

General Meeting of Shareholders to be held Friday 9 April 2021

Pacific Nickel Mines Limited (ASX Code: PNM) (“**Pacific Nickel**” or “**Company**”) confirms that a General Meeting of Shareholders will be held on Friday 9 April 2021.

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 announced 17 December 2020; 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 relating to the Kolosori Nickel Project the Board originally resolved to defer this shareholder meeting until Wednesday 31 March 2021.

The Board has now resolved to convene this shareholder meeting at **2.00pm on Friday 9 April 2021**. The Notice of Meeting is annexed hereto.

The resolutions to be considered by shareholders at this meeting are unchanged from those originally set out in the Notice of Meeting despatched to shareholders in January 2021.

Meeting materials have again been despatched to all current shareholders today.

Authorised by the Company Secretary.

For further information please contact:
Mr. Geoff Hiller
Executive Director & CEO

Mr. Andrew J. Cooke
Company Secretary
Email: acooke@pacificnickel.com

NOTICE OF GENERAL MEETING

Notice is hereby given of a General Meeting of the Company

At: Level 3, 60 Carrington Street, Sydney NSW 2000, Australia

On: Friday 9 April 2021 at 2.00 pm (Sydney Time)

IMPORTANT INFORMATION ABOUT THE GENERAL MEETING

As a consequence of government-based measures to combat the spread of COVID-19, physical attendance at the General Meeting is strongly discouraged. Accordingly, please note as follows:

1. **Shareholders are strongly urged not to attend the meeting in person.**
2. Any presentations by the Chairman or the Executive Director & CEO will be lodged with the ASX prior to the meeting and made available on the Company's website before the commencement of the Meeting.
3. **Shareholders are encouraged to vote by submitting their proxy prior to the meeting as set out in more detail in the attached Notice of Meeting and Proxy Form.**
4. Questions for the board of directors can be e-mailed to info@pacificnickel.com and must be received by no later than 17:00 on 2 April 2021.

BUSINESS

1. Acquisition of Kolosori Nickel (SI) Limited

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

Subject to Resolution 2 being passed, that approval be given for the acquisition by the Company of 11,080,000 ordinary fully paid shares in the issued capital of Kolosori Nickel (SI) Limited (Solomon Islands Company Number 20171405) on the terms summarised in the Explanatory Memorandum.

2. Issue of Ordinary Shares as Consideration for the Acquisition of Kolosori Nickel (SI) Limited

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

Subject to resolution 1 being passed, that for the purposes of Listing Rule 7.1 and for all other purposes, approval be given to issue up to 25,000,000 fully paid ordinary shares in the Company to the vendors and Landholder shareholders of Kolosori Nickel (SI) Limited on the terms set out in the Explanatory Memorandum as consideration for the acquisition of 11,080,000 ordinary fully paid shares in the issued capital of Kolosori Nickel (SI) Limited.

3. Ratify Previous Issue of Placement of Shares

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

That for the purposes of Listing Rule 7.4 and for all other purposes, the Company approves and ratifies the issue of 11,200,000 fully paid ordinary shares in the Company issued at the price of \$0.05 per share to each of the sophisticated and institutional investors referred to and on the terms and conditions set out in the accompanying Explanatory Memorandum.

4. Approve Proposed Issue of Placement Shares

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

That for the purposes of Listing Rule 7.1 and for all other purposes, the Company approves the proposed issue of 41,300,000 fully paid ordinary shares in the Company issued at the price of \$0.05 per share to each of the sophisticated and institutional investors referred to and on the terms and conditions set out in the accompanying Explanatory Memorandum.

5. Proposed issue of Placement Shares to a Director, Mr. James Dean

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be given in respect of the issue of up to 8,000,000 fully paid ordinary shares at \$0.05 by the Company to Mr. James Dean or his associate as described in the Explanatory Memorandum.

6. Proposed issue of Placement Shares to a Director, Mr. Geoff Hiller

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be given in respect of the issue of up to 1,500,000 fully paid ordinary shares at \$0.05 by the Company to Mr. Geoff Hiller or his associate as described in the Explanatory Memorandum.

7. Proposed issue of Placement Shares to a Director, Mr. Rob Thomson

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be given in respect of the issue of up to 2,000,000 fully paid ordinary shares at \$0.05 by the Company to Mr. Rob Thomson or his associate as described in the Explanatory Memorandum.

8. Conversion of Director Fees Owning into Shares – Mr. James Dean

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be given in respect of the issue of up to 788,400 fully paid ordinary shares at a deemed issued price of \$0.05 by the Company to Mr. James Dean or his associate as described in the Explanatory Memorandum.

9. Conversion of Consulting Fees Owning into Shares – Mr. Geoff Hiller

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be given in respect of the issue of up to 1,700,818 fully paid ordinary shares at a deemed issued price of \$0.05 by the Company to Mr. Geoff Hiller or his associate as described in the Explanatory Memorandum.

10. Conversion of Director Fees and Consulting Fees Owning into Shares – Mr. Robert Thomson

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be given in respect of the issue of up to 1,056,230 fully paid ordinary shares by the Company to Mr. Robert Thomson or his associate as described in the Explanatory Memorandum.

VOTING EXCLUSIONS

The Company will disregard any votes cast in favour of the resolution (as set out in the table below) by or on behalf of:

- the named person or class of persons excluded from voting (as set out in the table below); or
- an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution	The named person or class of persons excluded from voting
2. Issue of Ordinary Shares as Consideration for the Acquisition of Kolosori Nickel (SI) Limited	A person who is expected to participate in, or will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary shares of the Company).
3. Ratify Previous Issue of Placement of Shares	A person who participated in the issue or is a counterparty to the agreement being approved.
4. Approve Proposed Issue of Placement Shares	A person who is expected to participate in, or will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary shares of the Company)

5. Proposed issue of Placement Shares to a Director – James Dean	The person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary shares in the Company)
6. Proposed issue of Placement Shares to a Director – Geoff Hiller	The person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary shares in the Company)
7. Proposed issue of Placement Shares to a Director – Robert Thomson	The person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary shares in the Company)
8. Conversion of Director Fees Owing into Shares – Mr. James Dean	The person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary shares in the Company)
9. Conversion of Consulting Fees Owing into Shares – Mr. Geoff Hiller	The person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary shares in the Company)
10. Conversion of Consulting Fees and Director Fees Owing into Shares – Mr. Robert Thomson	The person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary shares in the Company)

Resolutions 8, 9 and 10 relate to the remuneration of certain Directors of the Company. Accordingly the Company will disregard any votes cast in favour of Resolutions 8, 9 and 10:

- by or on behalf of a member of the key management personnel of the Company (KMP) (as defined in Section 9 of the Corporations Act 2001 (Cth)) details of whose remuneration are included in the Remuneration Report; or
- by or on behalf of a closely related party (as defined in Section 9 of the Corporations Act 2001 (Cth)) of a member of the KMP; or
- as a proxy by a member of the KMP or a KMP's closely related party.

