

ASX ANNOUNCEMENT

7 April 2022

Update on Strategic Partnership with Emerging Downstream Nickel Sulphate Producer, Alpha Fine Chemicals

KEY HIGHLIGHTS:

- **Alpha Fine Chemicals Limited (AFC) is advancing plans to build and operate a Nickel Sulphate Plant in Thailand**
- **AFC are initially targeting production of 40,000t of nickel sulphate to service the growing battery market**
- **To fund the development, AFC is working towards securing a significant funding package of circa US\$100M from a consortium of high calibre and globally significant investors, including German KfW-IPEX Bank, Traxys Group, CIGP and a 'Tier 1 miner' (see Attachment 1 dated 5 April 2022 for details of the funding)**
- **AFC has a right of first refusal on the potential intermediate mixed hydroxide precipitate (MHP) product from NickelSearch's flagship Carlingup Nickel Sulphide Project (Carlingup) to supply feed to the proposed Nickel Sulphate Plant**
 - **Under the agreement, AFC has a first right to purchase product from Carlingup on standard commercial terms¹**
- **This strategic relationship confirms a pathway to market for a potential MHP product from Carlingup**

NickelSearch Limited (ASX:NIS) (NickelSearch or the Company) is delighted to announce that its strategic partner, Alpha Fine Chemicals Limited (AFC), has achieved a major funding milestone in the development of its Thailand based Nickel Sulphate Plant.

AFC is proposing to construct and operate a Nickel Sulphate Plant at Rayong Province, 120km south-east of Bangkok in Thailand. Using new technology that is simpler, safer and very cost effective. The AFC Nickel Sulphate Plant will produce 40,000 tonnes per annum of high purity nickel sulphate crystals to supply the lithium-ion battery market for electric vehicles and stationary storage.

With several new battery mega-factories being announced, AFC will be well positioned to capture a share of this growing market opportunity by providing sustainably produced nickel sulphate together with by-products in cobalt carbonate and magnesium sulphate using its proprietary CMN Process technology. The CMN Process allows AFC to refine various intermediate nickel products, such as Black Mass from the recycling of Lithium-Ion batteries and MHP, while it is also exploring additional feed options. The CMN Process will allow AFC's Thailand plant to produce high-purity nickel sulphate with the lowest environmental impact to serve the growing EV market.

¹ Commercial terms outlined in Schedule 3, Item 3 (b) of the NickelSearch IPO Prospectus dated 23 August 2021.

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AFC is working towards securing the significant backing of a consortium of high calibre investors, including a US\$70 million project finance facility with KfW-IPEX Bank, plus working capital and due diligence funding support from the Traxys Group, CIGP and a 'Tier 1 miner'.

This is an important development for NickelSearch because it is through AFC that the Company's Carlingup Nickel Sulphide Project is integrated into the lithium-ion battery supply chain. NickelSearch aims to produce an intermediate MHP for sale to AFC under a right of first refusal agreement between the companies. AFC will process the MHP into high purity nickel sulphate to service the growing battery market.

NickelSearch Managing Director Nicole Duncan commented

"The automotive industry is paying close attention to the environmental and social integrity of the raw material supply chain. The combination of NiS's proposed bio leaching for Carlingup ores together with AFC's CMN Processing Technology is intended to facilitate delivery of nickel sulphate into the lithium-ion battery market with one of the smallest environmental footprints."

About Traxys

Traxys is a privately held physical commodity trader and merchant in the metals and natural resources sectors. It is headquartered in Luxembourg with an annual turnover in excess of US\$7 billion.

About KfW IPEX Bank

KfW IPEX Bank is the international project and export financing arm of the KfW Banking Group. KfW is a German state-owned investment and development bank based in Frankfurt.

About CIGP Group

CIGP Group is an independent financial advisory firm, rooted in Geneva for more than 50 years, providing investment banking services and wealth and asset management to its clientele. CIGP Group focuses on advising entrepreneurs and their families on strategic matters and currently manages assets with approximately US\$2 billion, invested across asset classes globally. Over the past decade, CIGP has expanded internationally to Milan, Dubai, Hong Kong and London.

This announcement has been approved for release by the Board of NickelSearch Limited.

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COMPANY OVERVIEW

About NickelSearch

NickelSearch Limited (ASX code: NIS) is a dedicated WA nickel sulphide explorer focused on advancing its flagship Carlingup Nickel Project. The asset has an existing resource base of 171kt contained nickel.

Directors & Management

Nicole Duncan
Managing Director

David Royle
Non-Executive Chairman

Norman Taylor
Non-Executive Director

Paul Bennett
Non-Executive Director

Donald James
Non-Executive Director

NickelSearch

ACN 110 599 650

Projects

Carlingup Nickel Project (100%)

Shares on Issue






104,064,018

Options

8,700,000

ASX Code

NIS

-  Highly prospective tenure covering +10km strike
-  Multiple high priority, drill-ready resource extension targets
-  Proven high grade nickel production of 16.1kt Ni at 3.45%
-  Significant, shallow resource base open in most directions
-  Strategically positioned next to major nickel mining & processing hubs



5 April 2022

AFC achieves funding milestone for Thailand battery metal plant

Not for release to U.S. newswire services or distribution in the United States

Alpha Fine Chemicals Limited (“AFC” or “the Company”), an innovative player in the lithium-ion battery supply chain based in Australia, today announced that a consortium of investors including the Traxys Group (“Traxys”), a Tier 1 miner¹, and CIGP together with current shareholders and management have made an investment into AFC through the purchase of convertible notes to fund working capital and due-diligence costs associated with the financing of AFC’s 40,000 tpa nickel sulphate plant to be located in Thailand.

