

Nickel Mines' Hengjaya project produces first returns

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Nickel Mines' ([ASX:NIC](#)) 60% owned Hengjaya Nickel Project has now produced its first nickel pig iron (NPI).

By way of background, NIC is an ASX small cap that's on the cusp of emerging as a significant player in the global nickel space. It's looking to capitalise on nickel demand, which is expected to surge on the back of both the burgeoning electric vehicle (EV) battery market and an improved outlook for stainless steel.

The company made its debut on the ASX in August last year, completing one of the largest resources floats in Australia over the past decade.

NIC holds an 80% interest in the long-life high-grade Hengjaya nickel mine, which neighbours the Indonesia Morowali Industrial Park (IMIP), a world-class, fully integrated nickel and stainless steel facility operated by Tsingshan Group — the world's largest stainless steel producer.

This potentially lucrative holding has seen NIC form a strategic partnership with Shanghai Decent (a Tsingshan group company) to build nickel pig iron capacity within the Morowali facility.

Because of this, NIC can operate within the highly sought after IMIP and leverage the infrastructure of the existing facility, which will go a long way to de-risking its activities in the region.

Meanwhile, on 31 January 2019, Shanghai Decent (a 40% equity holder in the project) advised that the first nickel pig iron had been recovered from one of the project's two rotary kilns in a maiden production run.

While on-site activities will experience a short hiatus over the Chinese New Year period, Hengjaya's first kiln is projected to reach at least 80% of nameplate capacity by early April this year.

The second kiln is anticipated to kick off production in early March, and will reach 80% of nameplate capacity by early May this year.

Full-scale production at Hengjaya will commence after the completion of both kilns.





The Hengjaya site

In addition, Shanghai Decent has informed NIC that an expedited schedule will now see the first kiln from its 17% owned Ranger nickel project begin commissioning in April.

The second kiln will begin production in May, which is well ahead of the previous estimation of the September quarter.

NIC managing director, Justin Werner, commented on the update: “Nickel Mines is extremely pleased to be able to report this milestone occasion of first NPI production from the first Hengjaya Nickel Kiln and now look forward to seeing both lines commissioning in the weeks ahead and ramping up to full production.

“Having broken ground in early 2018, and now having already commenced production, Hengjaya Nickel is further evidence of Tsingshan’s industry-leading ability to deliver a project in record time and a testament to their commitment, professionalism and work ethic.”

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