However, a vote may be cast by a KMP or closely related party of the KMP if the proxy appointment is in writing and either:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, and the appointment does not specify the way the proxy is to vote on Resolutions 8, 9 and 10 and expressly authorises the Chairman to exercise the proxy, even though the Resolutions are connected directly or indirectly with the remuneration of the KMP for the Company.

Important Notice for Resolutions 8, 9 and 10: If a shareholder appoints the Chairman of the meeting as the shareholder's proxy and authorises the Chairman to vote undirected proxies on Resolutions 8, 9 or 10, the Chairman will vote, as proxy for that shareholder, in favour of Resolutions 8, 9 and 10.

ENTITLEMENT TO VOTE

In accordance with the provisions of the Corporations Act the Board has determined that for the purposes of the meeting, a person's entitlement to vote at the meeting will be the entitlement of that person set out in the Register of Members of the Company at 7.00pm (Sydney time) on Wednesday 7 April 2021. Accordingly, share transfers registered after that time will not be taken into account in determining entitlements to attend and vote at the meeting.

VOTING BY PROXY

- A Shareholder entitled to attend and vote at the meeting is entitled to appoint not more than 2 proxies to attend and vote instead of the Shareholder.
- Where 2 proxies are appointed the Proxy Form should specify the proportion, or the number of votes that each proxy may exercise. If the Proxy Form does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes.
- A proxy need not be a Shareholder of the Company. The proxy appointed may be described in the Proxy Form by an office held, e.g. "the Chair of the Meeting".
- Proxy Forms must be signed by a Shareholder or the Shareholder's attorney or, if the Shareholder is a corporation, must be under its common seal, or if it does not have one, by 2 directors or by a director and a company secretary, or if it is a proprietary company that has a sole director who is also the company secretary, by that director, or under hand of its attorney or duly authorised officer. If the Proxy Form is signed by a person who is not the registered holder of shares in the Company (i.e. under power of attorney or other authorisation), then the relevant authority (or a certified copy of such authority) must either have been exhibited previously to the Company or be enclosed with the Proxy Form.

In order to record a valid vote, members will need to take the following steps:

- Cast your vote online by visiting www.investorvote.com.au and following the instructions and information provided on the enclosed Proxy Form; or
- Custodian voting - For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions; or
- Complete and lodge the Proxy Form with the Company at the address or facsimile number specified below, along with any power of attorney or notarially certified copy of a power of attorney (if the proxy form is signed pursuant to a power of attorney), by no later than 48 hours before the General Meeting (i.e. *by no later than 2.00 pm (Sydney time), Wednesday 7 April 2021*):

Pacific Nickel Mines Limited
C/- Computershare Investor Services Pty Ltd
GPO Box 242
MELBOURNE VIC 3001

Or facsimile 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

CORPORATE REPRESENTATIVES

A body corporate that is a member, or that has been appointed as a proxy of a member, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment including the authority under which it is signed.

By order of the Board
Andrew J Cooke
Company Secretary
18 March 2021



EXPLANATORY MEMORANDUM TO NOTICE OF GENERAL MEETING

Certain background information to the Listing Rules and the Resolutions generally that are the subject of this Notice of Meeting is set out below:

ASX LISTING RULES

ASX Listing Rule 7.1

Subject to a number of exceptions, ASX Listing Rule 7.1 limits the number of securities that the Company can issue without Shareholder approval in any 12-month period to 15% of its fully paid ordinary securities.

Resolution 2 seeks Shareholder approval pursuant to ASX Listing Rule 7.1. If Resolution 2 is not passed, then the Company may still be able to proceed with the issue of Shares to the persons referred to in Resolution 2 subject to the Company's placement capacity available under ASX Listing Rule 7.1.

Resolution 4 also seeks Shareholder approval pursuant to ASX Listing Rule 7.1. If Resolution 4 is not passed, then the Company will not be able to proceed with the issue of Shares to the persons referred to in Resolution 4 as contemplated. Resolution 4 relates to the second tranche of a Placement announced to the market 17 December 2020. This second tranche is comprised of 41.3 million shares which are to be issued at \$0.05 to raise \$2.065m. If the Company does not raise these funds as contemplated then its ability to advance exploration, development and feasibility study work at the Company's Nickel Projects in the Solomon Islands will be severely curtailed.

ASX Listing Rule 7.4

ASX Listing Rule 7.4 allows an issue of securities to be subsequently approved by shareholders and treated as having been made with approval of shareholders for the purpose of ASX Listing Rule 7.1. By obtaining approval for the issue of shares under ASX Listing Rule 7.4 the Company is able to refresh its capacity to issue up to 15% of its issued shares, if required, in the next 12 months without the need to obtain shareholder approval.

Resolution 3 seeks Shareholder approval pursuant to ASX Listing Rule 7.4.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that a Company must not issue or agree to issue equity securities to a related party of the Company, such as a person who is a director of the Company, without the Company first obtaining the approval by ordinary resolution of its shareholders.

Resolutions 5, 6, 7, 8, 9 and 10 seek Shareholder approval pursuant to ASX Listing Rule 10.11.

If approval is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1.

RESOLUTION 1: Acquisition of Kolosori Nickel (SI) Limited

As announced to the ASX on 26 October 2020 Pacific Nickel Limited has entered into a Share Purchase Agreement (SPA) to formalise its acquisition of an 80% interest in Kolosori Nickel (SI) Limited (Kolosori Nickel).

Kolosori Nickel is a private company incorporated in the Solomon Islands with the Company Number 20171405. Pursuant to the SPA, Pacific Nickel will acquire a total of 11,080,000 shares in the capital of Kolosori Nickel (Acquisition Shares) comprised of 388,000 Transferring Shares and 10,692,000 Subscription Shares.

Kolosori Nickel holds prospecting licence tenement PL 05/19 located on the south coast of Santa Isabel Island in the Solomon Islands. The remaining 20% of Kolosori Nickel is owned by local landowners (Landholders). The Kolosori Nickel Project is located within the PL 05/19 project area.

