NICKEL INDUSTRIES

28 February 2023

The Manager, Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(92 pages by email)

Dear Madam,

ANNUAL REPORT AND APPENDIX 4E

I attach the Nickel Industries Limited and its controlled entities ('Nickel Industries Group') Annual Report for the year ended 31 December 2022 and Appendix 4E, Preliminary Final Report.

Highlights:

	12 Months to 31 December 2022 US$	**12 Months to 31 December 2021 US$**
• Nickel Industries Group Results:		
○ Sales revenue:	US$1,217.0M	US$645.9M
○ Gross profit:	US$293.8M	US$216.8M
○ Operating profit:	US$258.9M	US$194.0M
○ Profit after tax:	US$209.4M	US$176.0M
○ EBITDA:	US$339.2M	US$242.5M

	31 December 2022 US$	**31 December 2021 US$**
• Nickel Industries Group Balance Sheet:		
○ Total assets:	US$2,672.5M	US$1,770.6M
○ Net assets:	US$1,814.5M	US$1,297.9M

- A record 70,079 tonnes (55,993 tonnes attributable) of nickel metal produced
- Acquired a 70% interest in the Oracle Nickel RKEF Project, two RKEF lines commissioned
- Angel Nickel construction completed ahead of schedule and fully commissioned
- A record 6.79 million tonnes of saprolite and limonite ore mined at the Hengjaya Mine
- A$104.9M (US$72.7M) of dividends distributed to shareholders
- Final dividend declared of A$0.02

Yours sincerely

Richard Edwards
Company Secretary

pjn11556

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Appendix 4E

Preliminary final report

Name of entity

NICKEL INDUSTRIES LIMITED

ABN or equivalent company reference	Financial year ended ('current period')
44 127 510 589	**31 DECEMBER 2022**

Results for announcement to the market

Revenues from ordinary activities	Up	88.4%	to	US$1,217.0M
Profit from ordinary activities after tax attributable to members	Up	15.3%	to	US$159.0M
Net profit for the period attributable to members	Up	15.3%	to	US$159.0M

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	A$0.02	Nil
Interim dividend	A$0.02	Nil
Previous corresponding period		
Final dividend	A$0.02	Nil
Interim dividend	A$0.02	Nil

Record date for determining entitlements to the dividend.	7 March 2023

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

Refer attached audited financial reports for the year ended 31 December 2022.

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	US$0.664	US$0.516

The attached Annual Report which forms part of this Appendix 4E has been audited.

NICKEL INDUSTRIES LIMITED
and its controlled entities

A.B.N. 44 127 510 589

ANNUAL REPORT

FOR THE YEAR ENDED
31 DECEMBER 2022

NICKEL INDUSTRIES LIMITED
and its controlled entities

CONTENTS

NICKEL INDUSTRIES LIMITED
and its controlled entities

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

It is with great pleasure I present to you the Nickel Industries Limited Annual Report for the financial year ended 31 December 2022.

2022 was a turbulent year with global supply chain issues stemming from the Russia-Ukraine conflict and the ongoing effects of the COVID pandemic generating numerous headwinds across commodity and energy markets. These issues provided some challenges to our operations, but also served to highlight the underlying strength and resilience of our business, which went from strength to strength with both our RKEF and mining operations recording new production records with each passing quarter.

Our impressive quarter-on-quarter growth in nickel production was largely attributable to the commissioning and ramp-up of our 80%-owned Angel Nickel project at the Indonesia Weda Bay Industrial Park. Pleasingly, by the end of the calendar year Angel Nickel was operating at more than 135% of nameplate capacity. With our Oracle Nickel project in its commissioning phase, we can look forward to a similar production and financial contribution over the coming six months as the project moves towards full capacity and increases our attributable nickel production beyond 100k tonnes per annum.

The record performance from the Company's RKEF operations was matched by an equally impressive contribution from the Hengjaya Mine. Combined saprolite and limonite production surpassed 6.7 million wet metric tonnes for the year, with these production levels anticipated to approximately double in the year ahead upon completion of the haul road from Hengjaya Mine to the Indonesia Morowali Industrial Park.

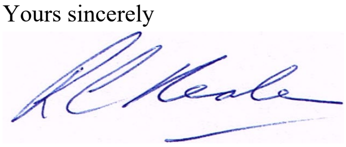
The strong performance across our RKEF and mining operations saw the Company deliver record full year results across all key financial metrics including an Operating Profit after Tax of US$209.4 million – an outstanding achievement for which I commend our entire operations and senior executive team.

During the year the decision was made to change our name from Nickel Mines Limited to Nickel Industries Limited. While only subtle in nature, the change reflects the transition of our business to a more integrated industrial business model spanning both mining and industrial processing operations. In noting our change of name our core operating objective and vision remains the same – to build a world class nickel business committed to supporting a sustainable future for Indonesia's mining and processing industries.

A major noteworthy milestone in support of this ambition, and one of which I am particularly proud of, was the release of our maiden Sustainability Report in May 2022. As a material global nickel producer and the operator of a world class mining operation, the Company is absolutely committed to adopting and adhering to 'global best practice' mining and processing initiatives to minimise its carbon footprint and ensure the sustainability of Indonesia's nickel industry. Hengjaya Mine's recent achievement of a "GREEN PROPER" environmental rating is testament to initiatives put in place over the last several years and will set the standard for future resources projects we develop for the entire Indonesian mining industry.

The hard work and dedication of our management team, led by Managing Director Justin Werner, positions the Company strongly to be a dominant player in the global nickel market for many years to come. Having recently converted some of our NPI production to nickel matte and announced planned investments into multiple high pressure acid leach projects, the Company will soon offer a truly diversified production mix, servicing both the stainless steel market and the rapidly growing EV supply chain. Our evolution as a nickel business is certainly at an exciting phase and we look forward to your ongoing support as we pursue our objective of becoming one of the world's pre-eminent nickel companies.

Yours sincerely



Robert Neale
Chairman

Principal Activities and Review of Operations
(All amounts in US$ unless otherwise stated)

The operating profit of Nickel Industries Limited and its controlled entities (together 'the Group') for the year ended 31 December 2022 after income tax was $209,367,610 (31 December 2021: $175,976,986).

Nickel Industries Limited ('the Company' or 'Nickel Industries') was incorporated on 12 September 2007, under the laws of the State of New South Wales, Australia. The Group has become a globally significant, low cost producer of nickel pig iron ('NPI'), a key ingredient in the production of stainless steel. During the year the Company also commenced the production of nickel in high grade ('HG') nickel matte, for use in the electric vehicle supply chain. The Group's principal operations, located in Indonesia, are the Hengjaya Nickel, Oracle Nickel and Ranger Nickel rotary kiln electric furnace ('RKEF') projects located within the Indonesia Morowali Industrial Park ('IMIP'), the Angel Nickel RKEF Project at the Indonesia Weda Bay Industrial Park ('IWIP') and the Hengjaya Mine, a large tonnage, high grade nickel laterite deposit in close proximity to the IMIP. At year end, the Company held an 80% interest in each of the Angel Nickel, Hengjaya Nickel and Ranger Nickel projects and the Hengjaya Mine and a 70% interest in the Oracle Nickel project.

During and following the year ended 31 December 2022 significant milestones were achieved as follows:

- the Company's RKEF projects produced a record 70,079 tonnes of nickel metal equivalent, 65,336 tonnes of nickel metal in NPI and 4,743 tonnes of nickel metal in high grade nickel matte. A total of 67,701 tonnes of nickel metal equivalent were sold during the year. EBITDA[1] from RKEF operations for 2022 was a record $298.7M;
- the four RKEF lines of the Angel Nickel project underwent commissioning, with the first line commencing at the end of January 2022 and the fourth line in the middle of May 2022, which is when commercial sales commenced following receipt of the project's commercial sales licence. The 380MW power plant at Angel Nickel commissioned in August 2022;
- the Company acquired a 70% interest in the Oracle Nickel project, which consists of four RKEF lines with annual nameplate capacity of 36,000 tonnes of nickel metal in NPI and Oracle Nickel is constructing a 380MW power plant. The first of Oracle's four lines commenced commissioning in November 2022, followed by the second line in December 2022 and the third in February 2023;
- both the Angel Nickel and Oracle Nickel projects were granted material corporate tax relief;
- 2,890,575 wet metric tonnes ('wmt') of saprolite nickel ore were mined at the Hengjaya Mine and 2,674,947wmt of saprolite were sold during the year at an average grade of 1.71% nickel. In addition, 3,902,276wmt of limonite were produced during the year. Sales of limonite ore to the high pressure acid leach ('HPAL') plants now operating at IMIP recommenced in April, with 844,405wmt being sold during the year. On a stand-alone basis, EBITDA from the Hengjaya Mine for 2022 was $53.9M[2];
- in January 2022, the Company declared a final dividend for 2021 of A$0.02 per share, being a distribution of A$50.3M and in August 2022 the Company declared an interim dividend for of A$0.02 per share, being a distribution of A$54.6M;
- after receiving shareholder approval in January 2022 to acquire a 70% interest in the Oracle Nickel project, in February 2022 the Company completed a placement of 108,122,223 shares at A$1.37 per share to institutional shareholders. This was followed in May 2022 with the issuance of a further 108,122,223 shares at A$1.37 per share to a nominees of Shanghai Decent Investment (Group) Co., Ltd ('Shanghai Decent') as a share based payment for 20% of the Oracle Nickel project;
- in January 2022, the Company signed a MoU with PT Sumber Energi Surya Nusantara ('SESNA') to develop 200MWp of solar capacity within the IMIP. This was followed by a binding term sheet for a 200MWp + 20MWh battery solar project in August 2022;

[1] EBITDA is defined as profit/(loss) for the period, plus depreciation and amortisation costs, plus net financial income/(costs), plus tax expenses. This non-IFRS financial measure, which is referred to throughout the Directors' Report, is used internally by management to assess the performance of the Group's business and make decisions on allocation of resources. This non-IFRS measure has not been subject to audit or review.
[2] During the year, the Hengjaya Mine sold saprolite ore to Hengjaya Nickel and Ranger Nickel. Hengjaya Mine profit of $0.3M relating to nickel ore inventory still held by Hengjaya Nickel and Ranger Nickel at 31 December 2022 is eliminated on consolidation.

REVIEW OF OPERATIONS

- in May 2022, the Company signed a binding definitive agreement for the staged acquisition of a 100% interest in the Siduarsi Nickel-Cobalt project ('Siduarsi') in Papua province, Indonesia;
- following shareholder approval at the Company's AGM on 31 May 2022, the Company's name was changed from Nickel Mines Limited to Nickel Industries Limited;
- in August 2022, the Company completed a $225M inaugural offering of Senior Secured Notes at an interest rate of 10.0%, maturing 23 August 2025;
- in September 2022, the Company announced an upgraded JORC Resource estimate at the Hengjaya Mine 300 million dry metric tons ('dmt'), with an average grade of 1.22% nickel and 0.09% cobalt (using a nickel cut-off grade of 0.8%);
- in November 2022, the Hengjaya Mine was awarded a 'Green PROPER' rating from Indonesian Environmental and Forestry Authority; and
- subsequent to year end, the Company executed an EV Battery Supply Chain Strategic Agreement with the Company's largest shareholder and operating partner Shanghai Decent, and binding agreements to acquire a further 10% interest in Oracle Nickel and a 10% interest in PT Huayue Nickel Cobalt ('HNC'). The Company completed a $185M institutional placement.

RKEF OPERATIONS

Throughout 2022 Nickel Industries held an 80% interest in the Hengjaya Nickel, Ranger Nickel and Angel Nickel RKEF projects and acquired a 70% interest in the Oracle Nickel RKEF project, which commenced commissioning in November 2022. In October 2022 the two RKEF lines at the Hengjaya Nickel switched from the production of NPI to the production of nickel matte.

A summary of NPI production from the Hengjaya Nickel, Ranger Nickel, Angel Nickel and Oracle Nickel projects for the year ended 31 December 2022 is as follows:

		Hengjaya Nickel	Ranger Nickel	Angel Nickel	Oracle Nickel	Total
NPI production	tonnes	108,573	149,929	207,110	7,504	**473,116**
NPI grade	%	13.5	13.4	14.4	10.0	**13.8**
Nickel metal in NPI production	tonnes	14,620	20,082	29,887	747	**65,336**
Nickel metal production in NPI attributable to Nickel Industries	tonnes	11,696	16,066	23,914	523	**52,199**
Nickel metal in NPI sold	tonnes	14,620	20,082	28,798	-	**63,500**

A summary of nickel matte production from the Hengjaya Nickel project for the year ended 31 December 2022 is as follows:

		Hengjaya Nickel
Nickel metal in HG nickel matte production	tonnes	**4,743**
Nickel metal production in HG nickel matte attributable to Nickel Industries	tonnes	**3,794**
Nickel metal in HG nickel matte sold	tonnes	**4,201**

The Company's RKEF operations produced (on a 100% basis) 70,079 tonnes of nickel metal, comprising 65,336 nickel metal tonnes in NPI and 4,743 tonnes in HG nickel matte. The Company's attributable nickel metal production for 2022 was 55,993 tonnes.

