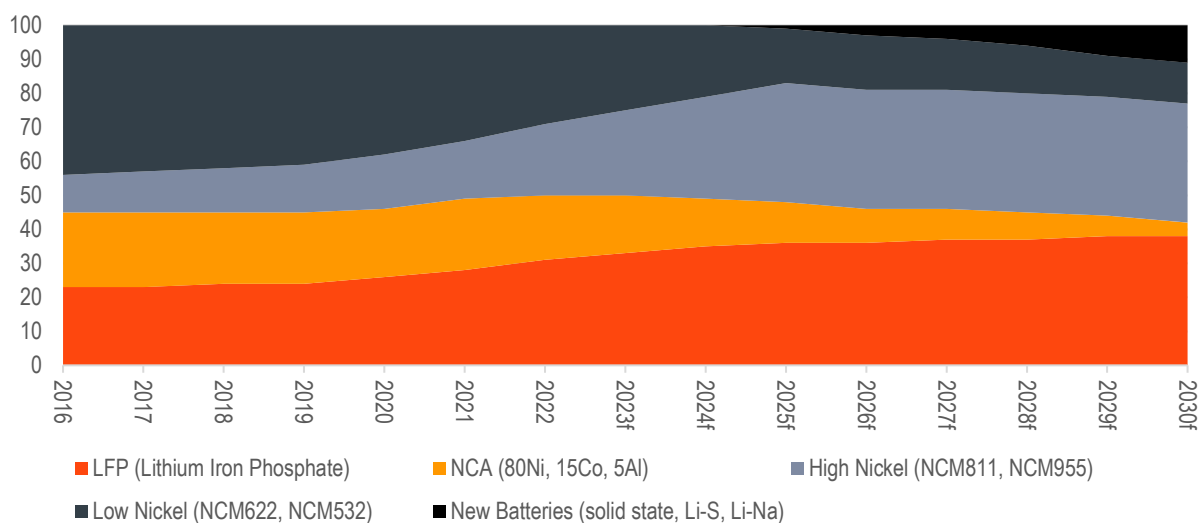
NCM/NCA have higher energy densities, so they are more suitable for vehicles of higher speeds and longer range. They can also be manufactured to smaller sizes without compromising performance. Nickel containing batteries also have a better performance at lower temperatures—even at -20°C the battery can still perform at 70% capacity.

NCM batteries utilise a blend of nickel manganese and cobalt to provide the cathode material. The nickel in the battery provides energy density, allowing it to store more energy. The stability of the battery is ensured by the addition of manganese and cobalt. Difficulties in procuring cobalt have led manufacturers to develop lower cobalt iterations of NCM batteries, with the NCM 532 format losing ground to the NCM 622 chemistry. The most recent NCM chemistry, NCM 811, uses 80% nickel, 10% manganese, and 10% cobalt, and has a greater charge capacity than older chemistries.

On the other hand, LFPs have a higher temperature resistance, so they are less likely to overheat and catch on fire, making it a safer option. However, at cold temperatures they can only perform at 55% capacity. Their lower ranges make them ideal for public transport such as intracity buses.

The type of battery chosen by the manufacturer will depend largely on the market. The country with the biggest EV market is China, and in 2021 its best-selling model, the Wuling Hongguang Mini EV, used LFP in its battery. This is part of a proliferating trend in which the energy density of the vehicle has been exchanged for lower manufacturing costs. This type of batteries works for the Chinese market because consumers in the major cities will always be in relative proximity to charging stations, so that range and speed limitations do not overly affect performance.

Figure 4: Estimated Historical and Forecast Battery Chemistry Distribution 2016-2030, %



Source: AME

However, for other markets like the US, nickel containing batteries are still preferred as consumers still consider mileage an important factor. In Europe, the NCM/NCA's ability to maintain performance despite lower temperatures would make them more suitable for sub-zero winters.

New batteries such as solid-state batteries are expected to provide longer driving range, faster charging, and safer chemistry. These advantages are fuelling intense efforts around the world to put solid-state batteries in vehicles by the middle of this decade. These new battery technologies are continuously developing but producing them on the scale needed to power millions of EVs will be difficult. AME expects the share of new batteries in global battery production to rise to 11% by 2030.

2.4 Electroplating

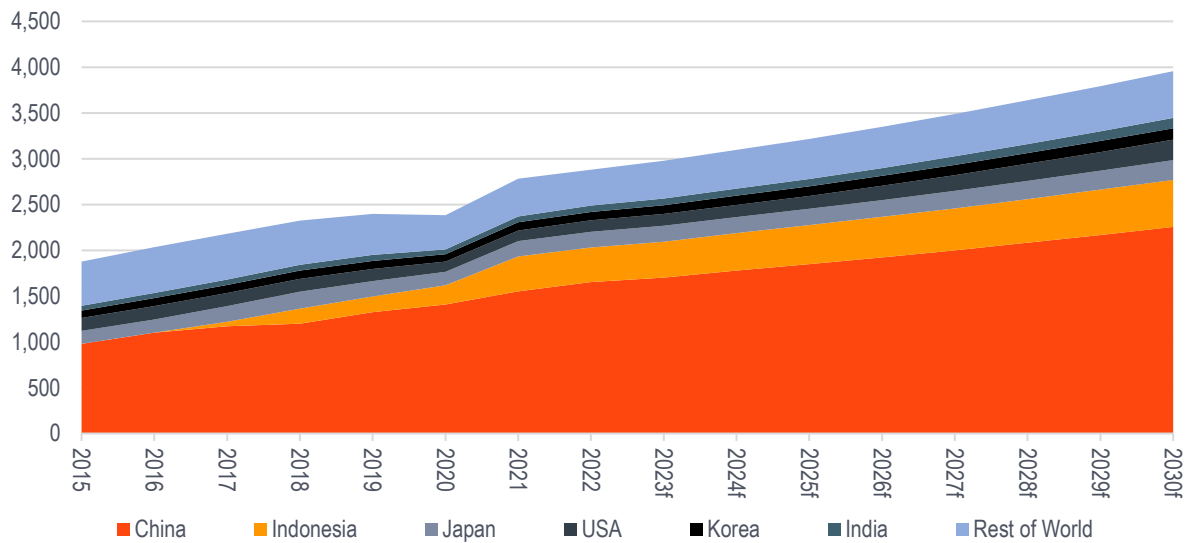
Nickel is also used to plate metallic components and articles. This is done by dissolving nickel in a solution and submerging the item to be plated in a bath. Upon the application of an electric current, the dissolved nickel will adhere to the surface of the plated object. Nickel plating is done for both aesthetic and functional purposes, with the latter utilising the ability of a layer of nickel to protect against wear and corrosion. The use of nickel plating provides a less toxic alternative to chromium plating and has grown in recent years.

3.0 Demand - Global

AME is forecasting finished demand to be 2,979kt in 2023, a 3.4% annual increase from 2022. Stainless-steel will account for up to 71% of total finished demand, with batteries growing from a smaller fraction of 12%. Demand will continue to be dominated by Asia, with over 57% coming from China alone. The country is also the largest producer of lithium-ion batteries, manufacturing 80% of the world's production. Indonesia will be the second largest demand source, accounting for 13%. Stainless-steel and battery production expansions will continue to drive demand growth.

This will grow at a steady CAGR of 4.1%, reaching 3,957kt in 2030. Gradual growth will come from stainless-steel production in Indonesia and China, while larger growth will come from the battery sector. Large gigafactories, such as Northvolt Drei in Germany or Stellantis' Termoli plant in Italy, will fuel sulphate and MHP demand. North American and European supply chain domestication efforts will cause demand to become selective, as they try to phase out Chinese imports. Indonesia's proposed export tax will also retain finished nickel within the country, expanding production capacity downstream.

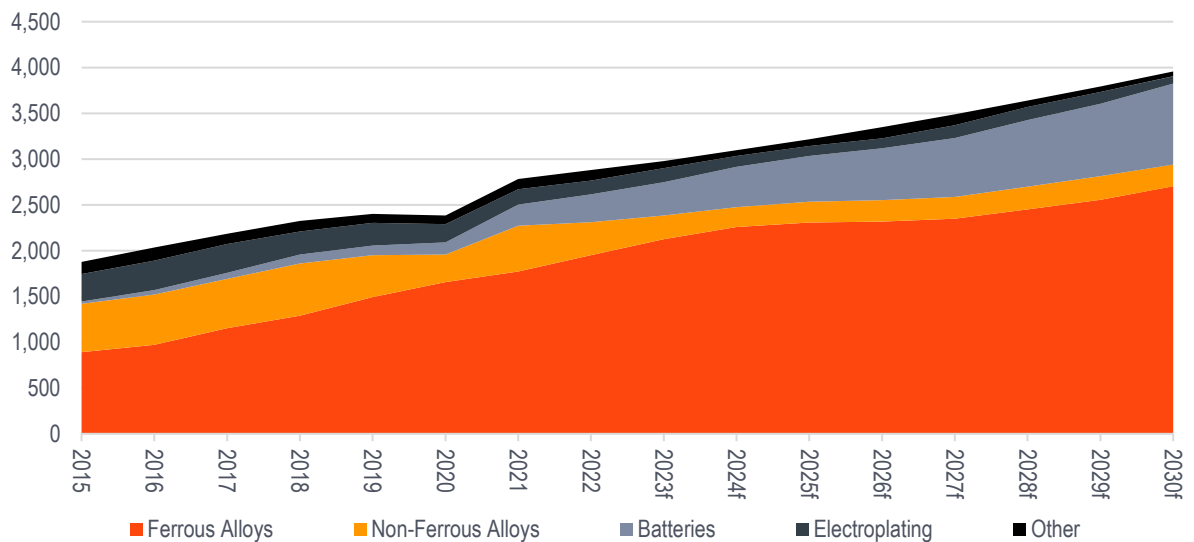
Figure 5: Estimated Global Finished Nickel Demand 2015-2030, kt



Source: AME

The market share of demand from batteries is expected to balloon to approximately 22% of total finished demand by 2030. This will offset growth for demand from ferrous alloys, which is forecast to account for 68% of total demand in 2030. The non-ferrous alloys and electroplating sectors are forecast to experience relatively flat growth.

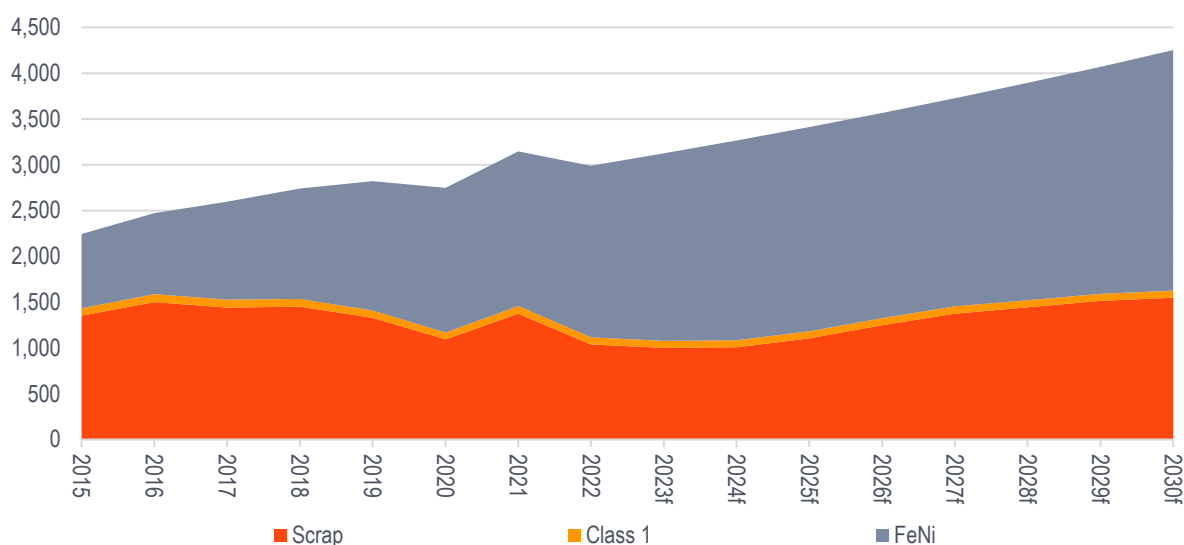
Figure 6: Estimated Global Finished Nickel Demand Based on Sectors 2015-2030, kt



Source: AME

The largest contributor to demand, stainless-steel production, is forecast to be 60.4Mt in 2023, growing by a CAGR of 4.5% to 78.7Mt in 2030. Over half of total nickel units needed is sourced from new ferronickel and NPI produced, while approximately 40% is sourced from scrap, and the remaining 5% from class 1 nickel. The rapid expansion of ferronickel production in the past two years have resulted in a reduced reliance on scrap feed.

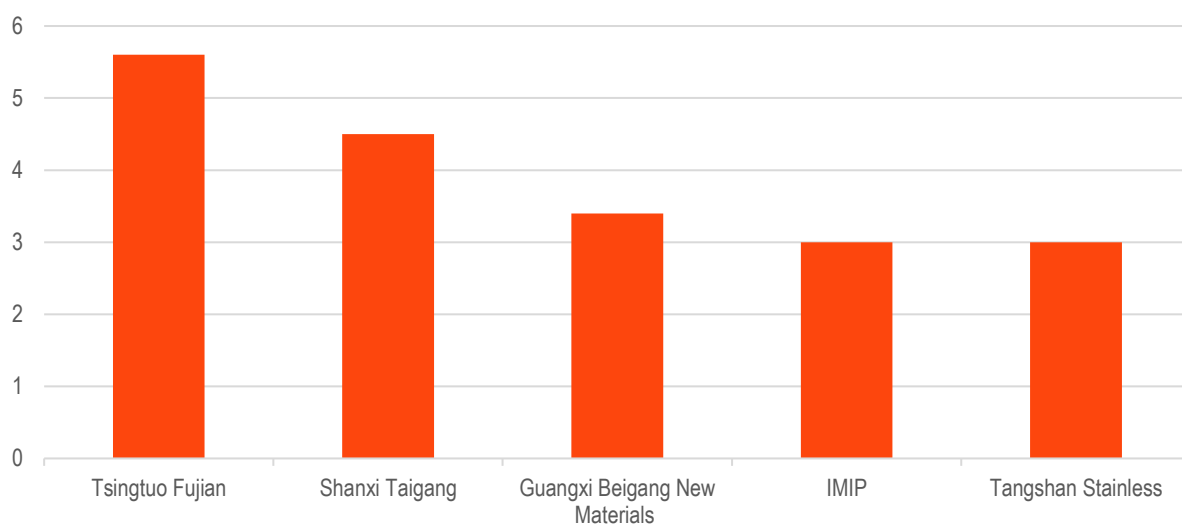
Figure 7: Estimated Nickel Units in Stainless-Steel by Source 2015-2030, kt



Source: AME

China produces over 50% of the world's stainless-steel, following by Indonesia due to the development of its nickel industry. Currently, the largest stainless-steel plant is an RKEF-AOD integrated operation owned by Tsingtuo Group, a subsidiary of Tsingshan Holding. The company's industrial park in Fujian is reported to have a total crude stainless-steel production capacity of 5.6Mtpa, fed by 1.8Mtpa of ferronickel. This is followed by the Shanxi Taigang Stainless Steel plant, a subsidiary of Taiyuan Iron and Steel (TISCO), a subsidiary of China's largest steelmaker Baowu. The site is estimated to have a total crude stainless-steel capacity of 4.5Mtpa.

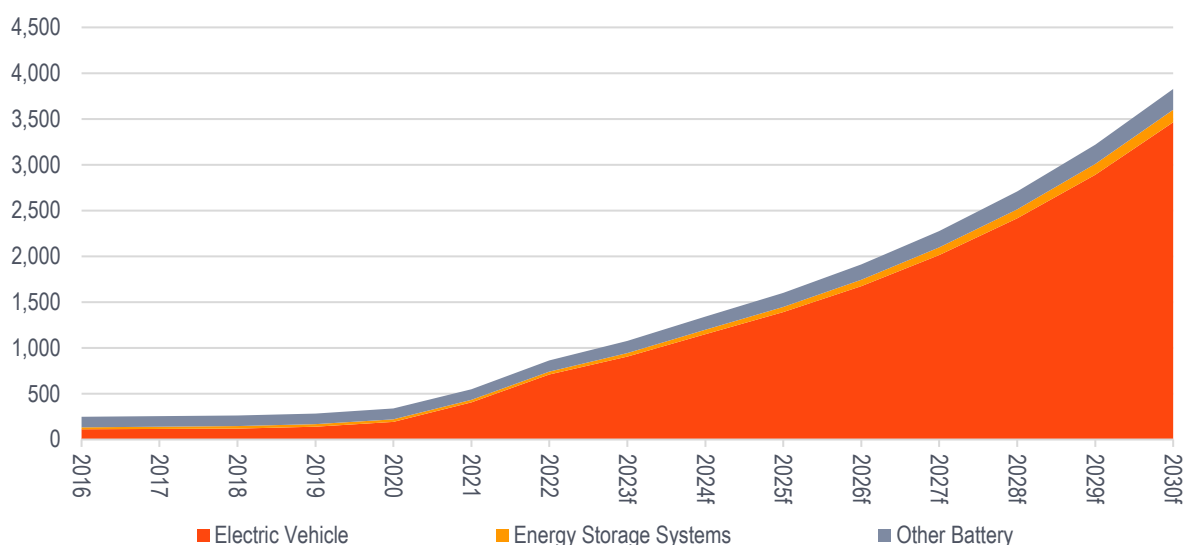
Figure 8: Estimated Top 5 Largest Stainless-Steel Plants by Capacity 2022, Mt



Source: AME

On the other hand, the fastest growing demand source is the production of lithium-ion batteries, which is estimated to account for 11% of global demand in 2023. Total lithium-ion batteries demand is forecast to be 1,078GWh in 2023, which will balloon to 3,830GWh in 2030. Almost 85% of this demand will come from EV batteries production. The market share of this sector is forecast to grow to over 90% by 2030.

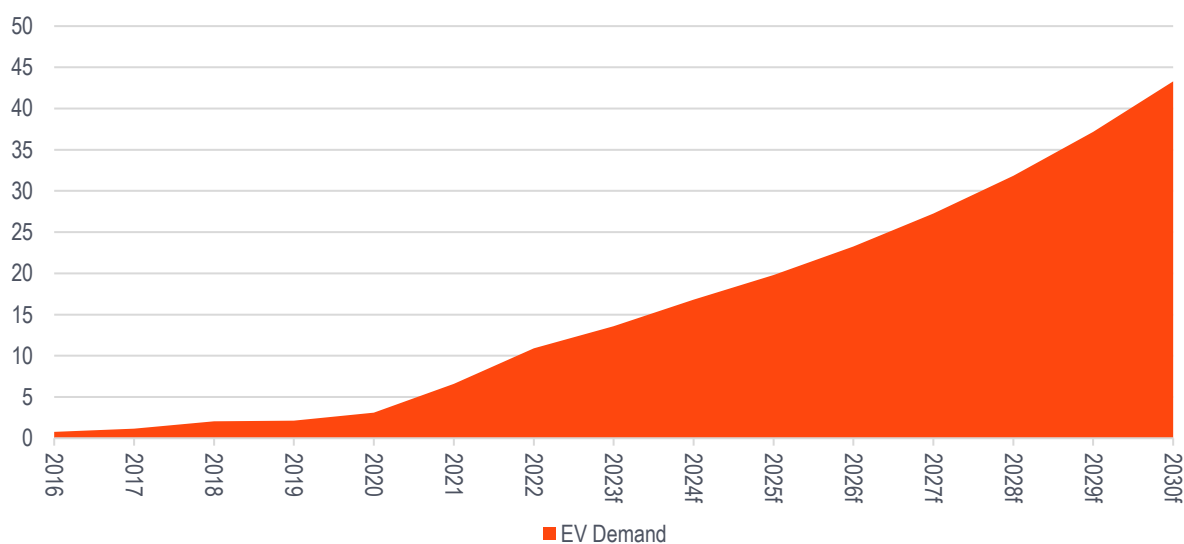
Figure 9: Estimated Global Lithium-Ion Battery Demand 2016-2030, GWh



Source: AME

Energy transition efforts will continue to push the EV revolution, driving up demand for battery-grade nickel in the longer term. Global EV sales reached 10.9m in 2022, with EVs achieving a record 13% market share. Sales are forecast to grow to 13.6m in 2023, with EVs having a 16% market share. By 2030, AME estimates annual EV sales to reach 43.3m as transportation decarbonisation efforts continue. While the market share of nickel-containing batteries, including all NCA and NCM compositions, are forecast to decrease from 67% in 2023 to 51% in 2030, due to growing LFP popularity and the introduction of new battery types.

Figure 10: Estimated Global EV Demand 2016-2030, million units



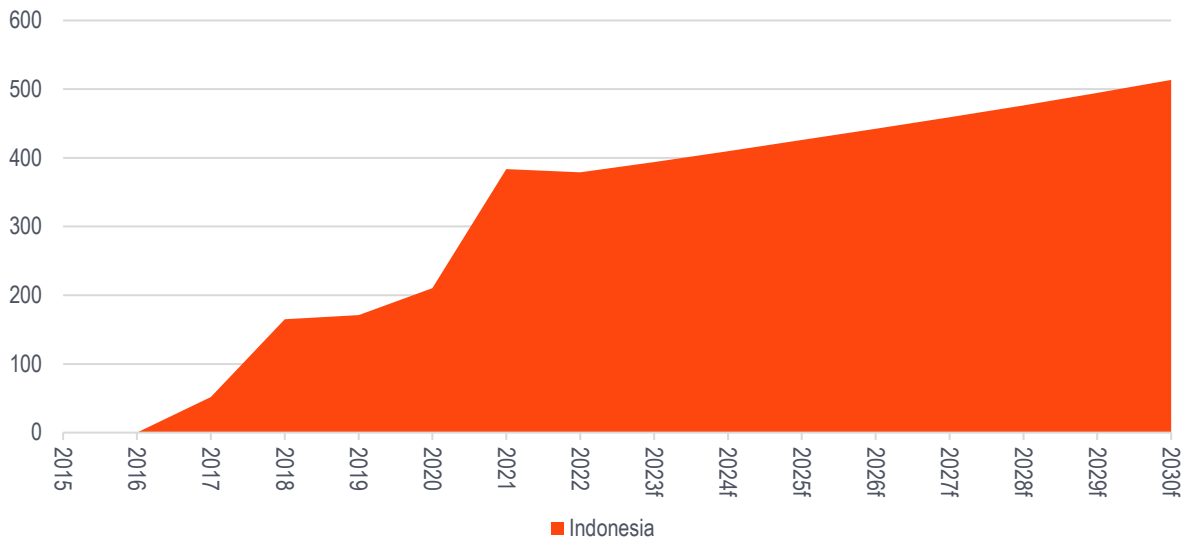
Source: AME

3.1 Demand – Indonesia

Indonesian finished demand took off in 2019, ballooning with expansions in the stainless-steel production capacity downstream. Moreover, the withdrawal of an export tax rebate from China in 2021 further boosted Indonesian stainless-steel production capacity. Chinese companies whose domestic operations were affected by the rebate removal opted to increase production at their Indonesian subsidiaries instead.

The country is forecast to have a finished demand of 394kt in 2023, a 4.0% increase from 2022. Finished demand will then increase by a CAGR of 3.9% to 514kt in 2030, as growth will be propelled by mild expansions in the stainless-steel sector. The proposed progressive export tax on below 70% grade nickel products may provide further upside to finished nickel demand, as more downstream processing capacity from stainless-steel and batteries will be built out.

