Pacific Nickel

ASX ANNOUNCEMENT

18 November 2021

Kolosori Nickel Project - Drilling Update

Pacific Nickel Mines Limited (ASX Code: PNM) ("**Pacific Nickel"** or **"Company"**) is pleased to announce the assay results from 27 holes drilled by the Company at the Kolosori Nickel DSO (Direct Shipping Ore) project earlier this year. These assays are the first from the initial 83 hole program designed by Mining One and completed by the Company.

- Significant high-grade intervals >1.7% Ni returned from 27 holes from the initial 83 hole program include:
  - ✓ **HAK-MO7 6.0m @ 1.75% Ni** from 3m
  - ✓ **HAK-MO8 11.5m @ 2.10% Ni** from 2.5m
  - ✓ **HAK-MO9 10.5m @ 2.07% Ni** from 1.5m
  - ✓ **HAK-S133 4.0m @ 1.94% Ni** from 1m
  - ✓ **HAK-S132 10.0m @ 1.75% Ni** from 1m
- All holes intersected nickel mineralisation
- Nickel results consistent with the historical drilling by a previous operator

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

"These initial results are consistent with our expectations and we now look forward to the assays from the remainder of the drilling program that we commenced halfway through the year. The consistency of the results compared with historical drilling gives us confidence to continue fast tracking the Project."

KOLOSORI NICKEL DRILLING UPDATE:

The Company has received the assay results for 27 drill holes from the 83 drillhole program which commenced in May 2021 for the Kolosori Nickel Project. The results have been delayed due to the increased wait time for irradiation of the samples by Australian customs prior to release to ALS in Brisbane. and congestion at Australian assay laboratories. The Company is expecting the assays from the remaining holes in this initial program to be received soon.

The 83 holes initial program consisted of 11 holes for metallurgical test work. These holes 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.

Included in this batch of samples were the assays from 6 of the holes drilled for the metallurgical test work.

As previously announced these 27 holes are part of a 83-hole drilling program developed by Mining One in their capacity as the Company's independent geological consultant.

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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 drilling.