The Kolosori Nickel Project:

The Kolosori Nickel Project is an advanced stage direct shipping ore nickel laterite project with excellent potential for development. The project has a number of positive aspects including its close proximity to the coast, no processing requirements, low capital route to direct shipping ore production and local landowner support. It is envisaged that mining of the project could potentially commence within 2 years.

In November 2020 Pacific Nickel announced that Mining One had completed an initial JORC (2012) mineral resource estimate for the Kolosori Nickel Project. The Total mineral resource estimate at Kolosori calculated by Mining One was 5.89 million tonnes at 1.55 % Ni at a 1.2% Ni cut off.

The above details of the Kolosori mineral resource estimate were originally reported in an announcement to the ASX on 19 November 2020 entitled "Initial JORC Resource Estimate At Kolosori". This announcement can be found on the Company's website at: <https://pacificnickel.com/investors/asx-announcements/>

The Company confirms that it is not aware of any new information or data that materially affects the information included in the abovementioned announcement. In addition the Company confirms that all material assumptions and technical parameters underpinning the estimates in the abovementioned announcement continue to apply and have not materially changed.

The Company also confirms that the form and context in which the Competent Person's findings are presented have not been materially modified.

Key Terms of the Share Purchase Agreement to acquire Kolosori Nickel

The key terms of the Share Purchase Agreement include:

- a) Payment of \$750,000 by the issue of 9,375,000 fully paid ordinary shares in Pacific Nickel at a deemed issue price of \$0.08 (Upfront Consideration Shares);
- b) Payment of \$1,250,000 (less any debts not disclosed to Pacific Nickel in the Agreement) by the issue of up to 15,625,000 fully paid ordinary shares in Pacific Nickel at a deemed issue price of \$0.08 upon the granting of a mining licence for PL 05-19 by the Mines Department and confirmation of a resource with a minimum of 6 million tonnes @ 1.6%Ni including 3.9 million tonnes @ 1.7% Ni to 2012 JORC (Deferred Consideration Shares);
- c) The Upfront Consideration Shares and the Deferred Consideration Shares are subject to certain clawback or reductions for adjustments; and
- d) All Pacific Nickel shares issued to the vendors to be subject to voluntary escrow arrangements as follows:
 - i. For the Upfront Consideration Shares, the earlier of 12 months from their date of issue or 10 business days after the granting of a mining licence for PL 05-19; and
 - ii. For the Deferred Consideration Shares, 12 months from their date of issue.

The Agreement is subject to conditions precedent, including:

- a) Pacific Nickel entering into an agreement with Kolosori Nickel and the Landholders, on terms satisfactory to Pacific Nickel, for the provision of funding by Pacific Nickel to the Landholders (to be repaid from Kolosori Nickel's cash flows and sale proceeds) for their portion of exploration and development costs relating to the Kolosori Nickel Project; and

- b) the shareholders of Pacific Nickel approving the transactions contemplated by the Agreement in a general meeting, including a resolution authorising the allotment and issue of the Upfront Consideration Shares and Deferred Consideration Shares to the Kolosori Nickel shareholders in accordance with the ASX Listing Rules and the Corporations Act.

The Agreement is subject to standard warranties and representations for transactions of this nature.

Period Prior to Completion

In the period prior to Completion, the Vendors must ensure that Kolosori Nickel does not alter its share capital or any of the provisions of its constitution, incur any debt or liability or remove, divest or otherwise transfer any asset out of Kolosori Nickel.

Completion

Completion is to occur 5 business days following the satisfaction or waiver of all conditions precedent by the Company or at such time and place as the parties agree in writing.

Dilution effect

The table below shows the dilution of existing Shareholders on the issue of the Consideration Shares. At the date of this Notice, the Company had 149,774,588 shares on issue.

The table shows the dilution effect on the current issued capital after the issue of the Consideration Shares;

		Dilution effect		
		Upfront Consideration Shares	Deferred Consideration Shares	Total Consideration Shares
Current Issued Capital	149,774,588	9,375,000	15,625,000	25,000,000
Issued Capital post Consideration Shares	Issued capital after issue of Consideration Shares	159,149,588	175,774,588	175,774,588
	Dilution	6.26%	10.44%	16.70%

Note: the table above assumes that no Shares are issued before the date of issue of the Consideration Shares. If further Shares are issued and Shareholders do not participate in the issue, their ownership and voting power in the Company will be further diluted.

Directors Recommendation

The Directors unanimously recommend that shareholders vote in favour of Resolution 1.

RESOLUTION 2: Issue of Ordinary Shares as Consideration for the Acquisition of Kolosori Nickel

As outlined above, it is proposed that Pacific Nickel will issue the following shares as consideration for the acquisition of Kolosori Nickel (Consideration Shares):

- a) 9,375,000 fully paid ordinary shares in Pacific Nickel at a deemed issue price of \$0.08 (Upfront Consideration Shares);
- b) Up to 15,625,000 fully paid ordinary shares in Pacific Nickel at a deemed issued price of \$0.08 (Deferred Consideration Shares) (less any clawback or reduction for adjustments) upon the granting of a mining licence for PL 05-19 by the Mines Department and confirmation of a resource with a minimum of 6 million tonnes @ 1.6%Ni including 3.9 million tonnes @ 1.7% Ni to 2012 JORC.

The following information is provided for the purposes of ASX Listing Rule 7.3:

- i. The persons to whom Pacific Nickel will issue the Consideration Shares are the persons/entities who currently hold shares in Kolosori Nickel. These person/entities will receive the Consideration Shares pro-rata to their existing shareholding in Kolosori Nickel. None of the persons/entities to whom the Consideration Shares are to be issued are related parties to Pacific Nickel or associates of any Director of Pacific Nickel or are persons to whom ASX Listing Rule 10.11 would apply.
- ii. The maximum number of Consideration Shares to be issued by the Company is 25,000,000 Shares
- iii. The shares to be issued by the Company will be ordinary fully paid Shares.
- iv. The Upfront Consideration Shares are to be issued by the Company upon Completion. Completion is to occur 5 business days after each of the conditions precedent have been satisfied or waived. Subject to the approval of Resolutions 1 and 2 it is anticipated that Completion will occur not later than 3 months after the date of the shareholders meeting to be held pursuant to this Notice of Meeting.

The Deferred Consideration Shares are to be issued by the Company within 5 business days of the granting of a mining licence for PL 05-19 by the Mines Department in the Solomon Islands (or the equivalent governmental agency) and confirmation of a resource with a minimum of 6 million tonnes @ 1.6%Ni including 3.9 million tonnes @ 1.7% Ni to 2012 JORC. It is anticipated that the Deferred Consideration Shares will be issued within 3 years after the date of the shareholders meeting to be held pursuant to this Notice of Meeting. In this regard Pacific Nickel has applied to the ASX for a waiver of ASX Listing Rule 7.3.4.