Figure 11: Estimated Indonesia Finished Nickel Demand 2015-2030, kt



Source: AME

Demand in Indonesia comes predominantly from a handful of massive industrial parks with operations integrated from smelter to mill. These projects utilise stainless-steel manufacturer Tsingshan Holdings' RKEF-AOD process, which charges crude molten ferronickel directly into an AOD furnace to produce stainless-steel. The largest of these operations is Tsingshan's own Indonesian Morowali Industrial Park (IMIP), which spans an area of 2,000ha. The park has a stainless-steelmaking and hot rolling capacity of 3Mtpa, as well as 0.5Mtpa of carbon steelmaking capacity that is currently being expanded to 3.5Mtpa. The park also has 2.0GW of dedicated power generation capacity that is being expanded to 2.6GW. Stainless-steel is produced using the 3.0Mtpa of ferronickel and 0.6Mtpa ferrochrome that is produced onsite. Ferronickel is also acquired from Tsingshan's other projects in Indonesia, including the Indonesia Weda Bay Industrial Park (IWIP).

Another major stainless-steel operation is Delong Holdings' Virtue Dragon Nickel Industry in Konawe. The park was designed with a stainless-steelmaking capacity of 2.5Mtpa. Further expansion programmes are planned to take the company's total Indonesian steelmaking capacity to a staggering 20Mtpa. Ferronickel feed is also sourced from Delong's Indonesian subsidiaries, such as the US\$2.7bn Gunbuster smelter.

The government may be allocating up to US\$330m of funding to incentivise EV uptake in the coming few years. Consumers may receive up to US\$5,000 in subsidy for the purchase of EVs made by domestic factories. While a subsidy of US\$2,500 will be offered for the purchase of a hybrid car, and US\$500 for electric motorbikes. Further subsidies may also be implemented on the sales of electric buses to fully electrify the transportation sector. Indonesia is targeting a 20% market share for new EV sales by 2025, and to have 2.5m EVs on its roads by then. Additionally, all government officials will be shifting their personal vehicles to EVs.

The ministry will offer incentives for auto manufacturers, like Hyundai Motor and BYD, to expand their EV production capacity within the country. While the state energy provider PLN has been instructed to increase charging station capacity to accommodate for 2m electric motorcycles and 500k EVs within 4 years. Public transportation will be fully electric by 2027. This will fuel EV and battery demand, in turn increasing finished nickel demand.

State owned manufacturer Indonesia Battery Corporation (also known as IBC) will be developing Indonesia's BEV and EV sectors. It is comprised of PT Aneka Tambang Tbk (ANTAM), Mining Industry of Indonesia (MIND ID), Perusahaan Listrik Negara (PLN) and PT Pertamina.

President Joko Widodo is keen on developing Indonesia as a nickel battery materials provider. In August 2022, an official reported that auto manufacturer Tesla will purchase up to US\$5bn worth of finished nickel materials over five years to produce their next generation of EVs. Tesla's low carbon focus suggests that Indonesia will be attempting to phase out its coal energy sector to keep nickel production 'green'.

Korean chemicals manufacturer has initiated a collaboration between LG Chem Ltd., LX International Corp., POSCO Holdings and China's Zhejiang Huayou Cobalt to develop a US\$9.8bn integrated battery materials project. The operation will be located in the Batang Industrial Complex in Java, and will integrate everything from nickel smelting, pCAMS production to battery recycling. Moreover, LG Energy Solution will also be partnering with Hyundai Motor to construct a US\$1.1bn EV battery cell plant in Karawang. The project will commence commissioning in 2024 with an initial production capacity of 10GWhpa, which will be expanded to 30GWhpa. LG will be gradually switching all its global operations to renewable energy from 2025 onwards, in order to reach net zero by 2040.

Lithium-batteries manufacturer CATL will be collaborating with ANTAM and IBI through its subsidiary Brunp to establish a US\$6bn integrated batteries project at the FHT Industry Park. Initial production is scheduled for 2026, with construction commencing in 2022.

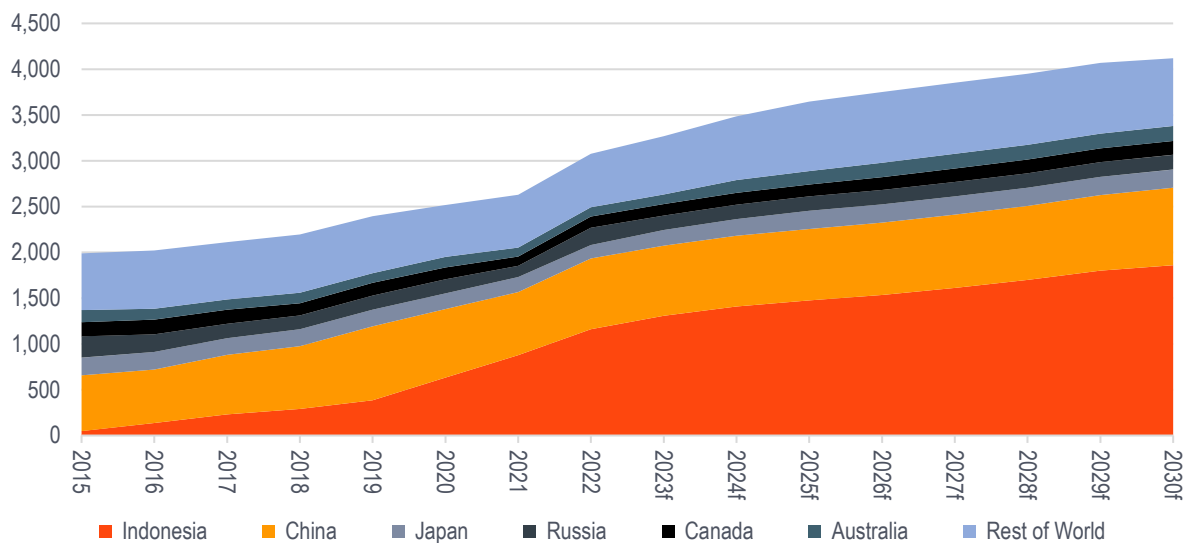
4.0 Supply – Global

Global finished nickel supply is forecast to reach 3,268kt by the end of 2023, growing by a significant 6.2% from the 3,077kt produced in 2022. Production remains dominated by ferronickel, due to RKEF smelters being commissioned and ramped up in Indonesia. This includes operations such as the Angel, Oracle and Gunbuster operations. Asia remains the core of finished nickel supply, contributing to 70% of global production.

Finished supply will then grow by a CAGR of 3.4% to 4,120kt in 2030. The market is forecast to continue remaining in surplus until then, during which supply growth will slow. Indonesia will still be the largest supplier, producing 45% of the world's finished nickel. HPAL projects will opt to process the MHP intermediates onsite directly into sulphates, instead of exporting it due to lowered costs from project integration. Moreover, Indonesia's proposed export tax will further discourage the export of intermediates, incentivising producers to process mattes and MHPs to finished nickel onsite.

An increasing focus on resource protectionism will lead to increased government-initiated incentive schemes for domestic project development. This is already in action as exemplified by the global Minerals Supply Partnership (MSP), an agreement that ensures resource security of critical minerals for green energy development. Members of the partnership include the USA, Canada, Australia, Finland, France, Germany, Japan, South Korea, Sweden, the UK, and the European Commission. The US' Inflation Reduction Act has also stipulated that EVs sold are required to have over 40% of its materials sourced domestically or from a free-trade ally, in order to qualify for the US\$7,500 tax credit.

Figure 12: Estimated Global Finished Nickel Supply 2015-2030, kt

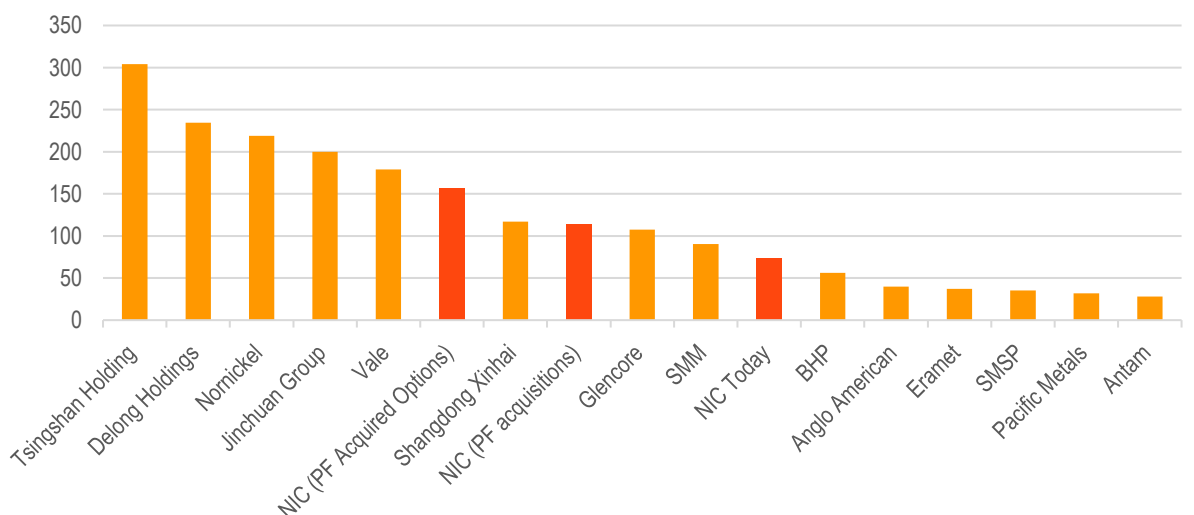


Source: AME

In 2022, the largest producer of finished nickel by ownership was Tsingshan, with ferronickel production coming online and ramping up at its Indonesian subsidiaries. This is followed by Delong Holdings, whose Virtue Dragon and Gunbuster operations are expected to continue boosting growth. The third largest producer is Nor Nickel, producing high-purity class 1 products from its Norilsk and Kola Divisions. This is followed by China's Jinchuan Group, who relies on imported Philippine ore for its production of electrolytic nickel and sulphates. Vale is also a large refiner. Other major producers are Shangdong Xinhai, Glencore, Sumitomo Metal Mining, Nickel Industries and BHP.

The commissioning of the Angel and Oracle smelters have greatly boosted the production capacity of Nickel Industries. The highest volume of ferronickel produced was recorded in the December Quarter of 2022, at 18.4kt. This leads to an approximate annual production of ~73kt. The NIC (PF acquisitions) scenario is based on attributable production (of 80% based on ownership) at 135% nameplate capacities at Hengjaya and Ranger, along with 130% nameplate capacity production at Angel and Oracle, as the smelters are expected to perform at these rates above capacity. This also includes 10% of attributable production from the Huayue HPAL. The NIC (PF Acquired Options) scenario also includes production from the Excelsior HPAL, and the possibility of matte conversion at Oracle.

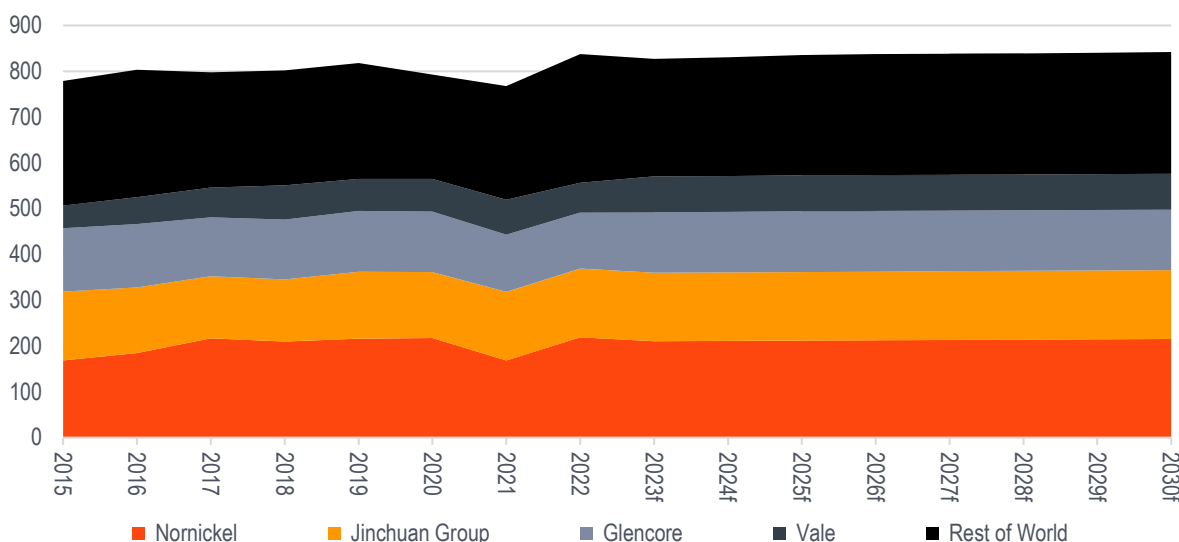
Figure 13: Estimated Finished Supply by Top 15 Producers 2022, kt



Source: NIC supplied, AME

Class 1 nickel, which is a nickel product grading over 99.8%, currently accounts for 24% of total finished production. These products can be in the form of briquettes, powders and cathodes. The largest producer is Russia's Nornickel, producing high purity nickel and PGMs from its massive Taimyr and Kola Reserves. This is followed by Jinchuan Group, who has expansion plans to take total sulphate production capacity 280ktpa. Other major class 1 producers include Glencore and Vale.

Figure 14: Estimated Class 1 Supply from Major Producers 2015-2030, kt



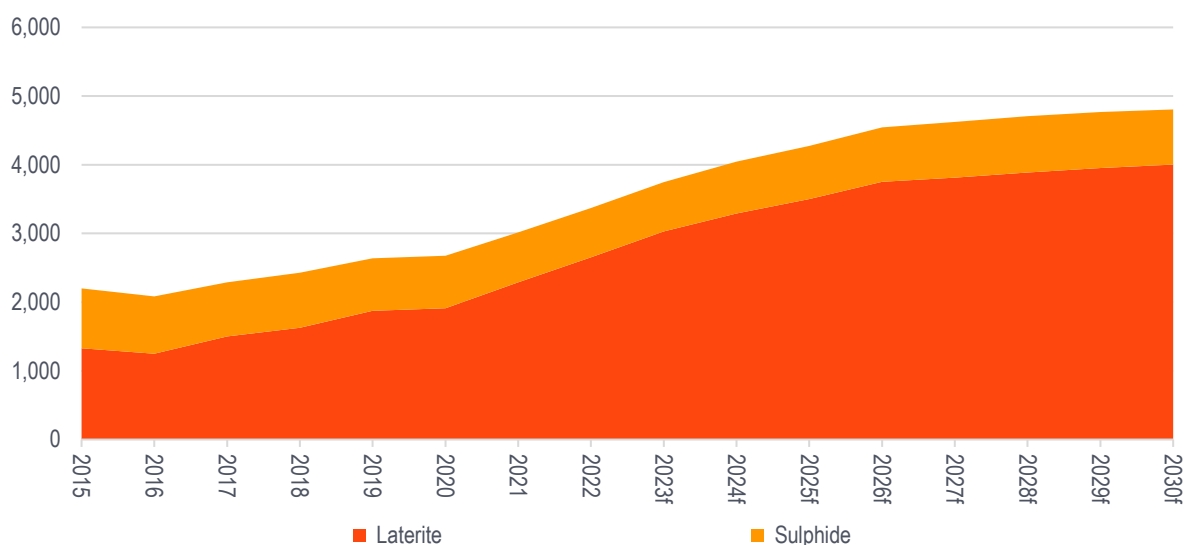
Source: AME

On the other hand, mined supply is forecast to grow by a staggering 11.3.% to reach 3,750kt in 2023. Ore comes predominantly from Indonesia, who mines 51% of the world's production from its rich laterite reserves. Production has ramped up drastically as finished nickel production capacity expanded. However, the market is still expected to be in a deficit of over 250kt in 2023 due to significant mined nickel demand growth from rapid smelting development.

This will then grow by a CAGR of 3.6% to 4,806kt in 2030. Increased mined demand from smelters and HPALs will lead to increased supply. Nickel Industries intends on expanding mined production from 2.5Mwmtpa to 10Mwmtpa upon a 56% expansion of contained nickel at its Hengjaya mine. Other projects including Horizonte Minerals' Araguaia in Brazil is also expected to be commissioned within this time. Supply upside will come from current sulphide exploration projects in Australia and Canada, which will also be sources of low-carbon nickel production.

Despite requiring a less carbon intensive processing route, global sulphide production will dwindle due to ore depletion. Almost 80% of total global mined nickel is produced from laterite ores, which are formed in tropical regions such as Indonesia and the Philippines.

Figure 15: Estimated Global Mined Nickel Supply by Ore Type 2015-2030, kt

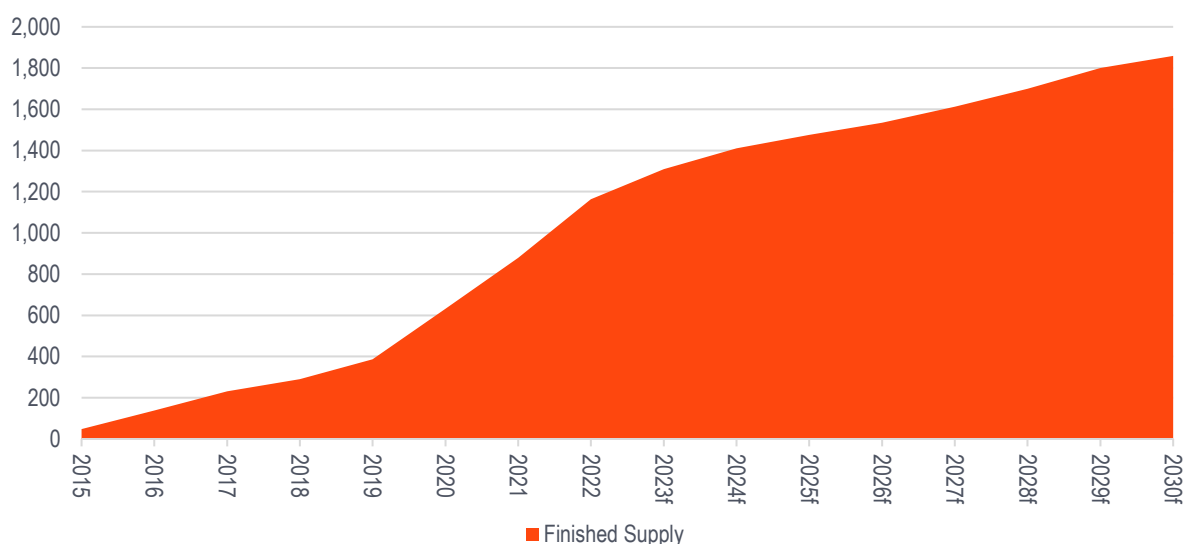


Source: AME

4.1 Supply – Indonesia

Indonesia, king of the nickel industry, is forecast to produce 1,309kt of finished nickel in 2023. This is an impressive 12.6% annual increase, as ferronickel production capacity continues to balloon. New smelters commissioned in 2022 include Nickel Industries' Oracle smelter, and the Gunbuster ferronickel smelter in Delong's Virtue Dragon Nickel Industry Park. HPAL projects QMB New Energy Materials and Huayue also began production. Growth will then slow, increasing by a CAGR of 5.1% to 1,859kt in 2030. Indonesia's share of global finished supply will grow from 40% in 2023 to 44% in 2030.

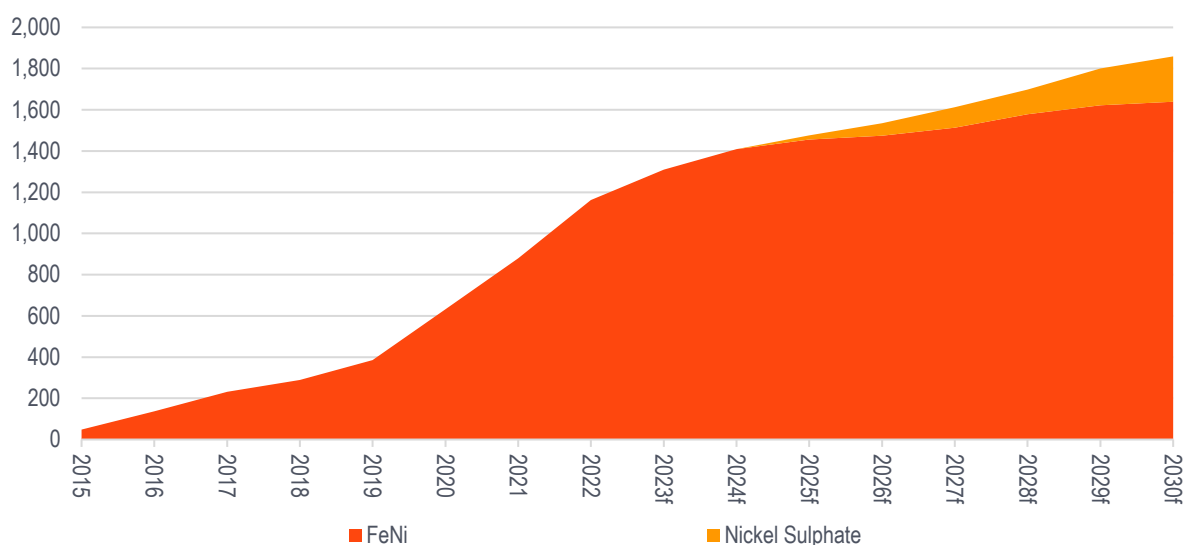
Figure 16: Estimated Indonesia Finished Nickel Supply 2015-2030, kt



Source: AME

Finished production is currently comprised entirely of ferronickel, with ~90% being low-grade (less than 20%). The addition of nickel sulphate produced from HPAL operations is expected to diversify the product mix in the short term. The government has stated intentions on limiting the expansion of ferronickel smelting capacity, and focus development on the higher-valued battery sector. This will be supported by the implementation of the proposed export tax on products below 70% grade. HPAL producers will be incentivised to establish sulphate production lines, with initial production expected as early as 2024.

Figure 17: Estimated Indonesia Finished Nickel Supply by Product 2015-2030, kt



Source: AME

The World Trade Organisation has ruled against Indonesia concerning its 2020 ore export ban, claiming that the ban is in violation of Article XI of the 1994 General Agreement on Tariffs and Trade. Brussels upholds that Indonesia's move has severely restricted the EU's access to the mineral. Indonesia, however, remains undeterred, and maintains that economic growth sprouted from the ban is a story of success. An appeal has been filed to the WTO, and the ban on nickel ore exports will remain. In fact, the government has stated plans to ban bauxite exports by June 2023.

Additionally, an export tax may be levied on nickel products below 70% grade. This will be applicable to all ferronickel, MHP and low-grade mattes. The policy will further encourage the expansion of downstream processing capacity and extend Indonesia's influence down the supply chain. An increasing focus will be placed on the battery sector, as demand climbs and the first battery cell plant begin construction.

Indonesia has proposed the formation of an OPEC-like organisation for nickel suppliers to coordinate production, giving it more bargaining power as EV manufacturing countries implement increasingly protectionist policies. For instance, the US' Inflation Reduction Act will only apply its US\$7,500 consumer tax credit onto EVs produced with over 40% domestically (or from its free-trade allies) sourced materials. This makes nickel sourced from Indonesia an unlikely contender for the credit. The percentage requirement may even be bumped up by 10% each year, to a cap of 80% in 2027.

