Pacific Nickel

ASX ANNOUNCEMENT

23 June 2021

Jejevo Nickel Project - Drilling Update

Pacific Nickel Mines Limited (ASX Code: PNM) ("**Pacific Nickel"** or **"Company"**) is pleased to announce the assay results from the 26 holes drilled at the Jejevo Nickel DSO (Direct Shipping Ore) project earlier this year.

- Significant high-grade intervals (>1.9% Ni) returned from the 26 hole program include:
  - ✓ **SJT-04: 8m @ 2.18% Ni** from 2m
  - ✓ **SJT-09: 8m @ 1.93% Ni** from 2m
  - ✓ **SJT-11: 5m @ 1.93% Ni** from 2m
  - ✓ **SJT-15: 9.4m @ 2.11% Ni** from 2m
  - ✓ **SJT-21: 7m @ 1.90% Ni** from 4m
- All 26 holes intersected nickel mineralisation
- Nickel results consistent with the historical drilling by Sumitomo
- Mining One preparing a 2012 JORC resource estimate for the Jejevo deposit

JEJEVO NICKEL DRILLING UPDATE:

The Company has received the assay results for the 26 holes completed earlier this year for the Jejevo Nickel Project. A summary of the assay results received from the ALS laboratory in Brisbane, Australia is attached in Table 1 below.

As previously announced these 26 holes are part of a 64-hole drilling program developed by Mining One in their capacity as the Company's independent geological consultant.

Following the completion of these holes, the Company is now in a position to:

- confirm historical drill and in-situ conceptual target calculations;
- instruct Mining One to prepare an independent Jejevo resource assessment in accordance with the JORC 2012 guidelines; and
- carry out preliminary DSO marketing assessments.

The holes drilled by Pacific Nickel Mines in this program are shown in Figure 1 below. These holes are plotted in relation to the historical Sumitomo drilling.

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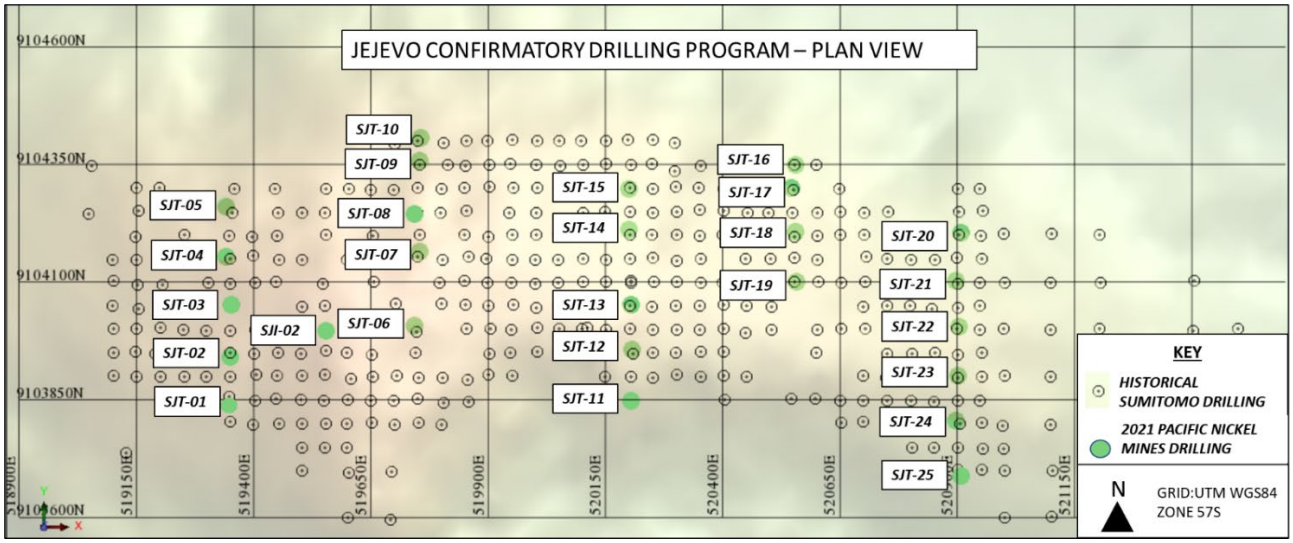

Figure 1 – Jejevo – Confirmatory Drillhole Collar Location Plan

The 2021 drillholes provide confirmation of the thickness and nickel grades encountered in the historical Sumitomo drilling within the Jejevo deposit area. Importantly, the drilling methods, sampling protocols, and QAQC support were completed in accordance with the JORC guidelines.

The pictures below show the Jejevo site drilling activities as well as the drill core logging.

Figure 1 Jejevo – Drill Crews and Samples in Core Trays

The full list of results from the 26 hole program are summarised in Tables 1 and 2 below. The intervals are reported above a 1.2% Ni cut-off. Importantly, all holes intersected nickel mineralisation.