- v. All of the Consideration Shares will be issued at the deemed issue price of \$0.08 as consideration for the acquisition of the Acquisition Shares.
- vi. All of the Consideration Shares will be issued as consideration for the acquisition of the Acquisition Shares. No cash funds will be received for the issue of the Consideration Shares.
- vii. The material terms of the SPA are outlined in this Explanatory Memorandum in relation to Resolution 1.
- viii. The Consideration Shares are not being issued under, or to fund, a reverse takeover.
- ix. A Voting Exclusion Statement is included above in the Notice of Meeting.

The following information is provided for the purposes of ASX Listing Rule 14.1A:

If Shareholders approve Resolution 2 then Pacific Nickel will proceed with the acquisition of an 80% interest in Kolosori Nickel as contemplated in the SPA.

If Shareholders do not approve Resolution 2 then Pacific Nickel will not be able to complete the acquisition of an 80% interest in Kolosori Nickel as contemplated in the SPA. This would leave Pacific Nickel in a very difficult position with regard to its strategy for the development of the Kolosori project.

Directors Recommendation

The Directors unanimously recommend that shareholders vote in favour of Resolution 2.

RESOLUTION 3: Ratify Previous Issue of Placement of Shares

As announced to the ASX on 17 December 2020 Pacific Nickel confirmed that it would proceed with a placement of 64,000,000 fully paid ordinary Shares at \$0.05 to raise \$3,200,000 (Placement).

The Placement was to be affected in two tranches. The first tranche of 11,200,000 shares (First Tranche Placement Shares) was completed on 21 December 2020 (Issue Date) utilising the balance of the Company's 15% capacity under ASX Listing Rule 7.1.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The First Tranche Placement does not fit within any of these exceptions and, as it has not yet been approved by Pacific Nickel's shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing Pacific Nickel's capacity to issue further equity securities without shareholder approval under Listing Rule 7.1 for the 12 month period following the Issue Date.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

Pacific Nickel wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain shareholder approval for such issues under Listing Rule 7.1.

To this end, Resolution 3 seeks shareholder approval to the issue of the First Tranche Placement Shares under and for the purposes of Listing Rule 7.4.

The following information is provided for the purposes of ASX Listing Rule 7.5:

- i. The persons to whom Pacific Nickel issued the First Tranche Placement Shares were the persons/entities identified by Bridge Street Capital Partners who had been engaged by the Company as Lead Manager to identify participants in the Placement. Bridge Street Capital Partners offered participation to some existing investors but so far as possible focussed on achieving a spread of new investors to complement the Company going forward being either institutional or sophisticated investors.
- ii. The approval sought under Resolution 3 relates to 11,200,000 fully paid ordinary shares.
- iii. All of the First Tranche Placement Shares issued were fully paid ordinary shares of the Company.
- iv. All of the First Tranche Placement Shares were issued on 21 December 2020.
- v. All of the First Tranche Placement Shares issued were issued at the issue price of \$0.05
- vi. The funds raised by the Placement (including the First Tranche Placement Shares) are to be used for:
 - a) ongoing exploration and development work in relation to the Company's Nickel Projects in the Solomon Islands;
 - b) advancing definitive feasibility studies in relation to each of these projects; and
 - c) for working capital and general corporate purposes.
- vii. The First Tranche Placement Shares were pursuant to standard share application forms submitted to Bridge Street Capital Partners as Lead Manager to the Placement.
- viii. A Voting Exclusion Statement is included above in the Notice of Meeting.

The following information is provided for the purposes of ASX Listing Rule 14.1A:

If Resolution 3 is passed, the First Tranche Placement Shares will be excluded in calculating Pacific Nickel's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

If Resolution 3 is not passed, the First Tranche Placement Shares will be included in calculating Pacific Nickel's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

Directors Recommendation

The Directors unanimously recommend that shareholders vote in favour of Resolution 3.

RESOLUTION 4: Approve Proposed Issue of Placement Shares

As announced to the ASX on 17 December 2020 Pacific Nickel confirmed that it would proceed with a placement of 64,000,000 fully paid ordinary Shares at \$0.05 to raise \$3,200,000 (Placement).

The Placement was to be affected in two tranches. The first tranche of 11,200,000 Shares was completed on 21 December 2020 utilising the balance of the Company's 15% capacity under ASX Listing Rule 7.1. and is the subject of Resolution 3 above. The second tranche of 52,800,000 Shares was comprised of:

- a) 41,300,000 Shares placed with the participants in the first tranche of the Placement (Second Tranche Placement Shares); and
- b) 11,500,000 Shares placed with Directors of the Company (or their associates) being the subject of Resolutions 5, 6 and 7 below.

Resolution 4 seeks shareholder approval to the issue of the Second Tranche Placement Shares under and for the purposes of Listing Rule 7.1.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The exceptions to Listing Rule 7.1 are set out in Listing Rule 7.2. Exception 17 covers the situation when an issue of shares is conditional on the holders of the issuing company approving the issue under Listing Rule 7.1 before the issue is made. Pacific Nickel is seeking approval for the issued of the Second Tranche Placement Shares to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain shareholder approval for such issues under Listing Rule 7.1.

The following information is provided for the purposes of ASX Listing Rule 7.3:

- i. The persons to whom Pacific Nickel proposes to issue the Second Tranche Placement Shares are the persons/entities who participated in the First Tranche referred to in Resolution 3 above and were identified by Bridge Street Capital Partners who had been engaged by the Company as Lead Manager to identify participants in the Placement. Bridge Street Capital Partners offered participation to some existing investors but so far as possible focussed on achieving a spread of new investors to complement the Company going forward being either institutional or sophisticated investors.
- ii. The approval sought under Resolution 4 relates to 41,300,000 fully paid ordinary shares.
- iii. All of the Second Tranche Placement Shares to be issued are fully paid ordinary shares of the Company.
- iv. All of the Second Tranche Placement Shares are expected to be issued within 7 days of shareholder approval pursuant to this Resolution 4, and in any event no later than 3 months after the date of this shareholder meeting.
- v. All of the Second Tranche Placement Shares issued are to be issued at the issue price of \$0.05
- vi. The funds raised by the Placement (including the Second Tranche Placement Shares) are to be used for:
 - a) ongoing exploration and development work in relation to the Company's Nickel Projects in the Solomon Islands;
 - b) advancing definitive feasibility studies in relation to each of these projects; and
 - c) for working capital and general corporate purposes.