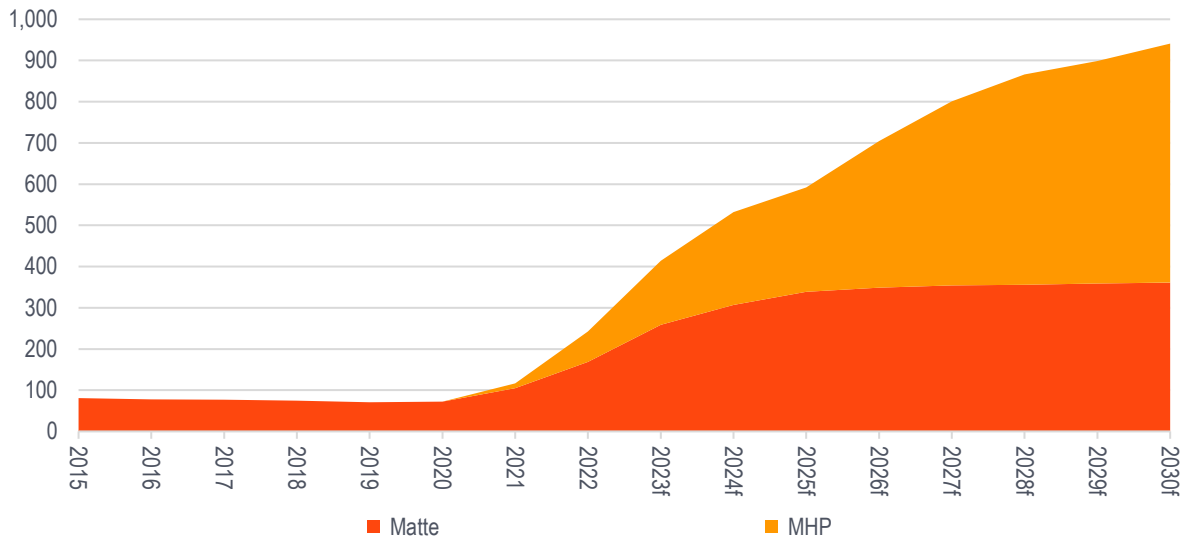
Nickel development in the country is concentrated in several industrial parks. Namely the Morowali Industrial Park (IMIP), the Virtue Dragon Nickel Industry Park in the Central Sulawesi Province, and the Indonesian Weda Bay Industrial Park (IWIP) in North Maluku. A collaboration between the government and Aslan Energy Capital will construct a green energy hub in Palu. This will include an LNG import terminal that will provide carbon neutral LNG power for processing activities in Central Sulawesi.

The largest operation is Tsingshan Holding's IMIP, which has a production capacity of 3Mtpa ferronickel. The operation is viewed as competitive in the long term, due to its low production costs. Tsingshan's integrated RKEF-AOD process charges hot ferronickel directly into stainless-steel mills, minimising heat and energy lost in transportation. Sections of the industrial park are held as joint ventures with different affiliates and partners.

While the IWIP is a Tsingshan venture with numerous partners that produce both matte and ferronickel. Reserves are expected to last for over 25 years at the site. An environmental team is developing water management systems to minimise soil erosion, and to rehabilitate all mined areas. Tsingshan will also construct a 2,000M renewable energy project to power its IMIP and IWIP operations.

Apart from finished nickel production, intermediates production is also expected to ramp up as demand from the battery sector grows. MHP capacity will expand quicker than matte, due to Chinese battery manufacturers showing a stronger preference for MHP feeds due to lower costs. The payability of MHP hovers between 70% to 80%, while for matte it can sometimes reach over 90% due to higher nickel grades. The use of MHP to produce sulphate instead of matte also generates a smaller carbon footprint, as fewer processing steps are involved.

Figure 18: Estimated Indonesia Intermediates Supply 2015-2030, kt

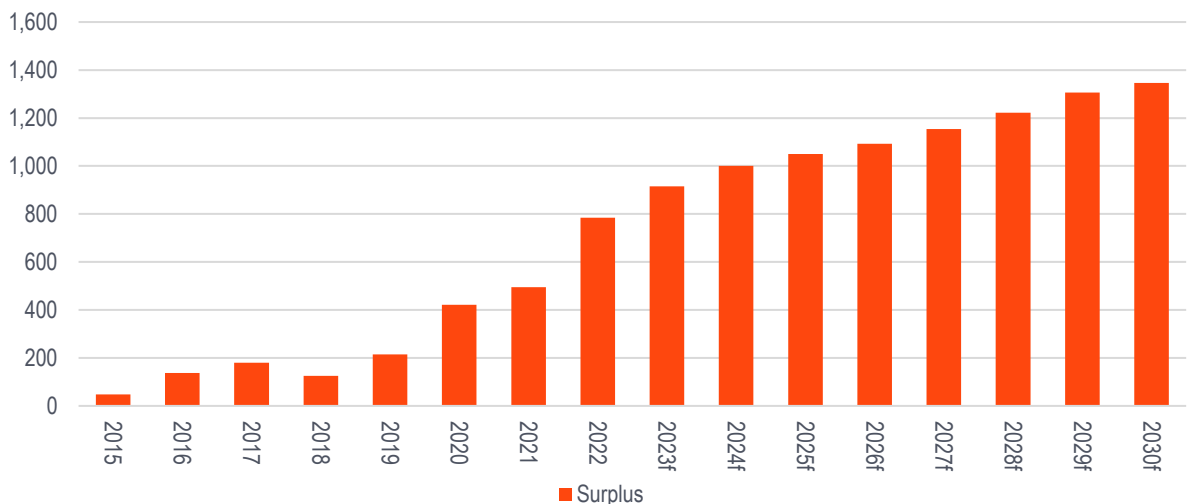


Source: AME

5.0 Indonesia's Nickel Industry

Strong investment from Chinese steelmakers and increasingly battery producers has been pouring into Indonesia to encourage nickel development, and to secure supply for their own expanding operations. The rampant growth of finished nickel production in Indonesia is forecast to lead to a long period of surplus, as demand gradually catches up. This surplus, in the form of ferronickel, is currently exported to stainless-steel manufacturers in China. However, the implementation of the proposed export tax on products below 70% nickel grade may incentivise manufacturers to further offshore downstream operations, providing upside to domestic finished demand.

Figure 19: Estimated Indonesia Finished Nickel Market Balance 2015-2030, kt



Source: AME

5.1 Mines

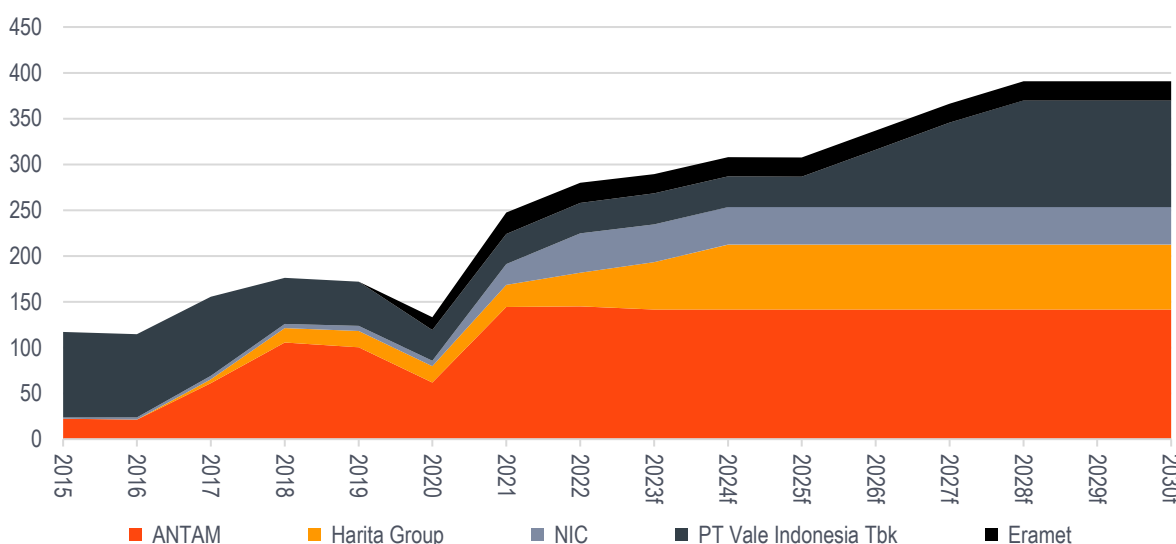
Indonesia is home to almost a quarter of the globe's nickel reserves in the form of laterite deposits. Historically, Indonesian nickel have predominantly been used to produce ferronickel and nickel pig iron for the stainless-steel and alloying sectors. Active mines are concentrated on the Sulawesi and Maluku islands, where the laterite-heavy Southeast Ophiolite Belt and other formations are located.

Proven Reserves currently sit at roughly 21Mt, which are mined via open pit operations. A high influx of investment from Chinese companies over the past decade has led to the rapid development of new nickel mines. The mining market is highly fragmented, with a large number of small players mining from over 300 tenements across the archipelago. Ore is sold to domestic smelters on a merchant basis and are trucked or barged to the facilities.

The nickel mining industry began during the 1960s, with state-owned producer PT Aneka Tambang Persero (Antam)'s predecessor being the first entrant into the market. This was followed by PT Vale Indonesia Tbk, who currently operates the single largest producing mine at Sorowako.

The largest miners have integrated operations, where ore mined is processed by their own smelting facilities. Antam mines ore from Pomalaa, North Konawe, Tanjung Bulin and Gag Island. Its North Konawe Nickel Mining Business Unit has recently been appointed as a National Vital Object (Obvitnas), which will reinforce security of the tenements as they are deemed essential to the national economy. Harita Group mines from two concessions on Obi Island, which are processed at its HPAL and ferronickel smelters. This is followed by Nickel Industries, who mines the Hengjaya concession as a joint venture with the Wijiyo family. PT Vale Indonesia Tbk mines and processes ore from Sorowako into a high-grade matte. Vale's mined production will further increase once the Pomalaa and Bahodopi projects come online. Eramet also mines from its Weda Bay concessions.

Figure 20: Estimated Mined Nickel Production from Top 5 Producers 2015-2030, kt



Source: AME

5.2 Smelters

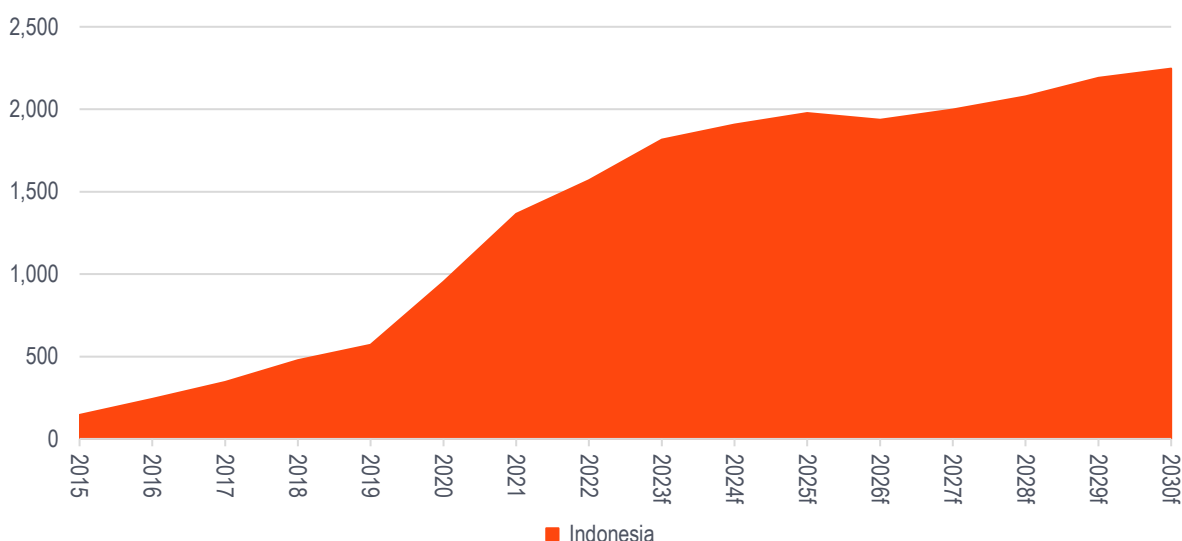
Indonesia's nickel smelting industry was initially jumpstarted by the 2014 ore ban, with export restrictions resulting in increased domestic smelting development. Although the ban was relaxed in 2017 following poor market conditions, it was eventually re-imposed in 2020. Indonesian finished production grew from less than 30ktpa before 2014 to an estimated 1,309kt in 2023.

Smelting capacity targets the production of ferronickel via RKEF lines introduced by Chinese stainless-steel makers. The increased availability of ferronickel has stimulated the expansion of the Indonesian stainless-steel industry. AME estimates that Indonesian stainless-steel production increased from 24kt in 2016 to over 5Mt in 2021.

Similar to mining development, Indonesian smelters are concentrated in the Sulawesi and Maluku regions, as well as Java.

Ore supply growth will be driven by rapid growth in mined nickel demand, which has increased in recent years following robust expansions in Indonesian smelting capacity. In 2023, Indonesia is forecast to consume 1,816kt of nickel in ore. Chinese investments continue pouring into the development of smelters and HPALs. New operations, such as the Gunbuster smelter or the Oracle RKEF smelters, will continue to ramp up production and boost ore demand growth in the short term. Demand for MHP intermediates and matte from the battery sector will continue driving up ore demand. Operations will become more integrated, with producers having tighter control over the entire supply chain. By 2030, mined demand will have grown to 2,246kt.

Figure 21: Estimated Indonesia Mined Nickel Demand 2015-2030, kt



Source: AME

5.3 Government Regulations

The Indonesian nickel mining and processing industry is affected by Indonesian government regulations, which seek to advance the incumbent administration's industrial policy. The stated goal of the policy is to build domestic capacity to add value to its raw mineral commodities prior to export. The Government also seeks to prioritise the interests of domestic companies in its mining policy.

5.3.1 Environmental Regulations

At the C20 forum of 2022, Indonesia introduced the National Grand Energy Strategy (GSEN) to outline the country's pathway to carbon neutrality by 2060. Under the plan, renewable energy will generate 100% of the electricity used, totalling 587GW. Over half of this energy will come from solar power. A carbon trading mechanism has been signed into effect and is expected to be in full operation by 2025. Part of the strategy also aimed to implement a US\$2.1/t carbon tax on coal energy generation. However, the Russian invasion of Ukraine and the accompanying turmoil in global energy markets have caused the carbon tax to be placed on hold indefinitely. The eventual implementation of the tax will have implications on the nickel processing industry, as it is electricity-intensive and currently coal-powered.

On the other hand, tailings disposal methods have also come under increased scrutiny in recent years. Deep sea tailings disposal (DSTD) has been the preferred method for nickel producers, as storage silos are not suited for tropical island locations prone to earthquakes and heavy rain. Indonesia currently does not ban DSTD, however no new permits has been issued since February 2021. This will limit the impact of marine pollution as the mining industry expands.

5.3.2 *Licensing*

The legal framework for the mining industry comes from the overarching Indonesian Mining Law No. 4/2009, which was last amended by Government Regulation in Lieu of Law No. 2 of 2022. This is further elaborated through Government Regulations and Ministry of Energy and Natural Resources Regulations. The Directorate General of Minerals and Coal also issues decrees and regulations which supplement these regulations. These decrees govern areas such as royalty calculations and other areas which the Directorate General has been granted the authority to regulate.

A *Wilayah Izin Usaha Pertambangan* (WIUP or Area for Mining Business Licence) is granted via an auction process. Bidders who can satisfy certain minimum requirements, such as having sufficient qualified personnel, may submit an offer to secure a licence. Licences for areas under 500ha are not granted to National State-Owned Companies (BUMNs) or foreign held companies. The selection of the successful bidder is conducted by an Auction Committee.

WIUP *Khusus* (WIUPKs) function in a similar manner, except that they prioritise state or regional-owned enterprises. Bidders are required to have a minimum of three years of experience in mining. They can be directly granted if only a single BUMN expresses interest in the licence. A private company may only submit a bid for a WIUPK if no BUMNs applied for it, even then a 10% share of the venture will need to be offered to a regional-owned enterprise (BUMD).

Private entities are still permitted to have up to 49% share in BUMNs or BUMDs, with the government holding the remaining 51%.

WIUPs and WIUPKs are granted for an initial period of 20 years, along with two guaranteed extensions of ten years. While exploration licences have a term of eight years, with the area covered by the licence reducing three years into the permit. A maximum of 50,000ha can be covered in the second half of the licence's term.

The business licences required to mine are the *Izin Usaha Pertambangan* (IUP) or *Izin Usaha Pertambangan Khusus* (IUPK). Holders of IUPs and IUPKs are not to receive payment from a mining services company. The 2020 Mining Law Amendment also allowed the licences to be transferred to another entity, subject to the approval of the Ministry of Energy and Mineral Resources (MoEMR).

A *Renkanaan Kerja dan Anggaran Biaya* (RKAB or Annual Plan of Works) must be submitted to the government. Failure to comply will result in the revocation of the entity's mining licence. In 2022, over 2,000 mining licences were revoked because of this, with around 100 of them being nickel projects.

5.3.3 *Divestment*

Foreign entities are to begin divesting their share of mining operations in the fifth year of production, and that the licence-holding entity must be at least 51% Indonesian owned by the 10th year. The divested stake, in descending order of priority, will be offered to the Indonesian Central Government, Provincial or Regency/Municipal Government, BUMNs or BUMDs. The consideration for the majority stake is determined by a legislated discounted cash flow approach, based on the current operations of the mine.

If no government or state-owned entity is interested in acquiring a majority stake, the foreign owner of a licence-entity must offer the stake to Indonesian private companies by way of tender. In the event that no suitable bidder is found, the divestment condition may be satisfied by a listing on the IDX.

5.3.4 Royalties

A presidential decree for minerals royalties was signed into effect in August 2022. Under Presidential Regulation No. 26/2022, the royalty leveraged on nickel ore is 10% of sales price, and 2% on ore of over 1.5% grade that will be used in the battery sector. While for processed products, the royalties are 5% for NPI, 2% for matte, ferronickel, MHP, nickel sulphate, and 1.5% for nickel metal. Profits made on matte priced over US\$21,000/t will also be leveraged a royalty of 1%. These rates are subject to rapid changes.

5.3.5 Industrial Parks

A cornerstone of Indonesian Government policy has been the establishment of industrial parks to promote the development of strategic industries. In December 2015, four industrial zones were established, varying from the developed estates of Java, the developing zones of southern Sulawesi, Kalimantan, and Sumatra, to the potential estates in Sulawesi, and Papua. Investment in the less developed regions will receive stronger incentives, in the form of tax holidays, allowances at the national level, as well as tax and levy relief on a regional level. Commercial entities may lease or purchase land within the industrial estate. The environmental impact study requirements were also relaxed, eliminating the need for the tenant to conduct their own study if the operator has already submitted one. The industrial estate itself is constructed and operated by a commercial entity, which may also utilise the constructed facilities.

5.3.6 Electric Vehicle Policy

Further raw material export bans and taxes are being considered as the government attempts to develop an integrated supply chain for the EV battery sector. Other incentives such as tax holidays and allowances have already been introduced. Presidential Regulation No. 55/2019 mandates the development of a domestic EV industry, and requires EVs produced in Indonesia to contain at least 35% domestically sourced materials. This will be further boosted to 40% by 2023, and to 80% by 2030. At the same time, the country is also aiming to produce 140GWh of batteries by 2030. And to bump up the number of EVs on its roads by 2.5m by 2025, along with charging stations in 2,400 locations.

A US\$330m consumer purchase subsidy package may be implemented to encourage quicker adoption. Consumers may receive up to US\$5,000 in subsidy for the purchase of EVs made by domestic factories. While a subsidy of US\$2,500 will be offered for the purchase of a hybrid car, and US\$500 for electric motorbikes. Further subsidies may also be implemented on the sales of electric buses to fully electrify the transportation sector.

In March 2021, the Indonesia Battery Corporation (IBC) was founded to manage the integrated EV battery industry from upstream to downstream investment. The IBC consists of four state-owned companies in the mining and energy sector: MIND ID, Aneka Tambang (Antam), PLN, and Pertamina.

The ministry will offer incentives for auto manufacturers within the country, like Hyundai Motor and BYD, to expand their EV production capacity. While the state energy provider PLN has been instructed to increase charging station capacity to accommodate for 2m electric motorcycles and 500k EVs within 4 years. The public transportation sector will be fully electric by 2027.

6.0 Pricing

6.1 Ferronickel (8-12%)

Ferronickel is not a homogenous product, due to the wide range in grades produced depending on the requirements of the downstream consumer. Hence, no standardised price is published for ferronickel itself. Pricing is instead expressed as US\$ per metric tonne unit (US\$/mtu), which is the price of 10kg of nickel within that product. Price received per tonne of ferronickel is obtained by multiplying the grade by the quoted US\$/mtu price.

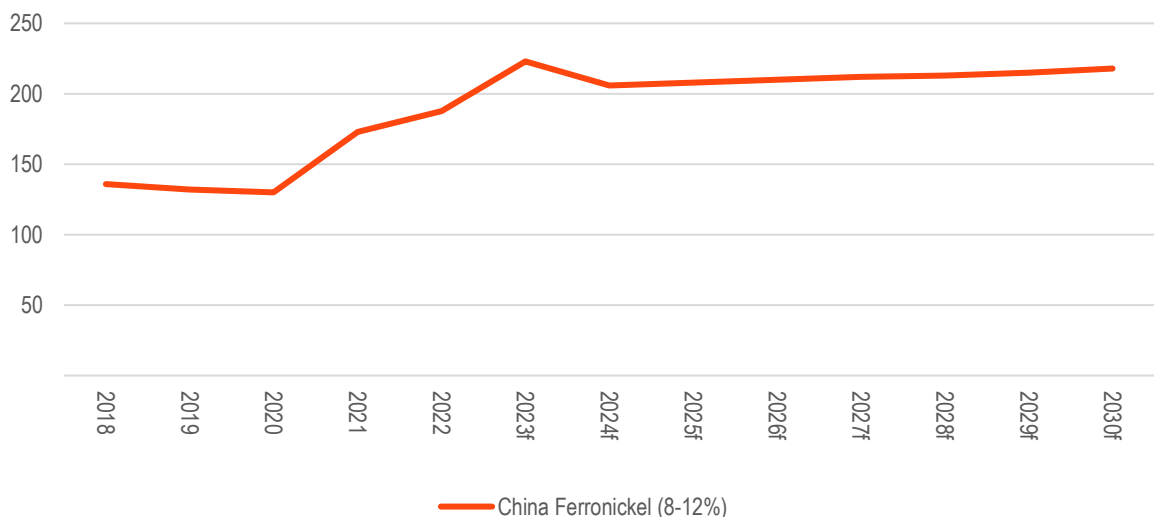
For example, one tonne of 10% ferronickel product at US\$180/mtu would receive a price of $10 \times 180 = \text{US\$}1,800/\text{t}$.

The China ferronickel price is forecast to be US\$223/mtu in 2023. Moving similarly to the European spot price market, prices are then expected to calm, and retreat to US\$206/mtu in 2024. In the longer term, this will rise to US\$218/mtu in 2030 as energy prices increase and emissions control tighten.

As ferronickel contributes to over 60% of finished nickel supply, its pricing trends tend to move in sync with the published LME nickel price. Although it will display less fluctuation as ferronickel is not openly traded, prices are agreed directly between the seller and the buyer. The ferronickel market is predominantly driven by the stainless-steel sector, which is the most heavily driven by the durable goods market.

The price of ferronickel is influenced by the cost of production predominantly in Indonesia, who produces the bulk of the globe's ferronickel supply. The country's comparatively lower energy and labour costs are important contributors to its low cost of production.