For 2022, the Company's RKEF operations recorded (on a 100% basis) sales of $1,202.4M comprising $1,111.9M from NPI sales (from 63,500 tonnes of nickel metal in NPI) and $90.5M from HG nickel matte sales (from 4,201 tonnes of nickel metal in HG nickel matte). Combined EBITDA from RKEF operations for the year was $298.7M.

Hengjaya Nickel (80% interest held by Nickel Industries)

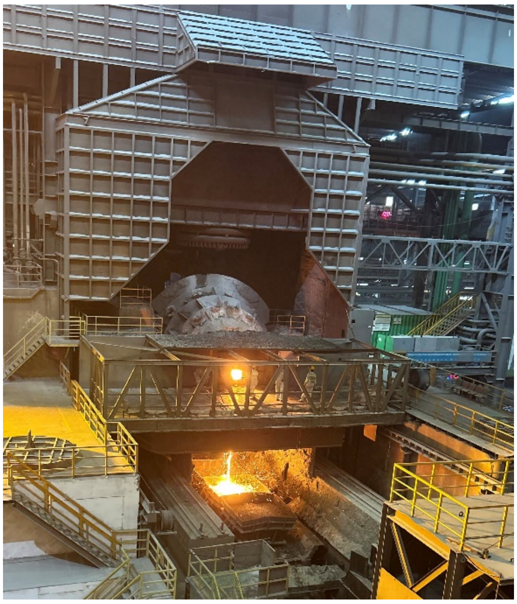
During the year, Hengjaya Nickel produced 18,821 tonnes of nickel metal. 14,620 tonnes was nickel metal in NPI at an average NPI grade of 13.5% and a weighted average cash cost of $13,466/tonne of nickel metal. 4,201 tonnes was nickel metal in HG nickel matte at a weighted average cash cost of $15,653/tonne of nickel metal, following the decision to switch production of the project's two RKEF lines from NPI to the production of nickel matte.

HENGJAYA NICKEL		Mar 2022 Quarter	Jun 2022 Quarter	Sep 2022 Quarter	Total
NPI production	tonnes	36,858	34,081	37,634	**108,573**
NPI grade	%	13.6	13.2	13.6	**13.5**
Nickel metal production	tonnes	4,999	4,510	5,111	**14,620**
Cash costs	$/t Ni	12,023	14,597	13,879	**13,466**
Nickel metal sold	tonnes	4,999	4,510	5,111	**14,620**

		Dec 2022 Quarter
Nickel metal in low grade nickel matte production	tonnes	**5,104**
Nickel metal in low grade nickel matte converted	tonnes	**5,094**
Recovery rate	%	**93.1**
Nickel metal in HG nickel matte production	tonnes	**4,743**
Cash costs	$/t Ni	**15,653**
Nickel metal in HG nickel matte sold	tonnes	**4,201**

Nickel Industries' attributable nickel metal production in NPI from Hengjaya Nickel for the year ended 31 December 2022 was 15,057 tonnes.

For the year ended 31 December 2022, Hengjaya Nickel recorded total sales of $358.9M. This included $268.4M for 14,620 tonnes of nickel metal in NPI sold and $90.5M for 4,201 tonnes of nickel metal in nickel matte sold. EBITDA for Hengjaya Nickel for the year was $96.3M.



Conversion of low grade nickel matte into high grade nickel matte

Ranger Nickel (80% interest held by Nickel Industries)

During the year, Ranger Nickel produced 20,082 tonnes of nickel metal in NPI at an average NPI grade of 13.4% at a weighted average cash cost of $13,526/tonne of nickel metal.

RANGER NICKEL		Mar 2022 Quarter	Jun 2022 Quarter	Sep 2022 Quarter	Dec 2022 Quarter	Total
NPI production	tonnes	37,232	34,990	38,219	39,488	**149,929**
NPI grade	%	13.7	13.3	13.5	13.1	**13.4**
Nickel metal production	tonnes	5,091	4,667	5,170	5,154	**20,082**
Cash costs	$/t Ni	11,916	14,338	14,150	13,754	**13,526**
Nickel metal sold	tonnes	5,091	4,667	5,170	5,154	**20,082**

Nickel Industries' attributable nickel metal production from Ranger Nickel for the year ended 31 December 2022 was 16,066 tonnes.

For the year ended 31 December 2022, Ranger Nickel recorded sales of $357.6M for 20,082 tonnes of nickel metal sold. EBITDA for Ranger Nickel for the year was $85.0M.

Angel Nickel (80% interest held by Nickel Industries)

The first of Angel's four RKEF lines commenced commissioning at the end of January 2022. The second and third lines commenced commissioning in March 2022 and the fourth line in May 2022. NPI produced was held as inventory until May 2022 when commercial sales commenced following the issuance of an Industrial Business Licence (*Izin Usaha Industri*) ('IUI') to Angel Nickel. The 380MW power plant at Angel Nickel commissioned in August 2022. During the year, Angel Nickel produced 29,887 tonnes of nickel metal in NPI at an average NPI grade of 14.4% and a weighted average cash cost of $12,931/tonne of nickel metal.

ANGEL NICKEL		Mar 2022 Quarter	Jun 2022 Quarter	Sep 2022 Quarter	Dec 2022 Quarter	Total
NPI production	tonnes	7,510	45,035	69,327	85,238	**207,110**
NPI grade	%	14.3	14.2	14.4	14.6	**14.4**
Nickel metal production	tonnes	1,077	6,389	9,994	12,428	**29,887**
Cash costs	$/t Ni	N/A	14,550	13,167	11,769	**12,931**
Nickel metal sold	tonnes	-	6,639	9,764	11,734	**28,798**

Nickel Industries' attributable nickel metal production from Angel Nickel for the year ended 31 December 2022 was 23,910 tonnes.

For the year ended 31 December 2022, Angel Nickel recorded sales of $485.8M for 28,798 tonnes of nickel metal sold. EBITDA for Angel Nickel for the year was $117.4M.

Control room at Angel Nickel

Oracle Nickel (70% interest held by Nickel Industries)

The Oracle Nickel project commenced commissioning in mid-November 2022, with the first of the project's four RKEF lines coming online. The second line commenced commissioning in mid-December 2022 and the third line in February 2023. During the year, Oracle Nickel produced 747 tonnes of nickel metal in NPI at an average NPI grade of 10.0%. As the project is in its commissioning phase a cash cost /tonne cannot be calculated currently.

ORACLE NICKEL		Dec 2022 Quarter	Total
NPI production	tonnes	7,504	**7,504**
NPI grade	%	10.0	**10.0**
Nickel metal production	tonnes	747	**747**

Commercial sales of NPI from Oracle Nickel will commence following the issuance of an Industrial Business Licence (*Izin Usaha Industri*) ('IUI'), upon the final importation of construction materials to complete the RKEF lines.

Nickel Industries' attributable nickel metal production from Oracle Nickel for the year ended 31 December 2022 was 523 tonnes.

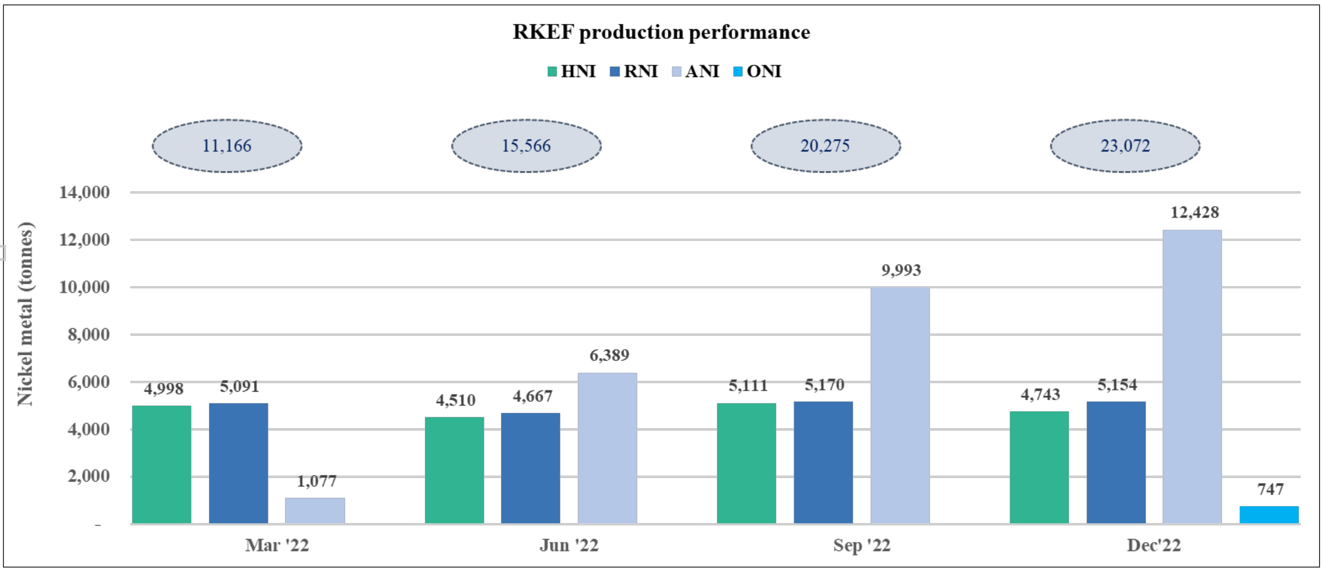
NPI production at Oracle Nickel

Commentary on RKEF Operations

The Company's RKEF operations delivered record production of 70,079 tonnes of nickel metal equivalent and record EBITDA of $298.7M for the year ended 31 December 2022. This performance was underpinned by the following highlights:

- the contribution of Angel Nickel of 29,887 tonnes of nickel metal and $117.4M of EBITDA following the commissioning of its four RKEF lines over the course of the year and its power plant in August 2022;
- the conversion of Hengjaya Nickel's two RKEF lines at the commencement of the December quarter to the production of nickel matte, with Hengjaya Nickel producing 4,743 tonnes of nickel in HG nickel matte in the December quarter at a margin of $5,950 /tonne;
- maiden production in the December quarter of 747 tonnes of nickel metal from Oracle Nickel, as the project's first two RKEF lines commissioned.

Despite lower production levels in the first half of 2022, the RKEF operations generated a record EBITDA of $158.6M with the strong financial result underpinned by record NPI prices. The commencement of the second half of 2022 proved more challenging as operations were faced with a contraction in operating margins relative to historic levels. During the September quarter, pandemic-related lockdowns negatively impacted economic activity in China leading to significantly reduced NPI contract prices. Combined with higher global energy prices, EBITDA/tonnes sold margins fell sharply from record levels reported in the first half of the year. Pleasingly, the lower margins generated in the second half were offset by strong increases in production with quarterly nickel output more than doubling over the course of the year with the commissioning and ramp-up of Angel Nickel. By year's end, with China winding back lockdown restrictions, NPI prices and operating margins had improved – these margins assisted by the Company's decision to switch production at Hengjaya Nickel to HG nickel matte, with that product currently realising materially higher prices and margins than NPI. The Company believes its continued transition into Class-1 nickel production will enable it to further optimise margins for its products in addition to broadening its customer base, both of which are expected to deliver tangible long term benefits for the business. EBITDA from RKEF operations for the second half of 2022 was $140.1M, resulting in a combined EBITDA from RKEF operations for 2022 of $298.7M.

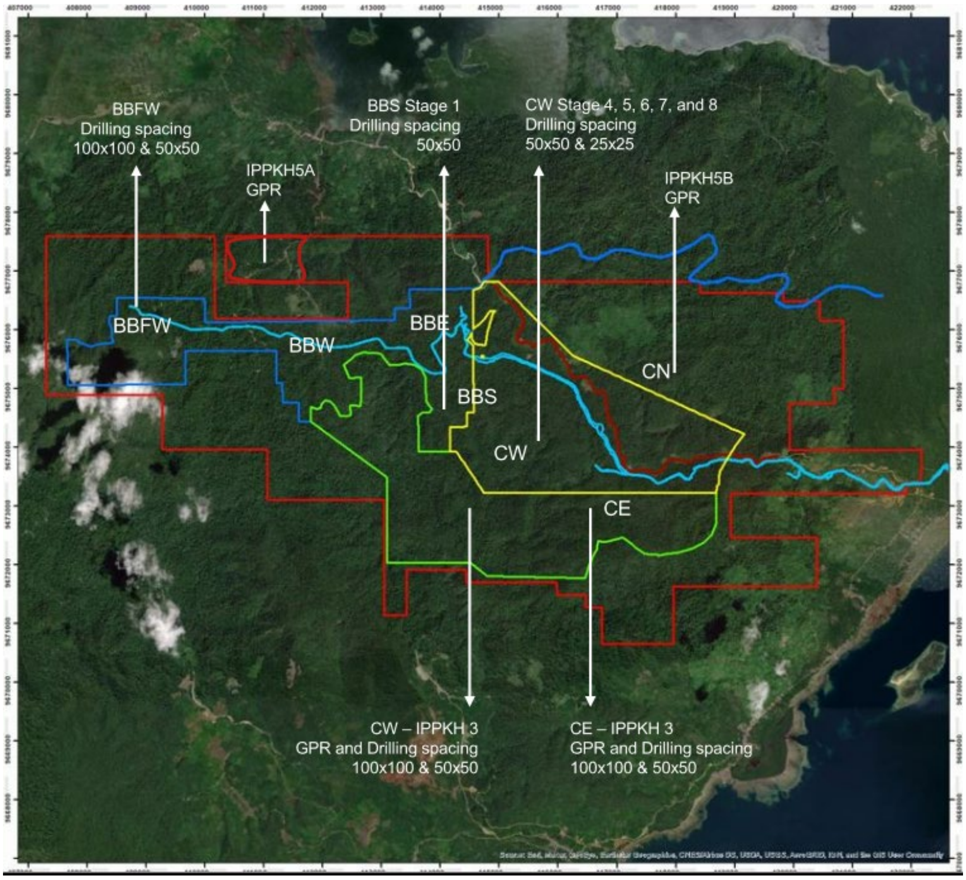


The Company's RKEF operations recorded strong quarterly production growth over 2022

HENGJAYA MINE (80% interest held by Nickel Industries)

The Company holds an 80% interest in PT Hengjaya Mineralindo, the owner of 100% of the Hengjaya Mine, with the remaining 20% interest owned by the Company's Indonesian partner.