- vii. The Second Tranche Placement Shares were pursuant to standard share application forms to Bridge Street Capital Partners as Lead Manager to the Placement.
- viii. A Voting Exclusion Statement is included above in the Notice of Meeting.

The following information is provided for the purposes of ASX Listing Rule 14.1A:

If Resolution 4 is passed, the Second Tranche Placement Shares will be excluded in calculating Pacific Nickel's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

If Resolution 4 is not passed, the Company will not be able to issue all of the Second Tranche Placement Shares and any shares issued will be included in calculating Pacific Nickel's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date. If not all of the Second Tranche Placement Shares are issued this will adversely affect the Company's ability to advance ongoing exploration and development work in relation to the Company's Nickel Projects in the Solomon Islands. In addition the Company may not be able advance feasibility studies in relation to each of these projects or have sufficient working capital for general corporate purposes.

Directors Recommendation

The Directors unanimously recommend that shareholders vote in favour of Resolution 4.

RESOLUTION 5: Proposed issue of Shares to Mr. James Dean

At the same time that Pacific Nickel announced the Placement to the ASX on 17 December 2020 it was also announced that the Board of Pacific Nickel had committed to subscribe a total of \$575,000 to the Placement at the same issue price as the Placement of \$0.05.

Mr. James Dean (and/or his associate) has subscribed for an aggregate amount of \$400,000.00.

Mr. James Dean is a Director of the Company and accordingly is considered to be a related party of the Company.

ASX Listing Rule 10.11 provides that a Company must not issue or agree to issue equity securities to a related party of the Company, such as a person who is a director of the Company, without the Company first obtaining the approval by ordinary resolution of its shareholders.

Resolution 5 seeks approval to allot Shares to Mr. James Dean (and/or his associate).

The following information is provided for the purposes of ASX Listing Rule 10.13:

- i. Shares are to be allotted to Mr. James Dean (\$200,000) and AGIO Global Fund Pty Ltd (\$200,000) which is an associate of Mr. James Dean.
- ii. Mr. James Dean is a related party of Pacific Nickel as he is a Director of Pacific Nickel.
- iii. 4,000,000 Shares in the Company are to be allotted to Mr. James Dean and another 4,000,000 Shares are to be allotted to AGIO Global Fund Pty Ltd.
- iv. The securities to be issued to Mr. Dean and AGIO Global Fund Pty Ltd are all fully paid ordinary shares.
- v. Subject to approval of Resolution 5, it is anticipated that the Shares will be allotted to Mr. Dean and AGIO Global Fund Pty Ltd within 7 days of the date of the meeting and in any event not later than 1 month after the date of the meeting.
- vi. The Shares will be issued at \$0.05 being the same issue price at which Pacific Nickel conducted the Placement as announced to the market on 17 December 2020.

- vii. In conjunction with the funds raised by the Placement announced to the market on 17 December 2020 the funds raised by the issue of these Shares are to be used for:
 - a) ongoing exploration and development work in relation to the Company's Nickel Projects in the Solomon Islands;
 - b) advancing definitive feasibility studies in relation to each of these projects; and
 - c) for working capital and general corporate purposes.
- viii. The issue of these Shares is for cash subscribed by Mr. Dean and AGIO Global Fund Pty Ltd and not are remuneration or to incentivise Mr. James Dean.
- ix. The Shares are to be issued pursuant to two standard Applications for Shares submitted by Mr. Dean and AGIO Global Fund Pty Ltd to Bridge Street Capital Partner as Lead Manager to the Placement.
- x. A Voting Exclusion Statement is included above in the Notice of Meeting.

The following information is provided for the purposes of ASX Listing Rule 14.1A:

If Shareholders approve Resolution 5 then the Company will proceed with the proposed issue of shares to Mr. Dean and AGIO Global Fund Pty Ltd and for which the Company will receive \$400,000.00

If Shareholders do not approve Resolution 5 then the Company would be unable to complete the proposed issue of shares to Mr. Dean and AGIO Global Fund Pty Ltd as contemplated and the Company would not receive the \$400,000 that was to have been subscribed by Mr. Dean and AGIO Global Fund Pty Ltd for these shares.

Chapter 2E of the Corporations Act 2001

The proposed issue of Shares under Resolution 5 to Mr. Dean and AGIO Global Fund Pty Ltd involves giving a financial benefit to a related party for the purposes of Chapter 2E of the Corporations Act 2001. Chapter 2E prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- b) prior shareholder approval is obtained for the giving of the financial benefit.

The Directors of the Company (excluding Mr. Dean) believe that the issue of Shares is appropriate and reasonable in all circumstances, as they are being issued on the same terms and conditions as those that were issued to third parties pursuant to the Placement. Therefore the Company considers that the issue of the Shares comes within section 210 of the Corporations Act 2001, and shareholder approval is not required for that purpose.

Directors Recommendation

The Directors (excluding Mr. Dean) recommend that shareholders vote in favour of Resolution 5.

RESOLUTION 6: Proposed issue of Shares to Mr. Geoff Hiller

At the same time that Pacific Nickel announced the Placement to the ASX on 17 December 2020 it was also announced that the Board of Pacific Nickel had committed to subscribe a total of \$575,000 to the Placement at the same issue price as the Placement of \$0.05.

Mr. Geoff Hiller (and/or his associate) has subscribed for an aggregate amount of \$75,000.00.

Mr. Geoff Hiller is a Director of the Company and accordingly is considered to be a related party of the Company.

ASX Listing Rule 10.11 provides that a Company must not issue or agree to issue equity securities to a related party of the Company, such as a person who is a director of the Company, without the Company first obtaining the approval by ordinary resolution of its shareholders.

Resolution 6 seeks approval to allot Shares to Mr. Geoff Hiller (or his associate).