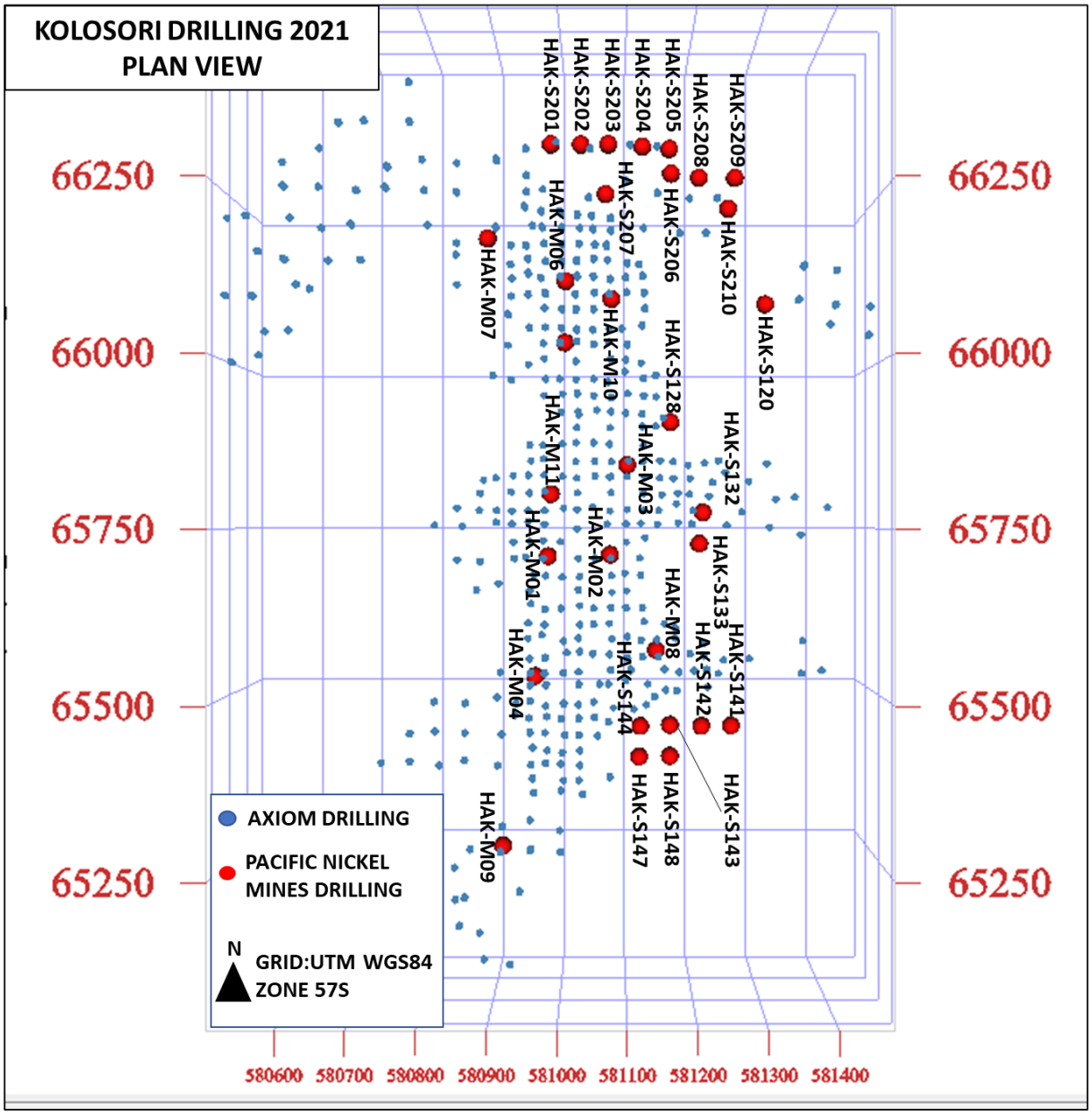

Figure 1 Kolosori – Drillhole Collar Location Plan compared to historical drilling

The results from the 6 metallurgical drill holes provide confidence to the thickness and nickel grades encountered in the historical drilling within the Kolosori deposit area.

The full list of results above 1.0% Ni from the 27 holes are summarised in Tables 1 and 2 below. The intervals are reported above a 1.0% Ni cut-off. Importantly, all holes intersected nickel mineralisation.

The second stage drill program of approximately 150 holes is expected to be completed by month end. Approximately 120 holes from this program have been drilled and samples from the first 72 holes are now with ALS in Brisbane waiting to be assayed.

TABLE 1 – KOLOSORI DRILLING NICKEL INTERCEPTS

HOLE ID	1.0% CUT-OFF			
	FROM	TO	LENGTH	Ni%
HAK-S120	2	4	2	1.34
HAK-S132	3	13	10	1.75
HAK-S133	1	5	4	1.95
HAK-S201	1	8	7	1.04
HAK-S202	3	11	8	1.24
HAK-S203	1	6	5	1.43
HAK-S204	1	3	3	1.15
HAK-S206	3	6	3	1.39
HAK-S207	9	10	1	1.08
HAK-S210	0	3	3	1.36
HAK-S211	1	2	1	1.06
HAK-M06	5.5	13.5	8	1.51
HAK-M07	3	9	6	1.75
HAK-M08	2.5	14	11.5	2.10
HAK-M09	1.5	12	10.5	2.07
HAK-M10	6.5	11.5	5	1.27
HAK-M11	2	10	8	1.68