The mine is located approximately 12 kilometres from the IMIP in the Morowali Regency, Central Sulawesi, Indonesia. The Hengjaya Mine tenement covers 5,983 hectares and holds a 20-year mining operation/production licence (issued in June 2011) with two further 10-year extension periods.



Map showing the boundary of the Hengjaya Mine IUP and various drilling programs

Mining

In 2022, production of saprolite ore totalled 2,890,575 wmt, at an average waste to saprolite ore stripping ratio of 0.38:1. Sales of saprolite ore totalled 2,674,947 wmt, with an average grade of 1.71% nickel.

Production of limonite ore totalled 3,902,276 wmt and sales, which recommenced in April 2022, totalled 844,405 wmt, with an average grade of 1.18% nickel.

REVIEW OF OPERATIONS

		March 2022 Quarter	June 2022 Quarter	September 2022 Quarter	December 2022 Quarter	Total
Saprolite mined	wmt	810,324	792,630	599,790	687,831	2,890,575
Limonite mined	wmt	263,201	520,862	1,098,186	2,020,027	3,902,276
Nickel ore mined	wmt	1,073,525	1,313,492	1,697,976	2,707,858	6,792,851
Overburden mined	BCM[(1)]	936,648	826,553	390,940	438,255	2,592,396
Strip ratio	BCM/wmt	0.87	0.63	0.23	0.16	0.38
Saprolite sold	wmt	710,136	673,664	565,624	725,523	2,674,947
Limonite sold	wmt	-	258,212	185,271	400,922	844,405
Average saprolite grade	%	1.72	1.74	1.73	1.67	1.71
Average limonite grade	%	N/A	1.19	1.14	1.19	1.18
Average saprolite price received	$/wmt	40.04	52.43	42.88	42.48	44.42
Average limonite price received	$/wmt	N/A	14.69	17.24	18.42	17.01
Average saprolite cost[(2)]	CIF $/wmt	25.13	26.01	26.91	28.47	26.49
Average limonite cost	CIF $/wmt	1.65	7.99	7.01	4.34	5.93

(1) BCM represents 'bank cubic metres'

(2) Average cost of production includes amortisation and depreciation costs for the 12 months of $0.90/t. and exploration drilling costs of $1.79/t

The strong performance from Hengjaya Mine across the year reflects the significant level of capital and operational improvements and expansion initiatives implemented across the Company's mining operations over the last 24 months. These initiatives have included but are not limited to:

- establishing mining operations at the Central Pit;
- establishing and upgrading haul roads between the Central Pit and Bete Bete and the jetty;
- expanding the jetty capacity to cater for multiple 10kt barges;
- upgrading the size of the trucking fleet to 35t-45t trucks;
- utilising different mining contractors across different pit operations to optimise operations;
- establishing limonite mining operations for ore supply to the IMIP's HPAL operations;
- integrating additional infill drilling data to optimise the Hengjaya resource, rolling 2-year mine plan and associated ore cut off grades;
- upgrade of the on-site ore preparation and assay laboratory facility;
- additional solar panels at the mine site infrastructure;
- improvements to camp sport and recreational facilities; and
- detailed career development and training programs for staff.

These improvement and expansion initiatives were undertaken to help unlock the full strategic value of the Hengjaya Mine's large limonite and saprolite resources and as a result, Hengjaya Mine is now making a material contribution to the overall Group financial performance.

Resource Upgrade

In September, the Company announced a material Mineral Resource upgrade to the Hengjaya Mine Resource. The Company commissioned PT Danmar Explorindo to update a JORC 2012 compliant Mineral Resource based on data incorporating 529 kms of Ultra Ground Penetrating Radar survey (‘Ultra-GPR’), - 4,657 drill holes and 111,643 sample assays from drill cores taken from a 3,000-hectare area at the Hengjaya Mine. The Resource estimate is 300 million dry metric tons (‘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 3,700,000 tonnes of nickel metal and 270,000 tonnes of cobalt. Since the last Resource estimate in June 2020, Measured Resources have increased by 333%, Indicated Resources by 20% and Inferred Resources by 53%, delivering a significant conversion of Inferred and Indicated to Measured Resources and providing increased confidence in the remaining Resource estimation.

The high grade saprolite Resource of 72 million wmt at 1.8% nickel (cut-off grade 1.5% nickel), represents a source of long-term ore supply to the IMIP where the Company’s Hengjaya Nickel, Ranger Nickel and Oracle Nickel RKEF projects will have total combined ore requirements of approximately 8.8 million wmt per annum. Hengjaya Mine is expected to deliver 3.5-4.0 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 the IMIP’s Huayue Nickel Cobalt (‘HNC’) and QMB New Energy Materials (‘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 (‘MHP’) for the EV battery market. This significant limonite resource strategically positions the Hengjaya Mine to supply any future HPAL projects which the Company may invest in. As the Hengjaya Mine is the closest 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.

Mineral Resource category	Million tons (Dry)	XRF (Dry Analysis)		
		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 cut-off > 0.8% Ni	**300**	**1.2**	**0.09**	**29.2**

Hengjaya Mine Mineral Resource summary, 2022

Stockpiles and jetty operating at 3.5m tonnes per annum

Haul road

The mobilisation of the contractor (Presisi) to the haul road project was well advanced during the December quarter and the construction commenced in a number of areas. The balance of mobile equipment and manpower with continue to arrive on site early March 2023 quarter and continue to ramp up activities and start in other areas of the approved IPPKH areas.

APL segments of haul road to IMIP under construction

The completion of the haul road currently expected by the end of the June 2023 quarter will enable Hengjaya Mine to significantly increase production and sales of saprolite ore to the Company's RKEF projects. During 2023 the Company plans to commence delivering by road increased supply of both stockpiled and mined limonite ores to both HPAL projects at IMIP. The haul road offers the mine a strategic advantage for delivery of both types of ore, whilst allowing minimal stockpiling of limonite as the mine develops additional open pits in the central area of the project.

Exploration

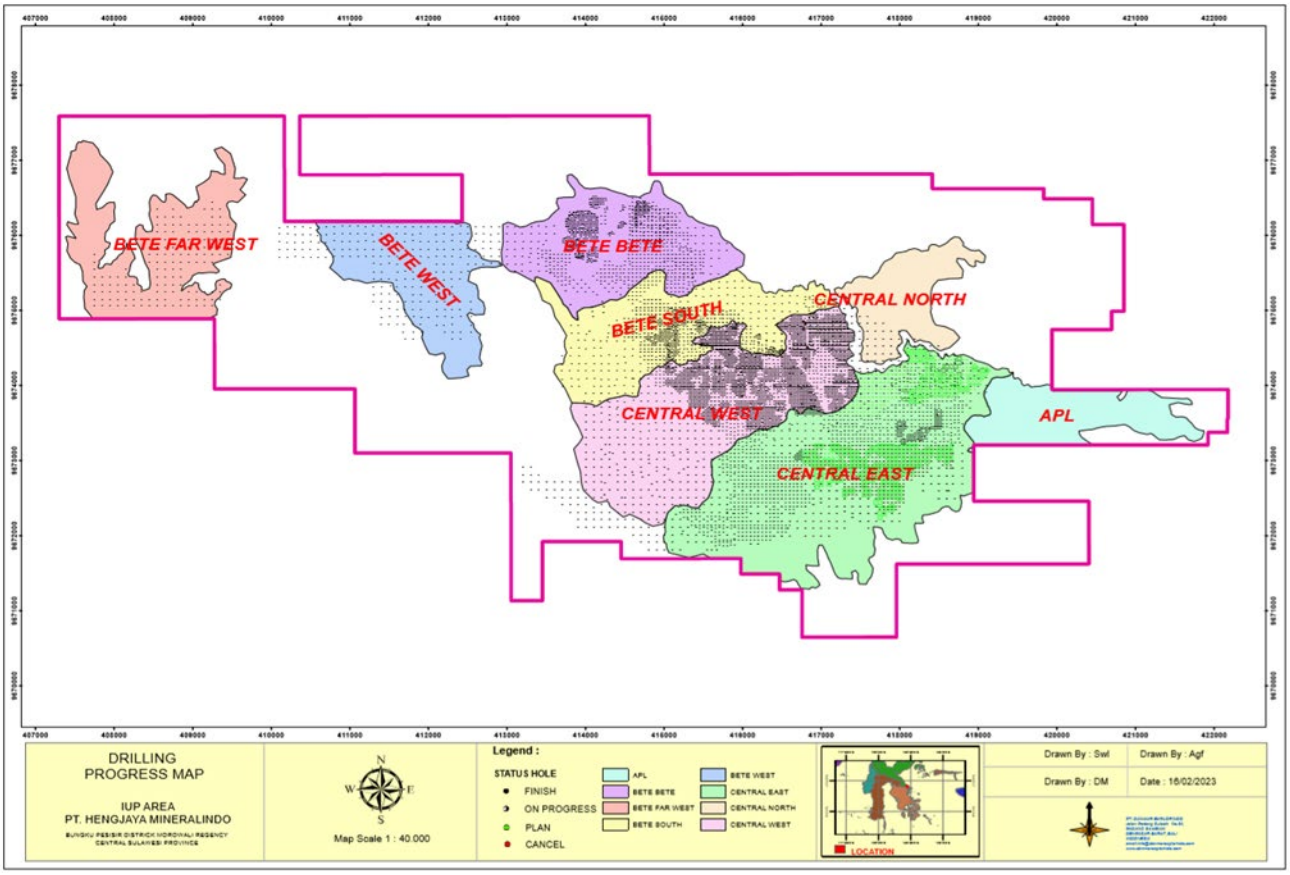
During 2022 there were a total of 97,329 metres drilled at Hengjaya Mine. Infill drilling totalled 82,342 metres, while exploration drilling accounted for 14,987 metres. All drilling costs were absorbed into the mine's operating costs.

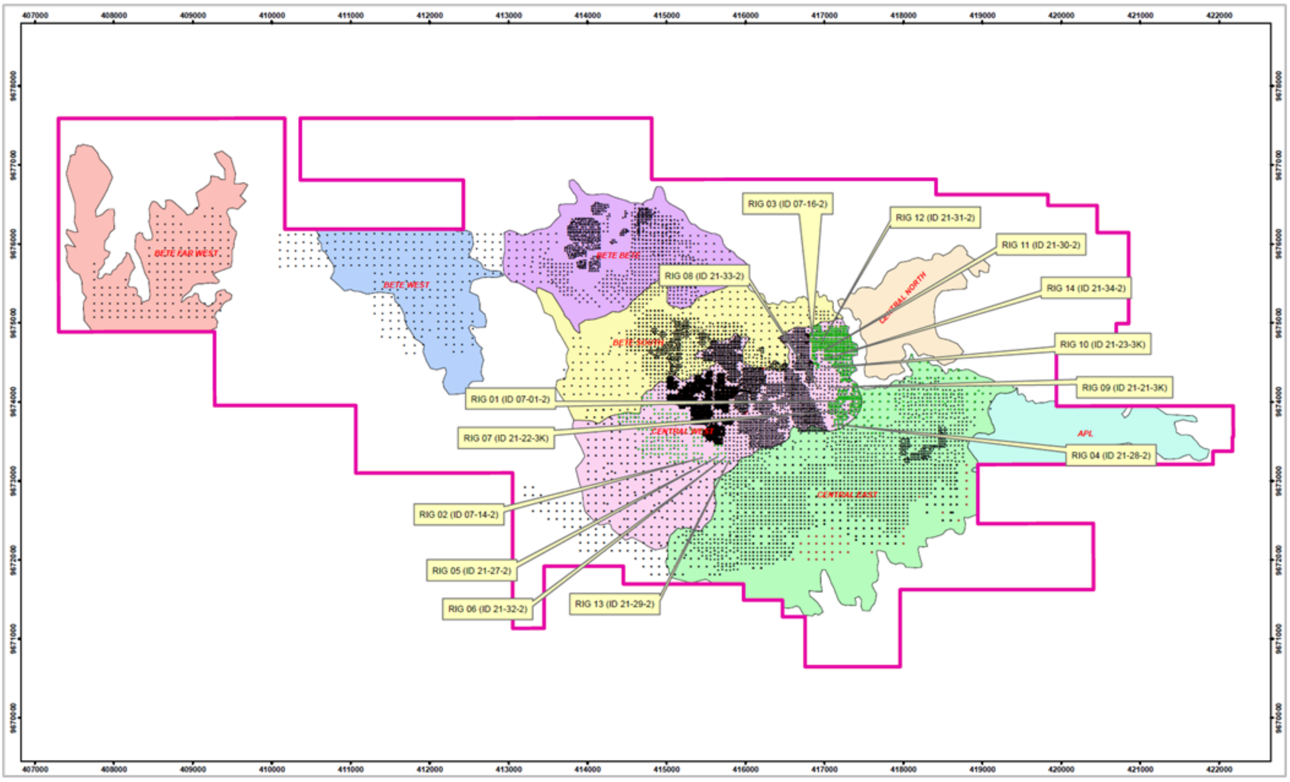
The 3,846 holes drilled in 2022 focused on the infill drilling mostly developed in Bete Bete South, Central West and Central East, while the exploration drilling (100m x 100m) drilled in Central West, IPPKH 3 Central East and Central West, and by the Quarter III to Quarter IV drilled in Central North

The mine reconciliation of saprolite ore modelled versus actual saprolite mined continued to confirm excellent results, well above the forecasted industrial recovery of +80% throughout the planning and mining operations.