The following information is provided for the purposes of ASX Listing Rule 10.13:

- i. Shares are to be allotted to Mr Geoffrey Ross Hiller & Mrs Jacqueline Ann Hiller <Highshaw Super Fund A/C> and to Highshaw Pty Ltd <Highshaw No 2 A/C> both of which are associates of Mr. Geoff Hiller.
- ii. Mr. Geoff Hiller is a related party of Pacific Nickel as he is a Director of Pacific Nickel.
- iii. 1,000,000 Shares in the Company are to be allotted to Mr Geoffrey Ross Hiller & Mrs Jacqueline Ann Hiller <Highshaw Super Fund A/C> and 500,000 Shares in the Company are to be allotted to Highshaw Pty Ltd <Highshaw No 2 A/C>.
- iv. The securities to be issued to Mr Geoffrey Ross Hiller & Mrs Jacqueline Ann Hiller <Highshaw Super Fund A/C> and Highshaw Pty Ltd <Highshaw No 2 A/C> are all fully paid ordinary shares.
- v. Subject to approval of Resolution 6, it is anticipated that the Shares will be allotted to Mr Geoffrey Ross Hiller & Mrs Jacqueline Ann Hiller <Highshaw Super Fund A/C> and Highshaw Pty Ltd <Highshaw No 2 A/C> within 7 days of the date of the meeting and in any event not later than 1 month after the date of the meeting.
- vi. The Shares will be issued at \$0.05 being the same issue price at which Pacific Nickel conducted the Placement as announced to the market on 17 December 2020.
- vii. In conjunction with the funds raised by the Placement announced to the market on 17 December 2020 the funds raised by the issue of these Shares are to be used:
 - d) ongoing exploration and development work in relation to the Company's Nickel Projects in the Solomon Islands;
 - e) advancing definitive feasibility studies in relation to each of these projects; and
 - f) for working capital and general corporate purposes.
- viii. The issue of these Shares is for cash subscribed by Mr Geoffrey Ross Hiller & Mrs Jacqueline Ann Hiller <Highshaw Super Fund A/C> and Highshaw Pty Ltd <Highshaw No 2 A/C> and not are remuneration or to incentivise Mr. Geoff Hiller.
- ix. The Shares are to be issued pursuant to a standard Applications for Shares submitted by Mr Geoffrey Ross Hiller & Mrs Jacqueline Ann Hiller <Highshaw Super Fund A/C> and Highshaw Pty Ltd <Highshaw No 2 A/C> to Bridge Street Capital Partner as Lead Manager to the Placement.
- x. A Voting Exclusion Statement is included above in the Notice of Meeting.

The following information is provided for the purposes of ASX Listing Rule 14.1A:

If Shareholders approve Resolution 6 then the Company will proceed with the proposed issue of shares to Mr Geoffrey Ross Hiller & Mrs Jacqueline Ann Hiller <Highshaw Super Fund A/C> and to Highshaw Pty Ltd <Highshaw No 2 A/C> and for which the Company will receive \$75,000.00

If Shareholders do not approve Resolution 6 then the Company would be unable to complete the proposed issue of shares to Mr Geoffrey Ross Hiller & Mrs Jacqueline Ann Hiller <Highshaw Super Fund A/C> and Highshaw Pty Ltd <Highshaw No 2 A/C> as contemplated and the Company would not receive the \$75,000 that was to have been subscribed by Mr Geoffrey Ross Hiller & Mrs Jacqueline Ann Hiller <Highshaw Super Fund A/C> and Highshaw Pty Ltd <Highshaw No 2 A/C> for these shares.

Chapter 2E of the Corporations Act 2001

The proposed issue of Shares under Resolution 6 to Mr Geoffrey Ross Hiller & Mrs Jacqueline Ann Hiller <Highshaw Super Fund A/C> and Highshaw Pty Ltd <Highshaw No 2 A/C> involves giving a financial benefit to a related party for the purposes of Chapter 2E of the Corporations Act 2001. Chapter 2E prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- b) prior shareholder approval is obtained for the giving of the financial benefit.

The Directors of the Company (excluding Mr. Hiller) believe that the issue of Shares is appropriate and reasonable in all circumstances, as they are being issued on the same terms and conditions as those that were issued to third parties pursuant to the Placement. Therefore the Company considers that the issue of the Shares comes within section 210 of the Corporations Act 2001, and shareholder approval is not required for that purpose.

Directors Recommendation

The Directors (excluding Mr. Hiller) recommend that shareholders vote in favour of Resolution 6.

RESOLUTION 7: Proposed issue of Shares to Mr. Rob Thomson

At the same time that Pacific Nickel announced the Placement to the ASX on 17 December 2020 it was also announced that the Board of Pacific Nickel had committed to subscribe a total of \$575,000 to the Placement at the same issue price as the Placement of \$0.05.

Mr. Robert Thomson (and/or his associate) has subscribed for an aggregate amount of \$100,000.00.

Mr. Rob Thomson is a Director of the Company and accordingly is considered to be a related party of the Company.

ASX Listing Rule 10.11 provides that a Company must not issue or agree to issue equity securities to a related party of the Company, such as a person who is a director of the Company, without the Company first obtaining the approval by ordinary resolution of its shareholders.

Resolution 7 seeks approval to allot Shares to Mr. Robert Thomson (or his associate).

The following information is provided for the purposes of ASX Listing Rule 10.13:

- i. Shares are to be allotted to Monterey Consolidated Services Pty Ltd <Lorodaca Super Fund> which is an associate of Mr. Robert Thomson.
- ii. Mr. Robert Thomson is a related party of Pacific Nickel as he is a Director of Pacific Nickel.
- iii. 2,000,000 Shares in the Company are to be allotted to Monterey Consolidated Services Pty Ltd <Lorodaca Super Fund>.
- iv. The securities to be issued to Monterey Consolidated Services Pty Ltd <Lorodaca Super Fund> are all fully paid ordinary shares.
- v. Subject to approval of Resolution 7, it is anticipated that the Shares will be allotted to Monterey Consolidated Services Pty Ltd <Lorodaca Super Fund> within 7 days of the date of the meeting and in any event not later than 1 month after the date of the meeting.
- vi. The Shares will be issued at \$0.05 being the same issue price at which Pacific Nickel conducted the Placement as announced to the market on 17 December 2020.
- vii. In conjunction with the funds raised by the Placement announced to the market on 17 December 2020 the funds raised by the issue of these Shares are to be used for:
 - g) ongoing exploration and development work in relation to the Company's Nickel Projects in the Solomon Islands;
 - h) advancing definitive feasibility studies in relation to each of these projects; and
 - i) for working capital and general corporate purposes.

- viii. The issue of these Shares is for cash subscribed by Monterey Consolidated Services Pty Ltd <Lorodaca Super Fund> and not are remuneration or to incentivise Mr. Robert Thomson.
- ix. The Shares are to be issued pursuant to a standard Applications for Shares submitted by Monterey Consolidated Services Pty Ltd <Lorodaca Super Fund> to Bridge Street Capital Partner as Lead Manager to the Placement.
- x. A Voting Exclusion Statement is included above in the Notice of Meeting.