TABLE 2 KOLOSORI DRILLING INFORMATION

HOLE ID	FROM	TO	DEPTH	DIP	EAST	NORTH	RL	Max Depth
HAK-M11	**0**	12.6	12.6	-90	580979.3	9065805	180.122	12.6
HAK-M10	**0**	13	13	-90	581078.1	9066125	207.671	13
HAK-M09	**0**	16	16	-90	580901.2	9065230	74.065	16
HAK-M08	**0**	16.9	16.9	-90	581151.5	9065550	135.485	16.9
HAK-M07	**0**	9	9	-90	580875.1	9066225	231.319	9
HAK-M06	**0**	17	17	-90	581003.6	9066154	214.655	17
HAK-M05	**0**	13	13	-90	581002.4	9066053	207.691	13
HAK-M04	**0**	17.65	17.65	-90	580953.8	9065507	139.394	17.65
HAK-M03	**0**	17	17	-90	581104	9065853	184.53	17
HAK-M02	**0**	14.5	14.5	-90	581075.9	9065706	171.348	14.5
HAK-M01	**0**	15.5	15.5	-90	580974.3	9065703	161.698	15.5
HAK-S120	**0**	6.5	6.5	-90	581330.9	9066117	152.947	6.5
HAK-S128	**0**	5	5	-90	581175.4	9065924	161.429	5
HAK-S132	**0**	15	15	-90	581227.8	9065775	151.375	15
HAK-S141	**0**	6.1	6.1	-90	581274.8	9065425	89.584	6.1
HAK-S142	**0**	7	7	-90	581226	9065424	108.986	7
HAK-S143	**0**	8	8	-90	581174.3	9065426	111.425	8
HAK-S144	**0**	7	7	-90	581125.8	9065424	111.714	7
HAK-S147	**0**	6	6	-90	581123.9	9065374	101.324	6
HAK-S148	**0**	7	7	-90	581174.4	9065375	96.742	7
HAK-S133	**0**	10.4	10.4	-90	581222.5	9065724	141.567	10.4
HAK-S201	**0**	15	15	-90	580979	9066378	189	15
HAK-S202	**0**	17.3	17.3	-90	581028	9066377	184	17.3
HAK-S203	**0**	12	12	-90	581073	9066379	179	12
HAK-S204	**0**	7.5	7.5	-90	581129	9066376	175	7.5
HAK-S205	**0**	9.3	9.3	-90	581173	9066372	168	9.3
HAK-S206	**0**	11.3	11.3	-90	581176	9066331	165	11.3
HAK-S207	**0**	12.7	12.7	-90	581069	9066297	192	12.7
HAK-S208	**0**	7.6	7.6	-90	581222	9066325	171	7.6
HAK-S209	**0**	7.3	7.3	-90	581281	9066325	153	7.3
HAK-S210	**0**	7.7	7.7	-90	581270	9066274	167	7.7

JORC COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results, Targets and 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.

Authorised by the Chief Executive Officer

For further information please contact:

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Executive Director & CEO

Mr. Andrew J. Cooke
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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 25m x 25m spacing in some areas of the Kolosori 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 small portable drilling rigs. 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.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
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.
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 preparation 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 Axiom drilling results and for Mineral Resource extension and infill. Areas of the deposit have however been drilled down to a 25m x 25m 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 1 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.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
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 25m x 25m 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.
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.*	In October 2020 Malachite executed a Share Purchase Agreement (Agreement) to formalise its acquisition of an 80% interest in Kolosori Nickel (SI) Limited ("KNL") which holds a 100% interest in PL 05/19.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	INCO, Kaiser Engineering and Axiom Mining Limited have completed the majority of historical exploration work completed within the Resource area.
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 and assaying was completed for the 27 holes of a total 83 hole program. A total of 347.85m were drilled. These holes were drilled on various spacings ranging from 100m x 100m down to 50m x 50m. Diamond drilling was completed using small portable drilling rigs 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.
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.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
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 19th November 2020 that show the distribution of drilling and nickel mineralisation across the Kolosori 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 1.0% 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.*	A scoping study has been completed for the Kolosori project by Pacific Nickel Mines. 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 Kolosori deposit area • Update of JORC Resource estimation at Kolosori