

STAGE 2 DRILLING AND PROJECT DEVELOPMENT UPDATE KOLOSORI NICKEL PROJECT

Pacific Nickel Mines Limited (ASX Code: PNM) (“**Pacific Nickel**” or “**Company**”) is pleased to provide an update on the second stage of infill drilling and the development at the Company’s Kolosori Nickel Project (“**Kolosori Project**” or “**Project**”) on Isabel Island in the Solomon Islands.

- 90 infill holes have been drilled as part of the second stage 151-hole drill program designed to increase the confidence of the existing mineral resource estimate of **5.89Mt** at **1.55% Ni** at 1.2% Ni cut off. Approximately 40% of the resource is in the Measured and Indicated category. The aim is to increase the resources in these categories from the inferred category to support the completion of a definitive feasibility study, which is currently expected to be completed by year-end.
- Second stage drilling is on track to be completed in November as planned.
- Samples from the first stage 83-hole program are now at ALS Brisbane for assaying after being irradiated by Australian Customs.
- Samples from 44 holes from the second stage drill program are now with Australian Customs. The Company is now batching samples from site to speed up the assay process.
- An Environmental and Social Impact Assessment has been lodged with the Solomon Islands Government Ministry of Environment.
- Early works development program is being refined with quotes received from local contractors to carry out initial road construction together with preparation for a wharf, camp site and DSO stockpile.
- Consultants Resindo have been appointed to carry out the FEED (Front End Engineering Design) for the project.
- Discussions with potential DSO (Direct Ship Ore) off-take partners has commenced.

KOLOSORI DRILLING UPDATE

90 holes from the second stage drill program of 151 holes have been drilled for the Kolosori Nickel Direct Shipping Ore (“DSO”) Project (80% interest held by Pacific Nickel) on Isabel Island in the Solomon Islands.

The drilling programs designed by Mining One are shown in Figure 1. The second stage holes are part of planned 2021 pre-development activities and are based on the mine planning and scheduling work carried out by Mining One and the Company. The second stage 151-hole drilling program is designed to increase the 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.

This second stage 151-hole drilling program is expected to be completed in November 2021 as originally planned.

A third phase of drilling is also planned to test for extensions to the mineral resource.

Approximately 45 local contractors (including geologists, drillers and crew) have been engaged by the Company as part of the team supporting the current second stage drill program at Kolosori.

The samples from the first stage drill program are with ALS in Brisbane for assaying. The core samples taken from the 11 metallurgical holes in the first stage of drilling 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 and to exporting the DSO via barges and ships.

Samples from 44 holes from the second stage drill program are now with Australian customs for irradiation. The Company is now batching samples from site to speed up the assay process.

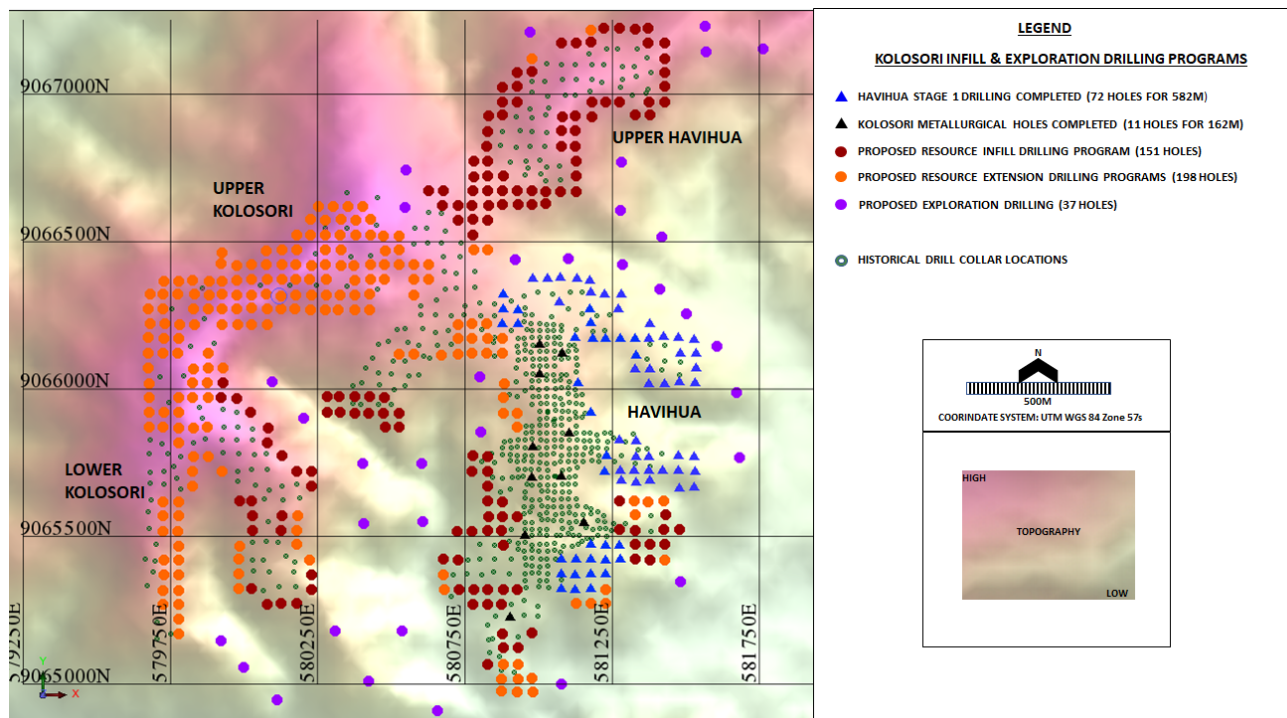


Figure 1 – Drilling programs at the Kolosori Nickel Project



Figure 2 – Preparation and logging of core at the Kolosori Project

KOLOSORI PROJECT APPROVALS

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

Pacific Nickel has also finalised the Environmental and Social Impact Assessment (ESIA) for the Project and has submitted it to the Solomon Islands Ministry of Environment. As reported previously, the Company engaged local environmental consultants to carry out the main part of the ESIA, which included water sampling, ecology and cultural heritage reviews.

