



Pacific Nickel Mines Limited (Pacific Nickel or the Company) (ASX: PNM) is pleased to provide an update on its activities for the June 2021 Quarter. The Company's focus for the reporting period was the advancement of the Company's Kolosori and Jejevo Nickel Projects, both located in the Solomon Islands.

ASX Code: PNM

ABN: 86 075 613 268

Issued Shares: 214,895,036

Options:

Exp 17/6/24 @ \$0.09 71,632,284

Exp 30/9/23 @ \$0.06 11,500,000

#### **Directors**

Terry Cuthbertson James Dean Geoff Hiller Rob Thomson

## **Top Shareholders**

James Dean

Terry Cuthbertson
Michael John McCahill <ATF
MJ McCahill TA/C>
Sean McCahill Properties Ltd

# **Head Office**

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#### **HIGHLIGHTS FOR THE JUNE 2021 QUARTER**

### Kolosori Nickel Project

- Initial development drilling program at Kolosori Nickel Project commenced with a 64-hole initial stage program planned.<sup>1</sup>
- Isabel Provincial Office granted a Business Licence for the Kolosori Nickel Project.<sup>2</sup>
- Bathymetric marine survey completed for the proposed Kolosori DSO shipping port location, near the Kolosori Mineral Resource.
- Resindo Resources and Energy Group (Resindo) confirmed that the proposed port location is suitable as a loading point for the transshipping barges
- Resindo working on mining study for a Mining Lease application to be submitted in early Q3 2021.

# Jejevo Nickel Project

- The Company received assay results for the 26 holes completed earlier this year.<sup>3</sup> These included:
  - o SJT-15: 9.4m @ 2.11% Ni from 2m
  - o SJT-04: 8m @ 2.18% Ni from 2m
- Nickel results were consistent with the historical drilling by Sumitomo
- Consultants Mining One preparing a 2012 JORC Mineral Resource estimate for the Jejevo Nickel Project.

#### **Staffing**

- Mr. Michael James has been appointed as General Manager, Project Development and will be based in Solomon Islands.<sup>4</sup>
- Pacific Nickel Executive Director & CEO, Geoff Hiller, held an incountry meeting with key stakeholders with regards to advancing the Kolosori and Jejevo Nickel Projects.

# Corporate

- Acquisition of an 80% interest in the Kolosori Nickel Project has been completed.<sup>5</sup>
- Options offer fully underwritten raising \$859,580. Option Issue price of \$0.012.<sup>6</sup>



<sup>&</sup>lt;sup>1</sup> ASX Announcement 4 June 2021 – Drilling Commences at Kolosori Nickel Project

<sup>&</sup>lt;sup>2</sup> ASX Announcement 11 May 2021 – Market Update Solomon Islands Nickel Projects

<sup>&</sup>lt;sup>3</sup> ASX Announcement 23 June 2021 – Jejevo Nickel Project – Drilling Update

<sup>&</sup>lt;sup>4</sup> ASX Announcement 11 May 2021 – Market Update Solomon Islands Nickel Projects

<sup>&</sup>lt;sup>5</sup> ASX Announcement 12 May 2021 – Acquisition of 80% interest in Kolosori Nickel Project Completed

<sup>&</sup>lt;sup>6</sup> ASX Announcement 10 June 2021 – Options Offer Well Supported by Shareholders



## **KOLOSORI NICKEL PROJECT (80%)**

The Kolosori Nickel Project is an advanced stage direct shipping ore (DSO) nickel laterite project with excellent potential for development, located on Isabel Island in the Solomon Islands.

### **Drilling and Pre-Development Activities**

The Company announced that, following the granting of the Business Licence for PL 05/19, drilling commenced at the Kolosori DSO Nickel Project on Isabel Island in the Solomon Islands. The first stage of the drilling program comprises 64 drillholes (including 11 metallurgical holes).<sup>7</sup>

The Company's independent resource consultants, Mining One, has designed an initial drill program of 224 holes for the Kolosori Nickel Project as indicated below (Figure 1). These holes are part of the planned 2021 predevelopment activities. The initial 64-hole program is designed to infill the existing Mineral Resource of 5.89Mt at 1.55% Ni<sup>8</sup> as well as test for extensions to the Mineral Resource.

The drill program is also an early part of the planned 2021 pre-development Kolosori activities and core samples taken from the 11 metallurgical holes are expected to provide metallurgical information required in the marketing of the DSO product.

Technical information such as moisture content will be estimated from core samples and used for designing the materials handling systems from mining to stockpiling to exporting the DSO via barges and ships.

