

KOLOSORI NICKEL PROJECT – LODGEMENT OF MINING LEASE APPLICATION

Pacific Nickel Mines Limited (ASX Code: PNM) (“**Pacific Nickel**” or “**Company**”) is pleased to announce that it has submitted a Mining Lease Application for the Kolosori Nickel Project (“**Kolosori Project**” or “**Project**”) on Isabel Island in the Solomon Islands.

HIGHLIGHTS

- A Mining Lease Application for the Kolosori Project has been submitted to the Solomon Islands Ministry of Mines, Energy and Rural Electrification.
- Mining One Consultants (“**Mining One**”) have completed a mining schedule for inclusion in the Mining Lease Application.
- Resindo Resources and Energy Group (“**Resindo**”) have completed a financial and technical study based on the mining schedule prepared by Mining One. This forms part of the Mining Lease Application.
- The Resindo study has identified that the proposed production rate of around 1.3mtpa is comparable with direct ship ore (“DSO”) nickel operations in Indonesia.
- A Commercial Discovery report for the Kolosori Project, also prepared by Mining One, was submitted to the Solomon Islands Mines Department prior to the Mining Lease Application.
- Awareness meetings with the local villages have recently been completed as an important component of the Environmental Impact Assessment (“**EIA**”).
- The EIA is expected to be lodged with the Solomon Islands Environmental Department in September 2021.
- Pacific Nickel has also commenced enquiries with Solomon Islands and external contractors in preparation for the completion of a definitive feasibility study expected by the end of the year.

Pacific Nickel CEO Geoff Hiller commented:

“The results of the independent engineering studies used for the Mining Lease Application are very positive for the development of the Kolosori Project. We are currently focusing on submission of the Environmental Impact Assessment now that the Mining Lease application has been lodged. The traditional landowners, provincial government and national government remain very supportive of the Company and the Project.”

KOLOSORI PROJECT APPROVALS

Pacific Nickel has submitted a Mining Lease Application for the Kolosori Nickel Project to the Solomon Islands Ministry of Mines, Energy and Rural Electrification.

Two of the key documents attached to the application were prepared for the Company by independent technical consultants:

1. the Commercial Discovery report by Mining One; and
2. the Engineering Study by Resindo.

The study prepared by Resindo included a technical and financial assessment of the Project based on a resource and mine schedule prepared by Mining One.

Pacific Nickel is currently finalising 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. As reported previously, the Company has engaged local environmental consultants to carry out this work, which includes water sampling, ecology and cultural heritage reviews.

The Company recently completed awareness meetings with the local villages as the final element of the EIA.

The EIA is expected to be lodged with the Solomon Islands Environmental Department in September 2021.

The Company believes that the Solomon Islands National Government is supportive of the Project and is very keen for the Company to develop the Project as soon as practicable. The Company is hopeful that the mining lease will be awarded at the earliest opportunity so that development of the Project can commence at the end of the wet season in March-April next year.



Figure 1 – Environmental Awareness Meetings for the Kolosori Project

KOLOSORI DEVELOPMENT UPDATE

Pacific Nickel is currently undertaking close-spaced drilling in areas of the Kolosori resource which are within the current mine areas proposed by Mining One. Previous drilling has been compiled and modelled by Mining One with a majority of the resource estimate in the inferred resource category. The drilling completed in July 2021 (83 holes) and the current drilling program (approximately 150 holes) are aimed at increasing our confidence in the resource to levels sufficient to allow detailed mine-planning and reserve assessments to be finalised in support of the proposed project financing. The current drilling program is expected to be

completed by November 2021. Exploration outside of the proposed mining areas will be undertaken after this current phase of drilling in order to test for potential resource extensions.

Resindo has completed financial and technical studies for the Kolosori Project that cover engineering, full project life-of mine layout and construction planning. Resindo is highly experienced and has undertaken engineering studies and mining developments for thirteen similar tropical nickel laterite operations in Indonesia.

This engineering work and study prepared by Resindo are the basis for the Kolosori Project Mining Lease Application.

Resindo has confirmed that at a proposed production rate of 1.3 million tonnes per year, the Kolosori Project is similar in production rate, operating costs, capital costs and development requirements to comparable low capital nickel DSO operations in Indonesia.

Capital cost estimates provided by Resindo are in the range US\$18 to 20 million including preliminary estimates for a port loading facility. Site operating costs covering mining, power, and mine site administration for the operation are in the range US\$15 to US\$17/tonne which is comparable to similar Indonesian operations. Transshipment costs, from the port to a suitably sized vessel moored a short distance offshore, are estimated by Resindo to be in the range US\$4.50 to US\$5.50/tonne.

Pacific Nickel has also commenced enquiries with Solomon Islands and external contractors in preparation for the completion of a definitive feasibility study expected by the end of the year. These enquiries include:

- Mining contractors based in the Solomon Islands to provide cost estimates for personnel, equipment, and materials for a 6-year mining operation to move in total 6-7 million tonnes of nickel DSO with a total material movement of around 20 million tonnes including waste and low-grade stockpiles.
- Port construction contractors capable of building a wharf to accommodate loading barges with DSO capacity of 1.3 mtpa.
- Transshipping contractors providing loading barges to transport ore to a 50,000 to 60,000 tonne bulk carrier anchored approximately 1 km from the Kolosori port area.
- Building contractors in the Solomon Islands to undertake camp and infrastructure requirements to support the operations.
- Marketing consultants to access consumers for DSO of 1.4% to 1.7% Nickel with Fe levels below 20%. The majority of nickel ore shipped is expected to grade between 1.5% and 1.6% Ni.

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

Authorised by the Chief Executive Officer.

For further information please contact:

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