Figure 22: Historical and Estimated China Ferronickel Price 2018-2030, US\$/mtu



Source: AME

6.2 Nickel Sulphate

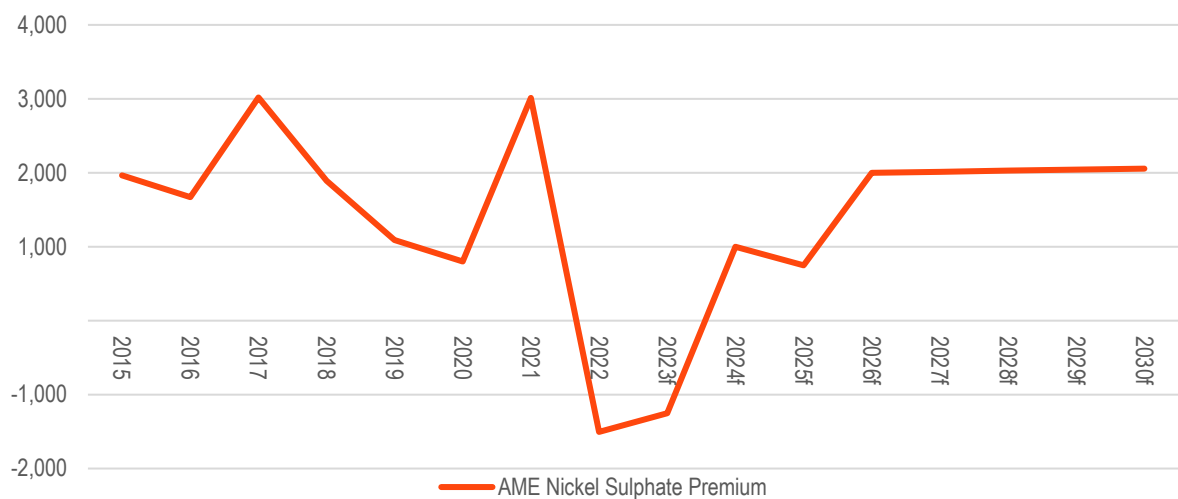
The nickel sulphate premium reflects the difference between the price of nickel sulphate and nickel metal in briquette form. Nickel sulphate may be produced by dissolving nickel metal or mixed hydroxide precipitate in sulfuric acid. The process produces nickel sulphate, and any impurities are removed.

The nickel sulphate price may be quoted as a premium relative to nickel metal. The premium is dictated by the demand for nickel sulphate as a battery precursor. In 2021, the nickel sulphate premium increased significantly due to strong demand from the EV battery sector, and a shortage of class 1 nickel feedstock limiting supply of nickel sulphate. Nickel sulphate and nickel metal prices are currently experiencing a decoupling, causing the sulphate premium to become negative in 2022. This was mainly due to elevated nickel metal price whilst sulphate remained relatively stable throughout the year. AME expects that the nickel sulphate premium will rise as nickel prices maintain a steady trajectory as nickel metal prices moderate.

The price received per tonne of nickel sulphate is obtained by adding the sulphate premium to the nickel price and multiplying by 22.3%, the proportion of nickel metal by weight contained in nickel sulphate. Production of nickel sulphate from intermediates, such as MHP, provides an opportunity for increased margins, as they generally sell at a discount to the nickel price. Currently, nickel in MHP has a payability of around 80% when compared to the nickel price.

The nickel sulphate premium is forecast to remain in the negatives in 2023, at -US\$1,250/t, due to elevated trading prices. The premium will eventually calm and reach US\$2,057/t in 2030, as the price of sulphate is also expected to increase as battery demand grows.

Figure 23: Historical and Estimated Nickel Sulphate Premium 2015-2030, US\$/t



Source: AME

6.3 Class 1 Nickel

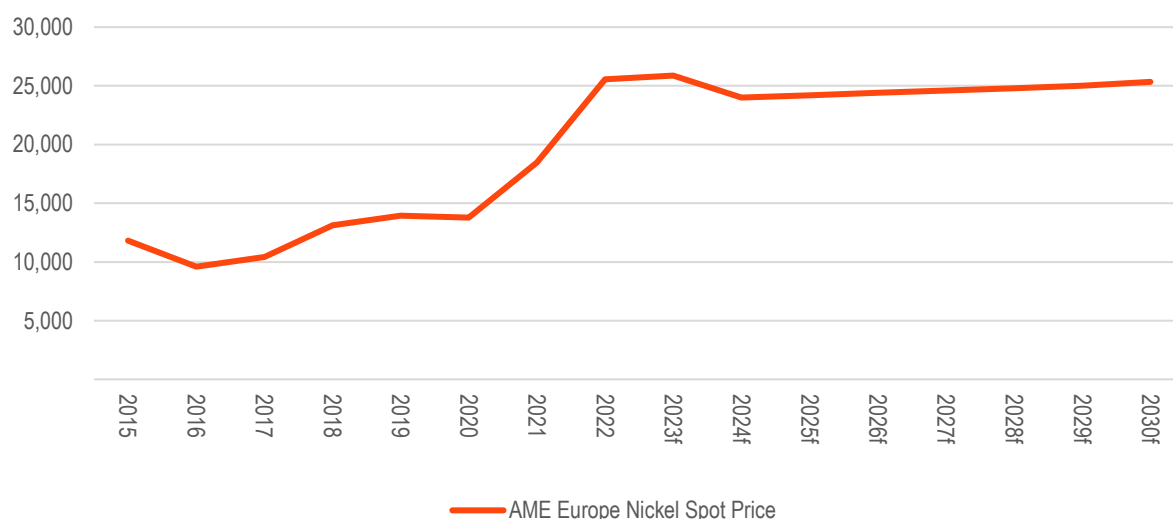
Prices remain elevated and detached from physical supply and demand dynamics in the market. The European spot price of nickel, or the LME price, is forecast to be US\$28,000/t in the March Quarter of 2023, following a higher-than-expected realised price of US\$24,392/t in the 2022 December Quarter. Reduced liquidity on the LME as a result of dwindling trading volumes has led to a second price surge, as investor confidence in the exchange plunges. Prices are forecast to ease in the coming quarters, as finished supply comes online in Indonesia, calming market uncertainties.

Nickel prices averaged US\$25,554/t in 2022, the highest it has ever been apart from the wild surge of 2007, when prices skyrocketed to over US\$37,000/t. This is forecast to increase even further to US\$25,875/t in 2023. The issue of reduced trading volumes will persist, with the mounting production of ferronickel in Indonesia having little effect on restraining prices.

Nickel metal prices will then drop in 2024 to US\$24,000/t, as liquidity tensions ease with investor confidence recovering. Prices are expected to grow at US\$200/t per year thereafter on the back of rising

energy prices and increasing demand from the battery sector. This growth will further rise to US\$350/t per year in 2030 as international supply chains become deglobalised, bringing the price forecast to US\$25,350/t. Low carbon production methods will also increase production costs as producers near their net zero deadlines.

Figure 24: Historical and Estimated Europe Nickel Spot Price 2015-2030, US\$/t



Source: AME

6.4 Indonesia Nickel Ore

After the ban placed on nickel ore exports in 2019, amendments were made to MoEMR Regulation No. 25/2018 to place a minimum price on the sale of nickel ore to smelters. This was to ensure that smelters could not enact unfair pricing practices on small miners who were no longer able to export to higher paying market. This regulation applied a pricing formula to nickel ore based on grade, a grade-based corrective factor, and moisture content. This formula is applied to the *Harga Mineral Acuan Nikel*, which is the official price published by the ESDM. The ESDM sets the *Harga Mineral Acuan Nikel* which is calculated each month from the average of the LME nickel cash price from the 20th day of two months prior to the 19th of the prior month to the publication.

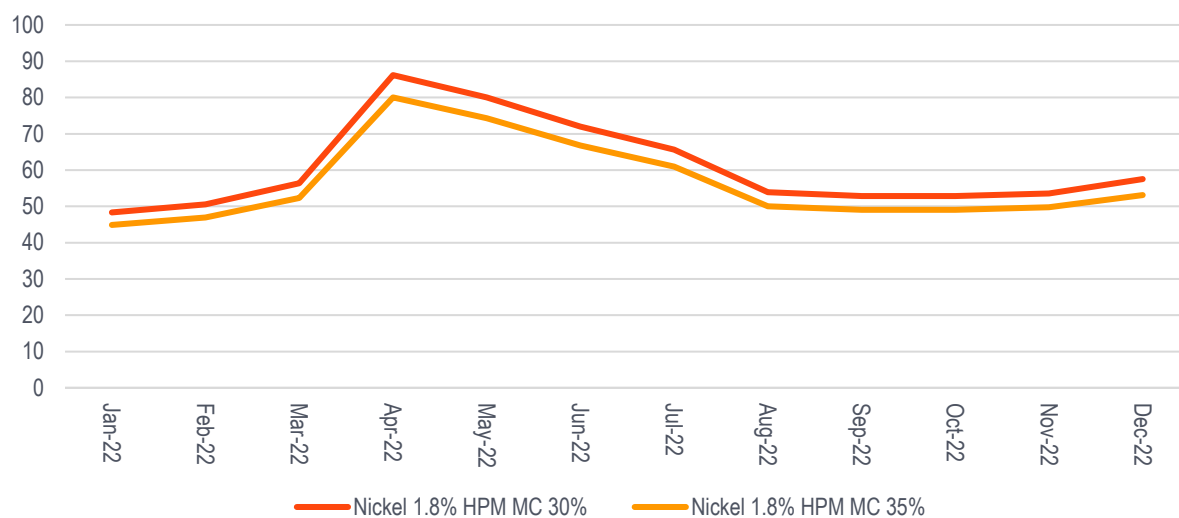
Table 2: Corrective Factors of Different Ore Grades

Ore Grade (%)	Corrective Factor (CF)
1.6	17%
1.7	18%
1.8	19%
1.9	20%
2.0	21%

Source: Indonesia Nickel Miners Association (APNI)

For instance, at an official nickel price of US\$25,000/t, 30% moisture grading wet ore with 1.8% nickel will have a corrective factor of 19%. The ore will be priced at $25,000 \times 0.7 \times 0.018 \times 0.19 = \text{US\$}59.85/\text{wmt}$.

Figure 25: Historical Monthly Harga Mineral Acuan Nickel 2022, US\$/wmt



Source: Indonesia Nickel Miners Association (APNI)

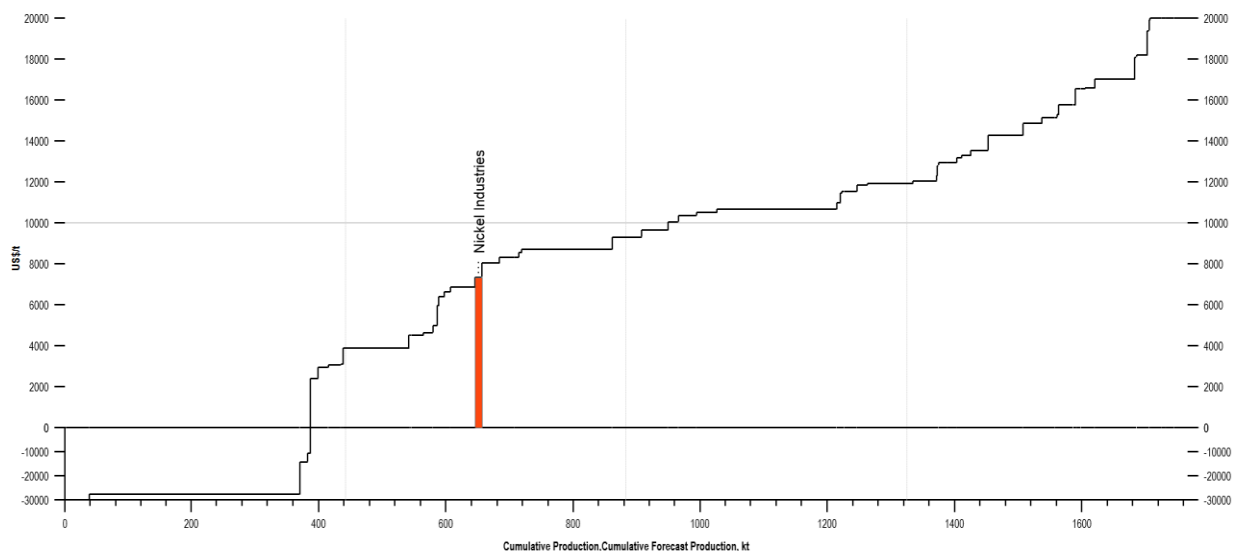
7.0 Project Benchmarking

7.1 Mine Cash Cost

Nickel Industries owns the Hengjaya mine as an 80% joint venture with its Indonesian partner the Wijoyo family. A recent expansion to the deposit's reserve has increased contained nickel from 2.4Mt to 3.7Mt, equivalent to a staggering 56% growth. Production will be ramped up to 10Mwmtpa upon completion of a 16km haul road linking the mine to the IMIP. The mine will also supply 5-7Mwmtpa of limonite feed to the QMB HPAL project over a period of 20 years.

Based on AME's modelling, the average cash cost of production for Nickel Industries' mined production is estimated to be US\$7,349/t of payable nickel in 2023. This places the company in the second quartile of the global cost curve, as producers in the first quartile tend to benefit from significant by-product credits due to the poly-metallic nature of the sulphide ore they mine from. Amongst laterite miners, Nickel Industries sits comfortably in the middle of the first quartile, making it one of the lowest-cost miners of laterite ore globally as of 2023.

Figure 26: Mined Nickel Global Cash Cost Curve by Company 2023, US\$/t

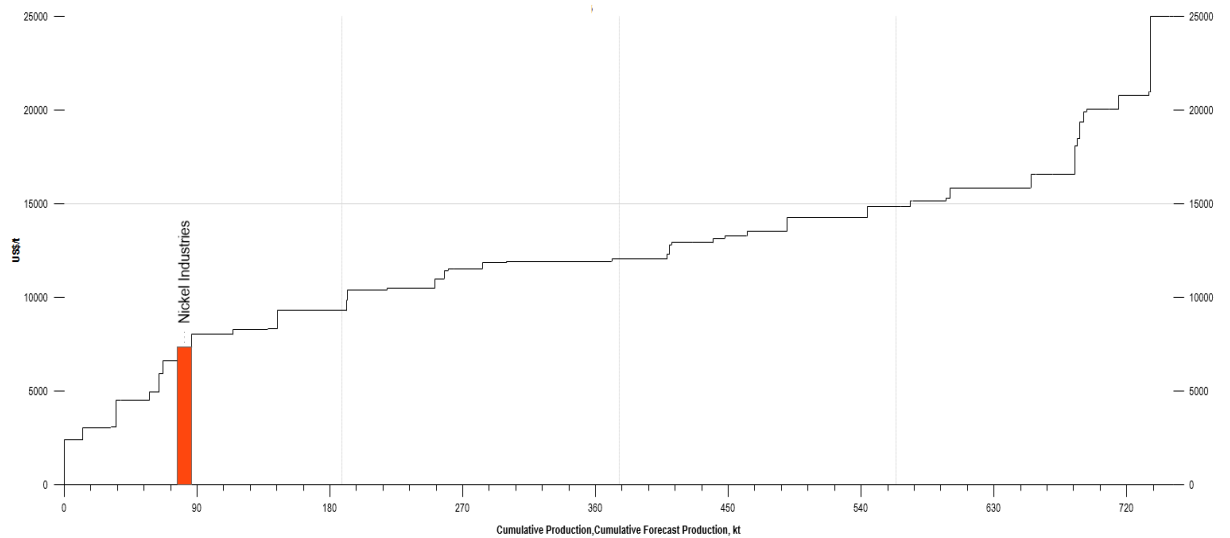


Source: AME, Company Reports

The company also owns 80% of the Hengjaya, Ranger and Angel RKEF smelters, with plans of increasing ownership of the fourth smelter, Oracle, from 70% to 80%. All smelters are located in the IMIP except Angel, which is located in the IWIP. In the December Quarter of 2022, the Hengjaya smelter transitioned production from ferronickel to matte, which was further upgraded to a high-grade matte using converters in the IMIP. An agreement has been signed with Shanghai Decent to further convert two lines of RKEFs at Angel to matte production.

As part of its Electric Vehicle Battery Supply Chain Strategic Framework Agreement, Nickel Industries will acquire a 10% ownership of the Huayue HPAL from Newstride Development Limited, a subsidiary of Tsingshan Group. Moreover, it will partner with Shanghai Decent to develop the Dawn HPAL+ Project, or the Excelsior Nickel Cobalt Project. The plant is expected to have a production capacity of 67ktpa of contained nickel in sulphate or even cathode, which would make it the first current generation HPAL operation to produce class 1 products.

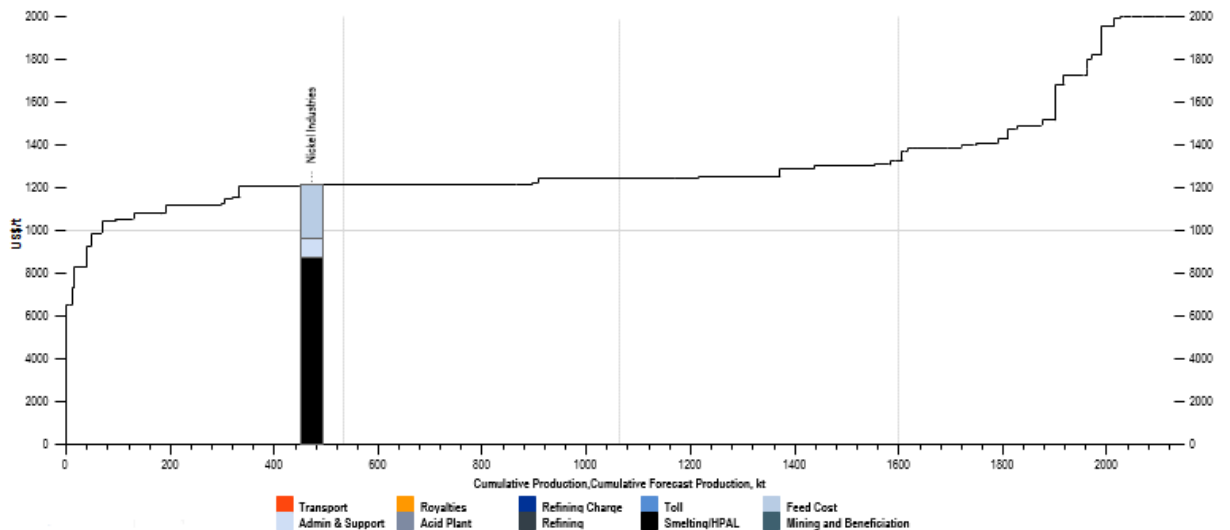
Figure 27: Mined Lateritic Nickel Cash Cost Curve by Company 2023, US\$/t



Source: AME, Company Reports

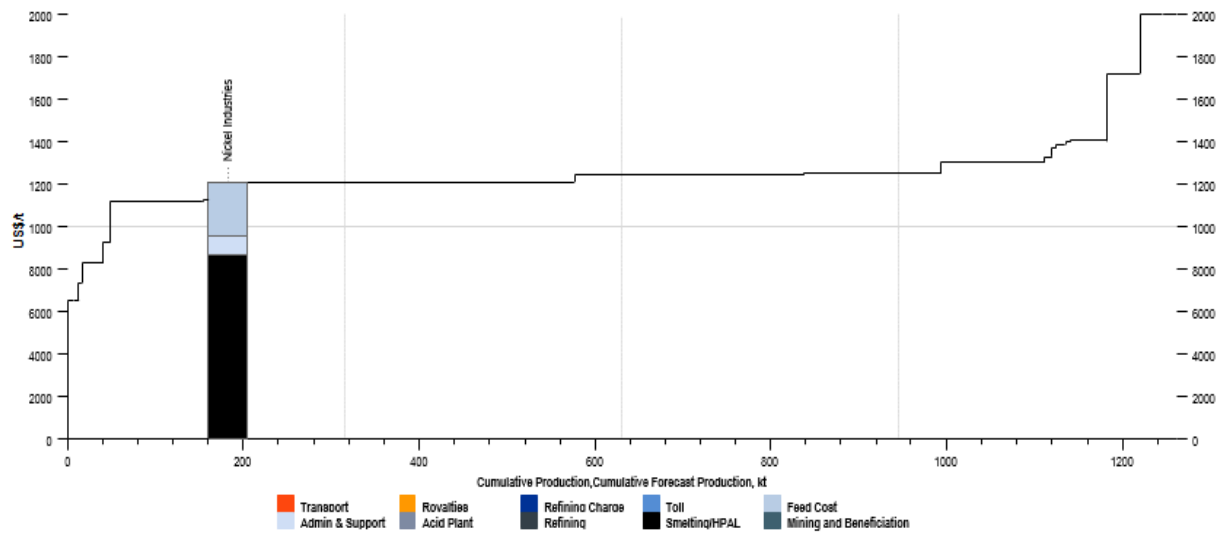
Based on AME's model, the average cash cost of production for Nickel Industries' ferronickel, produced at the Angel and Ranger smelters, is estimated to be US\$12,086/t of payable nickel in 2023. This puts it in the first quartile of the cost curve compared to other global ferronickel producers. Compared to other Indonesian ferronickel producers, Nickel Industries sits even further forward in the first quartile. Operation is well secured against adverse changes nickel price, and production will remain competitive. Production costs benefit from being an integrated supply chain, with ore sourced from associated mines to reduce feed and transportation costs.