The following information is provided for the purposes of ASX Listing Rule 14.1A:

If Shareholders approve Resolution 7 then the Company will proceed with the proposed issue of shares to Monterey Consolidated Services Pty Ltd <Lorodaca Super Fund> and for which the Company will receive \$100,000.00

If Shareholders do not approve Resolution 7 then the Company would be unable to complete the proposed issue of shares to Monterey Consolidated Services Pty Ltd <Lorodaca Super Fund> as contemplated and the Company would not receive the \$100,000 that was to have been subscribed by Monterey Consolidated Services Pty Ltd <Lorodaca Super Fund> for these shares.

Chapter 2E of the Corporations Act 2001

The proposed issue of Shares under Resolution 7 to Monterey Consolidated Services Pty Ltd <Lorodaca Super Fund> involves giving a financial benefit to a related party for the purposes of Chapter 2E of the Corporations Act 2001. Chapter 2E prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- b) prior shareholder approval is obtained for the giving of the financial benefit.

The Directors of the Company (excluding Mr. Thomson) believe that the issue of Shares is appropriate and reasonable in all circumstances, as they are being issued on the same terms and conditions as those that were issued to third parties pursuant to the Placement. Therefore the Company considers that the issue of the Shares comes within section 210 of the Corporations Act 2001, and shareholder approval is not required for that purpose.

Directors Recommendation

The Directors (excluding Mr. Thomson) recommend that shareholders vote in favour of Resolution 7.

RESOLUTIONS 8, 9 and 10: Conversion of Liabilities to Related Parties – Background Information

Each of the following Directors below were owed Director's fees or consulting fees by the Company as at 31 December 2020 as follows:

	James Dean	Geoff Hiller	Robert Thomson
Unpaid Director's Fees*	\$39,420.00	N/A	\$12,811.50
Unpaid Consulting Fees	-	\$85,040.90**	\$40,000

* The Director's fees owing are gross figures reflecting commercial arrangements between the Company and the Directors.

** Of the total amount of unpaid consulting fees owed to Mr. Hiller it is proposed that \$85,040.90 will be converted into Shares (being the Shares the subject of Resolution 9) with the balance of \$85,590.90 to remain as a debt owing to Mr. Hiller by the Company.

Currently annual Director's fees of \$36,000 are paid to non-executive directors and the Board has determined that an amount of \$55,800 be paid to the non-executive Chairman.

The Directors have not been paid Director's fees since the 1st of January 2020 and all Director's fees have been accrued since that date. No interest is payable on the outstanding amounts.

Resolutions 8, 9 and 10 seek approval for the issue of a total of 3,545,448 Shares at a deemed issue price of \$0.05 per Share pursuant to Listing Rule 10.11 to the Directors or their associates to extinguish these liabilities as referred to above.

RESOLUTION 8: Conversion of Directors Fees Owing into Shares – Mr. James Dean

Mr. James Dean was appointed as a non-executive Director of the Company on 10 February 2011.

The total amount of Director's fees owed to Mr. Dean as at 31 December 2020 was \$39,420.00.

The following additional information is provided in accordance with Listing Rule 10.13 with respect to Resolution 8:

- Mr. Dean is a related party as he is a Director of the Company;
- if Resolution 8 is approved 788,400 Shares are to be issued to Mr. Dean or to his associate/s;
- if Resolution 8 is approved the Shares will be issued at the earliest practicable opportunity following the date of the meeting and in any event not later than 1 month after the date of the meeting;
- the deemed issue price for the Shares will be \$0.05 per Share and upon issue of the Shares the outstanding liability in respect of Director's Fees owing by the Company to Mr. Dean to 31 December 2020 in the amount of \$39,420.00 will be extinguished;
- the purpose of the issue is to improve the Company's balance sheet by reducing the Company's liabilities;
- no cash funds will be raised from the issue of Shares however a liability of \$39,420.00 will be extinguished;
- the issue of Shares contemplated by this Resolution 8 relates to Director's fees owing to and accrued by Mr. Dean in his capacity as Director of the Company, which Mr. Dean has not received payment of since 1 January 2020; and
- the Shares are proposed to be issued to Mr. Dean and/ or his associates in lieu of payment of accrued Director's fees and there is no other agreement with Mr. Dean in respect of the Shares to be issued pursuant to this Resolution.

The following information is provided for the purposes of ASX Listing Rule 14.1A:

If Shareholders approve Resolution 8 then the Company will proceed with the proposed issue of shares to Mr. James Dean or his associate and this will extinguish the liability of \$39,420.00 owed by the Company to Mr. Dean.

If Shareholders do not approve Resolution 8 then the Company would be unable to proceed with the proposed issue of shares to Mr. James Dean or his associate and the Company would be required to pay the amount of \$39,420.00 owed by the Company to Mr. Dean from its cash resources.

Chapter 2E of the Corporations Act

The Directors (excluding Mr. Dean, abstaining) believe that the issue of the Shares to Mr. Dean or his associates pursuant to this Resolution is appropriate and reasonable in all circumstances, as they are being issued on the same terms and conditions as those that are proposed to be issued to arms length investors in the Placement (refer Resolutions 3 and 4) and are reasonable remuneration in the Company's and Mr. Dean's circumstances. Therefore the Company considers that the issue of these Shares is on arm's length terms under section 210 of the Corporations Act and/or reasonable remuneration under section 211 of the Corporations Act (being exceptions to the prohibition set out in Chapter 2E), and therefore that Shareholder approval is not required for the purposes of Chapter 2E (noting that the Company still seeks Shareholder approval for the purposes of the Listing Rules).

RESOLUTION 9. Conversion of Consulting Fees Owning into Shares – Mr. Geoff Hiller

Mr. Geoff Hiller was appointed as an executive Director of the Company on 4 October 2019.

The total amount of Consulting fees owed to Mr. Hiller as at 31 December 2020 was \$164,590.90. Of this amount it is proposed that \$85,040.90 will be converted into Shares (being the Shares the subject of this Resolution 9) with the balance of \$85,590.90 to remain as a debt owing to Mr. Hiller by the Company

The following additional information is provided in accordance with Listing Rule 10.13 with respect to Resolution 9:

- Mr. Hiller is a related party as he is a Director of the Company;
- if Resolution 9 is approved 1,700,818 Shares are to be issued to Mr. Hiller or to his associate/s;
- if Resolution 9 is approved the Shares will be issued at the earliest practicable opportunity following the date of the meeting and in any event not later than 1 month after the date of the meeting;
- the deemed issue price for the Shares will be \$0.05 per Share and upon issue of the Shares the outstanding liability in respect of Consulting Fees in the amount of \$85,040.90 owing by the Company to Mr. Hiller to 31 December 2020 will be extinguished;
- the purpose of the issue is to improve the Company's balance sheet by reducing the Company's liabilities;
- no cash funds will be raised from the issue of Shares however a liability of \$85,040.90 will be extinguished;
- the issue of Shares contemplated by this Resolution 9 relates to Consulting fees owing to and accrued by Mr. Hiller in his capacity as Chief Executive Officer of the Company, which Mr. Hiller has not received payment; and
- the Shares are proposed to be issued to Mr. Hiller and/ or his associates in lieu of payment of accrued Consulting fees and there is no other agreement with Mr. Hiller in respect of the Shares to be issued pursuant to this Resolution.

