

Voluntary Suspension Update

Pacific Nickel Mines Limited (ASX Code: PNM) (**Pacific Nickel** or **Company**) has today requested that the ASX suspend trading in the Company's shares as a result of circumstances primarily relating to the Company's interest in the Kolosori Nickel Project in the Solomon Islands.

On 26 October 2020 the Company announced that it had executed a Share Purchase Agreement to formalise the acquisition of an 80% interest in Kolosori Nickel (SI) Limited (KNL), a company incorporated in the Solomon Islands. KNL held prospecting licence PL 05/19 which comprised the Kolosori Nickel Project located on Santa Isabel Island in the Solomon Islands.

Pacific Nickel has been notified of a material change in KNL's rights to the Kolosori Nickel Project which impacts Pacific Nickel's acquisition from KNL of an 80% interest in the Kolosori Nickel Project.

The Company has requested the suspension of trading whilst it obtains a complete understanding of this matter.

It should be noted that the acquisition of an 80% interest in KNL is subject to a number of conditions precedent including PNM shareholder approval. PNM has not yet obtained such approval and accordingly the acquisition of 80% of KNL has not yet been completed and PNM has not yet issued any shares to any parties in respect of this acquisition.

It should also be noted that Pacific Nickel's rights to the Jejevo Nickel Project in the Solomon Islands remain unaffected by this action.

KOLOSORI NICKEL PROJECT:

The Company has been advised by KNL that the Minister of Mines, Energy and Rural Electrification of the Solomon Island Government has cancelled PL 05/19.

The Company is currently investigating the reasons for the cancellation and whether the PL can be reinstated.

The Company and KNL are taking advice in respect of this matter.

The Company and KNL do not believe that the Minister has been kept fully informed and that an administrative error may have occurred in this process.

The Company understands that a meeting of the Minerals Board in the Solomon Islands is to be held in Honiara during the course of the week commencing Monday 8 February 2021 at which it is expected that some clarity may be achieved in respect of these matters.

CAPITAL RAISING:

The Company announced on 17 December 2020 that it would proceed with a capital raising of 64 million fully paid ordinary shares at \$0.05 to raise \$3.2 million (Placement).

The Placement was to be undertaken in 2 tranches with the first Tranche of 11.2 million shares raising \$560k being completed in late December 2020 within the Company's then existing ASX Listing Rule 7.1 placement capacity. The second Tranche of 52.8 million shares was to be completed

subject to shareholder approval at a General Meeting of Shareholders scheduled to be held on 10 February 2021.

The \$3.2 million to be raised was to be applied for:

- a) ongoing exploration and development work in relation to the Company's Nickel Projects in the Solomon Islands (including the Kolosori Project);
- b) advancing definitive feasibility studies in relation to each of these projects; and
- c) for working capital and general corporate purposes.

The second tranche of the Placement cannot proceed until shareholder approval has been obtained.

GENERAL MEETING OF SHAREHOLDERS:

The Company despatched a Notice of Meeting to shareholders on 8 January 2021 in respect of a General Meeting to be held on 10 February 2021.

The primary purpose of this shareholder meeting was to consider resolutions relation to:

- a) the acquisition of 80 % of KNL and its interest in the Kolosori Nickel Project;
- b) the Placement referred to above; and
- c) the conversion of Directors' fees and consulting fees owing to some Directors of the Company into fully paid ordinary shares.

In light of the circumstances outlined above the Board has resolved to defer this shareholder meeting until **Wednesday 31 March 2021** in anticipation that some clarity can be achieved by that date.

VOLUNTARY SUSPENSION:

Further, in light of the circumstances outlined above, the Board has resolved to request that the ASX suspend trading in the Company's shares until clarity can be achieved in respect of these matters.

The Board of Pacific Nickel has authorised the following statement:

"The Board of Pacific Nickel is extremely disappointed that prospecting licence 05/19 has been cancelled without consultation with KNL."

"While the cancellation of PL 05/19 adversely affects the proposed acquisition of KNL and also adversely affects the proposed capital raising, the Company believes that there are reasonable grounds to believe that these matters can be satisfactorily resolved."

"Pacific Nickel remains committed to advancing both the Jejevo Nickel Project and the Kolosori Nickel Project as expeditiously as possible, and with the support of the Solomon Islands Government. The Company has already embarked on a drilling program at Jejevo."

Authorised by the Board. For further information please contact:

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