TABLE 1 – JEJEVO DRILLING NICKEL INTERCEPTS

	1.2% CUT-OFF			
HOLE ID	FROM	TO	LENGTH	Ni%
SJI-02	3	7	4	1.60
SJT-01	4	12	8	1.90
SJT-02	7	8	1	1.70
SJT-03	2	7	5	1.76
SJT-04	2	10	8	2.18
SJT-05	2	7	5	1.49
SJT-06	1	7	6	1.49
SJT-07	2	11	9	1.86
SJT-08	1	6	5	1.81
SJT-09	2	10	8	1.93
SJT-10	3	8.5	5.5	1.86
SJT-11	2	7	5	1.93
SJT-12	1	12	11	1.68
SJT-13	3	13	10	1.79
SJT-14	1	3	2	1.43
SJT-15	2	11.4	9.4	2.11
SJT-16	0	2.5	2.5	1.38
SJT-17	1	3	2	1.5
SJT-18	5	7	2	1.76
SJT-19	2	6	4	1.69
SJT-20	1	6	5	1.43
SJT-21	4	11	7	1.9
SJT-22	6	7	1	1.5
SJT-23	2	6	4	1.8
SJT-24	1	7	6	1.65
SJT-25	0	4	4	1.40

The Company's Executive Director & CEO, Mr. Geoff Hiller said:

> *"This Jejevo drilling has confirmed our expectations of the Jejevo resource. Mining One is now able to undertake a JORC assessment of the Jejevo project. We congratulate our exploration team of local geologists, drillers and crew for the completion of this program. This was the first exploration work undertaken by the Company in the Solomon Islands. The Jejevo drilling program has been a success from the initial field setup, completion of drilling, sampling, and freighting of samples to the ALS laboratory in Brisbane. This has now confirmed the resource drilling and definition protocol for the current Kolosori drilling program being carried out by the same team.*

TABLE 2 – JEJEVO DRILLING INFORMATION

Hole	From	To	Depth	Dip	East	North	RL
SJT-01	0	12.05	12.05	-90	519346	9103835	319
SJT-02	0	11.6	11.6	-90	519348	9103943	339
SJT-03	0	10.5	10.5	-90	519351	9104053	342
SJT-04	0	9	9	-90	519341	9104154	333
SJT-05	0	9	9	-90	519341	9104261	309
SJT-06	0	10	10	-90	519742	9104008	328
SJT-07	0	21	21	-90	519753	9104167	328
SJT-08	0	15	15	-90	519742	9104245	337
SJT-09	0	11	11	-90	519753	9104359	291
SJT-10	0	11	11	-90	519755	9104408	288
SJT-11	0	10	10	-90	520204	9103848	283
SJT-12	0	13	13	-90	520206	9103957	289
SJT-13	0	14	14	-90	520203	9104053	305
SJT-14	0	8	8	-90	520200	9104212	262
SJT-15	0	12	12	-90	520199	9104298	255
SJT-16	0	9.6	9.6	-90	520555	9104351	207
SJT-17	0	9	9	-90	520546	9104301	237
SJT-18	0	9	9	-90	520554	9104208	246
SJT-19	0	14	14	-90	520557	9104102	254
SJT-20	0	7	7	-90	520907	9104206	208
SJT-21	0	11	11	-90	520897	9104103	222
SJT-22	0	13	13	-90	520903	9104006	235
SJT-23	0	10	10	-90	520900	9103903	238
SJT-24	0	9	9	-90	520895	9103806	235
SJT-25	0	9	9	-90	520906	9103690	215
SJI-02	0	8.6	8.6	-90	519553	9103997	364

JORC COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results at the Jejevo project is based on, and fairly represents, information and supporting documentation prepared by Mr Stuart Hutchin a Member of the Australian Institute of Geoscientists. Mr Hutchin is a full-time employee of Mining One Consultants and has sufficient experience which is relevant to the style of mineralisation and type of deposit and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Hutchin consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Authorised by the Board.

For further information please contact:

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APPENDIX A: JORC 2012 Table 1 criteria assessment

