

DIRECT NICKEL Pty Ltd

19 October 2018

**DIRECT NICKEL SIGNS AGREEMENT WITH QUEENSLAND PACIFIC METALS FOR USE OF
PROCESSING TECHNOLOGY**

Direct Nickel has signed a framework agreement with Queensland Pacific Metals Pty Ltd (QPM) to use its technology to produce nickel sulphate and cobalt sulphate for the Electric Vehicle battery market.

Direct Nickel and QPM have agreed the basic commercial terms for licensing the DNi Process™, and will cooperate on the testing and feasibility studies. A definitive agreement will be developed to formalise QPM's right to use the DNi Process™ and the commercial relationship to deliver the proposed nickel-cobalt processing facility. QPM will apply the DNi Process™ at its proposed nickel-cobalt processing facility in Townsville, north Queensland.

Direct Nickel will primarily be remunerated based on a percentage of revenue earned by QPM in respect of the operation of the proposed processing plant and that remuneration will be linked to the underlying commodity price of nickel and cobalt.

Direct Nickel Chairman Andrew Vickerman said:

"We welcome the opportunity to work together with QPM on the use of the DNi Process™ in a new plant in Queensland. The DNi Process™ provides a lower cost and more environmentally sympathetic route for the production of nickel and cobalt for the expanding battery market."

QPM has a binding ore supply agreement to purchase high-grade nickel-cobalt ore from New Caledonia. QPM plans to commence feasibility studies on a 600,000 wet metric tonnes per annum processing plant, using the DNi Process to produce a mixed hydroxide precipitate (MHP) containing nickel and cobalt, as well as magnesia, hematite and alumina. QPM has also engaged CSIRO to assist with upgrading the MHP product to meet the purity requirements for battery grade nickel and cobalt sulphate.

QPM Director John Downie said:

"We look forward to working closely with Direct Nickel and the CSIRO to advance the development of a new and modern processing plant in Townsville. The DNi Process will assist us in reducing the amount of capital required compared with traditional nickel HPAL operations. In addition to producing nickel and cobalt, we must not underestimate the value that could be realised from the other co-products and QPM will work towards developing sales opportunities for these to further improve project economics."

End

For further information, please contact:

James Proudlock, Chief Executive Officer

Email: james@directnickel.com

Media relations

Email: media@directnickel.com

www.directnickel.com

About Direct Nickel Projects Pty Ltd

Direct Nickel has developed a patented process to unlock the world's lateritic ores to address the shortage of both nickel and cobalt. At its pilot plant in Perth, Australia, the company has proved the effectiveness of the patented nitric acid recycling process in extracting cobalt, nickel and other metals from laterite ores.