

KOLOSORI NICKEL PROJECT – DRILLING UPDATE

Pacific Nickel Mines Limited (ASX Code: PNM) (“**Pacific Nickel**” or “**Company**”) is pleased to announce that the first stage of infill drilling has been completed at the Company’s Kolosori Nickel Project (“**Kolosori Project**” or “**Project**”) on Isabel Island in the Solomon Islands. The Company is also pleased to provide an update on development activities for the Kolosori Project.

HIGHLIGHTS

- Initial development drilling program at Kolosori Direct Shipping Ore (“**DSO**”) Nickel Project completed with 83 holes drilled.
- 11 of the 83 holes drilled were for metallurgical test work and were distributed across the proposed first mining area to ensure a representative sample.
- The other 72 holes drilled formed the first stage of infill holes designed to increase the confidence level of the current Mineral Resource in preparation for the development of the Project.
- Samples from this drill program are currently in Honiara awaiting shipment to ALS laboratories in Brisbane.
- Mining One, in consultation with the Company, has re-designed the drilling program as a result of the initial mine design carried out by Mining One.
- The next program of infill holes is scheduled to commence in the next week or so.
- In total, approximately 150 infill holes are further required to be drilled as part of the pre-development activities this year.
- Resindo Resources and Energy Group (“**Resindo**”) has completed a financial and technical study on the Kolosori Project in preparation for the lodgement of a mining lease application.
- The Company has completed various environmental activities in-country, including water sampling and an ecology review that included a marine survey, in preparation for the lodgement of an environmental impact assessment (“**EIA**”) as part of the development consent.
- The Company has also completed an initial assessment of site establishment activities.
- CEO Geoff Hiller visited site and held successful meetings with village chiefs and landowners.
- Mining Lease and development consent documents expected to be lodged for the Kolosori Project in August.

Pacific Nickel CEO Geoff Hiller commented:

“The completion of the initial drilling program and engineering studies are very positive for the development of the Kolosori Project and we remain on track to apply for the necessary Mining and Environmental licences next month.”

KOLOSORI DRILLING & DEVELOPMENT UPDATE

Following the granting of the Business Licence for PL 05/19¹, the Company has completed the first stage of drilling at the Kolosori DSO Nickel Project (80% interest held by Pacific Nickel) on Isabel Island in the Solomon Islands. The first stage of the drilling program comprised 83 holes (including 11 metallurgical holes).

As indicated in Figure 1, Mining One has now re-designed the next stage drill program of 151 holes for the Kolosori Nickel Project. These holes are part of the planned 2021 pre-development activities and are based on the mine planning and scheduling work carried out by Mining One and the Company. The next stage 151-hole drilling program is designed to continue infilling the existing Mineral Resource of **5.89Mt** at **1.55% Ni²**. The next phase of drilling after this program will test for extensions to the Mineral Resource.

The core samples taken from the 11 metallurgical holes will provide metallurgical information needed in 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.

The samples from the 83-hole drill program are now awaiting transport from Honiara to ALS in Brisbane. The Company has an established QA/QC program for drilling, as demonstrated by the successful assay results from its drilling program at Jejevo, which was announced last month.

