

17 Jan 2014

Direct Nickel well positioned for Indonesia Export Ban with plans for first commercial plant

The logo for Direct Nickel (DNI) features the letters 'DNI' in a bold, sans-serif font. The 'D' is black, while the 'N' and 'I' are green. The logo is positioned on the right side of the page, partially overlapping a decorative background of a hexagonal grid pattern.

Direct Nickel (ASX: DIR and "DNI" or the "Company"), an Australian company that includes CSIRO as one of its shareholders and research partners, has partnered with PT ANTAM (Persero) Tbk (IDX: ANTM; ASX: ATM; ANTAM) to develop a DNI Process Plant in Indonesia and is poised to take full advantage of the Indonesia ore export ban that took effect on 12 January 2014.

As nickel concentrate will not be subject to export bans, Direct Nickel expects there to be a high level of demand to fill the gap in global markets created by the ban, particularly in China.

A Feasibility Study has commenced on a DNI Process Plant at ANTAM's Buli operation in Halmahera, Indonesia. The study, which is led by a joint ANTAM/DNI team, is expected to be completed early in 2015.

Annual nickel ore exports from Indonesia previously represented up to 20% of global supply. Current stockpiles are forecast to be depleted during 2014 and Direct Nickel is uniquely positioned to supply nickel concentrate into the markets impacted by the export restrictions. Nickel prices are already rising following Indonesia's implementation on Sunday of its ban on exports of unprocessed ore, with the LME cash price increasing by 10% to \$14,647/t since Thursday last week and with some analysts forecasting \$15,500/t in 2014.

The Company positioned itself to capture this opportunity by initiating discussions with ANTAM as early as 2009 when the export ban was first announced. Since then, Direct Nickel has built on its presence in Jakarta through the formation of a local subsidiary PT DNI with Indonesian partners, with the establishment of a Jakarta office and signing co-operation agreements with ANTAM in 2012 and 2013.

DNI CEO Russell Debney said the export ban had made Indonesia even more attractive as an investment destination for the Company.

"It is clear that the Indonesian government intends to stimulate the growth of the processing industry within the country. Companies, such as Direct Nickel, that are able to produce nickel concentrate efficiently and competitively are set for a material rerating as a result of this important development. We could not have asked for a better time to

start planning our first commercial plant in Indonesia with the major industry group ANTAM”, Mr Debney said.

First commercial processing plant

DNi and ANTAM intend developing a process plant in Indonesia in Halmahera, adjacent to Antam’s new ferronickel smelter which is under construction. ANTAM is a diversified mining company and Indonesia’s largest nickel miner and already operates ferronickel processing facilities in Sulawesi.

The Buli Plant will be the first commercial processing plant to utilise the revolutionary processing technology developed by DNi and is likely to produce 10-20,000 tonnes per annum of nickel in concentrate.

The DNi Process is expected to be very competitive in the Indonesian environment as well as offering low environmental impact due to the recycling of nitric acid used in the Process.

The revolutionary DNi Process has been developed over the last seven years and successfully demonstrated over the last year at its Test Plant located in the CSIRO’s Australian Minerals Research Centre in Perth at a scale of 1 tonne of ore per day.

The test plant operation was completed successfully in December 2013 after 12 months of operation, with final reports currently being prepared.

Most of the ore for this demonstration was sourced from ANTAM’s Buli operation. The demonstration has shown the process has very high recoveries of nickel, and other valuable by-products such as cobalt, iron ore and magnesium oxide.

Indonesia’s implementation of the ban on exports of unprocessed ore

Implementation of the ban has been anticipated by the industry as the Government has promoted its views on this initiative to stimulate mineral processing in Indonesia since as early as 2009.

Indonesia is the world’s largest exporter of unprocessed nickel laterite ore, and the main supplier to China’s rapidly growing nickel pig iron industry. The ban will have a material impact on the world’s nickel industry, impacting industries reliant on the metal including the Chinese stainless steel sector.

Ahead of the ban on exports, consumers in China built stockpiles of nickel laterite ore to offset supply interruption. These are expected to be eroded over the next six months, further tightening the nickel market and with the nickel price continuing to increase.

Indonesia has until now been China’s supplier of choice due to its abundant nickel laterite resources, proximity to China, and very high nickel grades.

For further information, please contact:**Russell Debney**

Managing Director & CEO

Telephone: Tel: +612 8014 7780

Email: info@directnickel.com

MEDIA & INVESTOR RELATIONS ENQUIRIES:

Fortbridge Consulting: + 612 9003 0477

Fortbridge / Sydney

Bill Kemmery

Mobile: +61 400 122 449

Email: bill.kemmery@fortbridge.com

Fortbridge / 中国市场及中文咨询

Isabella Kou

手机: +61 425 567 931

邮件: isabella.kou@fortbridge.com

Fortbridge / London

Matt Beale

Mobile: +44 (0) 7966 389 196

Email: matt.beale@fortbridge.com

Fortbridge / Hong Kong

Christine Woolliff

Mobile: +852 908 723 27

Email: christine.woolliff@fortbridge.com

About Direct Nickel

Direct Nickel has developed a game changing process for extracting nickel from nickel laterite deposits. It will position Direct Nickel as one of the lowest cash cost producers in the global nickel industry in the next 5 years. The Process offers unparalleled cost efficiency, capital savings and environmental benefits.

Nickel is a strategic metal and a vital alloy in quality stainless steel. As a result of the decline in production from sulphides and technical difficulties with completion and start-up of alternative nickel laterite processing plants, nickel is forecast to suffer a supply shortfall commencing in 2017.

Direct Nickel is has operations in Sydney and Perth. It also operates in Indonesia through its subsidiary, PT Direct Nickel with offices in Jakarta.

Additional information on the Company, the DNi Process, the Test Plant and related activities, including photographs, is available at www.directnickel.com, or by request from the Company.