

1 November 2018

The Manager Companies  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

(3 pages by email)

## **RKEF PROJECT TO RECEIVE CORPORATE INCOME TAX RELIEF**

The Directors of Nickel Mines Limited ('Nickel Mines') are pleased to advise that the RKEF Project's Indonesian operating entity, PT Hengjaya Nickel Industry ('Hengjaya Nickel') has been granted material corporate income tax relief for its RKEF Project currently under construction within the Indonesia Morowali Industrial Park ('IMIP') in Central Sulawesi, Indonesia. Hengjaya Nickel is an Indonesian domiciled PMA<sup>1</sup> company that owns the 2-Line RKEF Plant, in which the Company currently holds a 60% interest via Hengjaya Holdings Private Limited, a Singaporean domiciled company.

Notice of the tax relief was communicated to the Company by official decree from the Minister of Finance of the Republic of Indonesia on the basis that Hengjaya Nickel had "*met the criteria and requirements for the reduction of corporate income tax as regulated in Article 3 of the Regulation of the Minister of Finance Number 35/PMK.101/2018 concerning Provision of Corporate Income Tax Reduction Facilities*".

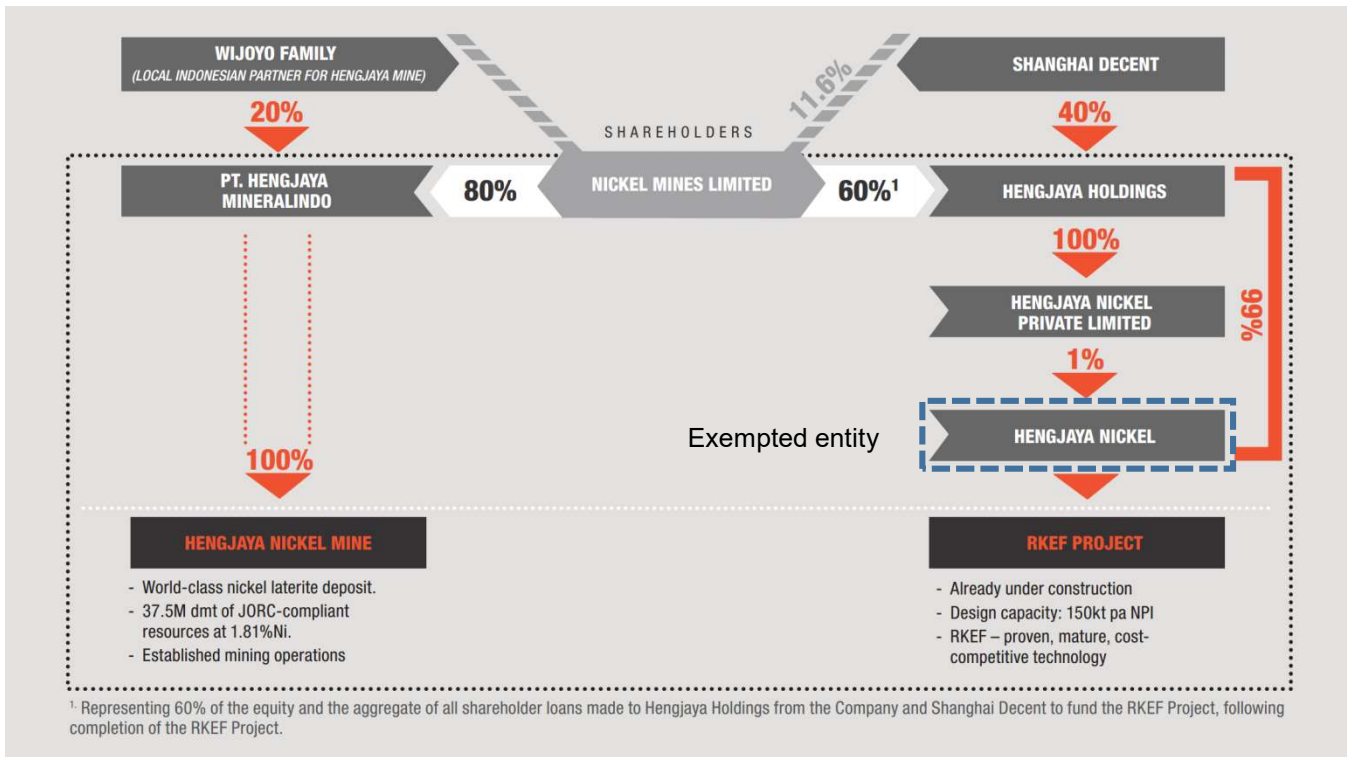
The corporate income tax reduction will be applied as follows:

- 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;
- 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;
- 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.

It should be noted that these concessions may be revoked and are maximum periods that may be amended or adjusted, if certain conditions are not met, the most important condition being the satisfaction of a minimum investment realisation which the Company's RKEF Project comfortably exceeds.

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<sup>1</sup> PMA Company means a '*Penanaman Modal Asing*', an Indonesian foreign investment company in which foreign share ownership of up to 100% is allowed.



Commenting on the granting of this corporate income tax relief Managing Director Justin Werner said:

*“Upon commencing commercial production we will obviously be extremely pleased to benefit from these taxation concessions. Application of these corporate income tax exemptions will clearly have a materially positive impact on the Project’s already impressive economic returns and increase the optionality of Nickel Mines with regards to both future growth and capital management.”*

**For further information please contact**

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## **About Nickel Mines Limited**

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

Under the terms of a Collaboration and Subscription Agreement with Shanghai Decent, a Tsingshan group company, Nickel Mines will own and operate RKEF processing facilities within the Indonesia Morowali Industrial Park ('IMIP') which is the world's largest vertically integrated stainless steel facility with a current production capacity of 2.0 million tonnes per annum increasing to 3.0 million tonnes per annum.

Nickel Mines also holds an 80% interest in the long life, high grade Hengjaya nickel mine located in Morowali Regency, Central Sulawesi, Indonesia just 12 kilometres from the IMIP. The Hengjaya mine hosts a JORC 2012 compliant Resource of ~37.5 million dry metric tonnes at 1.81% nickel (0.7Mt Measured, 15.0Mt Indicated, 22.0Mt Inferred using a 1.5% nickel cut-off) ~680,000 tonnes of contained nickel metal.



***Aerial photo of the IMIP.***

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## **Statement of Compliance**

The information in this report that relates to Mineral Resources is based on information compiled by Mr Brett Gunter, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Information relating to the Mineral Resource was first disclosed in the ASX announcement 'Replacement Prospectus' dated 20 August 2018. Mr Gunter has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Brett Gunter consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.