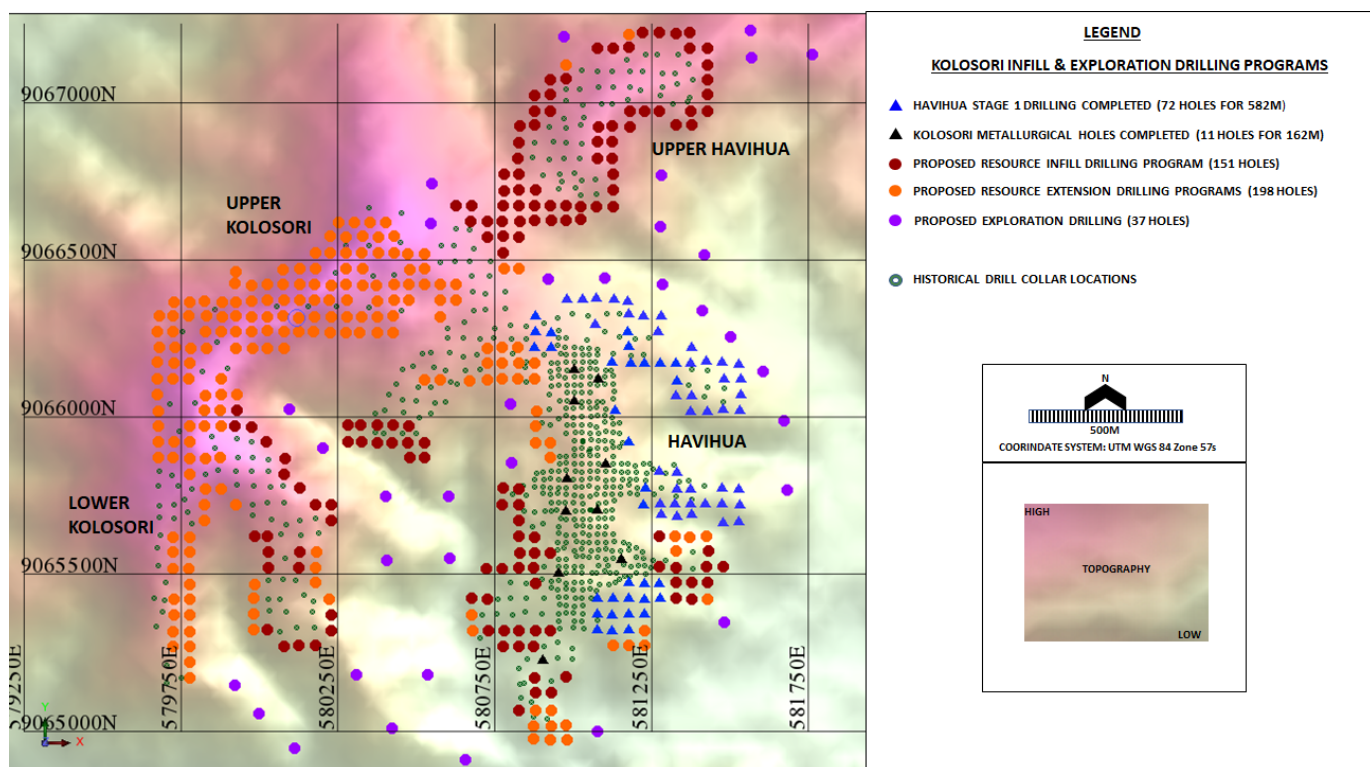


Figure 1 - Drill program at Kolosori Nickel Project

¹ ASX Announcement 11 May 2021 – Market Update

² ASX Announcement 19 Nov 2020 – Initial Resource Estimate, Kolosori Project, Solomon Islands



Figure 2 – Drilling at the Kolosori Nickel Project



Figure 3 – Kolosori exploration camp on project site

In addition to the drilling, the Company has also progressed Feasibility Study work with engineering consultants Resindo in preparation for the mining lease application.

Resindo has now identified suitable areas for the wharf, stockpile and camp near to the Kolosori mineral resources and has provided the Company with first pass capital and operating costs for the Kolosori Project.

This was in conjunction with mine planning by the Company and Mining One, which now provides the necessary information for the Company to submit a Mining Lease application to the Mines Department next month.

The Company has already completed an initial assessment of site establishment activities that could be carried out prior to the development of the Project.



Figure 4 – Historical Inco exploration landing site at Havihua Bay to be used for Kolosori project.

The Company is actively working on the Environmental Impact Assessment (EIA) for the Project in preparation for the application for a development consent, which is required as part of the mining approval process.

The Company has engaged local environmental consultants to carry out the work, which includes water sampling, ecology and cultural heritage reviews. The lodgement of the EIA will be carried out in conjunction with the Mining Lease application.



Figure 5 – Company owned banana boat and water sampling at Kolosori

Recently, CEO Geoff Hiller visited the site and held constructive meetings with the landowners and tribal chiefs near the Project site. The site visit included showing representatives of the landowners the intended sites for the port, ore stockpile and camp.

The local community continues to be very supportive of the Project and has been directly involved in providing a workforce to complement the drilling and providing food for the exploration team.



Figure 6 – CEO Geoff Hiller at Havihua Village with chiefs and landowners

Authorised by the Chief Executive Officer.

For further information please contact:

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The Competent Person for each of the relevant announcements referred to herein was Mr Stuart Hutchin, a Member of the Australian Institute of Geoscientists and a full-time employee of Mining One Consultants. Pacific Nickel Mines confirms that it is not aware of any new information or data that materially affects the information included in any original ASX announcement. In addition, Pacific Nickel Mines confirms that all material assumptions and technical parameters underpinning the estimate of the Mineral Resource at Kolosori in the announcement "Initial JORC Resource Estimate at Kolosori" continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified.

Please visit the company's website at www.pacificnickel.com