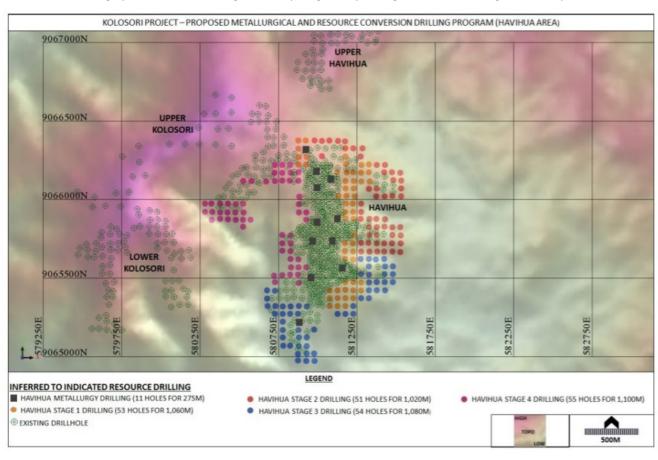


Figure 1 – Drill program at Kolosori Nickel Project

<sup>&</sup>lt;sup>7</sup> ASX Announcement 4 June 2021 – Drilling Commences at Kolosori Nickel Project

<sup>&</sup>lt;sup>8</sup> ASX Announcement 19 Nov 2020 – Initial Resource Estimate, Kolosori Project, Solomon Islands







Figure 2 – Drilling at the Kolosori Nickel Project

# **Engineering Studies**

The Company is progressing Feasibility Study work with engineering consultants, Resindo. An important part of this program was the identification of a suitable port location near to the Kolosori Mineral Resources.

A suitable area was located, and a local marine survey consultancy group has now completed a bathymetric survey over the area. During the quarter, the Company announced that the results from the survey confirmed that the site is suitable as a loading point for trans-shipping barges.<sup>9</sup>

Resindo is now finalising a wharf design as well as assessing the trans-shipping requirements for loading the nickel ore onto the barges, which then travels a kilometre offshore and is loaded into a ship moored in deep water.



Figure 3 – Marine Survey for Port Location

<sup>&</sup>lt;sup>9</sup> ASX Announcement 4 June 2021 – Drilling Commences at Kolosori Nickel Project



## Staffing for Development

Executive Director and Chief Executive Officer Mr. Geoff Hiller travelled to the Solomon Islands during the quarter to brief the Government and landholders in respect of the Company's development plans and applications for formal mining leases in respect of both the Kolosori and Jejevo nickel projects.

The Company is pleased to advise that it has appointed Mr. Michael James as General Manager, Project Development. <sup>10</sup> Michael will be based in the Solomon Islands, primarily focusing on the development of the Kolosori project. Specifically, he will assist Mining One with, a mine optimisation analysis which will lead to mine schedules and planning of the Feasibility Study. Michael has already beagun engaging with local mining contractor and engineering groups as part of the feasibility work.

Michael has over 40 years of industry based experience in mining and construction and has spent the majority of the last 15 years working throughout the Asia Pacific region. He has primarily been engaged in open pit gold and nickel operations, most recently in Indonesia, Philippines and the Solomon Islands.

## **JEJEVO NICKEL PROJECT (80%)**

The Jejevo Nickel Project is an advanced stage direct shipping ore nickel laterite project. The project was previously drilled in 2013 and the initial objective is to complete sufficient work to confirm a 2012 JORC Mineral Resource as soon as practicable.

#### **Drilling Update**

The Company 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 Brsibane, Australia is attached in Table 1 below.<sup>11</sup>

Significant high-grade intervals 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

As previously announced, these 26 holes are part of an initial 64 drillhole 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 Mineral Resource assessment in accordance with the JORC 2012 guidelines; and
- Carry out preliminary DSO marketing assessments.

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

<sup>10</sup> ASX Announcement 11 May 2021 – Market Update Solomon Islands Nickel Projects

<sup>&</sup>lt;sup>11</sup> ASX Announcement 23 June 2021 – Jejevo Nickel Project – Drilling Update



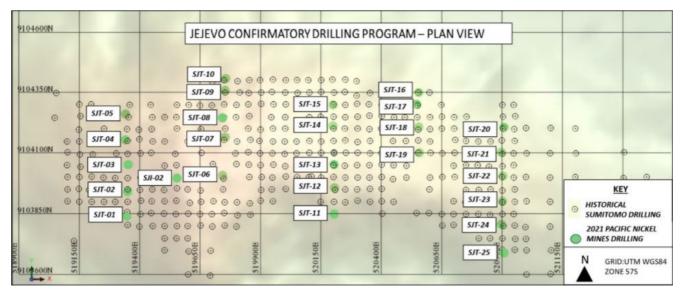


Figure 4 – Jejevo confirmatory drillhole collar location plan

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.