Ultra ground penetrating radar ('UGPR') 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 to commence in 2023.

Closely associated with drilling activities is the Hengjaya Mine's on-site laboratory which includes preparation and assay facilities. During the year, the laboratory processed and assayed over 98,752 exploration samples**,** enabling fast turnaround times whilst being very cost affective across all areas of exploration, mine grade control and barging operations. A percentage of samples were also sent off-site to a 3rd party for quality control and assurance reconciliation. With the mine planning to increase limonite production and sales from 2023 onwards the on-site laboratory will be further upgraded (approximately +50%) to facilitate the additional quality control requirements.





Drilling progress and drill rig locations - December 2022

Safety, Environment and Community

Safety

During the December quarter there were no lost time injuries ('LTI') recorded at the mine, with over 4.6 million work hours registered since the last reported LTI in November 2021. This gives the Hengjaya Mine operations a LTI frequency rate ('LTIFR') of 0.22 and a total recordable injury frequency rate ('TRIFR') of 1.3 for each million work hours. Safety and career development training continued at the mine site which also included supervisory and ISO standards components.

Hengjaya Mine safety and rescue training with Indonesian search and rescue groups

Community

Nickel Industries continues with its commitment by contributing to both human and infrastructure development around the Hengjaya Mine and local communities and, as such, is actively involved in numerous Community Development and Empowerment ('PPM') and Community Social Responsibility initiatives. Other programs the Company is involved in relate to health, education, infrastructure and sustainability projects.

Donations of mobile equipment for waste management and Family Day at the mine site

Environment and Sustainability

In June 2022 the Company published its maiden sustainability report for the calendar year ended 31 December 2021. This inaugural report was prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option, with 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.

The Company's ESG performance has received several acknowledgments, including seven trophies at the Environmental and Social Innovation Awards (ENSIA), a significantly improved rating at S&P Global's Corporate Sustainability Assessment (CSA), in which the Company was included in the top half in terms of ESG indicators in 2022 among mining and metal industry group worldwide, and the ASRRAT accolade above. Additionally, the Company's maiden sustainability report has been shortlisted for several accolades at the Asia Sustainability Reporting Awards (ASRA) 2022, in which the results are anticipated to be announced in the first quarter of 2023 in Singapore.

ESG awards for the Hengjaya Mine at ENSIA 2022

REVIEW OF OPERATIONS

During the December quarter Nickel Industries was advised that it had earned a Silver rank award at the Asia Sustainability Reporting Rating (ASRRAT) 2022 for its inaugural Environmental, Social, and Governance (ESG) report.

The Company also has conducted a social study for its nickel-cobalt project in Siduarsi, Papua, with the support of Cendrawasih University. This research concluded that the area is socially conducive and the local people are supportive of mining activities.

In terms of operational ESG initiatives, Nickel Industries worked with Hatch during this quarter to identify optimisation opportunities for its fuel usage. This was a follow-up to the decarbonisation study for the Company's value chain earlier in 2022, also conducted with Hatch. Additionally, the Company has performed an in-depth analysis of the impact of climate change on its operations and determined potential mitigation strategies by following the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations, which will be disclosed in detail in the Company's upcoming sustainability report.

Sustainability Manager Muchtazar receiving the ASRRAT award

Additionally, the Indonesia Ministry of Environment and Forestry granted the Hengjaya Mine a 'Green PROPER' rating that indicates beyond compliance practices in terms of ESG implementation and reporting. The Hengjaya Mine became the sole entity from Morowali and the only mining company from Central Sulawesi to achieve this rank. Overall, just two nickel mining companies in Indonesia have earned this rank from the government, demonstrating how prestigious this accolade is in the country.

Hengjaya Mine nursery for rehabilitation

CORPORATE

Ownership interest in Oracle Nickel increased to 70%

During 2022 the Company completed the acquisition of a 70% interest in Oracle Nickel, having received shareholder approval at an Extraordinary General Meeting ('EGM') on 25 January 2022 for the transaction.

The Oracle Nickel Project comprises:

i) four RKEF lines, with an annual nameplate production capacity of 36,000 tonnes of equivalent contained nickel in NPI; and
ii) ancillary facilities required for the operation of each of the RKEF lines.

Oracle Nickel is also separately undertaking the construction of a 380MW power plant that will support the Company's RKEF lines and the IMIP's overall grid power requirements.

The total consideration for the Company's 70% indirect interest is $371 million ($530 million * 70%), together with the obligation to provide Oracle Nickel $154 million ($220 million * 70%) of funding to the construction for the Oracle Nickel power plant.

The acquisition was completed in the following three stages:

i) acquisition of a 10% interest in February 2022, following the payment of $23 million to Shanghai Decent, in addition to the $30 million of deposits already paid in 2021;
ii) acquisition of an additional 20% interest in May 2022, following the completion of a conditional placement of 108.1 million new ordinary shares at A$1.37 per share (equivalent to $106 million) to Shanghai Decent's nominee Decent Resource Limited; and
iii) acquisition of an additional 40% interest in September 2022, following the payment of $212 million to Shanghai Decent.

In addition, the Company has made funding contributions of $92.4 million to the construction of the power plant during the year. $81.2 million 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 $11.2 million was made subsequent to the consolidation of Oracle Nickel. As at 31 December 2022 the Company has $61.6 million remaining of its construction obligations.

The maiden 'NPI tap' was completed by the first of Oracle's four RKEF lines on 14 November 2022, well ahead of the scheduled delivery date of February 2023, the second line commenced commissioning in mid-December 2022 and the third line in February 2023. The fourth line is anticipated to have commenced commissioning by the end of the first quarter of 2023.

Subsequent to year end, the Company announced it would be acquiring an additional 10% interest in Oracle Nickel, increasing its equity interest to 80%. For further details, refer below to '*Electric Vehicle Battery Supply Chain Strategic Framework Agreement'.*

Capital raising initiatives

The Company undertook a number of capital raisings both during and subsequent to the end of the year, in both debt and equity markets, as it sought to expand its nickel production capacity. The primary focus of these capital raisings during the year was the Company's acquisition during 2022 of a 70% interest in the Oracle Nickel project, as detailed above, including Oracle Nickel's construction of a 380MW power plant.

The acquisition of an initial 30% interest in Oracle Nickel was funded by (i) an institutional placement in February 2022 which raised approximately A$148 million (~$106 million) from the issue of 108.1 million new ordinary shares at A$1.37 per share and was strongly supported by both new and existing institutional shareholders and (ii) a $106 million (~A$148 million) non-underwritten conditional placement to Shanghai Decent (or its nominee). The conditional placement was approved by shareholders at an EGM held on 3 May 2022 and Foreign Investment Review Board approval, which was received on 27 April 2022. Following these approvals, a further 108.1 million new ordinary shares at A$1.37 per share. were issued to Shanghai Decent's nominee Decent Resource Limited in May 2022, as a share based payment for a 20% interest in the Oracle Nickel project.

In August 2022 the Company executed binding agreements for the issuance of $225 million of senior secured notes (the 'Notes') at an interest rate of 10.0%, maturing August 2025. Issuance of the Notes was completed on 24 August 2022. This facilitated the move in September 2022 to a 70% interest in Oracle Nickel following the early payment of $212 million (originally required by 31 December 2022) to Shanghai Decent to secure its increased interest.

Electric Vehicle Battery Supply Chain Strategic Framework Agreement

In January 2023 the Company signed a multi-faceted Electric Vehicle Battery Supply Chain Strategic Framework Agreement ('Strategic Agreement') with Shanghai Decent, and entered into binding agreements with Shanghai Decent to acquire 10% interests in two producing nickel assets (collectively the 'Acquired Assets'):

The Acquired Assets comprise:

i) a 10% interest in PT Huayue Nickel Cobalt ('HNC') which the Company will acquire from Newstride Development Limited ('Newstride'), an entity within the Tsingshan group and an affiliate of Shanghai Decent) for $270 million. HNC is an operating HPAL project in the IMIP; and
ii) an additional 10% interest in Oracle Nickel for $75 million in cash (increasing the Company's interest to 80%).

The Company also acquired options to collaborate with Shanghai Decent on future battery nickel opportunities for $40 million (collectively the 'Acquired Options').

The Acquired Options comprise:

i) a $25 million option for the construction of an HPAL plant with the ability to produce MHP, nickel sulphate and electrolytic nickel cathode; and
ii) a $15 million option to invest in and construct a low-grade to high-grade nickel matte converter at Oracle Nickel.

Equity Capital Raise

To fund the Acquired Assets and Acquired Options the Company announced it would be undertaking a $471 million capital raise (~A$673 million) ('Equity Raise').

The Equity Raise will comprise:

(i) a now completed $185 million (~A$264 million) fully underwritten, institutional placement ('Institutional Placement');
(ii) a $270 million (~A$386 million) placement to Newstride (or its nominee), $15 million (~A$21 million) placement to Shanghai Wanlu Investment Co. Ltd. ('Wanlu') (or its nominee) and $1.4 million (~A$2 million) placement to Non-Executive Director Mark Lochtenberg (or his nominee) on a non-underwritten basis ('Conditional Placement'); and
(iii) a non-underwritten share purchase plan ('SPP') to eligible shareholders in Australia and New Zealand, with the SPP targeting to raise up to $20 million (~A$29 million).

The Institutional Placement was successfully completed on 19 January 2023 and the SPP offer closed on 24 February 2023.

The Conditional Placement will require approval by shareholders at an EGM (expected to be held in April 2023) and in the case of the placement of shares to Newstride, approval by the Australia's Foreign Investment Review Board ('FIRB') - the completion of the acquisition of the Acquired Assets and Acquired Options is conditional on the receipt of these approvals..

Material tax concessions secured for Angel Nickel and Oracle Nickel

In January 2022 the Company was advised that Angel Nickel's Indonesian operating entity, PT Angel Nickel Industry, had been granted material corporate tax relief for its RKEF project. In March 2022 the Company was advised that Oracle Nickel's Indonesian operating entity, PT Oracle Nickel Industry, had been granted the identical tax concessions.

Notice of the tax relief was communicated to the Company by official decrees from the Minister of Finance of the Republic of Indonesia after the Ministry of Investment/Investment Coordination Committee conducted studies to assess whether Angel Nickel and Oracle Nickel "comply with the standards and requirements for tax relief set out in Article 3 of Minister of Finance Decree No. 130/PMK.010/2020 on Granting of Corporate Income Tax Relief Facilities".

Having satisfied these requirements, the following tax concessions were granted:

- a Corporate Income Tax Reduction of 100% for a period of ten tax years, starting from the tax year in which commercial production is achieved; 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 ten-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 ten tax years, also commencing from the tax year in which commercial production is achieved.

The Company's existing Hengjaya Nickel and Ranger Nickel projects are currently benefitting from 7-year, 100% corporate tax relief. The increased tenor of the tax-free period (to 10 years) applicable to Angel Nickel and Oracle Nickel is attributed to its materially larger scale and "planned investment value".

Acquisition of the Siduarsi Nickel-Cobalt Project

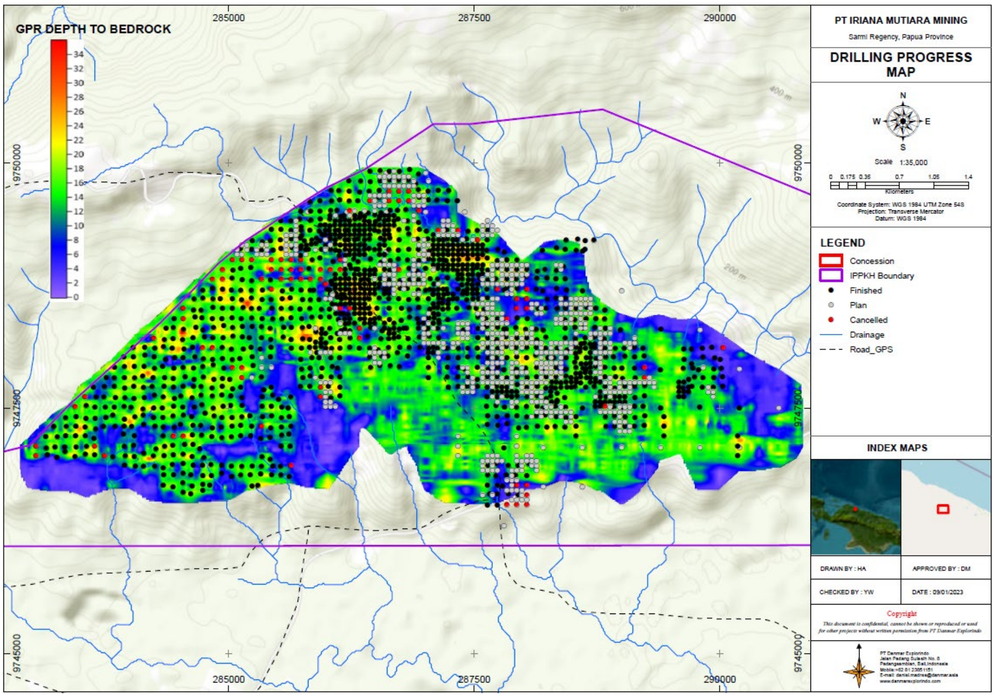
In May 2022 the Company signed a binding definitive agreement ('Definitive Agreement') for the staged acquisition of a 100% interest in the Siduarsi Nickel-Cobalt project ('Siduarsi') in Papua province, Indonesia.