Figure 28: Nickel Smelter Cost Curve by Global Ferronickel Producers 2023, US\$/t



Source: AME, Company Reports

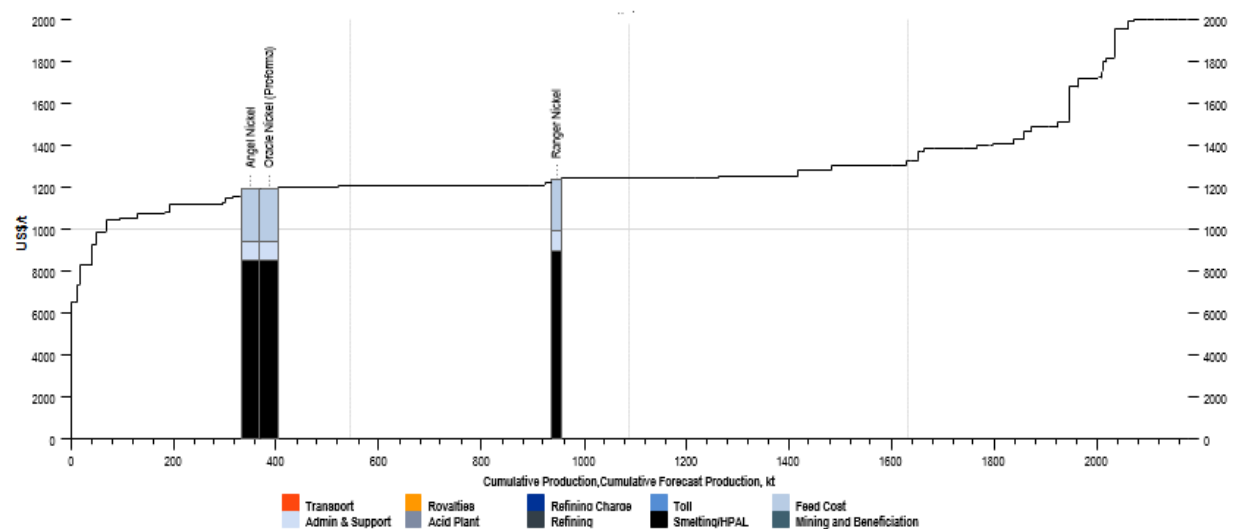
Figure 29: Nickel Smelter Cost Curve by Indonesian Ferronickel Producers 2023, US\$/t



Source: AME, Company Reports

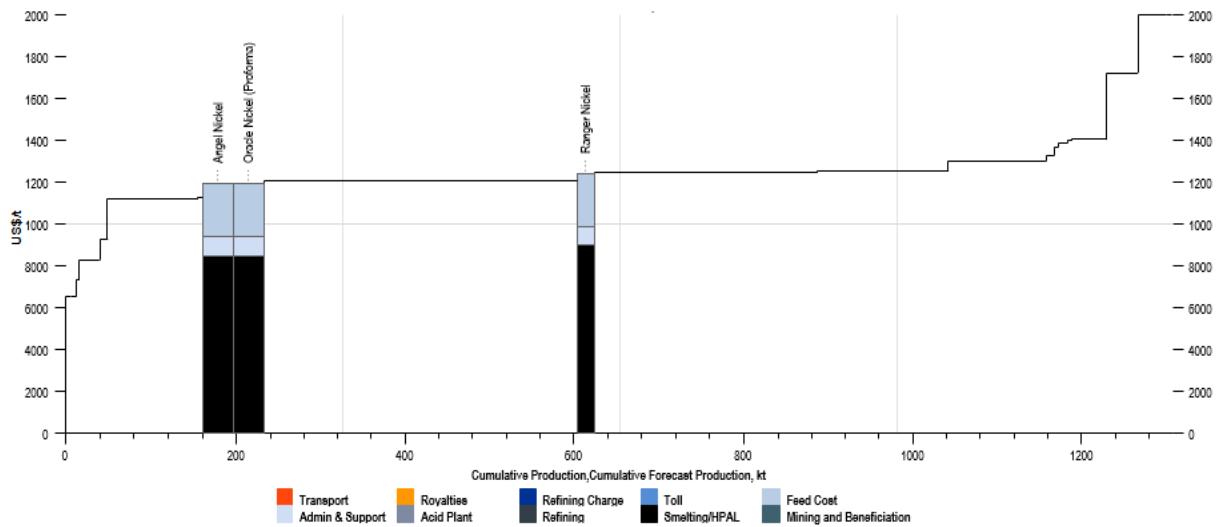
In terms of individual sites, Angel is estimated to have the lowest cash cost, at US\$11,922/t in 2023, placing it in the first quartile of the cost curve. Nickel Industries is expecting the smelter to produce at 130% nameplate capacity due to the inclusion of a 380MW captive power plant, which also drives down energy costs. Oracle, the latest addition to the company's portfolio, is expected to perform at the same cost levels as Angel once production ramps up, as both smelters utilise similar RKEF technology. This will be followed by Ranger, at US\$12,383/t in the second quartile.

Figure 30: Nickel Industries Sites on Global Ferronickel Producers Cost Curve 2023, US\$/t



Source: AME, Company Reports

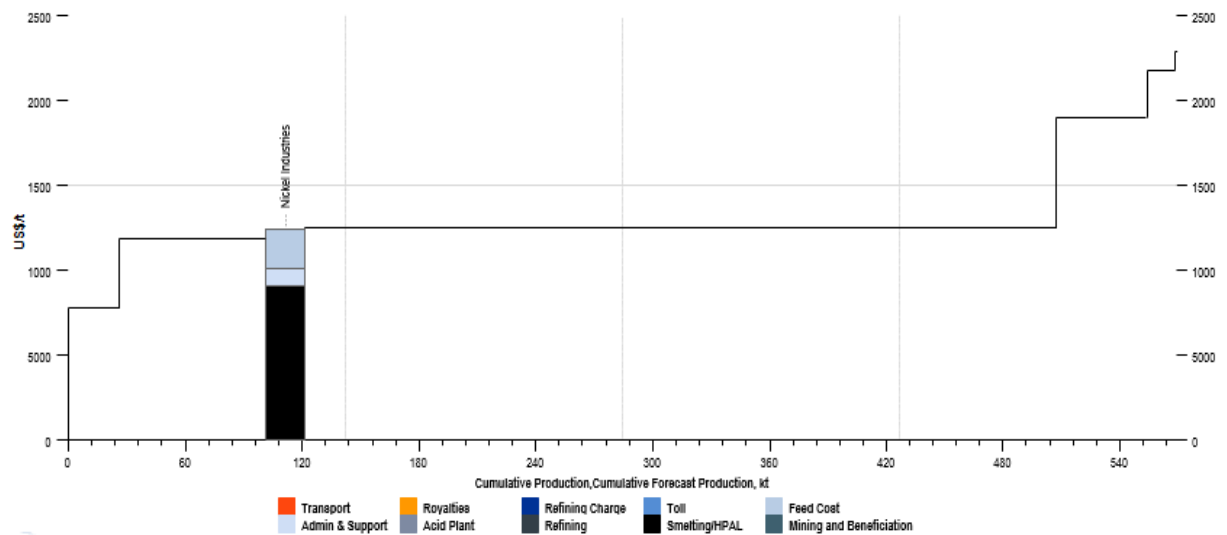
Figure 31: Nickel Industries Sites on Indonesian Ferronickel Producers Cost Curve 2023, US\$/t



Source: AME, Company Reports

While for matte production, Nickel Industries is estimated to have a cash cost of US\$12,379/t in 2023, as matte transition operations at Hengjaya ramps up. The company will be in the first quartile of the Indonesian matte producers cost curve, making it secure against large adverse changes in nickel market conditions. Matte production at Angel, which is expected to commence in 2024, will have a lower cash cost than Hengjaya, as productions lines at Angel are newer. This will move Nickel Industries favourably towards the lower cost end of the matte cost curve.

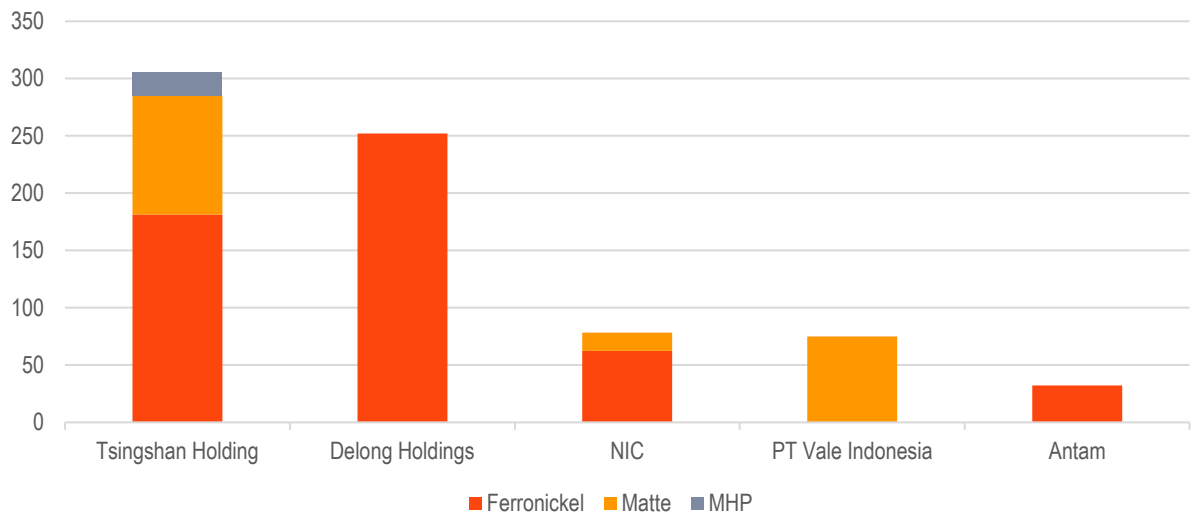
Figure 32: Nickel Smelter Cost Curve by Global Merchant Matte Producers 2023, US\$/t



Source: AME, Company Reports

The largest producers, Tsingshan Holding and Jiangsu Delong Nickel Industries, produce over 40% of Indonesia's nickel production on an ownership basis. Tsingshan has diverted a portion of its production from ferronickel to matte to capture rising demand from the battery sector. This is followed by Nickel Industries, who will soon increase the market share of its matte production upon Angel's transition. PT Vale Indonesia and Antam and other large producers, producing matte and ferronickel, respectively.

Figure 33: Estimated Nickel Production by Top 5 Indonesian Producers 2023, kt

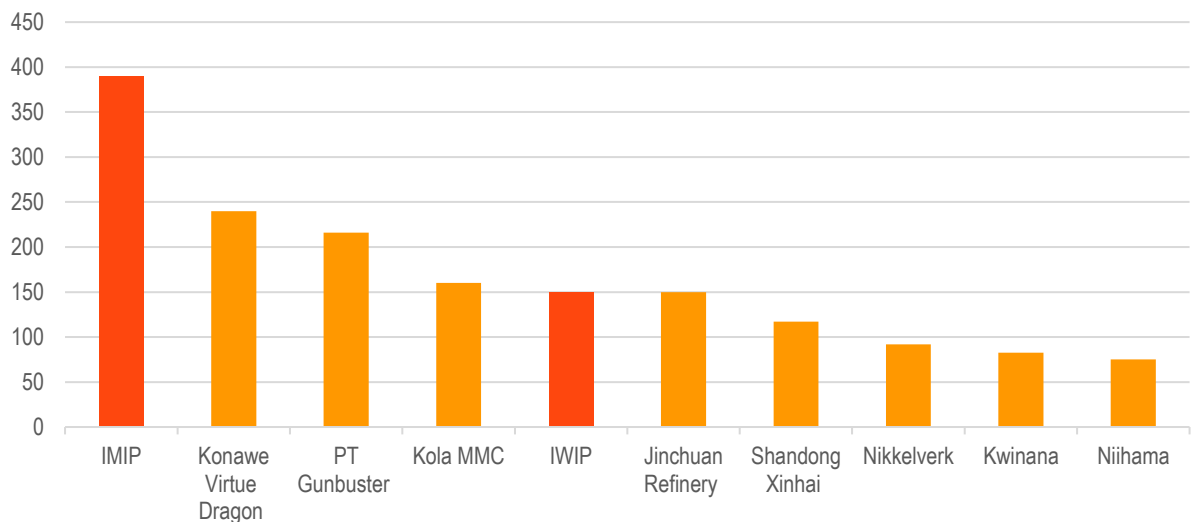


Source: AME

7.2 IMIP & IWIP

The Indonesia Morowali Industrial Park (IMIP) and Indonesia Weda Bay Industrial Park (IWIP) are large integrated operations that aim to consolidate the entire supply chain from mine to mill, via either direct ownership of the operations or long-term offtake agreements. Cost savings are generated from the centralised power stations, access roads and port facilities.

Figure 34: Global Top 10 Finished Nickel Sites by Estimated Capacity 2023, kt



Source: AME

7.2.1 IMIP

The IMIP is one of the world's largest integrated stainless-steel operations in the world, sourcing ore from nearby mines which is directly processed into ferronickel and into stainless-steel onsite. The park has a total production capacity of 3Mtpa stainless-steel, and 0.5Mtpa carbon steel that is being expanded to 3.5Mtpa. The site also has the largest ferronickel production capacity, producing 3Mtpa of ferronickel, along with 0.6Mtpa ferrochrome for its downstream processes.

The park is located in the Bahodopi district of the Morowali Regency, in Central Sulawesi. It is a joint venture between Chinese stainless-steelmaker Tsingshan Holding Group and Indonesian producer Bintang Delapan Group. The entire operation is supported by 2.0GW of captive power and port facilities.

The park commenced construction in 2013, and was commissioned in 2015. Nickel is processed using RKEF lines to produce low-grade ferronickel that is directly fed into stainless-steel mills via Tsingshan's RKEF+AOD process. This method is a large driver of Tsingshan's low-cost production, as both energy needed to reheat the ferronickel and transportation costs are eliminated. In recent years, rising demand from the battery sector has encouraged the production high-grade matte. A portion of IMIP's RKEF lines have transitioned to produce matte, which are then further upgraded to a high-grade matte via converters. There are also two operational HPAL plants producing MHP for the battery sector. Both QMB New Energy Materials and Huayue were commissioned in 2022 and are expected to reach nameplate capacity quickly.

Mining activities are conducted via subsidiaries PT Bintang Delapan Mineral and PT Sulawesi Mining Investment. Additional feeds are purchased from Nickel Industries' Hengjaya mine and junior miners.

Nickel Industries' Hengjaya, Ranger and Oracle smelters are all located within the IMIP. The sites benefit from strong vertical integration with its downstream customers, with Tsingshan's stainless-steel mills immediately consuming all ferronickel produced. The existing transportation and power infrastructures of the park also reduce the capital costs of the projects and enable smoother ramp ups. The transition of Hengjaya's production to matte will also be facilitated by grade converters within the IMIP, reducing the cost of production.

7.2.1 IWIP

On the other hand, IWIP is also a major operation. It was one of the first integrated stainless-steel operations in the world. It is the fourth largest ferronickel producer in Indonesia, and fifth largest finished nickel producer in the world. Current production capacity of contained nickel is estimated to be 150ktpa in both ferronickel and matte, which may be further expanded as more projects are established.

IWIP is located in the Central Halmahera Regency of North Maluku. It is home to numerous tenants including ferronickel producers Weda Bay, Yashi and Nickel Industries' own Angel smelter. The Youshan smelter also has the capacity to produce matte, which may be further refined to sulphate onsite. Two RKEF lines are commissioned and producing. Three port berths, an airstrip plus provincial roads provide access to the operation.

Similar to the IMIP, the location of the Angel smelter within the IWIP gives it ready access to transportation and power infrastructures. A captive mine within the park also provides cheap ore feeds for the operation, minimising transportation costs.

8.0 Report Limitations and Restraints

Production and Cost Analysis

Available data varies greatly between operations and projects. Certain information is unreliable due to language difficulties, the confidential nature of the information, the inability to estimate the reliability of AME's sources and general lack of data. Consequently, much information has to be estimated and the quality, accuracy and completeness of the resulting cost comparisons will reflect this and cannot be guaranteed. Furthermore, forecast costs embody a number of significant assumptions with respect to exchange rates and other technical variables. Because of these factors, direct comparability between individual projects may be limited and, as such, our supply and cost estimates must be treated with caution and cannot be relied upon.

Supply/Demand Analysis

In addition, AME has supplied tables of historical data and estimated future supply, demand and market trends by compiling, interpreting and analysing engineering, supply, economic, statistical and technical information from many third-party sources. Such company and country statistics usually contain inconsistencies and utilise sampling data techniques and, thus, should not be relied upon.

Data Accuracy

AME has prepared this Report using information from its in-house database as well as a wide range of public domain and industry data sources for which assessment cannot be made in regard to accuracy. This is because AME does not have access to confidential company information to verify our data quality. Therefore, reliance can only be provided where we have data of sufficient quality that is acceptable to an international commercial court.

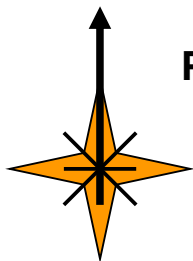
Forward-Looking Statements

Statements in this document may contain forward-looking information identified by words such as 'estimates', 'intends', 'expects', 'believes', 'may' and 'will' and include, without limitation, statements regarding companies' plans of business operations, supply levels and costs, potential contractual arrangements and the delivery of equipment, receipt of working capital, anticipated revenues, mineral reserve and mineral resource estimates, and projected expenditures. There can be no assurance that such statements will prove to be accurate—actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially include, among others, changes to metal prices, risks inherent in the mining industry, changes in the economic environment, financing risks, labour risks, uncertainty of mineral reserves and resource estimates, equipment and supply risks, regulatory risks and environmental concerns. Caution is needed and no reliance on forward-looking information can be made. Except as otherwise required by applicable securities statutes or regulation, AME expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

Third-Party Sources

AME's research is undertaken through both primary and secondary research from various sources. Primary sources include contact with market participants and industry experts, such as producers, industry consultants and associations. Secondary research involves desktop research of government departments and statistics, trade data, industry journals, company reports, public domain information, and data from the AME proprietary research database. AME makes attempts to obtain information from multiple sources to cross-reference and ensure consistency. Information and data collected has been analysed, assessed, and reasonably validated using the in-house techniques of AME.

**APPENDIX B –
NICKEL RESOURCES STATEMENT**



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PT HENGJAYA MINERALINDO

NICKEL RESOURCE ESTIMATE



Qualified Persons Report
using
JORC Code, 2012

30th June 2022

1 EXECUTIVE SUMMARY

- 1) PT Hengjaya Mineralindo (HM) nickel laterite mine is located in Morowali Regency of Central Sulawesi, Indonesia
- 2) The last estimate of nickel laterite Resources was 30 June 2020 and PT Hengjaya Mineralindo has asked PT Danmar Explorindo to update Nickel Resources remaining at the 30 June 2022, using the JORC Code for Estimating Mineral Resources
- 3) The HM mining license covers 5,983ha and is valid until 2031 and can be extended twice for a period of 10 years
- 4) HM have been mining nickel laterite since 2013 and since that time, approximately 6.6 million tons of saprolite has been produced with an average grade of around 1.8% nickel and around 4 million tons of limonite with an average grade of around 1.2% nickel
- 5) Hengjaya Mineralindo (HM) currently has offtake agreements targeting 3 million wet tons per year, to supply ore for two RKEF plants owned jointly by Nickel Industries Limited and Shanghi Decent Industries. The RKEF plants are located 12 kms from the mine site at the Indonesian Morowali Industrial Park (IMIP).
- 6) The Hengjaya Mineralindo mine commenced supplying limonite ore to the Huayue HPAL project in 2021, which is also located in the IMIP area and produces a nickel cobalt sulphate for the electric vehicle market.
- 7) Since 2018 geophysical surveys totaling 881km using Ultra GPR technology has covered 3,495ha of the HM license area and more than 400,000,000 BCM of laterite has been interpreted from the results
- 8) Validated drill data, used in this Resource estimate totals 4,657 holes with a cumulative total depth of 108,294m.
- 9) 111,643 XRF analyses have been performed on drill cores to document the grade characteristics throughout the Nickel Resource area at HM

10) Nickel Resource of laterite covering 2,226ha using a cut-off grade of 0.8% nickel is as follows:

MINERAL RESOURCE	Million ton (Dry)	XRF (DRY ANALYSIS)		
		Ni (%)	Co (%)	Fe (%)
MEASURED	85	1.3	0.1	30.4
INDICATED	130	1.2	0.1	28.6
INFERRED	85	1.2	0.1	29.1
TOTAL > 0.8% Ni	300	1.2	0.1	29.2

11) Exploration Targets, where additional laterite is known to occur, is summarized below. These have been estimated using the statistical conversion rate of laterite to Nickel Resources per hectare in other blocks already explored throughout the HM project area. Although at this time it is uncertain if further exploration will result in a Mineral Resource, the historical mapping, wide spaced scout drilling and Ultra GPR surveys within these areas gives confidence that with further infill drilling and assay results will upgrade at least some of these areas for future estimates.

EXPLORATION TARGET			
Target Name	Area (Ha)	Laterite	Millions Wet Tonnes
ALL	500	ore grade	25-50

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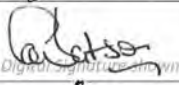
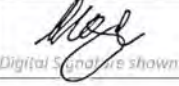
LIST OF ABBREVIATIONS

Al ₂ O ₃	aluminum oxide
APL	areal penggunaan lain (Forestry status for land with no Forestry restriction)
asl	above sea level
AT	Acceptance Testing
BRK	bedrock
cm	centimeter
Co	cobalt
COA	certificate of analysis
CRM	certified reference material
DA	pulp duplicate sample
DEX	PT Danmar Explorindo
dmt	dry metric tons
DR	coarse reject sample
DSO	direct shipping ore
Fe	iron
g	gram
GPR	ground penetrating radar
GPS	global positioning system
Ha	hectare
HM	PT Hengjaya Mineralindo
HNI	Hengjaya Nickel Indonesia
HPAL	high pressure acid leach
IDW2	Inverse distance weighted squared
IMIP	Indonesia Morowali Industrial Park
ISO	international standards organization
IUPOP	Indonesian mining business permit for operation and production
JORC	Joint ore reserve committee
LiDAR	Laser imaging detection and ranging
LIM	Limonite
m	Meters
MC	Moisture content
MgO	Magnesium oxide
NIL	Nickel Industries Limited
NIC	Nickel Industries Limited
Ni	nickel
OK	Ordinary Kriging
OREAS	Ore Research and Exploration Australia Limited
QA/QC	quality assurance / quality control
RKEF	rotary kiln electric furnace
REP	replicate sample
RNI	Ranger Nickel Indonesia
RTK GPS	Real-Time Kinematic GPS giving high accuracy survey positioning
SAP	saprolite
SED	sediment
SGS	survey and analysis company
SiO ₂	quartz/silica
t	metric tons
wmt	wet metric tons
wmtpa	west metric ton per annum
XRF	x-ray refraction

2 COMPETENT PERSON'S STATEMENT AND DECLARATION

2.1 AUTHORS AND CONTRIBUTORS

Table 1 Authors and contributors

Position	Name	Qualifications	Signature	Date
Competent Person / Author	Daniel Madre	MSc MAusIMM MAIG CPI-MIAGI	 Digital Signature shown	30th June 2022
Contributing Author / Peer Review	Tobias Maya	BSc MAusIMM	 Digital Signature shown	30th June 2022
Contributing Author / Peer Review	Charles Watson	BSc FellowAusIMM	 Digital Signature shown	30th June 2022
Reconciliations / UltraGPR	Michael Maya	B Eng MAusIMM	 Digital Signature shown	30th June 2022

2.2 REPORT OBJECTIVES

This report was prepared for PT Hengjaya Mineralindo for the purpose of updating nickel Resource estimate last carried out in June 2020. The report utilizes exploration data until 15th July 2022 and mining progress data until 30 June 2022.

2.3 REPORTING STANDARD

This report is intended to comply with the 2012 Code, of the Joint Ore Reserve Committee (JORC) of Australia for the reporting of Mineral Resources and Reserves (http://www.jorc.org/docs/jorc_code2012.pdf). All the information used in this report was assessed for compliance with the JORC Code and only information that was considered compliant was included in the estimate of a nickel Resource as specified in the JORC Code of 2012. The competent persons, contributing to this report, have memberships to the Australasian Institute of Mining and Metallurgy that are current and in good standing.

2.4 AUTHORS QUALIFICATION STATEMENTS

The information in this report that relates to Exploration Results and Mineral Resources based on information compiled by Daniel Madre, member no: 100878, Tobias Maya, member no: 304661, and Charles Watson member no: 313716 of the Australasian Institute of Mining and Metallurgy.

Daniel Madre has a Master of Science degree majoring in geology and more than 40 years of experience as an exploration geologist of which more than 34 years has been working in

Indonesia. Since 2003, Daniel Madre has been involved in numerous laterite nickel exploration and mining projects in Indonesia and has held several senior roles in laterite nickel projects including, Director of PT Telen Paser Prima, which opened the first laterite nickel mine in Kalimantan in 2005 and President Director of PT Itamatra Nusantara, that discovered laterite nickel in Morowali Regency in Central Sulawesi. Daniel Madre is currently a director of PT Danmar Explorindo and a consultant to PT Hengjaya Mineralindo for the purpose of this study. PT Danmar Explorindo has also been the exploration contractor to PT Hengjaya Mineralindo since April 2019, providing exploration services including geological management, drilling, well site geology and core sample preparation.