	1.2% CUT-OFF			
HOLE ID	FROM	то	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

Table 1 – Jejevo drilling nickel intercepts

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



This initial Jejevo drilling program has confirmed the Company's expectations of the Jejevo resource. Mining One is now able to undertake a JORC assessment of the Jejevo project. 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.

Sunshine Nickel, which is 80% owned by the Company, has applied for a two year extension of PL 01/18 during the quarter.

#### **CORPORATE**

- The Company completed the acquisition of an 80% interest in Kolosori Nickel (SI) Limited ("KNL"), a company incorporated in the Solomon Islands. The Company issued a total of 8,375,000 shares in accordance with the terms of the Share Purchase Agreement.
- The Company issued 56,345,448 shares following the finalising of the second tranche of the placement announced in December 2020 and the issue of shares to directors and contractors in lieu of fees.
- The Company also issued 400,000 shares at an issue price of \$0.05 as part consideration for the acquisition of drilling rigs in the Solomon Islands.
- Pacific Nickel currently has 214,895,036 fully paid ordinary shares on issue.
- The Company completed a fully underwritten non-renounceable entitlement issue of New Options to raise approximately \$859,580 before costs. The Company issued 71,632,284 New Options each had an issue price of \$0.012 (1.2 cents), an exercise price of \$0.09 (9 cents) and an expiry date of 17 June 2024.
- Payments to related parties of the Company and their associates for the Executive and Non-Executive fees, including (where applicable) GST and superannuation totalled approximately \$186,000.

The following is a summary of non-cash related party expenditures for the quarter:

As approved by shareholders at the General Meeting held on 9 April 2021

Mr James Dean	788,400 shares at 5c per share	Conversion of director fees owed to 31 December 2020
Mr Rob Thomson	1,056,230 shares at 5c per share	Conversion of director fees and consulting fees owed to 31 December 2020
Mr Geoff Hiller	1,700,818 shares at 5c per share	Conversion of consulting fees prior to 30 June 2020

#### **SEPTEMBER QUARTER PLANNED ACTIVITIES**

The Company's main planned activities for the next quarter include:

- Submitting a mining lease application and development consent for the Kolosori nickel project;
- Continuing with drilling at Kolosori in preparation for mine development;
- Continuing with definitive feasibility work for Kolosori; and
- Reviewing Kolosori project pre-development work scheduled for the end of this year in preparation for project development next year.



#### **EXPENDITURE SUMMARY**

A summary of the exploration and project evaluation expenditures for the quarter is provided as follows:

Activity	Expenditure (\$A000's)
Tenement Fees	4.0
Community/Landowner	77.4
Development Study	223.7
Transport/Accommodation	39.3
Exploration	133.9
Freight	13.2
Assays	7.5
Total	498.9

## **2021 JUNE QUARTER – ASX ANNOUNCEMENTS**

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). Further details (including 2012 JORC Code reporting tables where applicable) of exploration results referred to in this Quarterly Activities Report can be found in the following announcements lodged on the ASX:

23-June-21	Jejevo Nickel Project - Drilling Update
11-June-21	Investor Presentation
10-June-21	Options Offer Well Supported by Shareholders
04-June-21	Drilling Commences at Kolosori Nickel Project
12-May-21	Acquisition of 80% Interest in Kolosori Nickel Project Completed
11-May-21	Market Update Solomon Islands Nickel Projects
09-April-21	Market Update Solomon Islands Nickel Projects

These announcements are available for viewing on the Company's website under the News & Media tab. Pacific Nickel confirms that it is not aware of any new information or data that materially affects the information included in any original ASX announcement.

### **TENEMENTS**

Project	Tenement Number
SOLOMON ISLANDS – Jejevo (80%)	PL 01/18
SOLOMON ISLANDS – Kolosori (80%)	PL 05/19
QUEENSLAND – EPM (100%)	EPM 18908

No Exploration/Mining Tenements were Acquired/Disposed of during the Quarter

No Beneficial Interest in Farm-In or Farm-Out were Acquired/Disposed of during the Quarter



### **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.

The information in this report that relates to 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.

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.