Siduarsi is a 6th generation Contract of Work ('CoW') held by PT Iriana Mutiara Mining ('IMM') and is one of only four active nickel CoWs in Indonesia; the other three being VALE-INCO (which hosts its Soroako nickel matte production facilities - 65kt of nickel in 2021), Weda Bay which hosts the IWIP (where the Company's Angel Nickel project is) and Gag Island in West Papua province.

The Siduarsi CoW covers 16,470 hectares with previous work undertaken by Battle Mountain (IMM JV partner, 1994 - 1997) and Freeport McMoran (IMM Option holder, 1998 - 1999), who were assessing the project's limonite potential. Work undertaken by Battle Mountain and Freeport McMoran included approximately 367 shallow hand and machine soil augurs, 24 drill holes and 4 test pits, which returned highest individual grades of 2.07% nickel and 0.36% cobalt across 1-metre vertical channel samples at very shallow depths.

Since the first quarter of 2022, over 21,384 metres of drilling have been completed (see drill location below). Detailed geological modelling is well advanced and new areas in the west of the IUP are currently being drilled. Currently there are four drill rigs working on the IUP area of the project.

Additional updates on the project are currently being undertaken and include ore grade and domain modelling for metallurgical test work programs, regional environment base line studies, potential haul road options and coastal bathymetric studies for suitable port infrastructure and jetty locations. The first metallurgical bulk sample was taken during the December quarter and test work commenced in Jakarta laboratory. Initial Metallurgical test work will include beneficiation, screen size analysis followed by acid leach test work.



Drill location plan with data until end of December 2022

Under the terms of the Definitive Agreement, the Company can acquire up to 100% of the Siduarsi CoW through an earn-in structure (the terms of which are disclosed in our ASX announcement dated May 16, 2022). During 2022 the Company spent $3,348,413 on exploration costs at the Siduarsi project.

Binding term sheet for 200MWp + 20MWh battery solar project

In August 2022, the Company signed a binding term sheet with PT Sumber Energi Surya Nusantara ('SESNA') to develop, install, operate and maintain a 200MWp + 20MWh battery solar project within the IMIP, which will supply power to the Company's Hengjaya Nickel, Ranger Nickel and Oracle Nickel processing operations. The binding term sheet builds on the MoU signed with SESNA in January 2022. SESNA has presented the Company with a compelling project proposal that outlines, amongst other things, the key responsibilities and deliverables of the solar project. Nickel Industries will be the long-term offtake partner for SESNA and will not be required to contribute any capital funding. The indicative tariff for electricity (expressed as US cents per kWh) is expected to remain constant over the life of the project.

Strategic cooperation agreement with QMB New Energy

In September 2022 the Company signed a long-term strategic cooperation agreement with QMB. Subject to the necessary approvals, QMB will build a concentrator plant within the Hengjaya Mine area that will supply via pipeline (over a 20-year period), approximately 5-7 million wmtpa of limonite ore (1.1% - 1.3% grade) from the Hengjaya mine to QMB's newly commissioned HPAL plant within the IMIP.

Furthermore, both parties have agreed to explore in good faith the opportunity for Nickel Industries to have equity participation in the QMB HPAL that, if executed, would result in the Company producing 'Class 1' nickel and cobalt for the growing EV battery supply chain in the form of high-purity, battery-grade MHP, nickel sulfate and cobalt sulfate.

The strategic cooperation agreement is subject to further definitive agreements to be agreed by the parties.

Change of Company name

Following shareholder approval at the Company's AGM on 31 May 2022, the Company's name was changed from Nickel Mines Limited to Nickel Industries Limited.

While the Company's origins are that of an explorer and miner of nickel ore, in recent years the Company has transitioned into a globally significant downstream processor of nickel metal and this change of name is considered to reflect the underlying nature of the Company's current core operations. With the Company's Angel Nickel project having commissioned in 2022 and the Oracle Nickel project in the advanced stages of its commissioning, the Company's revenue and earnings base will increasingly be activities driven by a growing suite of downstream "industrial" processing assets.

Board Appointments

In December 2022, the Company announced that Mr Chris Shepherd and Mr Xiang Binghe would be joining the Board of Directors.

Chris has served as the Company's Chief Financial Officer since November 2021 and has been appointed in the capacity of Executive Director. Prior to joining the Company, Chris was a Partner and Managing Director of The Pallinghurst Group in London where he was responsible for executing Pallinghurst's battery material investment strategy. Chris has over 20 years' experience in private equity, investment banking and corporate finance and has advised on more than $30 billion in transactions across Australasia, North America, Europe and Africa.

Mr Xiang Binghe has been a key member of the rapid development of Tsingshan since 2000. His previous experience spans many senior roles and operations including head of AOD Department of Zhejiang Tsingshan Special Steel Company Limited, the General Manager of Zhejiang Tsingshan Steel Company Limited, the Chairman of Zhejiang Ruipu Machinery Company Limited, the Vice President of Ruipu Technology Group Company Limited, the Chairman of Fujian Dingxin Nickel Company Limited and the Vice Chairman of Tsingtuo Group Company Limited. Mr Xiang has already played a key role in the development of the Company's RKEF operations, as a Shanghai Decent nominee to the Board of the Company's Indonesian RKEF entities, as well as director of the Company's Singaporean subsidiary holding companies. In his current role as Chairman of Eternal Tsingshan he has successfully led the management, development and operations of the IMIP and the IWIP. Mr Xiang will join the Board following receipt of a director identification number.

Declaration and payment of maiden interim and final dividends

In January 2022, the Company declared a final dividend for 2021 of A$0.02 per share, being a distribution of A$50.3M ($35.4M). In August 2022, the Company declared a A$0.02 interim dividend. The dividend was paid on 14 September 2022, totalling A$54.6M ($37.3M).

Competent Persons Statement

The information provided in this report that relates to Exploration Results and the Mineral Resource at the Hengjaya Mine, is based on information provided by Daniel Madre of PT Danmar Explorindo. Mr Madre is a member of the Australian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which are being undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Madre is an independent consulting geologist and consents to the inclusion of the matters based on his information in the form and context in which it appears. Mr Madre has more than 18 years experience in exploration and mining of nickel laterites in Indonesia.

The information in this announcement that relates to Exploration Results in relation to the Siduarsi Nickel-Cobalt Project is based on and fairly represents information and supporting documentation compiled by Michael Thirnbeck BSc (Hons), a Competent Person, who is a Member of the Australasian Institute of Mining and Metallurgy. Michael Thirnbeck is a full-time employee of PT. Iriana Mutiara Mining and has sufficient experience that is relevant to the style of mineralisation, type of deposit and activities being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. The Competent Person has verified the data disclosed in this release, including sampling, analytical and test data underlying the information contained in this release. Mr. Thirnbeck consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Task Force on Climate-Related Financial Disclosures (TCFD)

Introduction

Nickel Industries recognises its responsibility to support the global effort to transition to a low-carbon economy, whilst ensuring that its operations reduce its exposure to climate risks.

The Company understands the financial risks posed by climate change and subsequently responds accordingly through the accounting of its greenhouse gas ('GHG') emissions to examine which risks are most financially significant. The Company has identified a number of risks, as summarised below.

Physical risks

Nickel Industries has acknowledged that physical risks, extreme weather events and longer-term changes in weather patterns may impact operations. These risks may lead to production delays, loss of productivity days, increased costs and increased liabilities. To understand the current and future risks, several climate scenarios are used. Each scenario provides a set description of future climate projections based on GHG concentration. The physical risks were projected with the Representative Concentration Pathway ('RCP') scenarios developed by the Intergovernmental Panel on Climate Change ('IPCC'), which describes different climate futures based on the GHG concentration trajectory and its radiative forcing. Two scenarios are considered to identify how severe climate change affects the Company:

- RCP 4.5: a moderate scenario in which emissions peak around 2040 and then decline; and
- RCP 8.5: the highest baseline emissions scenario in which emissions continue to rise throughout the twenty-first century.

The identified physical risks include temperature rises, precipitation increases, sea level rises and natural disasters; these risks will be described in more detail in the Company's Sustainability Report for 2022.

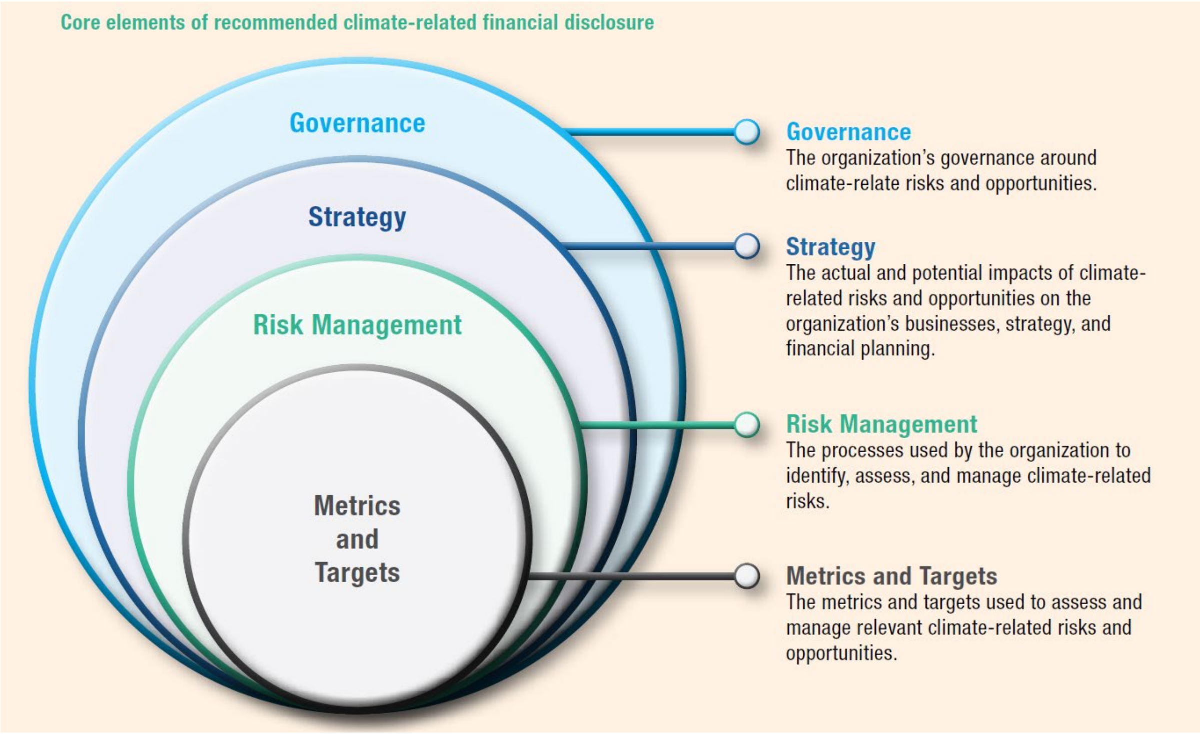
Transition risks

Nickel Industries acknowledges that the world is gradually transitioning to low-carbon development in accordance with the Paris Agreement. This transition may have a future impact on business, particularly for mining and metal producing companies, which are often identified as significant GHG emitters, due to their high energy intensity consumption. To comprehend the transitional risks, the 'Policy and Sustainable Development Scenarios' for the years 2021 to 2050, announced by the International Energy Agency World Energy Outlook 2021 ('IEA WEO') are utilised to analyse future risks. This IEA WEO scenario is used to assess a Company's readiness for changes to the global energy system.

The identified transition risks include regulatory/policy changes, technological shifts, and reputational risk; these risks will be described in more detail in the Company's Sustainability Report for 2022.

Core elements of our climate-related financial disclosure

The core elements of the Company's disclosure are Governance, Strategy, Risk Management and Metrics and Targets. These elements are depicted in the following image and summarised below.



Governance

Climate change is a substantial governance and strategic issue that is regularly on the Board's agenda, particularly in the context of strategy discussions, portfolio reviews and investment decisions, risk management oversight and monitoring, and performance against our commitments. Therefore, Nickel Industries has developed a sustainability committee to discuss various ESG issues, including climate change, within the Company.