Tobias Maya has a Bachelor of Science degree majoring in Spatial Science from Charles Sturt University, Australia. Tobias Maya is a Mineral Resource modeling specialist with more than 17 years of experience in exploration and modeling lateritic nickel resources in Indonesia. Tobias Maya is currently a director of PT Geo Search and a consultant to PT Danmar Explorindo for the purpose of this study. PT Geo Search has also provided Ultra-GPR (Ground Penetrating Radar) survey services to Hengjaya Mineralindo.

Charles Watson is a geologist with more than 45 years' experience in Indonesia, Africa, Australia and New Zealand and has provided a detailed review of laboratory procedures, quality control procedures and assay result reliability at the Hengjaya Project for the purpose of this report. Charles is a consultant to Nickel Industries Limited that owns 80% of the Hengjaya Nickel Project.

Daniel Madre, Charles Watson and Tobias Maya have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity that they are undertaking, Reporting of Exploration Results, Mineral Resources and Reserves. Daniel Madre, Tobias Maya and Charles Watson consent to the inclusion in the report of the matters based on this information in the form and context in which it appears. Resumes for Daniel Madre, Tobias Maya and Charles Watson are attached in Appendix 9.7

2.5 STATEMENT OF INDEPENDENCE

Daniel Madre, Tobias Maya, Charles Watson and PT Danmar Explorindo's partners, directors, substantial shareholders and their associates are independent of PT Hengjaya Mineralindo, its directors and substantial shareholders, its advisers and their associates.

Neither Daniel Madre, Tobias Maya and or PT Danmar Explorindo nor any of its partners, directors, substantial shareholders, advisor's and their associates have any interest, direct or indirect in Nickel Industries Limited (NIL), its subsidiaries, associated companies, or any

related entities in Indonesia or elsewhere in the world. Charles Watson is a private shareholder in NIL and has declared this investment while contributing to this report.

Daniel Madre, Tobias Maya, Charles Watson and PT Danmar Explorindo have no potential conflicts of interest that might affect their objectivity in writing this report. PT Danmar Explorindo's fee for completing this report is based on normal commercial terms and the payment is not contingent upon the outcome and findings of this report.

2.6 DISCLAIMER

PT Danmar Explorindo has used the results of exploration programs provided by PT Hengjaya Mineralindo as well as the results of exploration drilling done on their behalf for the purpose of writing this report. In making this Mineral Resource estimation PT Danmar Explorindo has assumed as follows:

- 1) all the relevant data available was provided without prejudice
- 2) key assumptions are accepted as described in this report

In view of the above assumptions PT Danmar Explorindo has made reasonable enquiries and exercised their judgment on the reasonable use and validity of the data and found no reason to doubt its accuracy and reliability. For this reason, we believe that this report is an objective, accurate and reliable representation of the laterite nickel project at HM nickel mine concession based on the exploration results until 15th July, 2022. PT Danmar Explorindo makes no warranty to PT Hengjaya Mineralindo or any third parties with regard to any commercial investment on the basis of this report. The use of this report by PT Hengjaya Mineralindo or any other parties shall be at their own risk. The report must always be read in its entirety so that all the data and assumptions are fully considered and properly understood.

3 INTRODUCTION

3.1 BACKGROUND

On behalf of PT Hengjaya Mineralindo (HM), PT Danmar Explorindo (DEX) was asked to provide an update of the nickel Resources remaining at the Hengjaya Mineralindo laterite nickel mine, using the Joint Ore Reserve Committee of Australia (JORC) Code, 2012. The last Nickel Resource report was dated 30 June 2020.

Historic exploration work, carried out over various stages since 2007 until 2017 was obtained from HM. However, since November 2018 until July 2022, a new systematic exploration program has been implemented and 4,009 holes with a total cumulative depth of 93,154m have been drilled. The objective is to delineate sufficient Resources of nickel laterite to support the mining operation into the future.

During the period November 2018 until July 2022, all three competent persons for this report worked at the HM site on numerous occasions. During the site work the exploration program was set up, monitored and the sample handling and laboratory operation of the project was reviewed and upgraded. This work is continuing.

Hengjaya Mineralindo has been mining laterite nickel ore since 2013. Initially, direct ore shipments were made to export markets in China and Japan. A total of 328,000t of nickel ore was produced with an average nickel grade of 1.97% and 38% moisture in 2013. Direct shipping of nickel ore to export markets was banned by the Indonesian Government in 2014. Production resumed in 2015 and nickel ore was barged to the local smelter at Morowali (SMI). Since 30 June 2020, more than 4,700,000Wmt of 1.8% Ni saprolite and 3,800,000Wmt of approximately 1.2% Ni limonite have been mined until the end of June 2022.

Hengjaya Mineralindo (HM) currently has offtake agreements targeting 3 million wet tons per year since June 2021, to supply ore for two RKEF plants (4 lines) owned jointly by Nickel Industries and Shanghai Decent Industries. An additional third RKEF plant (4 lines) is also under construction with the same partner. The RKEF plants are located 12 kms from the mine site at the Indonesian Morowali Industrial Park (IMIP).

The Hengjaya Mineralindo mine also commenced supplying limonite ore to the Huayue HPAL project in 2021 which is located in the IMIP area and produces a nickel cobalt sulphate for the electric vehicle market.

Construction works on a haul road, to link the Hengjaya mine to the IMIP facility, are well advanced and awaiting approvals to complete the final section of road in 2023. This will allow saprolite production to further increase to 3.5 wmt/tpa and limonite production and sales, forecasted to increase to between 6 and 7 wmt/tpa beyond 2023.

3.2 LEASE DETAILS

Mining rights for the area are held under an Operation and Production Mining Business Permit (IUP OP), with Area Code 540.3/SK.001/DESDM/VI/2011. The area covers 5,983Ha and gives HM the right to mine nickel and its associated minerals. The IUP OP was originally granted by the Regent of Morowali in 2011 and is valid until 26th May 2031. Table 2 shows the tenement license details of the Hengjaya lease. The Operation Production IUP may be renewed twice, each for a period of 10 years.

Table 2 License details

License holder	Province	Permit Type	Area (Ha)	Date of Issue	IUP Area Code	Duration (Years)
PT HENGJAYA MINERALINDO	CENTRAL SULAWESI	IUP OPERATION PRODUCTION	5,893	16-Jun-11	540.3/SK.001/DESDM/VI/2011	20

The IUP is located in the East Indonesian Ophiolite Belt and for this reason is surrounded by numerous other nickel mining tenements as well as one of Indonesia's largest nickel smelting and industrial hubs known as Indonesia Morowali Industrial Park (IMIP). The concession map for the area is shown in Figure 1.

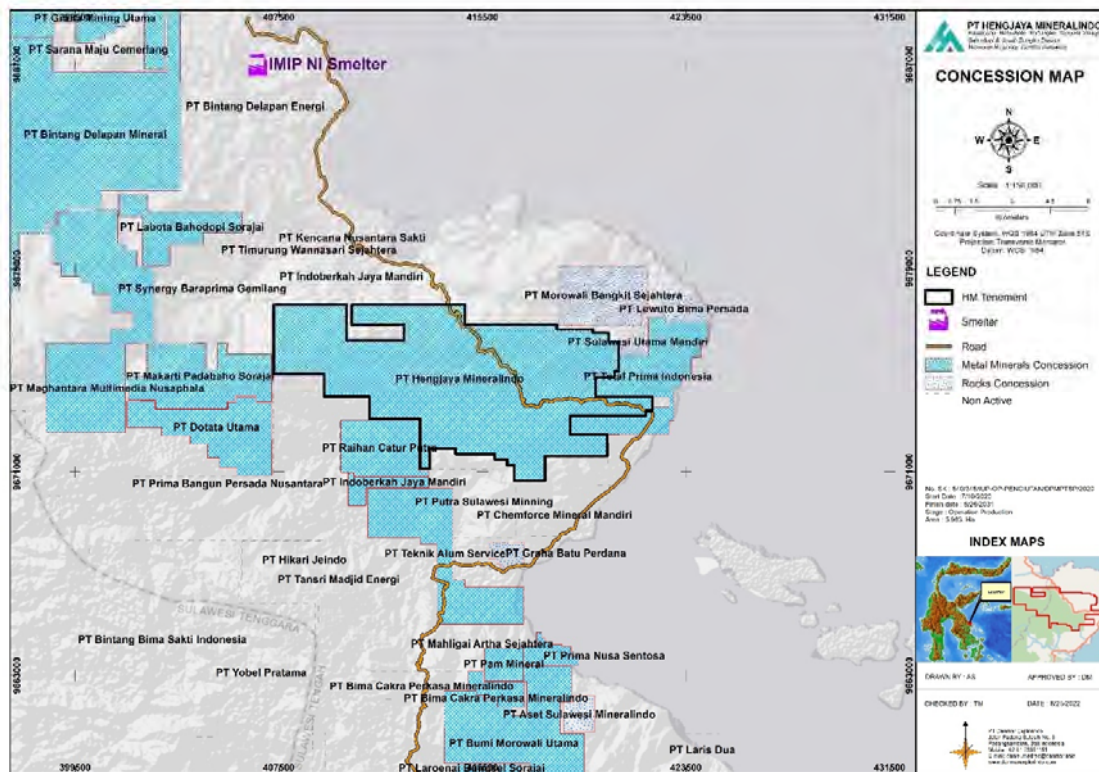


Figure 1 Hengjaya Mineralindo concession map

PT Hengjaya Mineralindo is owned by the following shareholders: 80% Nickel Mines Limited (now known as Nickel Industries Limited), 10% Adi Wijoyo, 5% Martin Unsulangi Heng and 5% Heng Leo Seputra Hidayat. The IUP OP mining license documents are shown in Appendix 9.2. Legal due diligence was not part of the scope of work for this report.

3.3 LOCATION AND ACCESS

The HM lease is within the villages of Padaboho, Bete Bete, Puunkeu and Tangofa in the shires of Bahodopi and Bungku Selatan, Regency of Morowali, in the Province of Central Sulawesi. The location of the area is shown in Figure 2.



Figure 2 HM project location map Indonesia

Direct access to the HM concession, from Jakarta, is by flight to 2.5 hours to the IMIP private airport. Alternatively, a commercial flight (2.0 hours) to Makassar then from Makassar commercial flight (1.0 hour) to Morowali, then to the site 3 hours by car via provincial highway. Figure 3 shows the access from Morowali airport to the HM project.

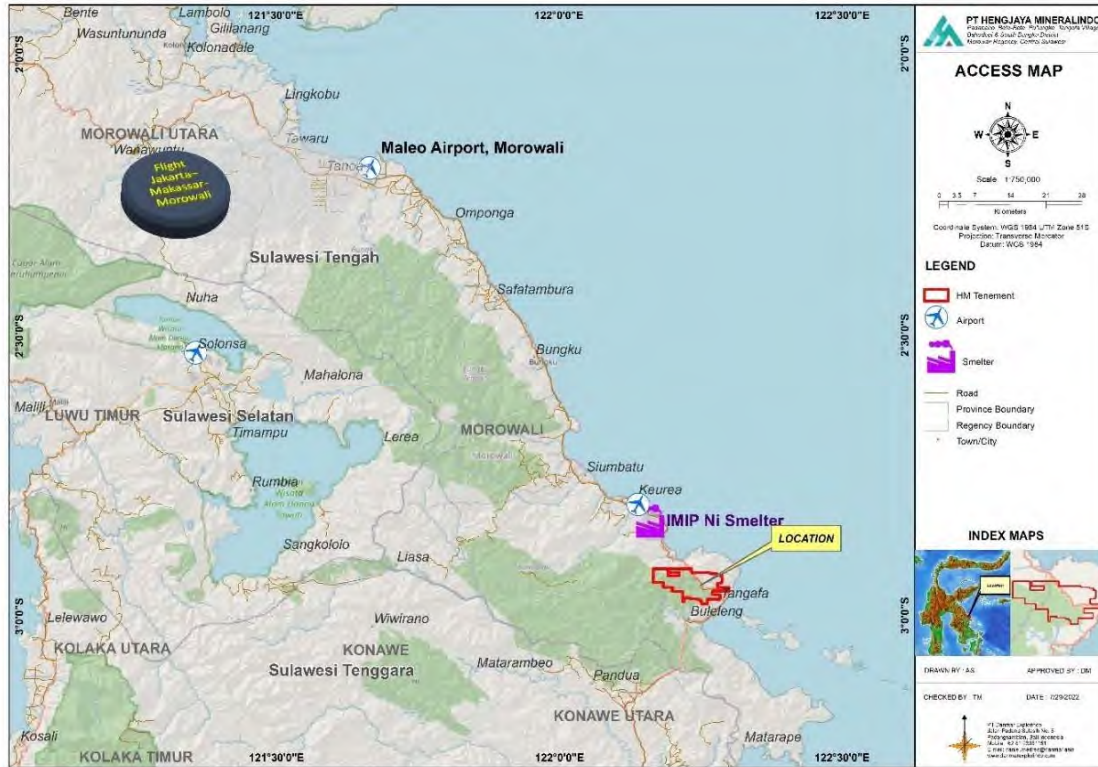


Figure 3 Access to HM area from Morowali airport

3.4 ENVIRONMENT, SOCIAL AND GOVERNANCE

Below is the Company's vision for the HM mine taken from the Nickel Industries Sustainability Report, 2021. A full copy of this report is contained in Appendix 9.3 as well as a summary of HM's recent Community Development and safety achievements.

Nickel Industries instills a culture of acting professionally, ethically and responsibly. It seeks to operate in line with the values set out below to ensure all employees within the Company and its subsidiaries work to reinforce these values.

The company prioritizes safety, health, community and environment. Operating safely with regards to the environment and communities in which it operates enhances the sustainability and performance of the business.

The Company is results and performance-driven, striving to generate returns for shareholders by meeting strategy and targets developed to drive continuous improvement for all stakeholders.

The company encourages its people to work together as a high performing team and values rewarding team success. The company encourages and values strong, open inclusive

communication and treats all people, within and outside the company, ethically and with dignity and mutual respect.

The company manages business risk through sound business processes and high quality decision making. The Company is committed to following all applicable rules, regulations and standards.

Table 3 summarizes the Company's results for Environment, Social and Governance for 2021. Full details can be viewed in Appendix 9.3



Photo 1 Mine rehabilitation progress at Bete Bete pit

Table 3 Results of Hengjaya's ESG program 2020-21

Pillar	Sub-Pillar	Achievement(s)
Economic Development	Financial Performance	Strong production and EBITDA, with continued rapid growth over in the next 12 months.
	Procurement Practice	Focus on local hiring contributes to the local communities in our areas of operations.
	Economic Impacts	Significant contributor to economy of Morowali Regency & Central Sulawesi Province
Environmental	Biodiversity	1,781 Ha of mangrove and watershed rehabilitation in Central Sulawesi. This programme is acknowledged as one of the best in the region resulting in a coaching clinic attended by various forestry and environmental agencies, so that they can use these same methods and processes. Planted more than two million trees to help stimulate the local economy in the future. Absorbed 9,392 tonnes of CO₂ from reforestation using; pine, rattan, hazelnut & durian Plan to survey a potential biodiversity zone of 62 Ha inside Hengjaya Mine area
	Energy	Through collaboration with IMIP, we have supported emission reductions as follows: • nickel processing near the mine sites which reduce nickel ore transportation • The construction of waste heat boiler of 2x25 MW in the coke power plant and the use of high-temperature coke oven flue gas to generate additional electricity • The improvement of enterprise heat energy utilization ratio to conserve our energy consumption.
	Emissions	Working with Hatch and Pertiwi Consulting, to develop a decarbonization roadmap. The Company and Shanghai Decent launched its 'Future Energy' collaboration, aimed at exploring to transition to renewable energy and other lower carbon-emitting solutions. The installation of 450 KWp solar panels at our Hengjaya Mine in 2022, will reduce diesel consumption by around 31 million liters over the 25-year projected project life. At IMIP, the hot metals are sent direct to steel making and hot rolling, which avoids the need to re-melt nickel in the steelmaking process Controlling particulate pollution at our operations at IMIP, such as: • The installation of dust screen surrounding the coal yard, and more than 20 sets of atomization spray equipment for dust suppression • The improvement of dust collecting covers to effectively reduce the dust produced in the production process.
	Waste	Supporting Morowali Regency and Indonesia Free of Waste visions in 2025 by providing 20 motorcycle carts and one truck for waste collection activities.
	Water and Effluents	The Hengjaya Mine is one of only 2 companies that received Blue PROPER Award from the Indonesia Ministry of Environment in 2021 for full compliance with environmental regulations. Automatic continuous monitoring system for water effluent, advanced circulating water and sewage treatment facilities at IMIP, greatly improve the utilisation rate of water resources and realise zero water discharge.
	Community Relations and Development	PT Hengjaya Mineralindo is committed to encouraging economic growth and providing quality welfare to the local communities. The company is committed to have positive impacts on the communities and the surrounding environment, including for internal and external stakeholders. Working to fulfil the Corporate social and environmental responsibility law as mandated by the Indonesia Limited Company Law No. 40/2007 and Indonesia Government Regulation no 47/2012. Supported various education, health services, infrastructure, social, cultural and religious programs in 2021. Funded 18 projects from eight surrounding villages, including local port rehabilitation and community health facility development. Distributing groceries to local villagers and many other beneficial programs. Preparing to initiate three flagship programs in 2022: • Coral reef conservation; • Community-based waste management; and • Regional library/community reading park to increase reading interest Supporting the teachers at the local schools near the IMIP.
Social Responsibility	Anti-Corruption	Published its Anti-Bribery and Corruption Policy.
	Health and Safety	Providing free health clinic for local villagers around the IMIP. Achieved five million working hours without a lost-time injury in Hengjaya Mine operations until October 2021.

3.5 FORESTRY AND LAND USE

There are no Protected Forests in the HM project area and there are no other Forestry boundaries that prohibit surface mining. Approximately 86% of the concession area is a Production Forest and the remaining 14% of the area is free from any Forestry overlaps. Figure 4 shows the HM lease area on the published Forestry Map of Indonesia.

Two Forestry permits (IPPKH 1 & 2) to allow open cut mining within a 1845Ha area have been granted by the Minister of Forestry (see table 3) which covers approximately 34% of the Production Forest (see Figure 4). IPPKH 3 is a permit for exploration where new nickel laterite is being delineated. The IPPKH license (land borrow permit) documents are shown in Appendix 9.2.

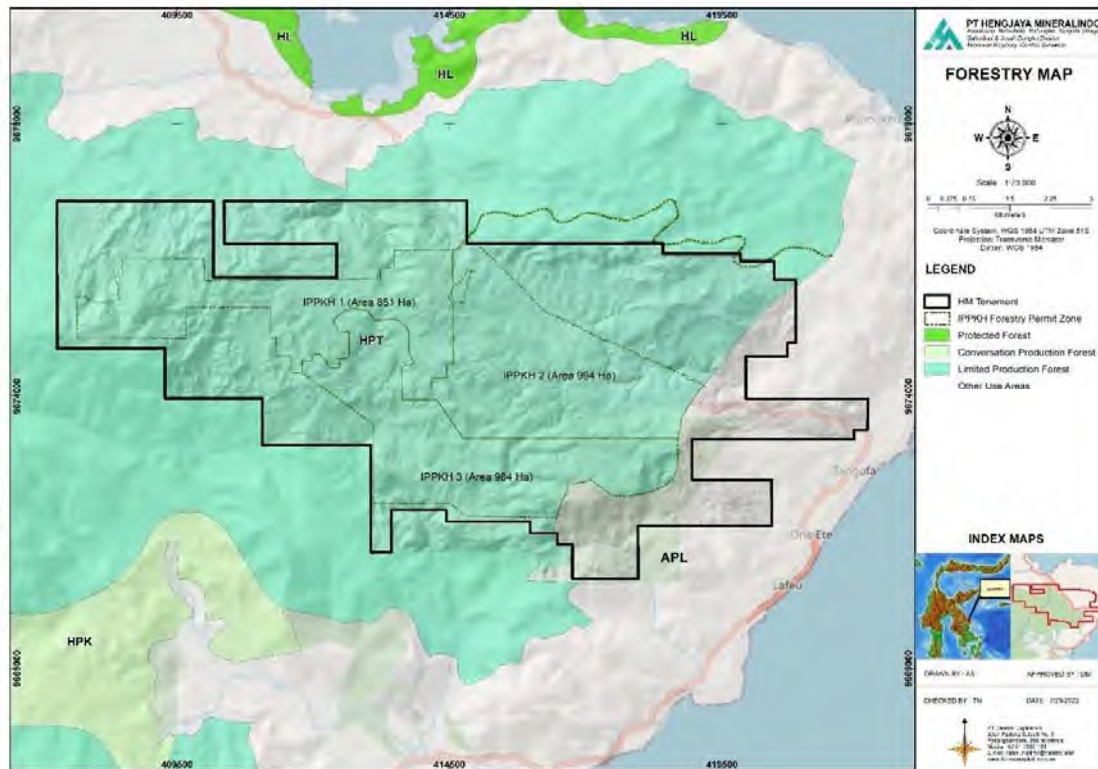


Figure 4 Forestry situation map of PT Hengjaya Mineralindo mining area, including IPPKH permits already granted

Table 4 Forestry (IPPKH) land borrow permits details

IPPKH	Licence	Status	Area (Ha)	Released Date	Expiry Date
IPPKH 1	SK.443/Menhut-II/2013	Production	851	20/Jun/2013	16/Jun/2031
IPPKH 2	3/1/IPPKH/PMA/2018	Production	994	6/Feb/2018	26/May/2031
IPPKH 3	SK.676/MENLHK/SETJEN/PL.0/9/2021	Exploration	984	9/Sep/2021	9/Sep/2023

Figure 5 shows a satellite image that displays the extent of land clearing in the area. No villages occur within the concession boundaries. Even though most of the concession is Government owned Production Forest, some areas, surrounding the Provincial Road, are cultivated with small, informal pepper plantations while the remaining area is covered in secondary forest regrowth. No formal, commercial plantations occur within the project area.