The following information is provided for the purposes of ASX Listing Rule 14.1A:

If Shareholders approve Resolution 9 then the Company will proceed with the proposed issue of shares to Mr. Geoff Hiller or his associate and this will extinguish the liability of \$85,040.90 owed by the Company to Mr. Hiller.

If Shareholders do not approve Resolution 9 then the Company would be unable to proceed with the proposed issue of shares to Mr. Geoff Hiller or his associate and the Company would be required to pay the amount of \$85,040.90 owed by the Company to Mr. Hiller from its cash resources.

Chapter 2E of the Corporations Act

The Directors (excluding Mr. Hiller, abstaining) believe that the issue of the Shares to Mr. Hiller or his associates pursuant to this Resolution is appropriate and reasonable in all circumstances, as they are being issued on the same terms and conditions as those that are proposed to be issued to arms length investors in the Placement (refer Resolutions 3 and 4) and are reasonable remuneration in the Company's and Mr. Hiller's circumstances. Therefore the Company considers that the issue of these Shares is on arm's length terms under section 210 of the Corporations Act and/or reasonable remuneration under section 211 of the Corporations Act (being exceptions to the prohibition set out in Chapter 2E), and therefore that Shareholder approval is not required for the purposes of Chapter 2E (noting that the Company still seeks Shareholder approval for the purposes of the Listing Rules).

RESOLUTION 10. Conversion of Director Fees and Consulting Fees Owning into Shares – Mr. Robert Thomson

Mr. Robert Thomson was appointed as a non-executive Director of the Company on 3 September 2020. Mr. Thomson also provides consulting services to the Company for technical services.

The total amount of Consulting fees owed to Mr. Thomson as at 31 December 2020 was \$40,000.00. The amount of Directors Fees owing to Mr. Thomson as at 31 December 2020 was \$12,811.50. It is proposed that \$52,811.50 will be converted into Shares (being the Shares the subject of this Resolution 10).

The following additional information is provided in accordance with Listing Rule 10.13 with respect to Resolution 10:

- Mr. Thomson is a related party as he is a Director of the Company;
- if Resolution 10 is approved 1,056,230 Shares are to be issued to Mr. Thomson or to his associate/s;
- if Resolution 10 is approved the Shares will be issued at the earliest practicable opportunity following the date of the meeting and in any event not later than 1 month after the date of the meeting;
- the deemed issue price for the Shares will be \$0.05 per Share and upon issue of the Shares the outstanding liability in respect of Consulting Fees in the amount of \$40,000.00 and the Directors Fees in the amount of \$12,811.50 owing by the Company to Mr. Thomson to 31 December 2020 will be extinguished;
- the purpose of the issue is to improve the Company's balance sheet by reducing the Company's liabilities;
- no cash funds will be raised from the issue of Shares however a liability of \$52,811.50 will be extinguished;
- the issue of Shares contemplated by this Resolution 10 relates to Consulting fees and Director Fees owing to and accrued by Mr. Thomson in his capacity as Director and as a Consultant to the Company, for which Mr. Thomson has not received payment; and
- the Shares are proposed to be issued to Mr. Thomson and/ or his associates in lieu of payment of accrued Consulting fees and Director fees and there is no other agreement with Mr. Thomson in respect of the Shares to be issued pursuant to this Resolution.

The following information is provided for the purposes of ASX Listing Rule 14.1A:

If Shareholders approve Resolution 10 then the Company will proceed with the proposed issue of shares to Mr. Thomson or his associate and this will extinguish the liability of \$52,811.50 owed by the Company to Mr. Thomson.

If Shareholders do not approve Resolution 10 then the Company would be unable to proceed with the proposed issue of shares to Mr. Thomson or his associate and the Company would be required to pay the amount of \$52,811.50 owed by the Company to Mr. Thomson from its cash resources.

Chapter 2E of the Corporations Act

The Directors (excluding Mr. Thomson, abstaining) believe that the issue of the Shares to Mr. Thomson or his associates pursuant to this Resolution is appropriate and reasonable in all circumstances, as they are being issued on the same terms and conditions as those that are proposed to be issued to arms length investors in the Placement (refer Resolutions 3 and 4) and are reasonable remuneration in the Company's and Mr. Thomson's circumstances. Therefore the Company considers that the issue of these Shares is on arm's length terms under section 210 of the Corporations Act and/or reasonable remuneration under section 211 of the Corporations Act (being exceptions to the prohibition set out in Chapter 2E), and therefore that Shareholder approval is not required for the purposes of Chapter 2E (noting that the Company still seeks Shareholder approval for the purposes of the Listing Rules).

GLOSSARY:

ASIC	means Australian Securities and Investments Commission.
ASX	means ASX Limited ABN 98 008 624 691 or the securities market which it operates, as the context requires.
Board	means the board of directors of the Company.
Business Day	has the meaning given in Chapter 19 of the Listing Rules.
Company	means Pacific Nickel Mines Limited.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Explanatory Memorandum	means the explanatory memorandum attached to the Notice of Meeting.
First Tranche Placement Shares	means the 11,200,000 Shares to be issued as part of the Placement to institutional and sophisticated investors (excluding the placement of shares to Directors).
Listing Rules	means the official listing rules of ASX.
Notice of Meeting	means the notice of meeting and includes the Explanatory Memorandum.
Placement	Means the placement of 64,000,000 fully paid ordinary Shares at \$0.05 to raise \$3,200,000 as announced to the ASX on 17 December 2020.
Second Tranche Placement Shares	means the 41,300,000 Shares to be issued as part of the Placement to institutional and sophisticated investors (excluding the placement of shares to Directors referred to in Resolution 5, 6 and 7).
Proxy Form	means the proxy form accompanying this Notice of Meeting.
Resolution	means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.
Shares	means fully paid ordinary shares issued in the capital of the Company.
Shareholder	means a person who is the registered holder of Shares.