Our Board of Directors has diverse backgrounds and experiences, which positively impact the Company because each member of the Board can provide a different view on climate change and other ESG-related topics. The inputs and outputs obtained from regular ESG-related sessions are accommodated by the sustainability committee and are included in the decision-making process.

Strategy

The Company's strategy can be separated into the short, medium and long-term.

- **Short-term strategy**: The Company has started to 'get ready', developing a GHG inventory and looking into possible mitigation strategies. We have engaged with Pertiwi Consulting and Hatch to conduct GHG inventory, governance and risk analyses, develop decarbonisation strategies, and research fuel optimisation opportunities. Our emissions are dominated by the combustion of coal and the consumption of electricity. Therefore, the most prominent short-term action is to optimise fuel and energy consumption.
- **Medium-term strategy**: given the current state of Scope 1 and 2 GHG emissions, the climate scenario analysis, and the development of coal climate policy, carbon-related regulation may become effective in the near future. Such regulations could have a significant financial impact on the Company. For instance, if a carbon tax is implemented, penalty fees could be imposed, and capital expenditures would be expected to decrease emissions. Therefore, the Company is focusing on various forms of renewable or lower emissions energy, such as solar projects, natural gas projects and fuel reduction strategies.
- **Long-term strategy**: our scenario analysis revealed that international and national regulations are anticipated to exert greater pressure on GHG reduction. The Company plans to mitigate the transition risk toward the implementation of low-carbon technologies by installing renewable energy technologies on our sites. As the implementation of this technology is a lengthy process, further studies are required. The Company has identified and secured attractive market opportunities to participate in the low-carbon EV battery supply chain.

Risk Management

Nickel Industries may experience disruption in its operation due to increased disasters in its surrounding sites. This may lead to an increase in business costs due to possible delays. Therefore, we consider the following measures to manage physical risks:

- continue to monitor the development of acute and chronic physical risks by collecting yearly data;
- develop water management plans;
- monitor water usage and analysis;
- recycle used water and lessen water loss due to waste, leakage, and evaporation; and
- develop a contingency plan whenever such extreme climate disasters arise, both onsite and offsite.

The transition risks for the Company largely come from policy, technology, and reputation. A comprehensive transition risk management plan will be created and followed by strategic plans and actions. Additionally, the Company considers these measures with the goal of increasing climate resilience and reducing emissions:

- continue with the 'Future Energy' collaboration framework with Shanghai Decent to optimise the transition to renewable energy sources across the Company's operations;
- early planning and actions for greening the Company's operations and facilities, which will help minimise the effect of the upcoming carbon tax;
- building the reputation as a 'clean nickel producer' to reinforce the trust of investors and the general public;
- expanding our production into Class 1 nickel advances Nickel Industries into sustainable, transition-oriented businesses as one of the leading producers of EV battery materials in the future; and
- continuously monitor the evolution of Indonesian and global climate policy and explore opportunities for technological collaboration.

Recognising the challenges to addressing these requirements, the Company began engaging with external consultants in 2021 to build in-house capacity and data collection to understand the risks and opportunities that climate change can pose towards our business. In addition, the Company utilise the Task Force on Climate-Related Financial Disclosures ('TCFD') framework in developing its roadmap.

In 2021, the Company investigated climate-related governance, the development of its GHG inventory and GHG emission reduction strategies. In 2022, Nickel Industries continued to deepen the assessment of the current climate resilience of the Company. Our work not only focused on the GHG inventory or preliminary mitigation ideas, but also on risk assessment and engaged with the Board of Directors to discuss the results and initiate the discussions on forward-looking strategies. As a result, the Company has identified a strategy roadmap for responding to climate change, identifying short-term, medium-term and long-term strategies (as outlined in the section above).

Metrics and Targets

The Board of Directors of the Company, led by the Sustainability Committee, will develop metrics and targets to assess and manage the Company's performance in relation to the identified strategies – the metrics and targets are expected to be included in the Company's 2022 Sustainability Report.

Corporate Governance Statement

The Board is committed to maintaining standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders. The Company has reviewed its corporate governance practises against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The Corporate Governance Statement is dated as at 28 February 2023, reflecting the corporate governance practises throughout the 2022 financial year and was approved by the Board of Directors of the Company on 28 February 2023. A description of the Company's current corporate governance practises is set out in the Company's Corporate Governance Statement which can be viewed at www.nickelindustries.com.au/corporate-governance/.

DIRECTORS' REPORT

The Directors present their report together with the financial report of Nickel Industries Group, being Nickel Industries Limited ('the Company' or 'Nickel Industries') and its controlled entities ('the Group'), for the year ended 31 December 2022 and the auditor's report thereon:

Directors

The names and particulars of the Directors of the Company at any time during or since the end of the year are:

Robert Charles Neale – Non-Executive Chairman
Director since 16 April 2018.

Mr Neale graduated from the University of Queensland with a First Class Honours Degree in Geology and Mineralogy with an additional major in Chemistry. Mr Neale is currently the Non-Executive Chairman of Mayur Resources Limited, an industrial minerals and energy company with assets in Papua New Guinea.

Mr Neale is the former Managing Director of New Hope Corporation Limited and the former Non-Executive Chairman of Mayur Resources Limited. He joined NHC in 1996 as General Manager and was appointed as an 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 and 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 he spent 23 years with Esso Australia and EXXON Coal and Minerals Company.

Norman Alfred Seckold – Executive Deputy Chairman
Executive Chairman to 16 April 2018. Director since 12 September 2007.

Norman Seckold graduated with a Bachelor of Economics degree from the University of Sydney and 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 ASX-listed companies Alpha HPA Limited, Santana Minerals Ltd and Sky Metals Limited.

Justin Charles Werner – Managing Director
Director since 23 August 2012.

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 then 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.

James Crombie – Non-Executive Director
Director since 23 May 2008.

Jim Crombie graduated from the Royal School of Mines, London, 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.

Weifeng Huang – Non-Executive Director
Director since 26 April 2018.

Mr Huang has graduated with a Bachelor of Engineering degree from Zhejiang University and a Masters of Business Administration from Zhejiang University.

Mr Huang began his career in several industrial enterprises and has broad management experiences from serving as the Plant Manager of Wenzhou Tractor Plant, the General Manager of Wenzhou Machinery Industrial Corporation, the Vice Mayor of Wenzhou and the Executive Chairman of China Perfect Machinery Industry Corp., Ltd. Mr Huang also served as the Deputy Director of the Management Committee of Shanghai Jinqiao Export Processing Zone, where he was appointed as a Director of Shanghai Jinqiao Export Processing Zone Development Co., Ltd, a publicly-listed company on the Shanghai Stock Exchange and 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.

Mr Huang is currently the Chairman of Shanghai Decent Investment (Group) Co., Ltd, a flagship company within the Tsingshan group which led in the development of the IMIP and he is a Director of PT Indonesia Morowali Industrial Park.

Mark Hamish Lochtenberg – Non-Executive Director
Director since 10 March 2017.

Mr Lochtenberg graduated with a Bachelor of Law (Hons) degree from Liverpool University, U.K. and has been actively involved in the coal industry for more than 25 years. He was the Executive Chairman and founding Managing Director of ASX-listed Cockatoo Coal Limited.

He was also 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. Prior to this Mr Lochtenberg established a coal "swaps" market for Bain Refco, (Deutsche Bank) after having served as a senior coal trader for Hansen Neuerburg AG and as coal marketing manager for Peko Wallsend Limited.

Mr Lochtenberg is currently Chairman of ASX-listed Equus Resources Limited, a director of Terracom Limited and a director of non-listed companies Australian Transport Energy Corridor Pty Ltd and Montem Resources Limited.

Christopher Shepherd – Director and Chief Financial Officer
Chief Financial Officer since 15 November 2021. Director since 23 December 2022.

Chris Shepherd is a Chartered Accountant who holds Bachelor degrees in Applied Finance and Commerce. Most recently Chris acted as a Partner and Managing Director of The Pallinghurst Group in London and has over 20 years' experience in private equity, investment banking and corporate finance, advising on more than $30 billion in transactions across Australasia, North America, Europe and Africa.

Prior to The Pallinghurst Group where he was responsible for establishing and executing Pallinghurst's battery materials investment strategy, Chris 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.

Dasa Sutantio – Non-Executive Director
Director since 29 May 2020.

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. Within the Tanito Group, Mr Sutantio is a Director of PT Karunia Bara Perkasa, currently the Company's second largest shareholder.

Yuanyuan Xu – Non-Executive Director
Director since 26 April 2018.

Ms Yuanyuan Xu graduated with a Bachelor's Degree in Fashion Business & Fashion Design from Instituto Marangoni. Since graduation, Ms Xu has focused on marketing, public relations and procurement activities.

She is currently an Executive Director of Shanghai Wanlu Investment Co., Ltd.

Management

Richard James Edwards – Company Secretary
Company Secretary since 28 March 2012.

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, 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 also Company Secretary of ASX-listed Alpha HPA Limited and Prospech Limited.

Directors' Meetings

The number of Directors' meetings held and number of meetings attended by each of the Directors of the Company, while they were a Director, during the year are:

Director	Board meetings		Audit Committee meetings		Nomination Committee meetings		Remuneration Committee meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Robert Neale	13	13	2	2	1	1	1	1
Norman Seckold	13	11	-	-	1	1	-	-
Justin Werner	13	13	-	-	-	-	-	-
James Crombie	13	12	2	1	-	-	1	1
Weifeng Huang	13	13	2	2	-	-	-	-
Mark Lochtenberg	13	13	2	2	1	1	1	1
Chris Shepherd*	-	-	-	-	-	-	-	-
Dasa Sutantio	13	12	-	-	-	-	-	-
Yuanyuan Xu	13	12	-	-	-	-	-	-

* Appointed as a Director on 23 December 2022.

Directors' Interests

The beneficial interests of each Director of the Company in the issued share capital of the Company are:

Director	1 January 2022	Purchased	Sold	Date of this report
Robert Neale	700,000	10,000,000	-	10,700,000
Norman Seckold	123,715,661	-	(10,000,000)	113,715,661
Justin Werner	29,765,228	-	-	29,765,228
James Crombie	6,580,000	-	-	6,580,000
Weifeng Huang	2,820,000	690,000	-	3,510,000
Mark Lochtenberg	37,538,584	-	-	37,538,584
Chris Shepherd*	57,723	-	-	57,723
Dasa Sutantio	-	-	-	-
Yuanyuan Xu	97,258,258	-	-	97,258,258

* Number held at the date of appointment as a Director on 23 December 2022.

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 were paid or declared during the year ended 31 December 2022.

Significant Changes in State of Affairs

In the opinion of the Directors, significant changes in the state of affairs of the Group that occurred during the year ended 31 December 2022 were as follows:

- At a General Meeting held in January 2022, the Company's shareholders approved the 70% acquisition of the Oracle Nickel project for $371M, which consists of four RKEF lines with an annual nameplate production capacity of 36,000 tonnes of nickel metal and ancillary facilities, as well as a commitment to provide $154M of funding for construction of a 380MW power plant. During 2022 the Company completed the acquisition of the 70% interest in Oracle Nickel and provided $92.4M in construction funding.
- In February 2022 the Company completed a placement of 108,122,223 shares at A$1.37 per share to institutional shareholders. This was followed in May 2022 with the issuance of a further 108,122,223 shares at A$1.37 per share to a nominees of Shanghai Decent as a share based payment for a 20% of the Oracle Nickel project.
- During 2022 the Angel Nickel projects four RKEF lines and power plant were successfully commissioned, with the first RKEF line producing its first NPI in late January 2022 and the fourth line in May 2022, which is when commercial sales of NPI commenced following receipt of Angel Nickel's commercial business licence.. The power plant commenced commissioning in late July 2022.
- The Company released its maiden Sustainability Report in June 2022.
- In August 2022, the Company completed a $225M offering of Senior Secured Notes at an interest rate of 10.0%, maturing 23 August 2025.
- In October 2022, production at the two RKEF lines at Hengjaya Nickel was switched from NPI to nickel matte.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Group during the year ended 31 December 2022 other than as disclosed in this Directors' Report, or in the financial statements.

Impact of Legislation and Other External Requirements

On 12 January 2014 the Indonesian Government introduced a ban on the export of unprocessed minerals. As a consequence, the mining operations at the Hengjaya Mine ceased. Whilst the ban on the export of unprocessed minerals remains in place, mining operations were recommenced in October 2015 following the signing of a series of offtake agreements to supply ore to Tsingshan group companies within the IMIP. There were no environmental or other legislative requirements during the year that have significantly impacted the results or operations of the Group.

Environmental Regulations

The Group's operations are subject to environmental regulations in the Republic of Indonesia.

The Board of Directors regularly monitors compliance with environmental regulations. The Directors are not aware of any significant breaches of these regulations during the period covered by this report.

The Group's maiden Sustainability Report was published in June 2022.

Likely Developments

Information as to likely developments in the operations of the Group and the expected results of those operations in subsequent years has not been included in this report because disclosure of this information would be likely to result in unreasonable prejudice to the Group.

Indemnification of Officers and Auditors

During or since the end of the year, the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company against a liability incurred by such an officer or auditor. In addition, the Company has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Non-audit Services

During the year ended 31 December 2022 KPMG, the Company's auditor, has performed other services in addition to their statutory audit duties.