#### **Further Information**

For further information, please contact the Company on (02) 9251 0032 or by email at <a href="mailto:info@pacificnickel.com">info@pacificnickel.com</a> or visit the Company's website at <a href="mailto:www.pacificnickel.com">www.pacificnickel.com</a>

- END -

This report is dated 21 July 2021 and has been authorised by the Board. For further information please contact:

Mr. Geoff Hiller
Executive Director & CEO

Mr. Andrew J. Cooke Company Secretary

Email: acooke@pacificnickel.com



Level 4, 283 George St Sydney NSW 2000 www.pacificnickel.com

Rule 5.5

# Appendix 5B

**Pacific Nickel Mines Limited** 

Name of entity

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

ABN 86 075 613 268	Quarter ended ("current quarter") 30-Jun-21	
	30-3dii-21	
Consolidated statement of cash flows	Current quarter \$A'000	Year to date 12 months \$A'000
Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration and evaluation	(499)	(1,116
(b) development		
(c) production	(-2)	
(d) staff costs	(23)	(79
(e) administration and corporate costs	(227)	(839
1.3 Dividends received (see note 3) 1.4 Interest received		0
	(15)	2 (38
1.5 Interest and other costs of finance paid 1.6 Income taxes paid (received)	(15)	(30
1.7 Government grants and tax incentives		
1.8 Other		
1.5 54.6.		
1.9 Net cash from / (used in) operating activities	(764)	(2,070

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(47)	(160)
(d) exploration & evaluation		
(e) investments	(404)	(1,237)
(f) other non-current assets		
2.2 Proceeds from the disposal of:		
(a) entities	-	159
(b) tenements		
(c) property, plant and equipment		
(d) investments		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(451)	(1,238)

ASX Listing Rules Appendix 5B (17/07/20)

<sup>+</sup>See chapter 19 of the ASX Listing Rules for defined terms.

Mining exploration entity or oil and gas exploration entity quarterly report		Appendix 5B 30-Jun-21
Consolidated statement of cash flows	Current quarter \$A'000	Year to date 12 months \$A'000
3. Cash flows from financing activities		
<ul> <li>3.1 Proceeds from issues of equity securities (excluding convertible debt securities)</li> <li>3.2 Proceeds from issue of convertible debt securities</li> <li>3.3 Proceeds from exercise of options</li> </ul>	3,094	5,366
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(192)	(329)
3.5 Proceeds from borrowings	-	196
3.6 Repayment of borrowings	-	(146
3.7 Transaction costs related to loans and borrowings		•
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	2,902	5,087
, ,	, ,	,
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	120	28
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(764)	(2,070
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(451)	(1,238
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,902	5,087
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of period	1,807	1,807
5. Reconciliation of cash and cash equivalents	Current	Previous
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related	quarter	quarter
items in the accounts	\$A'000	\$A'000
5.1 Bank balances	1,807	120
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)  5.5 Cook and each equivalents at and of quarter (should equal item 4.5 shows)	1.807	120
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,807	120
6. Payments to related parties of the entity and their associates		Current
		quarter
		\$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1		18
6.2 Aggregate amount of payments to related parties and their associates included in item 2	description of	
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a and an explanation for, such payments		
and an explanation for, such payments  7. Financing facilities	· -	Amount drown at
and an explanation for, such payments	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<ul> <li>and an explanation for, such payments</li> <li>7. Financing facilities Note: the term "facility" includes all forms of financing arrangement available to the entity</li> </ul>	Total facility amount at quarter end	
7. Financing facilities  Note: the term "facility" includes all forms of financing arrangement available to the entity Add notes as necessary for an understanding of the sources of finance available to the entity.  7.1 Loan facilities	Total facility amount at quarter end	quarter end
7. Financing facilities  Note: the term "facility" includes all forms of financing arrangement available to the entity  Add notes as necessary for an understanding of the sources of finance available to the entity.	Total facility amount at quarter end	quarter end

# 7.5 Unused financing facilities available at quarter end

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

۳.	providing details of these identities de from		
	Facility description	Lender	Interest rate (pa) Maturity Date

ASX Listing Rules Appendix 5B (17/07/20)

<sup>+</sup>See chapter 19 of the ASX Listing Rules for defined terms

# Mining exploration entity or oil and gas exploration entity quarterly report

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(764)
8.2 Payments for exploration & evaluation classified as investing activities (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(764)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	1,807
8.5 Unused financing funding available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	1,807
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.4

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

- 8.8 If Item 8.7 is less than 2 quarters please provide answers to the following questions:
  - 1. Does the entitiy expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Ar	iswer:
2.	Has the entitiy taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
Ar	iswer:
3.	Does the entitiy expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Ar	swer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

ASX Listing Rules Appendix 5B (17/07/20)

<sup>+</sup>See chapter 19 of the ASX Listing Rules for defined terms

### **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 21 July 2021

Authorised by: By the Audit Committee

(Name of body or officer authorising release - see note 4)

#### Notes

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.