Section 1: Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* *Include reference to measures taken to ensure sample representation and the appropriate calibration of any measurement tools or systems used.* *Aspects of the determination of mineralisation that are Material to the Public Report.* *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	Drilling was completed down to a 50m x 50m spacing in some areas of the Jejevo deposit. The diamond core drilling was sampled using half core and then assayed via the pressed disc XRF method in the ALS laboratory in Brisbane, Australia. Laboratory analysis was completed for Ni%, Co%, Mg%, Cr%, Fe%, Mn%, Al%, Si%, Ca% and K%.
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	Diamond drilling was completed using a small portable drilling rig that was moved between drill sites using a track based crawler. The rigs drilled conventional NQ sized single tube core that was contained within a plastic sleeve within the core barrel to ensure any loosely consolidated material was contained within the sample interval. These types of drill rigs are commonly used for drilling of laterite hosted deposits within Indonesia and the South Pacific. Holes were drilled vertically through the limonite and saprolite zones into underlying basement.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Sample recovery averaged greater than 95% given the containment of each sample run within a plastic sleeve within the core barrel.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* *The total length and percentage of the relevant intersections logged.*	All holes were: • marked up for recovery calculations • geologically marked up and logged for geology, fractures and recovery • marked up for sampling interval • photographed Geology logging includes lithology, minerals, colour and texture.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Sub- sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *Quality control procedures adopted for all sub-sampling stages to maximise representation of samples.* *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* *Whether sample sizes are appropriate to the grain size of the material being sampled.*	The NQ core was sampled as whole core over samples ranging in length from 0.25m to 1.0m. The majority of sample intervals were 1m in length. Geological contacts were used to determine the sampling intervals where practical to do so. The principal sampling method from the drill core resulted in samples averaging 3-5 kg in weight for each 1m sample. The ALS laboratory in Brisbane, a certified laboratory facility, used standard perperation methods that included: • 24 hour drying at 90º C • jaw crushing to <5 mm • riffle split to 1.2 to 1.6 kg • pulverised with LM2 sampled to 50 g and 200 g pulps.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	The pressed pellet XRF method was used where a standard multi-element suite was completed. Assay were determined for: • Ni%, Co%, Mg%, Cr%, Fe%, Mn%, Al%, Si%, Ca% and K%. Standards, blanks and duplicates were inserted in a 1:20 ratio to support the 2021 drilling program.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.* *The use of twinned holes.* *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *Discuss any adjustment to assay data.*	The current drilling program is designed provide verification of the historical Sumitomo drilling results. Areas of the deposit have however been drilled down to a 50m x 50m spacing where correlation between sample results for Ni% and Co% are high and are in line with the distribution expected within a nickel laterite deposit. There were no adjustments to any assays other than the replacement of below detection values with half the detection limit.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* *Specification of the grid system used. Quality and adequacy of topographic control.*	Collar locations were surveyed by hand-held GPS. No elevation was recorded, GPS reading accuracy was to approximately 5 m. All exploration and evaluation work is completed in UTM WGS 84 Zone 57S. Topography data includes a processed DTM grid with an average accuracy of within 1m.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.* *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* *Whether sample compositing has been applied.*	Drilling has been completed on spacings ranging from 100m x 100m down to 50m x 50m in the central deposit area. The 50m spacing is adequate to establish continuity of the nickel laterite style of mineralization. Drill core samples are generally 1 m in length, the regolith horizons encountered within the deposit are generally greater than 1m in thickness. The drill spacing and sampling intervals are assessed as acceptable for this style of mineralization.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	The nickel laterite deposit is formed as a weathered geomorphic surface sourced from ultramafic bedrock units. All diamond holes were vertical and provide a suitable intersection angle. The drill pattern spacing allows for interpretation of the nickel and cobalt mineralization throughout the project area. Regional and local structures are described as horizontal to sub- horizontal and related to thrusting. There is no evidence of cross cutting structures or units that would bias the assay results.
Sample security	*The measures taken to ensure sample security.*	All drill samples are supervised by the site Geologist between the drill site and the secure core processing area.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	

Section 2: Reporting of Exploration Results

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	Sunshine Minerals owns 80% of Sunshine Nickel Limited (SNL) which holds prospecting licence tenement PL 01/18 located on the south coast of Santa Isabel Island in the Solomon Islands. The remaining 20% of SNL is owned by local landowners (Landholders). The Jejevo Nickel Project is located within the PL 01/18 project area.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	INCO/INALand Sumitomo have completed significant exploration programs over the Jejevo area since the 1960's. Golder and Associates completed a technological study in 2014 that included geology, mining, metallurgical assessment of the Jejevo deposit.
Geology	*Deposit type, geological setting and style of mineralisation.*	Wet tropical laterite. In-situ chemical weathering of the ultramafic rocks with nickel and cobalt enrichment through both residual and supergene processes.
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all material drill holes:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.* *If the exclusion of this information is justified on the basis that the information is not material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	Diamond drilling was completed for the 26 holes of a total 64 hole program. A total of 286.25m were drilled. These holes were drilled on various spacings ranging from 100m x 100m down to 50m x 50m. Diamond drilling was completed using a small portable drilling rig that was moved between drill sites using a track based crawler. The rigs drilled conventional NQ sized single tube core that was contained within a plastic sleeve within the core barrel to ensure any loosely consolidated material was contained within the sample interval. These types of drill rigs are commonly used for drilling of laterite hosted deposits within Indonesia and the South Pacific. Holes were drilled vertically through the limonite and saprolite zones into underlying basement. Details of the drillhole locations are shown in **Figure 1** within this ASX release.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	Weighted averages are used for reporting all assay intervals from the diamond drillholes.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	The laterite is thin but laterally extensive. The intercepts are almost perpendicular to the mineralisation. Drilling so far has been confined to the major ridgelines due to access and deposit geometry.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported.* *These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Maps are provided in the ASX release dated 24th November 2020 that show the distribution of drilling and nickel mineralisation across the Jejevo deposit.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	The significant results reported from the drilling use a lower cut-off of 1.2% Ni with no more than 1m of internal material less than 1% included
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Significant studies were completed by Golder Associates and Sumitomo Metal Mining Co. This work included geotechnical, metallurgical, mining, geological and environmental studies.
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Future work will include: • Completion of validation, infill and extensional drilling within the Jejevo deposit area • JORC Resource estimation at Jejevo • Conceptual mining and processing studies for Jejevo .