	2022	2021
Auditors of the Company	**$**	**$**
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	-
	463,421	575,315

The Directors are satisfied that the provision of non-audit services, during the 2022 year, by the auditor, or by another person or firm on the auditor's behalf, is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth). The Directors are of the opinion that these services, do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence, as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Events Subsequent to Balance Date

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 HNC. 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 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 other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Business Risk Disclosures

Risk	Description	Mitigant
Commodity price fluctuations	As a producer of NPI and nickel matte, the earnings of Nickel Industries are correlated to the price of NPI and nickel matte, and Nickel Industries' cash costs are correlated to the price of other commodities including coal and nickel ore. Commodity prices, including NPI, nickel matte, coal and nickel ore can fluctuate rapidly and are affected by numerous factors beyond the control of the Company. These factors include world demand for commodities, production cost levels, macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, commodities, general global economic conditions, and short positions taken by traders, miners and processors. A decline in the market price of NPI or nickel matte, and price fluctuations for other commodities may have an adverse effect on the Company's revenues and operations and the Company's ability to fund those operations.	The Company continues to focus on minimising the cost of production, which we believe provides a level of cash flow protection through the cycle. In addition, the Company has recently diversified its production to include nickel matte and is planning to acquire MHP production – these products all have different price drivers that should increase the stability of the Company's earnings.
Reliance on Tsingshan group	The continued operations of Hengjaya Nickel, Ranger Nickel, Angel Nickel and Oracle Nickel, including commissioning of the remaining RKEF line and power plant of Oracle Nickel and potential future development of HPAL and nickel matte converter projects are reliant on the relationship between the Company and Tsingshan, and Tsinghan's role in developing and constructing those projects. ***Sales*** All sales of NPI are currently sold to Tsingshan group companies and the Company has heavy reliance on the Tsingshan group as a purchaser of NPI produced from Ranger Nickel, Angel Nickel and Oracle Nickel There may be a materially adverse effect on the Company's financial performance and that of Ranger Nickel, Angel Nickel and Oracle Nickel if Shanghai Decent fails to purchase all of the offtake and alternative customers are not found. ***Supply of ancillary services within the IMIP and IWIP*** The Company and the Group Entities do not have any formal contractual agreements for the supply of ancillary services within the IMIP or IWIP that support the operations of Hengjaya Nickel, Ranger Nickel, Angel Nickel and Oracle Nickel (for example, power and access to port). The operations of the Company and the Group Entities may be affected if these services are not supplied as in the past.	To facilitate the operations of Hengjaya Nickel, Ranger Nickel and Oracle Nickel within the IMIP, and Angel Nickel within the IWIP, Shanghai Decent has formally, in CAs entered into with the Company in which: • Shanghai Decent has committed to purchase all of the Company's NPI production. The production of nickel products other than NPI may be sold to third parties (which Shanghai Decent encourages) providing customer diversification; • IMIP/IWIP will provide such services to the relevant Group Entity in accordance with the 'principle of non-discrimination', substantially 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 users within the IMIP or IWIP (as the case may be); and • Shanghai Decent has provided a nameplate (i.e. production level) and commissioning guarantee to the Company, and Shanghai Decent has an extremely history of successfully doing as such. Finally, the Board of Directors believes the interests of Shanghai Decent are closely aligned with that of the Company, given Shanghai Decent's major shareholding in the Company (directly) and its ownership interests in each of the Company's RKEF projects.
Environmental, social and governance risk	Mining for ore and processing NPI and nickel matte can be potentially environmentally hazardous and may give rise to potentially substantial costs for environmental rehabilitation, damage control and losses.	The Company seeks to minimise these risks by conducting its activities (including its operating entities where within its control) in an environmentally responsible manner,

Risk	Description	Mitigant
	Significant liability could be imposed on the Hengjaya Mine, Hengjaya Nickel entities, the Ranger Nickel entities, the Angel Nickel entities, the Oracle Nickel entities and HNC for damages, clean-up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by previous occupiers or non-compliance with environmental laws or regulations. Further, the failure of the Company or its related entities to engage with the local communities would risk disaffection on the part of the communities, which may have adverse implications for the Company's operations.	in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage. Further, the Company maintains strong community relations to ensure that the local stakeholders are supportive of the Company's operations in Indonesia.
Management and key personnel risk	The Company's business and future success heavily depends upon the continued services of a small group of executive management and other key personnel. If one or more of the Company's management or key personnel were unable or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. The Company's business may be severely disrupted, its financial condition and results of operations may be materially adversely affected, and it may incur additional expenses to recruit, train and retain personnel.	Remuneration consultants have been engaged by the Group during the year ended 31 December 2022, but their reporting to the Company remains outstanding.
Climate risk	The Hengjaya Mine and the IMIP, where the Hengjaya Nickel, Ranger Nickel and Oracle Nickel RKEF lines and HNC Project are located, is located in the Indonesian province of Central Sulawesi. The IWIP, where the Angel Nickel RKEF lines are located, is located in Halmahera Island in Indonesia's North Maluku province. The Hengjaya Mine. Hengjaya Nickel, Ranger Nickel, Angel Nickel Oracle Nickel and HNC operations are therefore subject to the local climate of Central Sulawesi and North Maluku. Exploration, mining production and transportation activities may be susceptible to risks and hazards resulting from sustained precipitation or other weather conditions. If these risks do occur, they may result in production delays, increased costs and increased liabilities. Further, changes in laws and policies, including in relation to carbon pricing, greenhouse gas emissions and energy efficiency, may adversely impact operations. Technological changes, including increasing use of renewable energy, may affect operations.	For a discussion on the Company's current strategy to mitigate these risks, please refer to 'TCFD section' of this report.
Cyber risk	The Company and its Group Entities rely on IT infrastructure and systems and the efficient and uninterrupted operation of core technologies. The Company's core technologies and other systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyber-attacks, power or telecommunication provider's failure or human error. These events may cause one or more of the Company's core technologies to become unavailable. Any interruptions to these operations would impact the Company's ability to operate and could result in business interruption, loss of customers and revenue, damaged reputation and weakening of competitive position and could therefore adversely affect the Company's operating and financial performance.	The Company engages a reputable third-party IT firm to manage its IT infrastructure and cyber-security.

Risk	Description	Mitigant
Changes in taxation laws and policies	Changes to tax laws may affect the Company and its shareholders, and the Group Entities. There may be tax implications arising from ownership of the Company's shares, the receipt of dividends (if any) from the Company, receiving returns of capital and the disposal of the shares. Taxation concessions available to any Group Entity may change or cease to be applicable over time.	The Company, with its advisors, monitors developments in this respect and would seek to engage the relevant authorities should any of these risks emerge. Further, the Company continues to diversify its production mix which may provide some protection against the effects of any changes in tax laws and policies that affect any one nickel product.

Remuneration Report - (Audited)

All amounts in this remuneration report are in Australian Dollars unless otherwise stated.

Principles of Compensation - (Audited)

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Company and CFO Chris Shepherd, who was also appointed a Director in December 2022. No other employees have been deemed to be key management personnel. The policy of remuneration of Directors and senior executives is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Compensation levels have been, and will be, set to be in line with Australian listed entities of equivalent size and comparable operations in order to attract and retain suitably qualified and experienced key management personnel but also having regard to the prevailing financial capacity of the Company.

The Board is responsible for reviewing and evaluating its own performance. The evaluation process is intended to assess the Group's business performance, whether long term strategic objectives are being achieved and the achievement of individual performance objectives.

Remuneration generally consists of salary payments. There is no variable remuneration and no share-based payments have been made. The remuneration disclosed below represents the cost to the Group for the services provided under these arrangements.

Consultancy Agreements with key management personnel

The Company has entered into an executive consultancy agreement with a company associated with Norman Seckold. Under this executive consultancy agreement, the consultancy company of Mr Seckold agrees to make Mr Seckold available to perform the duties and responsibilities of the position of Executive Deputy Chairman. During the year the Company received a fee of A$33,333 per month, equating to A$400,000 per annum. The consultancy agreement commenced on 1 May 2018 and continues until terminated in accordance with its terms.

The Company has entered into an executive consultancy agreement with a company associated with Justin Werner. Under this executive consultancy agreement, the consultancy company of Mr Werner agrees to make Mr Werner available to perform the duties and responsibilities of the position of Managing Director. During the year-the consultancy company received a fee of US$41,667 per month, equating to US$500,000 per annum, the equivalent of A$722,600. Additionally, his gross compensation includes amounts paid to him directly in Indonesia for travel allowance, taxes and operational bonus, which combined took his total remuneration by the group to the equivalent of A$826,500. The consultancy agreement commenced on 1 April 2018 and continues until terminated in accordance with its terms.

The Company has entered into an employment agreement with Chief Financial Officer Chris Shepherd. Under this agreement, Mr Shepherd received a fee of A$50,000 per month, including superannuation, equating to A$600,000 per annum. The agreement commenced on 1 August 2021 and Mr Shepherd assumed the position of Chief Financial Officer on 15 November 2021, following the resignation of Mr Nightingale.

Remuneration Report - (Audited)

Principles of Compensation - (Audited) (Cont.)

Each Executive Director is entitled to be reimbursed for reasonable travel and other expenses incurred in connection with attending meetings of the Board and any committee on which he or she serves. The consultancy agreements may be terminated by the Company or the consultancy company by either party giving three months' notice. The Company may in its absolute discretion make a payment in lieu of all or part of such notice and the employment would terminate on the date that the Company notifies the Director of the termination. The Company may terminate the consultancy agreements without notice in certain circumstances, including but not limited to a breach of contract, criminal activity or serious misconduct by the consultancy company or the key management personnel.

Each of the Company's Non-Executive Directors have entered into Letters of Appointment with the Company to serve as Non-Executive Directors. During the period from 1 January 2022 to 31 December 2022, each of the Non-Executive Directors James Crombie, Weifeng Huang, Mark Lochtenberg, Dasa Sutantio and Yuanyuan Xu received a fee of A$8,333 per month, equating to A$100,000 per annum. Mr Lochtenberg's remuneration includes superannuation.

During the period from 1 January 2022 to 31 December 2022, Non-Executive Chairman Robert Neale received a fee of A$16,667 per month including superannuation, equating to A$200,000 per annum including superannuation.

Each Non-Executive Director receives a fee of A$10,000 per annum for each Board committee on which they serve. i.e. Mark Lochtenberg and Robert Neale three committees, James Crombie two committees and Weifeng Huang one committee.

No Directors or senior executives received performance related remuneration during the year ended 31 December 2022. Remuneration consultants were engaged by the Group during the year ended 31 December 2022 but their reporting to the Company remains outstanding. There were no remuneration consultants engaged in the prior period.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the following information in respect of the current year ended 31 December 2022 and the previous five financial periods.

USD	2022 $	2021 $	2020 $	6 Months to 31 December 2019 $	2019 $	2018 $
Net profit/(loss) attributable to owners of the Company	158,978,977	137,938,917	110,610,841	56,504,374	65,525,988	(3,311,526)
Dividends paid	72,724,697	75,088,707	15,441,648	-	-	-

The Board also considers non-financial indices in assessing the Group's performance and the shareholders wealth. This includes obtaining the permits and approvals to further develop the mining operations, identifying and opportunities for potential strategic business partnerships and ventures and the success of fund raising activities.

Remuneration Report - (Audited)

Details of Remuneration for the Year Ended 31 December 2022 - (Audited)

Details of Director remuneration and the nature and amount of each major element of the remuneration of each Director of the Company are set out below. All balances included are denominated in Australian dollars.

Remuneration for year ended 31 December 2022:

Key management personnel	Short term	Post-employment	Share based payments			Proportion of remuneration performance related	Value of options as a proportion of remuneration
	Salary and fees A$	Superannuation A$	Shares A$	Other Benefit A$	Total A$	%	%
Executive Directors							
Norman Seckold	400,000	-	-		400,000	-	-
Justin Werner	826,500	-	-	-	826,500	-	-
*Christopher Shepherd**	545,455	55,909	-	41,958	643,322	-	-
Non-Executive Directors							
Robert Neale	209,092	21,432	-		230,524	-	-
James Crombie	120,000	-	-		120,000	-	-
Weifeng Huang	110,000	-	-		110,000	-	-
Mark Lochtenberg	118,182	12,114	-	-	130,296	-	-
Dasa Sutantio	100,000	-	-	-	100,000	-	-
Yuanyuan Xu	100,000	-	-	-	100,000	-	-
Total	**A$2,529,229**	**A$89,455**	**-**	**A$41,958**	**A$2,660,642**	**-**	**-**

* Appointed as Director on 23 December 2022. Other benefit amount is annual leave balance accrued carried forward.

Remuneration for year ended 31 December 2021:

Key management personnel	Short term	Post-employment	Share based payments			Proportion of remuneration performance related	Value of options as a proportion of remuneration
	Salary and fees A$	Superannuation A$	Shares A$	Termination Benefit A$	Total A$	%	%
Executive Directors							
Norman Seckold	212,500	-	-	-	212,500	-	-
Justin Werner	594,473	-	-	-	594,473	-	-
*Peter Nightingale^*	300,000	-	-	300,000	600,000	-	-
Non-Executive Directors							
Robert Neale	155,012	15,159	-	-	170,171	-	-
James Crombie	67,500	-	-	-	67,500	-	-
Weifeng Huang	65,000	-	-	-	65,000	-	-
Mark Lochtenberg	67,045	2,955	-	-	70,000	-	-
Dasa Sutantio	62,500	-	-	-	62,500	-	-
Yuanyuan Xu	62,500	-	-	-	62,500	-	-
Management							
*Christopher Shepherd**	69,697	6,970	-	-	76,667	-	-
Total	**A$1,656,227**	**A$25,084**	**-**	**A$300,000**	**A$1,981,311**	**-**	**-**

* Remuneration paid subsequent to his becoming Chief Financial Officer on 15 November 2021.