The Company will now advertise the ESIA through a public notice and initiate further awareness meetings as part of the development consent process required by the Ministry of Environment. The development consent is required prior to the granting of the mining lease.

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 the main development of the Project can commence, subject to financing, at the end of the wet season in March-April next year.

KOLOSORI RESOURCE ESTIMATE INFORMATION

The existing Mineral Resource at the Kolosori Project is 5.89Mt at 1.55% Ni at 1.2% Ni cut off. The Company has provided the mineral resource estimate in Tables 1 and 2, which were previously disclosed in November 2020. For consistency with the recently released mineral resources estimate for the Company's Jejevo project, Table 3 has now been included to show the mineral estimate at 0.5% Ni cut-off grade.

| KOLOSORI JORC MINERAL RESOURCES > 1.2 % Ni | | | | |
|--|-------------------|--------------|-------------|-------------|
| LITHOLOGY | RESOURCE CATEGORY | Kt ('000) | Ni % | Co % |
| TRANSITIONAL | MEASURED | 104 | 1.79 | 0.08 |
| | INDICATED | 559 | 1.63 | 0.05 |
| | INFERRED | 1,178 | 1.60 | 0.05 |
| | SUB TOTAL | 1,842 | 1.62 | 0.05 |
| SAPROLITE | MEASURED | 549 | 1.72 | 0.03 |
| | INDICATED | 1,136 | 1.54 | 0.02 |
| | INFERRED | 2,359 | 1.46 | 0.02 |
| | SUB TOTAL | 4,045 | 1.52 | 0.02 |
| TOTAL (M+I+I) | | 5,887 | 1.55 | 0.03 |

TABLE 1 – KOLOSORI JORC (2012) RESOURCE ESTIMATE (1.2% Ni Cut-Off)

| KOLOSORI JORC MINERAL RESOURCES > 1.0 % Ni | | | | |
|--|-------------------|--------------|-------------|-------------|
| LITHOLOGY | RESOURCE CATEGORY | Kt ('000) | Ni % | Co % |
| TRANSITIONAL | MEASURED | 107 | 1.77 | 0.08 |
| | INDICATED | 631 | 1.57 | 0.05 |
| | INFERRED | 1,504 | 1.49 | 0.06 |
| | SUB TOTAL | 2,242 | 1.53 | 0.06 |
| SAPROLITE | MEASURED | 575 | 1.69 | 0.03 |
| | INDICATED | 1,399 | 1.46 | 0.02 |
| | INFERRED | 3,061 | 1.37 | 0.02 |
| | SUB TOTAL | 5,035 | 1.43 | 0.02 |
| TOTAL (M+I+I) | | 7,277 | 1.46 | 0.03 |

TABLE 2 – KOLOSORI JORC (2012) RESOURCE ESTIMATE (1.0% Ni Cut-Off)

| KOLOSORI JORC MINERAL RESOURCES > 0.5 % Ni | | | | |
|--|-------------------|---------------|-------------|-------------|
| LITHOLOGY | RESOURCE CATEGORY | Kt ('000) | Ni % | Co % |
| LIMONITE | MEASURED | 482 | 0.60 | 0.05 |
| | INDICATED | 1,067 | 0.61 | 0.06 |
| | INFERRED | 1,897 | 0.63 | 0.06 |
| | SUB TOTAL | 3,446 | 0.62 | 0.06 |
| TRANSITIONAL | MEASURED | 107 | 1.77 | 0.08 |
| | INDICATED | 657 | 1.53 | 0.05 |
| | INFERRED | 1,901 | 1.36 | 0.05 |
| | SUB TOTAL | 2,664 | 1.42 | 0.05 |
| SAPROLITE | MEASURED | 583 | 1.68 | 0.03 |
| | INDICATED | 1,501 | 1.42 | 0.02 |
| | INFERRED | 3,288 | 1.30 | 0.02 |
| | SUB TOTAL | 5,371 | 1.37 | 0.02 |
| TOTAL (M+I+I) | | 11,481 | 1.16 | 0.04 |

TABLE 3 – KOLOSORI JORC (2012) RESOURCE ESTIMATE (0.5% Ni Cut-Off)

KOLOSORI DEVELOPMENT UPDATE

Pacific Nickel is currently focussing on an early works program at the site prior to the proposed start of the main development in April next year. This early works program includes clearing and creating pads for the main three areas: the wharf, camp, and DSO stockpile. As part of this assessment the Company will carry out a geotechnical review of the wharf area and assess potential quarry sites for the material required for the wharf construction. The Company has received quotes from local contractors to carry out the early works program.

One of the critical components of the development of the project is the wharf construction. Pacific Nickel has recently appointed Resindo to carry out the FEED (Front End Engineering Design) for the

project, with a particular focus on the wharf construction. This FEED will coincide with the definitive feasibility study which is also being carried out by Resindo. The definitive feasibility study will be an integral component of the documentation required by potential financiers to finance the project.

The Company has commenced initial discussions with off-take partners and financiers as part of the financing of the project. This process is being coordinated by Blackbird Partners in association with the Company.

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

The information in this report that relates to Exploration Targets, Exploration Results or Mineral Resources at the Kolosori 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.

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" dated 19 November 2020 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