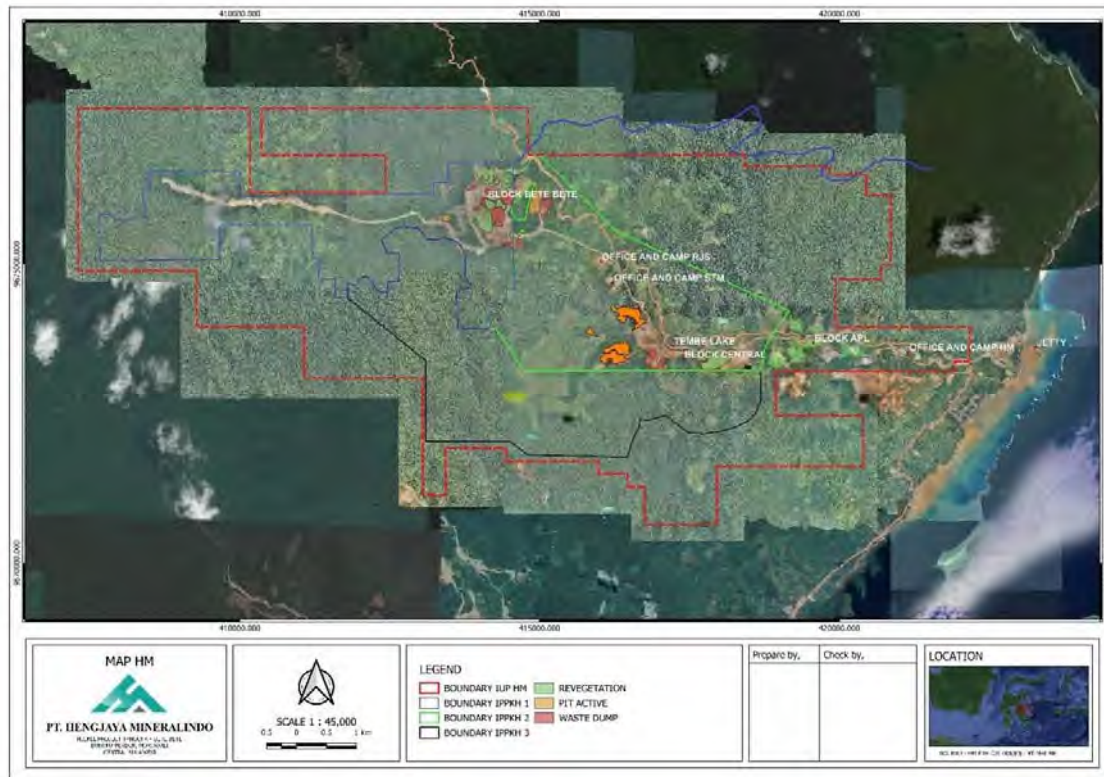


Figure 5 Satellite map depicting land clearing status of the HM concession

3.6 REGIONAL GEOLOGY

The regional tectonic setting for Central Sulawesi is the result of a complex collision between 3 of the earth's major crustal plates namely, the Australian plate, the Pacific plate and the Eurasian plate. As a result, three smaller plates have formed in this collision zone known as the Sunda Plate, Philippine Plate and Caroline Plates. The collision between all these tectonic plates is the cause of sections of the seafloor to be uplifted and deposited in Sulawesi, North Maluku and Papua. This is the origin of the East Indonesian Ophiolite Belt which is one of the largest ophiolite regions in the world and the source of nickel laterite deposits in East Indonesia. Ophiolites are the result of the process of overthrust of oceanic crust and mantle to a position on top of continental rocks. This intense structural geological setting is also the

reason major geological structures such as the Palu, Matano and Lawanopo faults dissect the Central Sulawesi region and control the distribution of rocks in the area.

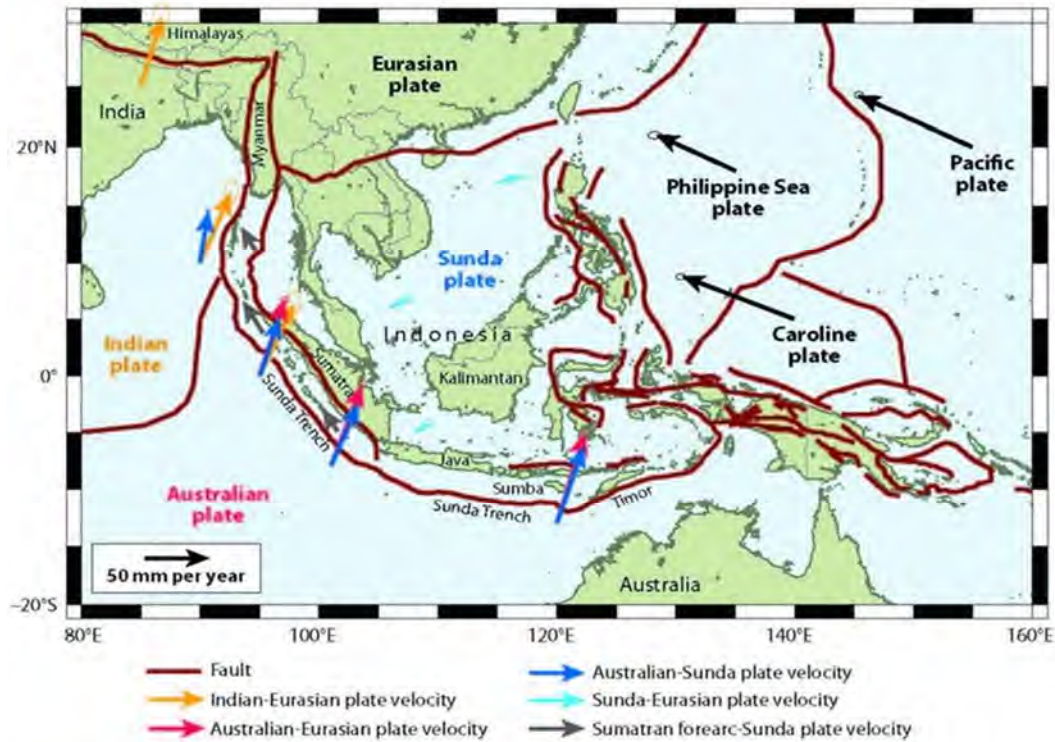


Figure 6 Regional tectonic geology map of Sulawesi (R McCaffery 2009)

When ophiolite rocks are exposed to humid, tropical climates over a long period of time laterization can occur as the rocks are weathered. In this process of weathering by rain, soluble minerals are leached away and less soluble minerals such as iron, nickel and cobalt are left behind in the weathering profile. This laterization process is influenced by climate, geological structure, rock type, permeability and topography over long periods of time, to form a soil profile in which minerals containing nickel and other elements can be depleted in some places and concentrated in other areas. Within the ground, the leaching process is enabled by the permeability of the bedrock often as a result of tectonic movement causing fracturing and shearing creating conduits for the flow of mineral rich solutions leached from above.

Figure 7 shows the naming and correlation of rock units on the published Regional Geology Map of the HM project area. According to the 1:250,000 scale Bungku Geology Map Sheet, most of the HM concession area is covered by the Tokala Formation which is marine in origin and dominated by limestone, sandstone and shales (see figure 8). The Tokala Formation underlies and is much older than the Ultramafic Complex of the East Sulawesi Ophiolite Belt.

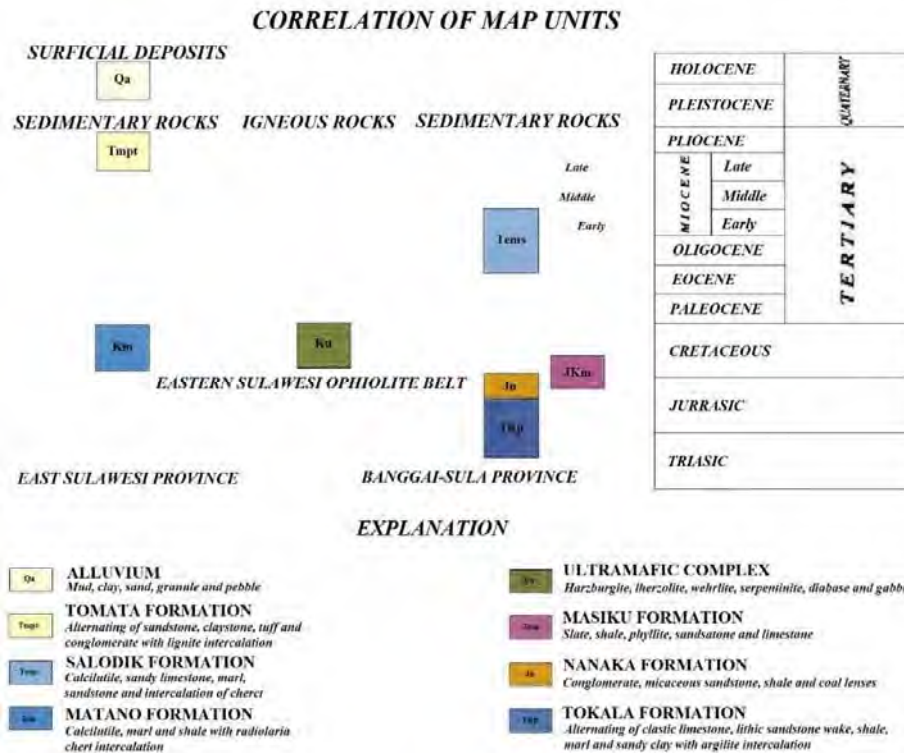


Figure 7 Regional stratigraphy in the PT Hengjaya Mineralindo area on the published 1:250,000 scale Bungku Geology Map Sheet

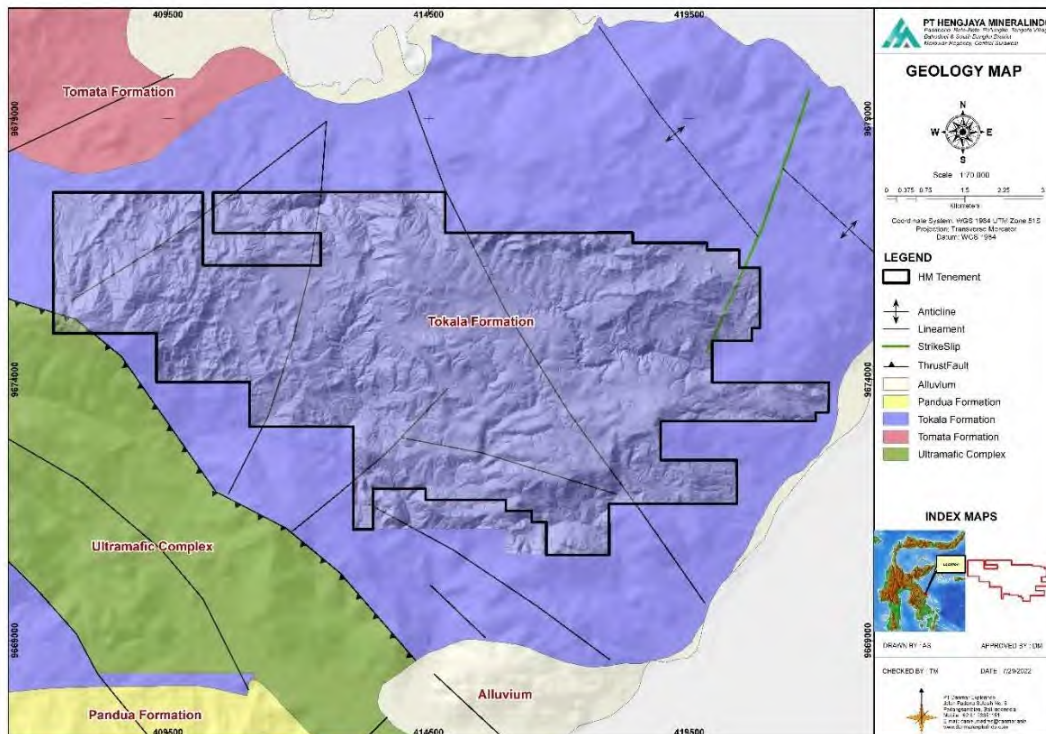


Figure 8 Published regional geology of the PT Hengjaya Mineralindo project area

3.7 LOCAL GEOLOGY

A geology map, produced by HM, has been used as a guide to the surface geology at HM during the most recent exploration program. The basic geology map is shown in Figure 9. The map is in sharp contrast with the published Regional Geology Map of the area (Figure 8) which shows the HM concession area to be covered entirely by the Tokala Formation. In reality ophiolite is the dominant rock type at the surface in the HM IUP area and extends over more than 60% of the IUP concession. The Tokala Formation is older and lies underneath the ophiolites.

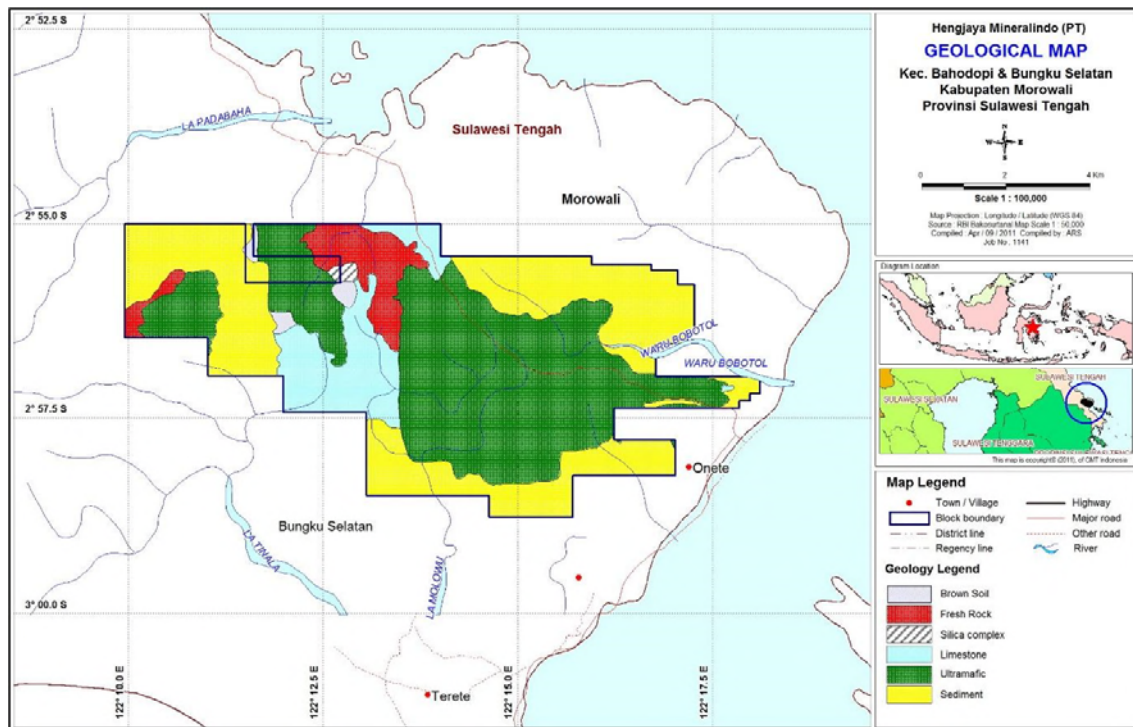


Figure 9 Local geology map

3.8 PREVIOUS EXPLORATION, RESOURCE STUDIES AND REPORTS

PT Aneka Tambang (Indonesian Government mineral company) explored the nickel potential of a broad area which included the location of where the HM concession is currently located around 2007. The work included mapping and wide spaced drilling. The data is poorly documented with many holes having ambiguous hole identification, coordinate location and or no analysis information.

HM started drilling in 2010. At least 3 separate phases of drilling were carried out. Initially, wide spaced drilling on a 400m X 400m grid was conducted followed by 100 X 100m spacing and eventually 25 X 25m grids. From 2013 onwards, drilling operations had standard operating

procedures implemented (GMT Hengjaya Mineralindo Resource Report dated 2018) that meet the requirements of the JORC Code for points of observation. In 2015 sample splits were transported to PT Geoservices in Kendari for preparation of pulps and sent on to Jakarta for fused bead XRF analysis. Table 4 summarizes the drilling history at HM until 2022.

Table 5 Drilling history at Hengjaya

Drilling Company	Date	Machine Type	Core Size	Drilling Method	Total Holes	Total Meters	Sample Analysis
ANEKA TAMBANG	2007-8	JAKRO 200	NQ	FULL CORE	435	7,980	unknown source
SARANA JAYA	2010-15	JAKRO 200	HQ	FULL CORE	1002	23,803	INTERTEK ISO 17025 GEOSERVICES XRF (fused bead)
DANMAR EXPLORINDO	2019-20	DEXDRILL 200	HQ	FULL CORE	1100	21,824	HM laboratory with external lab checks
DANMAR EXPLORINDO	2020-22	DEXDRILL 200	HQ	FULL CORE	3003	73,367	HM laboratory with external lab checks
Total Drilling Completed at the Hengjaya Project					5540	126,974	

Prior to 2015, topography used was based on Landsat data which has low accuracy. During 2015, LiDAR topography survey was carried out producing a topographic map of the IUP that has high accuracy. Details are summarized in Table 5. Field survey of drill collars, pit areas, roads and mine progress has further enhanced the survey detail in the HM project area.

Table 6 Topography survey history

Survey Company	Date of Survey	Topography Area (Ha)	Survey Activity
PT. SURTECH	2015		4 SURVEY BENCHMARKS
PT. SURTECH	2015	6,740	AIRBOURNE LIDAR TOPOGRAPHY
Total Area Survey		6,740	

Exploration progress and subsequent Resource estimations are documented in the following reports:

Table 7 Hengjaya Mineralindo previous reports and Resource studies

Reporting Company	Report issue date	Title of Report	Report Authors
PT GMT INDONESIA	May-12	TECHNICAL REVIEW AND RESOURCE ESTIMATION FOR HENJAYA MINERALINDO CONCESSION AREA	BRET GUNTER & KRISJNA ALIMOEDDIN
PT GMT INDONESIA	Aug-15	TECHNICAL REVIEW AND RESOURCE ESTIMATION FOR HENJAYA MINERALINDO CONCESSION AREA	BRET GUNTER & KRISJNA ALIMOEDDIN
PT GMT INDONESIA	Apr-18	TECHNICAL ASSESSMENT REPORT FOR NICKEL MINES LIMITED	BRET GUNTER & KRISJNA ALIMOEDDIN
PT GMT INDONESIA	Dec-18	RESOURCE ESTIMATE REPORT FOR NICKEL MINES LIMITED	BRET GUNTER & KRISJNA ALIMOEDDIN
PT DANMAR EXPLORINDO	Jun-20	PT HENGJAYA MINERALINDO, NICKEL RESOURCE ESTIMATE, QUALIFIED PERSONS'S REPORT USING THE JORC CODE	DANIEL MADRE, CHARLES WATSON, TOBIAS MAYA

4 CURRENT EXPLORATION PROGRAM METHOD

4.1 ULTRA GROUND PENETRATING RADAR SURVEY

Groundradar's Ultra GPR technology is a geophysical survey technique that can be used to detect subsurface geological layering and structure in nickel laterite. Relatively quick and easy to apply in the field, Ultra GPR enhances the exploration process for laterites by detecting laterite thickness and bedrock morphology. The use of the Ultra GPR survey is designed to increase the confidence of geological interpretation, provide a guide to thickness and depth of the target layers and help to optimize drill programs to focus on the best areas. As with all geophysical methods, Ultra GPR provides supportive data for points of observation provided by drilling for Resource estimation.



Photo 2 Example survey acquisition using Ultra GPR equipment (source: Groundradar.com)

At HM, Ultra GPR has been a useful exploration tool to indicate the lithological contact between limonite (massive clays) and the saprolite (weathered rocks) as well as the bedrock. Results provide indicative volumes of potential limonite and saprolite located within the survey area. Results combined with drilling data can give greater confidence of nickel laterite ore body structure, dimensions and distribution. Figure 10 shows the close correlation of the interpreted GPR zones to the commonly named weathering profiles of nickel laterites

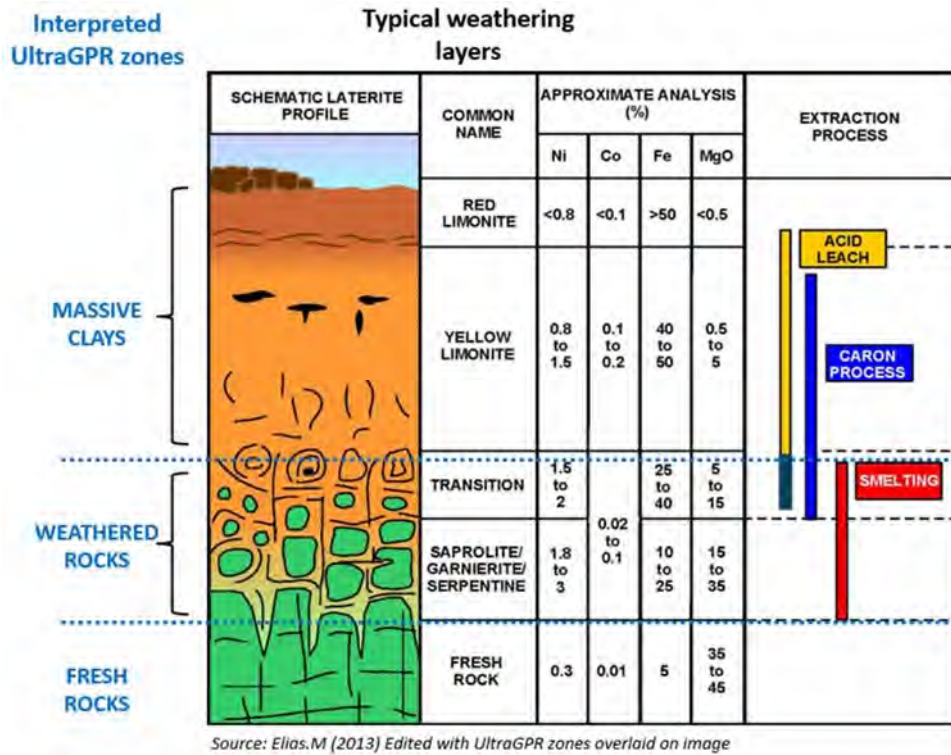


Figure 10 Diagrammatic representation of a typical laterite profile in Sulawesi

Highly weathered laterite zones are typically structurally controlled. Geological structure can influence the distribution of where thicker, higher grade limonite and saprolite may be found. Although these structures can often be interpreted from the topographic surface relief, with the help of Ultra GPR, these structures can be delineated with relative confidence providing drill targets to optimize drill programs towards the thickest and most prospective locations. Figure 11 shows an example of typical survey results using Ultra GPR technologies on laterite deposits of Sulawesi.

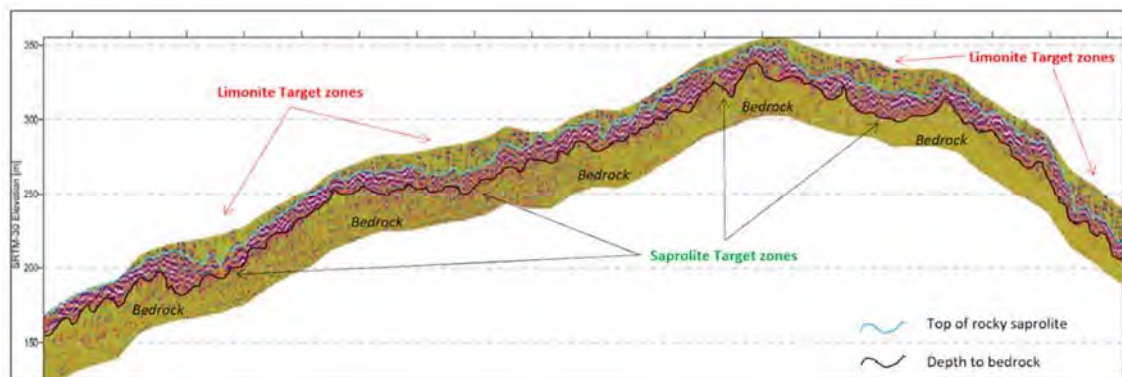


Figure 11 Example UltraGPR survey of a typical laterite profile in Sulawesi

4.2 DRILLING

In April 2019 three units of Dexdrill 200 started to systematically drill the HM nickel laterite project. This was increased to 5 units in September 2021, then 8 units in Jan 2022 and finally 14 units in April 2022. The drills are ideally suited to laterite core drilling as they are quick, lightweight and man portable. They have the added advantages of providing local people employment and also have low environmental impact with no need for road access or dozer support. The drills use HQ triple tube core barrels.



Photo 3 Dexdrill 200 at HM

Drilling was carried out using standard operating procedures designed to ensure drill data complies with the JORC Code to be used as points of observation in this study.

4.2.1 CORE RECOVERIES

In the current drill program core runs are restricted to a maximum of 1 meter intervals to optimize core recoveries. Core is extracted from the inner tube and directly transferred to the core box core based on the core run. The core is then immediately measured for length to determine core recovery and or swelling. Core is arranged in maximum 1 meter runs inside the core box with each run filling a new row in the core box. Consecutive core runs are also arranged in new rows starting on the left side of the core box to avoid any mixing or contamination from other core samples. The bottom of each core interval is labeled for its depth so that the depth of the core is clearly displayed. Core boxes that are partially filled at the wellsite, and not yet completed, are carefully covered so that the samples are kept free from contamination and damage while drilling of the hole is completed.