^ Resigned as Director and Chief Financial Officer on 15 November 2021.

The total remuneration expense for the year ended 31 December 2022 of A$2,660,642 (December 2021: A$1,981,311) has been recognised in the Statement of Profit or Loss at the US$ equivalent of $1,840,929 (December 2021: $1,480,026).

Remuneration Report - (Audited)

Movement in shares - (Audited)

The movement during the reporting year in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	1 January 2022	Purchased	Sold	31 December 2022
Robert Neale	700,000	10,000,000	-	10,700,000
Norman Seckold	123,715,661	-	(10,000,000)	113,715,661
Justin Werner	29,765,228	-	-	29,765,228
James Crombie	6,580,000	-	-	6,580,000
Weifeng Huang	2,820,000	690,000	-	3,510,000
Mark Lochtenberg	37,538,584	-	-	37,538,584
Christopher Shepherd	57,723	-	-	57,723
Dasa Sutantio	-	-	-	-
Yuanyuan Xu	97,258,258	-	-	97,258,258

	1 January 2021	Purchased	Sold	31 December 2021
Robert Neale	700,000	-	-	700,000
Norman Seckold	123,715,661	-	-	123,715,661
Justin Werner	29,209,673	555,555	-	29,765,228
Peter Nightingale	27,601,995	-	-	27,601,995*
James Crombie	6,580,000	-	-	6,580,000
Weifeng Huang	1,450,000	1,370,000	-	2,820,000
Mark Lochtenberg	34,538,584	3,000,000	-	37,538,584
Christopher Shepherd	^	57,723	-	57,723
Dasa Sutantio	-	-	-	-
Yuanyuan Xu	121,258,258	-	24,000,000	97,258,258

* Number held at date of his resignation as a Director on 15 November 2021.

^ Number held at date of appointment as Chief Financial Officer on 15 November 2021.

Transactions with Key Management Personnel - (Audited)

Director Norman Seckold hold a beneficial interest in an entity, MIS Corporate Pty Limited, 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.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 40 and forms part of the Directors' Report for the 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

KPMG

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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

US$	Notes	31 December 2022 $	31 December 2021 - restated* $
Current assets			
Cash and cash equivalents	18	144,242,357	137,861,958
Trade and other receivables	6	235,617,714	125,094,113
Inventory	8	204,845,299	106,997,153
Other current assets	7	47,793,529	15,208,226
Total current assets		632,498,899	385,161,450
Non-current assets			
Other non-current assets	7	15,162,987	13,193,397
Property, plant and equipment	11	1,922,109,404	1,264,281,811
Deposit		-	30,000,000
Goodwill	16	102,748,404	77,982,164
Total non-current assets		2,040,020,795	1,385,457,372
Total assets		2,672,519,694	1,770,618,822
Current liabilities			
Trade and other payables	12	177,185,164	55,738,089
Current tax payable	10	21,244,636	7,647,688
Provision		1,174,237	1,159,184
Borrowings	13	7,772,688	9,284,264
Total current liabilities		207,376,725	73,829,225
Non-current liabilities			
Provision – rehabilitation		2,034,921	1,955,576
Deferred income tax liability	10	96,099,816	77,982,164
Other non-current liability		948,363	617,535
Borrowings	13	551,515,430	318,322,283
Total non-current liabilities		650,598,530	398,877,558
Total liabilities		857,975,255	472,706,783
Net assets		1,814,544,439	1,297,912,039
Equity			
Share capital	14	942,442,827	732,929,135
Reserves	14	19,144,965	19,139,295
Retained profits		337,031,589	250,777,309
Total equity attributable to equity holders of the Company		1,298,619,381	1,002,845,739
Non-controlling interest		515,925,058	295,066,300
Total equity		1,814,544,439	1,297,912,039

* 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

US$	Notes	Share capital $	Retained profits $	Reserves $	Total $	NCI $	Total equity $
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	63,043,172	189,020,720
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		(430,011,711)	(597,855,529)
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		373,154,263	197,291,179
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		137,861,958	351,445,322
Cash and cash equivalents at the end of the year		144,242,357	137,861,958

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		(106,000,000)	-
Non-cash financing activities			
Proceeds from issue of shares	13	106,000,000	-
Total non-cash investing activities		106,000,000	-

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

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.

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.

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.

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%.

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.

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.

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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.

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 refencing 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.

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.

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.

	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
	22,710,611	13,255,745
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)
	(41,836,530)	(12,976,823)

* 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
	235,617,714	125,094,113

NOTE 7 - OTHER ASSETS

Current		
Prepayments^	47,440,071	15,208,226
Interest receivable*	353,458	-
	47,793,529	15,208,226

^ 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
	15,162,987	13,193,397

* 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 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. 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.

NOTE 8 - INVENTORY

	31 December 2022 $	31 December 2021 $
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	-
	204,845,299	106,997,153

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	158,978,977	137,938,917

Weighted average number of ordinary shares (basic and diluted)	**Nº of shares**	**Nº of Shares**
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	71,686,515	-
Weighted average number of shares at the end of the year	2,681,507,652	2,515,029,051

	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	7,678,323	5,062,549

* 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.

	2022	2021
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)	-
	96,099,816	77,982,164

* See Note 16 for further details.

	2022	2021
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
	6,439,930	3,644,224

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.

	2022	2021
Current tax payable:		
Income taxes payable	15,345,721	4,080,929
Indirect taxes payable		
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
	21,244,636	7,647,688

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT	31 December 2022 $	31 December 2021 - restated# $
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.

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	276,422	148,559
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	5,654,422	8,425,176
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	192,910,955	57,449,633
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	24,236,775	25,416,384
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	790,648	680,495
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	985,090,214	478,568,971

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	393,003	335,027
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	712,756,965	693,257,566
Total property, plant and equipment	1,922,109,404	1,264,281,811

* 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
	177,185,164	55,738,089

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
	7,772,688	9,284,264
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	-
	551,515,430	318,322,283

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.

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.

NOTE 14 - ISSUED CAPITAL AND RESRVES (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)
	19,144,965	19,139,295

* Restated following adjustment to provisional accounting for acquisition of a controlled entity. See Note 16 for further details.

NOTE 15 - EQUITY-ACCOUNTED INVESTEES

	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)	-
	-	-

NOTE 15 - EQUITY-ACCOUNTED INVESTEES (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
	700,000,000
Consideration paid	(557,600,000)
Cash acquired	11,458,128
Net cash outflow	(546,141,872)

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.

NOTE 16 - CONTROLLED ENTITIES (Cont.)

US$	31 December 2021 - restated $	31 December 2021 - original $	Effect of change $
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)

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
	530,000,000
Consideration paid	(371,000,000)^
Cash acquired	7,959,574
Net cash outflow	(363,040,426)

^ $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.

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 %**
Parent entity		
Nickel Industries Limited		
Controlled entities		
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

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 $ - restated[3]**	**December 2022 $**	**Dec 2021 $**	**December 2022 $**	**December 2021 $ - 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.

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	-
	102,748,404	77,982,164

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.

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	-
	1,840,929	1,480,026

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.

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.

	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 Loans and borrowings $	Equity Share capital $	Total $
Opening balance at 1 January 2022	327,603,532	732,929,135	1,060,532,667
Changes from financing activities			
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
Other changes			
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.

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:

	Note	31 December 2022 $	31 December 2021 $
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
		385,713,529	266,456,071

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.

NOTE 19 - FINANCIAL INSTRUMENTS DISCLOSURE (Cont.)

Liquidity risk (Cont.)

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 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	-
	757,717,918	856,520,104	242,054,800	614,465,304	
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	-

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

NOTE 19 - FINANCIAL INSTRUMENTS DISCLOSURE (Cont.)

Currency risk (Cont.)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
USD	**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

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	(41,775,344)	(19,346,274)

	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	1,258,870,240	921,698,458
Total assets	1,294,947,831	977,711,230
Current liabilities	8,513,944	5,708,090
Non-current liabilities	537,739,379	318,322,283
Total liabilities	546,253,323	324,030,373
Net Assets	748,694,508	653,680,857
Equity		
Share capital	942,442,827	732,929,135
Retained profits*	(193,748,319)	(79,248,278)
Total Equity	748,694,508	653,680,857

* 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.

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.

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	217,045,933	181,039,535
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	2,672,519,694	1,770,618,822
Liabilities		
Total liabilities for reportable segments	(311,721,932)	(148,676,412)
Unallocated corporate liabilities	(546,253,323)	(324,030,371)
Consolidated total liabilities	(857,975,255)	(472,706,783)

Geography of reportable segment assets

	Indonesia $	Singapore $	Total $
31 December 2022			
Reportable segment assets	2,630,881,643	5,557,788	2,636,439,431
31 December 2021			
Reportable segment assets	1,705,675,338	3,618,481	1,709,293,819

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.

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 December 2022 $	31 December 2021 $	31 December 2022 $	31 December 2021 $	31 December 2022* $	31 December 2021* $	31 December 2022 $	31 December 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
Timing of revenue recognition								
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 2022 $	31 December 2021 $
Auditors of the Company		
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	-
	463,421	575,315

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
and its controlled entities

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.

KPMG

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

KPMG

	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.

KPMG

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

KPMG

Stephen Board
Partner

Brisbane
28 February 2023

ADDITIONAL ASX INFORMATION

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 31 January 2023.

Distribution of Equity Securities

ORDINARY SHARES

Range	Number of Holders	Number of Shares
1 to 1,000	3,562	2,347,994
1,001 to 5,000	5,471	15,567,894
5,001 to 10,000	2,571	20,638,755
10,001 to 100,000	4,081	127,073,401
Above 100,001	623	2,824,749,094
	16,308	**2,990,377,138**

The number of shareholders holding less than a marketable parcel is 808.

Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

Nº	SHAREHOLDER	Number of Shares	Total %
1	HSBC Custody Nominees (Australia) Limited	703,277,591	23.52
2	Decent Investment International Private Limited	291,281,846	9.74
3	J P Morgan Nominees Australia Pty Limited	280,817,627	9.39
4	Citicorp Nominees Pty Limited	224,945,000	7.52
5	PT Harum Energy TBK	175,154,914	5.86
6	Shanghai Decent Investment (Group) Co., Ltd	161,696,446	5.41
7	Decent Resource Limited	108,122,223	3.62
8	BNP Paribas Noms Pty Ltd <DRP>	97,944,269	3.28
9	Shanghai Wanlu Investment Co Ltd	97,258,258	3.25
10	HSBC Custody Nominees (Australia) Limited – A/C 2	64,556,022	2.16
11	Altinova Nominees Pty Ltd	58,104,526	1.94
12	Permgold Pty Ltd <The Seckold Super Fund A/C>	47,611,135	1.59
13	HSBC Custody Nominees (Australia) Limited – GSCO EDA	35,655,876	1.19
14	BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient DRP>	35,630,718	1.19
15	National Nominees Limited	27,680,324	0.93
16	Rosignol Pty Ltd <Nightingale Family A/C>	22,134,146	0.74
17	HSBC Custody Nominees (Australia) Limited – GSI EDA	19,255,177	0.64
18	QM Financial Services Pty Ltd <The QM Securities A/C>	12,914,480	0.43
19	CRX Investments Pty Limited	12,750,000	0.43
20	Bell Potter Nominees Ltd <BB Nominees A/C>	12,749,325	0.43
Total in Top 20		**2,489,539,903**	**83.25**

ADDITIONAL ASX INFORMATION

Substantial Shareholders

Substantial shareholders and the number of equity securities in which it has an interest, as shown in the Company's Register of Substantial Shareholders is:

Shareholder	Nº of Shares Held	% of Issued Shares
Shanghai Decent Investment (Group) Co., Ltd	581,770,912	19.45%
PT. Karunia Bara Perkasa	366,134,822	12.24%
L1 Capital Pty Ltd	172,015,585	
BlackRock Group	171,710,603	

Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands.

Tenement Schedule

Project	Tenement number	Interest %
Hengjaya Project	540-3/SK.001/DESDM/VI/2011	80%

NICKEL INDUSTRIES LIMITED
and its controlled entities

CORPORATE DIRECTORY

Directors:

Robert Neale
Norman Seckold
Justin Werner
James Crombie
Weifeng Huang
Mark Lochtenberg
Chris Shepherd
Dasa Sutantio
Yuanyuan Xu

Company Secretary:

Richard Edwards

Principal Place of Business and Registered Office:

Level 2, 66 Hunter Street
SYDNEY NSW 2000
Phone : 61-2 9300 3311
Fax : 61-2 9221 6333
Email : info@nickelindustries.com
Website : www.nickelindustries.com

Auditors:

KPMG
Level 16, Riparian Plaza
71 Eagle Street
BRISBANE QLD 4000

Share Registrar:

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Level 3, 60 Carrington Street
SYDNEY NSW 2000
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Fax : 61-3 9473 2500