The Company recently entered into exclusive negotiations with regards to a US\$70 million project finance facility with KfW IPEX - Bank and is expecting to reach financial close in the course of this year, subject to customary confirmatory due-diligence.

In addition to the new capital, the Company has entered into exclusive negotiations with the Tier 1 miner and Traxys with regards to raw material feedstock supply and battery grade finished product marketing arrangements, as well as the provision of a US\$15 million cost overrun support facility and a US\$15 million working capital facility.

Norman Taylor, founder and Executive Chairman of AFC said that *“whilst there is still much to do to bring this project into production, the addition of groups of this calibre is a significant step forward. We will work as diligently as possible with our funding partners to achieve financial close as soon as practicable to allow the project to move into the construction phase. Beyond this initial project, AFC is excited about working with Traxys and the Tier 1 miner on further nickel sulphate projects in either Thailand or elsewhere.”*

With a record number of new battery mega-factories being announced, AFC’s 40,000 tpa Thailand plant will be well positioned to capture a share of this growing market opportunity by providing sustainably produced nickel sulphate together with by-products in cobalt carbonate and magnesium sulphate using its proprietary CMN Process technology. The CMN Process allows AFC to refine various intermediate nickel products, such as Black Mass from the recycling of Lithium-Ion batteries and Mixed Hydroxide Precipitate (MHP) whilst it is also exploring additional feed options.

Independent assays of nickel sulphate produced from the recent pilot plant confirms the very high purity of product that AFC will produce:

Ni	Co	Cu	Fe	Na	Zn	Ca	Mg	Mn	Cd	Cr	Pb
%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
22.3	3	<1	2	<1	<1	<1	2	<1	<1	<1	<1

The CMN Process will allow AFC’s Thailand plant to produce high-purity nickel sulphate with the lowest environmental impact to serve the growing EV market. The environmental credentials of

¹ Identity cannot be disclosed due to confidentiality obligations until the exclusive negotiations are finalised.

the CMN Process are illustrated by the fact that the Industrial Estate Authority of Thailand has confirmed that the project does not require any environmental impact assessment. However, to serve the highest environmental and social standards, AFC has nevertheless elected to conduct an environmental impact assessment and will ensure that the project will be in line with the IFC Performance Standards. AFC has also received promotion from the Thailand Board of Investment, granting AFC significant benefits including zero tax on nickel sulphate and cobalt carbonate for the first eight years of production.

The plant will be located in Amata City Rayong, a world-class industrial estate in the eastern economic corridor and is expected to generate in excess of 110 highly skilled jobs.

Convertible Note Terms

AFC may raise up to an aggregate principal amount of US\$10 million in Convertible Notes (the "Notes"). The Notes carry a coupon of 5% and will convert at a discount to the issue price for the upcoming main equity round, expected to close in Q2 or Q3 2022. AFC will settle its coupon and conversion obligations through the delivery of Ordinary Shares in AFC.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities and shall not constitute an offer, solicitation, or sale in any jurisdiction in which such offer, solicitation, or sale is unlawful. The Notes and any Ordinary Shares issuable upon conversion of the Notes have not been registered under the U.S. Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

Norman Taylor
Executive Chairman

About AFC

AFC is based in Perth, Western Australia. Following the demerger of its mineral tenements to form NickelSearch Limited (ASX: NIS) in 2016 the Company has focused on commercialising the CMN Processing technology for which it holds the global exclusive rights for the production of nickel sulphate. AFC retains a Right of First Refusal over product produced by NickelSearch.

About Traxys

Traxys is a privately held physical commodity trader and merchant in the metals and natural resources sectors. It is headquartered in Luxembourg with an annual turnover in excess of USD7 billion.

About KfW IPEX Bank

KfW IPEX Bank is the international project and export financing arm of the KfW Banking Group. KfW is a German state owned investment and development bank based in Frankfurt.

Advisors

CIGP and Jett Capital Advisors are serving as financial advisors to AFC.

About CIGP

CIGP Group is an independent financial advisory firm, rooted in Geneva for more than 50 years, providing investment banking services and wealth & asset management to its clientele. CIGP Group focuses on advising entrepreneurs and their families on strategic matters and currently manages assets with approximately US\$2 billion, invested across asset classes globally. Over the past decade, CIGP has expanded internationally to Milan, Dubai, Hong Kong and London.

About Jett Capital Advisors

Jett Capital Advisors is an independent boutique investment bank servicing international public and private companies specializing in the natural resources and clean technology sectors.

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