4.2.2 DRILL COLLAR SURVEY

The topography of the Hengjaya IUP has been surveyed using LiDAR to produce a digital terrain model of the ground surface in the area. The accuracy of the LiDAR is within 15cm vertical and 40cm in the horizontal plain which is appropriate to support Resource estimates. Ground survey using E-Survey RTK GPS equipment is used to survey the drill hole collar locations.



Photo 4 Drill collar survey using E-survey RTK GPS

4.2.3 GEOLOGICAL LOGGING OF CORES

Once drilling the hole is complete, wherever possible, the full core boxes are positioned in a level place in consecutive order. In this way the full hole section can be viewed for ease of describing each run and determining the geological boundaries. The description starts at the surface and follows each 1 meter core run until the total depth is reached. The core description is recorded in a standard format which has been provided by HM so that the data is easily usable and recognizable by the mine technical team. Core that contains more than 20cm of solid rock is recorded as a geological boundary. The core length is checked against the actual depth recorded in the core box. The detailed description is completed as required in the logging form. The well site geologists follow a standard operating procedure for the core logging process so that all geological logs are standardized.



Photo 5 Core boxes of a completed hole arranged in consecutive order in preparation for geological logging

4.2.4 CORE PHOTOGRAPHY

With the core boxes in position, in a level place, with no cover, in consecutive order, core photos can take place. Checks are carried out to make sure that the depth labels are clearly visible and in position at the bottom of each core run. Cores with swelling or core loss are clearly marked as well as labels showing where density samples have been removed or will be taken. The well site geologist checks to make sure the core box label shows the correct

Hole Identification, sequential arrangement, depth interval, date of start and finish drilling, EOH (end of hole), initials of the wellsite geologist and the rig identification number. When this is ready photos are taken in good light conditions making sure to minimize shadows and reflections.



Photo 6 Core photo example

4.2.5 DRILL CORE SAMPLE HANDLING

Plastic sample bags are always double layered to protect the integrity of the samples against accidental contamination, damage or loss. Samples are bagged according to the geological horizon from which they belong and or in 1 meter intervals, if there is no geological boundary and the plastic identity label placed inside. After each core box is emptied the outer layer sample bag is tied with string in a bow so that it can easily be undone at the camp for rechecking and final labeling. During the sampling process, the sample form is continuously filled out so that as samples are bagged every sample is recorded. Checks are made to ensure the sample intervals and labels are correct. Rechecks are done so that the sample intervals can be reconciled and there are no gaps in the depth intervals. Samples are then packed in sacks and tied with flagging tape showing the hole identification. If stored in the field the sacks are covered for protection from the weather. Samples are transported to the field camp on a daily basis and immediately given a sample identification number provided by Hengjaya

Mineralindo laboratory. Sample numbers are determined by HM and provided for Danmar to use. Sample numbers and the depth interval labels are recorded on sampling forms which are photographed and sent to Danmar head office for recording in the HM database. During this sample labeling process, the condition of the sample bag is checked and changed if damaged. The total number of samples are rechecked against the total number of samples logged in the field at the wellsite. As a quality control protocol for every 92 exploration core samples submitted 4 sample standards (OREAS) are provided and 4 blank samples. Samples now labeled with HM sample numbers, including QA/QC samples, are repacked into the sacks tagged with the individual hole numbers ready for delivery to the HM sample store. Samples are delivered to HM core store, laid out in rows per hole and recorded in a formal sample receipt which is jointly signed by Danmar and HM.



Photo 7 Sample packing at the well site



Photo 8 Sample recheck and re-labelling at drill camp office

4.2.6 GEOTECHNICAL DRILLING AND HYDROGEOLOGY

PT Hengjaya Mineralindo (HM) is planning to significantly increase production at the mine site in the coming years. For this reason, Geomine Mining and Geotechnical Consultant (“GEOMINE”) was engaged to conduct geotechnical and hydrology/hydrogeology studies. Nine geotechnical holes were drilled for the purpose of investigating the geotechnical and hydrogeological characteristics throughout the Hengjaya project area. Dexdrill 200 units were used with HQ size triple tube coring equipment.

4.3 LABORATORY SAMPLE AND ANALYSIS PROCEDURES

PT Hengjaya Mineralindo (HM) has dedicated facilities at the mine site for processing and assaying samples collected in the exploration drilling program and mining production operations at the site. At the Sample Preparation Laboratory (Prep Lab), samples are reduced from raw samples into 200# (75 micron) pulp samples. The Assay Laboratory is where the 200# pulp samples are assayed using XRF Spectrometers to provide the composition of the drill and mine samples, in particular, the weight percent of nickel, iron, cobalt, silica dioxide, magnesium oxide and calcium oxide.

The drill core samples are reduced in volume and sample particle size to produce a 60g pulp sample, from which a 10g sample is taken for a pressed pellet, or a fused bead, for XRF. The expectation is that the results obtained on the 10g pressed powder pellets or fused beads that are produced from the 1meter drill core sample are representative of the original samples. It is the primary responsibility of the HM QA/QC Department to ensure that this is the case.

4.3.1 SAMPLE PREPARATION

4.3.1.1 Wet Sample Preparation

Exploration samples from the drill program are delivered to the PT Hengjaya Mineralindo Sample Preparation Laboratory (prep lab) in batches, accompanied by a Job Sheet (Consignment Note), detailing the consignment number and the numbers of each sample contained therein. The sample bags, each containing a sample representing a 1meter advance in the drill hole, are laid out in sequence on the floor of the prep lab and the Laboratory Foreman checks each sample against the Job Sheet. Once all is in order the processing commences. Each 1meter drill sample weighs approximately 8 kgs, wet, on arrival at the preparation laboratory.



Photo 9 Drill core samples delivered to HM sample store

The drill sample is emptied from the poly-weave bags and placed on the floor, where it is broken down into smaller thumb sized pieces and built up into a cone. A metal quartering tool is then placed on top of this cone and pushed down to the floor and moved to separate the original cone of the sample into four separate unconnected portions. A trowel then takes one complete quarter portion of sample and places this into one stainless steel tray, and then a further quarter sample from the opposite side of the quartered cone is then placed into the same tray and a ticket placed into this tray. The remaining two quarters are then placed into a second tray, another sample ticket with the same number added to the second tray. The two sample trays are then weighed, using a digital balance, and the weight of the trays and “wet” sample recorded, and the trays stacked on a trolley to be taken through for drying.



Photo 10 Raw core sample preparation for quartering

The trolleys containing the trays of drill samples are then placed into drying ovens and the samples dried at different durations and temperatures depending on the source material:

Exploration samples - 8 – 12 hours at 105° to 110° C

Mining samples - 6 – 8 hours at 105° to 115° C

Moisture Content - 24 hours at 105° C

4.3.1.2 Dry Sample Preparation

Once the drying process has been completed, the sample trays are removed from the ovens and then weighed, and the weights recorded. The difference between the wet weight of the sample and tray and the dry weight of the sample and the tray is recorded as the percentage moisture content. With the dry weight of the drill sample and the moisture content of the sample now recorded, the sample is ready to move to the next stage, the dry sample processing stage.

The preparation of drill samples at the HM sample preparation laboratory follows the Japanese Industrial Standard (JIS) Method for Sampling and Method of Moisture Content of Garnierite Nickel Ore - JIS M 8109 – 1996, which is a manual incremental reduction method for reducing the size of the drill sample for assay purposes, using scoops of different sizes to obtain representative samples at each of the different stages of sample preparation. The objective is

to reduce the particle size of the sample by crushing and pulverizing and the size of the sample through incremental splitting, while maintaining the representativeness of the medium being sampled.

The first stage in the processing of the dried exploration drill sample is crushing, and the two sample trays of dried sample are poured into a Jaw Crusher which reduces the dried sample to a – 10 mm product which is collected in a bin underneath the jaw crusher.



Photo 11 Jaw crushing to -10mm

In the second stage, the jaw crusher product is poured into a Jones Riffle splitter which produces two similar sample products, one which is discarded, and the other bin of riffle splitter product is passed to the next stage in the processing operation.

In the third stage, the bin of Jones Riffle split product is poured into a Double Roll Crusher which reduces the -10 mm jaw crusher product into a – 3 mm product which is collected beneath the double roll crusher. This double roll crusher product is then presented to an operator for the next stage of incremental splitting.



Photo 12 -3mm sample, manual incremental reduction JIS M 8109-1996

Following the manual incremental reduction method described in the JIS M 8109 – 1996 standard, the fourth stage consists of the - 3 mm double roll crusher product being first leveled with a small metal backing plate and then 10 approximately identical increments are delineated in the tray, 5 increments along the long side of the tray, and 2 increments along the short side of the tray to produce a 2 x 5 matrix. Using a backing plate and a 5d sized scoop, the scoop is thrust into the bottom of the sample in one increment and this material is removed and placed into a plastic bag. The 5d scoop is then thrust into the remaining adjacent sample and this is then placed into a separate steel tray. Two smaller samples have now been collected from the original one increment. This process is repeated with the remaining 9 increments in the original tray until one plastic bag has been filled with ten scoops of the original sample and another 10 scoops have been collected from the same original sample and placed into a separate tray. Each of these two incremental split samples weighs approximately 500g each, and one will be labeled and sent to sample storage, while the other sample will be sent to the next stage in the processing cycle, the pulverizer.

In addition to the above, before discarding the remaining double roll crusher product, a further sample is collected, approximately every 20 samples, and placed in a brown paper envelope and numbered with a DR suffix, this being a Double Roll Crusher product sample that will be sent for assay to test the performance of the two crushing and splitting stages, often referred to as the Course Reject sample, or at HM or the Double Roll (DR) sample.

The fifth stage consists of the 500g -3 mm double roll sample being placed into a pulverizing bowl, a puck added, the lid is replaced, and this unit placed inside the Essa Pulverizer using a cradle. The cradle is removed, and the machine turned on and run for 5 minutes, after which the pulverizer bowl is removed from the machine using the cradle, the lid removed, the puck taken out, and the pulverized sample, the “pulp”, placed onto a tray, and passed on to the next stage of incremental splitting.

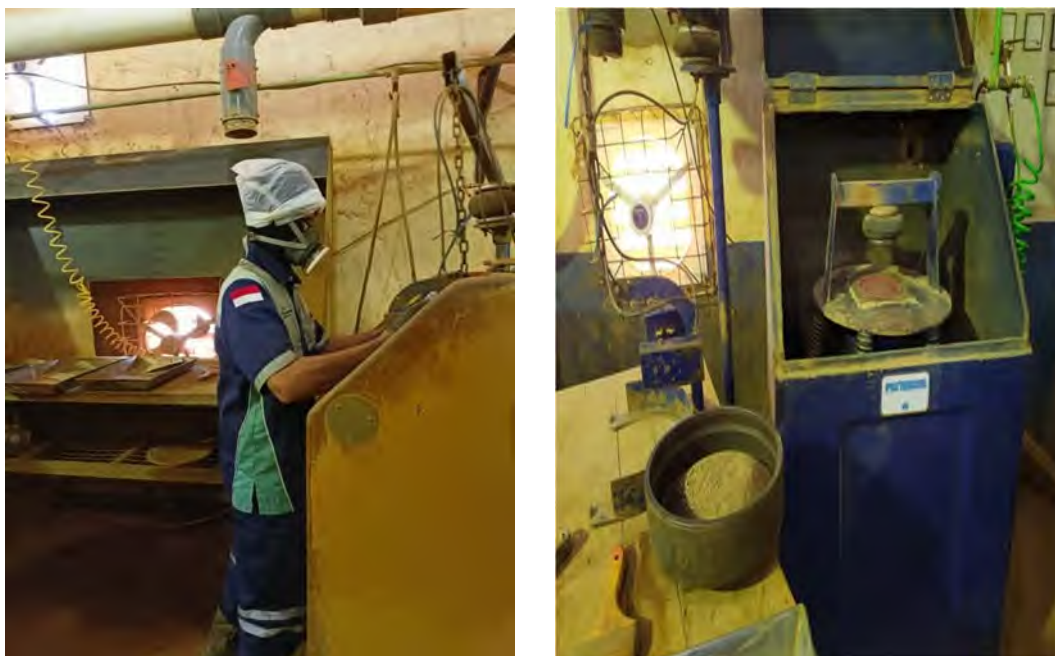


Photo 13 Sample placed in pulverizer

In the sixth stage of sample preparation, the pulp sample is then carefully mixed, flattened and cut into a 4 x 5 matrix to produce 20 increments in a similar way as for the double roll crusher product. Using the smallest sized 0.25 D scoop, and a metal backing plate, the scoop is thrust into one side of the increment, removed and placed in a brown paper envelope. The scoop is then thrust into the adjacent portion of the increment and then emptied into a second brown paper envelope. This process is continued until all 20 increments have been scooped and the pulp from each of the 20 increments have been transferred into two brown paper envelopes, one of which goes to the Assay Lab, and the second sample goes to storage. Any residual pulp remaining from this second incremental splitting is discarded as waste.

As part of the monitoring of the sample preparation process a particle sizing test is undertaken on one in ten of the pulverized product pulps, to ensure the pulverization has been done properly. This is undertaken after the pulverized product has been taken from the pulverizing bowl and prior to the incremental splitting stage. A small sample of material is weighed and

then placed on a 200# (75 micron) stainless steel screen and screened until all the sample that can pass the 75 micron screen has passed, and the weight of the -75 micron material and the weight of the +75 micron products are both weighed and recorded. If the weight of the -75 micron product is more than 95% of the total pulp sample weight, then the pulverization process is acceptable. If the weight of the -75 micron product is less than 95% of the total weight then this is not acceptable and the sample will be returned to the pulverizer for further pulverization to ensure more than 95 % of the sample passes the 200# screen.



Photo 14 Pulverized sample sieve analysis



Photo 15 Sieve analysis results measurement

In addition to the standard sample processing procedures described above, two further sample processing techniques are performed at the PT HM sample preparation laboratory to provide additional information for the geological and mining databases, these being Specific Gravity (density) testing and the measurement of the Moisture Content of samples.

4.4 SPECIFIC GRAVITY MEASUREMENT

During the drilling of each drill hole, samples are collected from each of the four geological lithologies encountered in the hole, namely soil or overburden, limonite, saprolite and bedrock. These density samples are collected at the drill site, with a small section of unbroken drill core, at least 20cm long, being weighed and recorded. The average weight of these specific gravity samples is generally between 700g and 800g. Following weighing, each sample is then wrapped in plastic cling wrap and sealed with masking tape to maintain the natural condition and sent to the sample preparation laboratory as a priority.



Photo 16 Density samples delivered to sample store

Upon arrival, at the prep lab, the samples are carefully unwrapped and placed in a sample tray containing each separate lithology sample from that drill hole, including: soil or overburden, limonite, saprolite and bedrock. The samples are then trimmed, weighed and placed back into a tray. A plastic measuring cylinder is then filled with a known volume of water, and the original level of water in the cylinder measured. The lithological sample is carefully lowered into the measuring cylinder and the displaced water level rises, and this second water level is measured and recorded. The mass of the lithological sample is then divided by the water displaced in the measuring cylinder to give the specific gravity, the density, of that particular lithology.



Photo 17 Core samples ready for density measurement



Photo 18 Weighing density samples at the sample preparation lab

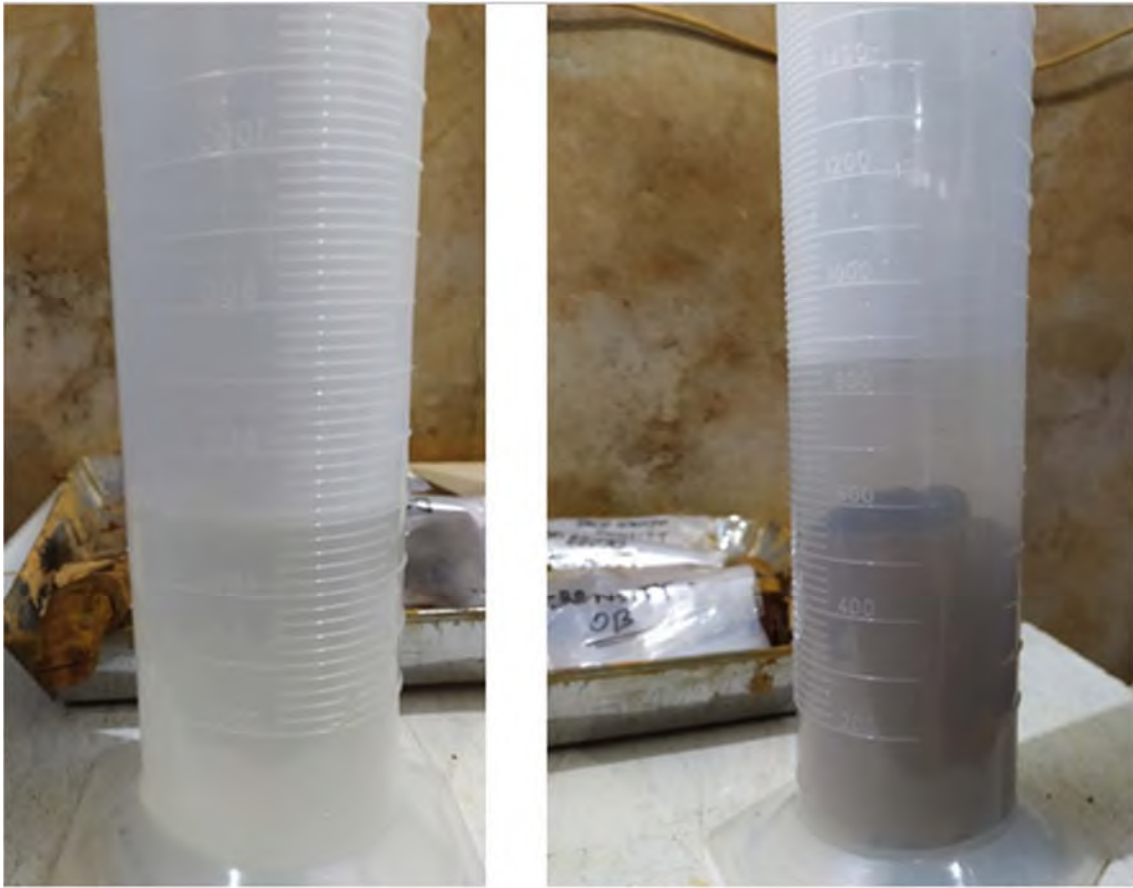


Photo 19 Density sample volume measurement by the displacement of water

Finally, the results are recorded and density is calculated by volume divided by the weight.

TANGGAL	ID SAMPLE	BERAT WADAH (g)	BERAT WADAH + SAMPLE (g)	BERAT SAMPLE (g)
20/08/19	DEX. BB070-08	A ml	B g	
	-LIM	5470	260	2.10
	-SAP	5070	390	1.45
	-BOK	5120	360	1.42
		10410	420	2.49
		$\% SG = \frac{A}{B}$		

Photo 20 Density data record

4.5 MOISTURE MEASUREMENT

Moisture content is an important property of nickel laterite ore samples, being a hygroscopic material and able to absorb moisture in its natural state. This can affect the efficiency during the smelting process, which can result in a lower price received per ton of smelted ore.

The Moisture Content of the drill samples is calculated through weighing the drill samples wet, before they are placed in the ovens for drying, and again when they have been removed from the ovens and prior to the first stage of crushing. The difference in weight between the weights of the samples before and after drying, divided by the original wet weight of the sample gives the Moisture Content as a percentage figure, as per the equation below:

$$\text{Moisture Content: } MC = \frac{w - d}{w} \times 100$$

w = wet weight
d = weight after drying



Photo 21 Drill core sample delivery to HM preparation lab and wet sample weight measurement

Wet exploration samples for Moisture Content measurement are placed in drying ovens and dried at 105° for 24 hours.



Photo 22 Wet samples are placed in oven



Photo 23 Dry samples removal from oven



Photo 24 Wet and dry sample weight measurement

4.6 ANALYTICAL METHODS AND STANDARDS

The pulp samples of 50 – 60g from each consignment completed at the sample prep lab are sent to the Assay Lab at the HM Camp where they are recorded into the production register and then placed into an oven to protect the samples from absorbing atmospheric moisture.



Photo 25 Sample pulp storage in desiccating oven and pressed pellet preparation

A new assay lab number is assigned to each pulp sample packet, this is undertaken at the same time as Certified Reference Materials (CRMs), pulp duplicate samples, coarse rejects, blank check and replicate check samples are inserted into the sample streams as part of the Quality Control procedures. After checking that the renumbering of these samples has been completed correctly, the samples are then taken through to the preparation room and placed in a desiccator to await the production of pressed pellets.

The sample numbers are written on the base of a Chemplex pellet cup and a 10g sample of pulp is carefully taken from the envelope containing the pulp sample, weighed and placed inside the Chemplex cup. This is then placed inside a 15tons Hydraulic Press and the press pumped to a load of 12tons, before the pressure is released, the die removed and the pressed powder pellet released. The pressed powder pellets are then placed in pyrex dishes, 9 pellets per dish, and returned to the desiccator before being taken through to the XRF Spectrometer Room.



Photo 26 Pressed pellet production from sample pulp ready for XRF analysis

The Assay Lab is now using a Malvern Panalytical Epsilon 4 and a Bruker Puma S2 XRF unit for the analytical work. At this time exploration samples are being assayed using pressed pellets while some mining samples are being assayed using Fused Beads.

Both the Epsilon 4 and Puma S2 XRF's are compact energy dispersive spectrometers capable of undertaking elemental analysis configured with dedicated software specifically for the nickel laterite suite of elements. Both units use Nickel XRF 12 Element Suites for Ni, Fe, Co, MgO, SiO₂, CaO, Al₂O₃, Cr₂O₃, MnO, P₂O₅, SO₃ and TiO₂.

The sample tray is removed from the spectrometer and each pressed pellet sample is placed sequentially into the sample holders in positions two to ten. An Oreas CRM Ni standard is placed into the first sample holder of each run as part of the Quality Control procedures. The pellet sample numbers are then checked to ensure that the correct samples are in the correct positions on the carousel and the spectrometer lid is closed. The machine operator checks that the sample consignment information and sample numbers have been entered correctly onto the software program and the machine switched on, and the assaying run begins.



Photo 27 Pressed pellets being loaded into XRF machine

Each pressed powder pellet is subjected to a beam of X-rays which are reflected onto a detector which determines and records the elemental composition of the sample being assayed. Each sample is subjected to this procedure for approximately 4.5 mins each, and each run of ten samples takes approximately 45 min to complete. While the assaying is taking place, the information showing which numbered sample holder is being assayed, and the results of the samples assayed in that run appear on the computer screen, and the data is recorded. At the end of the run the machine stops, the lid is opened and the sample holder removed, the pressed pellets are removed from their sample cups and the equipment readied to receive a further ten pellets for the next run. The results from the analysis of the previous pressed powder pellets are then passed to the QA/QC lab staff for monitoring and printing of the assay results.

4.6.1 QUALITY ASSURANCE / QUALITY CONTROL

The Quality Assurance and Quality Control program at HM consists of four different aspects, these being:

4.6.1.1 Quality Assurance

Quality assurance (QA) is a proactive approach to ensure that the chemical analyses of samples are correct and accurate. Quality assurance systems and SOP's are in place before a batch of samples is sent to the laboratory for analysis, aiming to prevent errors being made in the assay process. Quality assurance includes two principles, think "fit for purpose", the