

EARLY WORKS PROGRAM INITIATED – KOLOSORI NICKEL PROJECT

Pacific Nickel Mines Limited (ASX Code: PNM) (“**Pacific Nickel**” or “**Company**”) is pleased to advise that the Company has initiated an early works program (“Early Works”) to advance the Kolosori Nickel Project on Isabel Island, Solomon Islands.

OVERVIEW

This week, Mike James, the General Manager for the Company’s DSO nickel projects in the Solomon Islands, initiated the Early Works for the Kolosori Nickel Project on Isabel Island by carrying out a site visit with local contractors, geotechnical engineers and environmental consultants.

The site visit included participation from the Kolosori landowners who have a 20% carried interest in the Project. Equipment required for the Early Works is expected to arrive on site in the next few weeks.

The Early Works program has been designed to allow the Company and its contractors to establish a site base at Kolosori in preparation for the main construction program targeted for April/May next year subject to the completion of the Definitive Feasibility Study, regulatory approvals, and financing.

The scope of the Early Works includes the following:

- Carry out a geotechnical assessment of the proposed wharf site;
- Carry out a number of test pits for mining;
- Prepare a temporary camp including fuel tanks;
- Carry out a detailed environmental survey within the main project infrastructure areas;
- Assess quarry sites to provide construction materials for wharf and road construction; and
- Facilitate site visits in December 2021 and January 2022 for third party contractors to assess port construction, barging, site infrastructure, logistics and mining activities.

EARLY WORKS

Following a successful drilling program at the Kolosori Nickel Project during 2021¹ and completing of a positive Scoping Study the Company has resolved to fast-track the project development timetable by initiating an Early Works program to commence in December 2021. The Early Works will include the establishment of a site office, basic accommodation, fuel tanks and setting up for later construction using the expected mining and mobile equipment.

¹ ASX Announcement 18 November 2021, Kolosori Nickel Project – Drilling Update



Photo 1. General Manager Mike James with landowners, contractors and environmental consultants in front of core shed this week

The main focus of the Early Works is carrying out a number of test pits for mining, completing a detailed environmental assessment of the project area and finalising the geotechnical assessment of the wharf area. Test pit results will be utilised to determine the general minability of the deposit and the appropriate number of machines and people necessary to conduct mining operations.



Photo 2. General Manager Mike James assessing initial equipment landing area – suitable for Early Works

Test Pits

The Company has planned a number of test pits throughout the proposed initial mining area. The first two test pits are located in proposed mining areas nearest to the proposed wharf area. The exploration team are currently drilling grade control holes in the area of these test pits. The grade control holes are closely spaced (approximately 10 metres apart) and will enable a reconciliation of the grades from the drilling compared to the grades from the mined material.

The test pits will also provide the Company with valuable information regarding the ore characteristics with respect to mining productivity and moisture content.

The material from the test pit will be stockpiled so that moisture content can be analysed over time to measure its drying characteristics as the moisture content of the ore is an important consideration for barging and shipping.

A local contractor has been selected to provide the equipment required for the Early Works and is expected to mobilise equipment by barge to site in the next week or so.

Geotechnical Work

The Company has engaged a local contractor to carry out the geotechnical work for the Project. The main focus of the Early Works is to carry out an assessment of the ground conditions at the wharf site. This is expected to be completed this month. The results of this work will feed into the Definitive Feasibility Study (DFS) work currently being undertaken by the Company and Resindo.

Definitive Feasibility Study Work

The Company is in the process of preparing a DFS, which is now expected to be completed early in the new year. The Company is currently focussing on the following components of work for inclusion in the DFS:

- Finalising the wharf design to accommodate various barge sizes and barge loading configurations. The design will be finalised once results from the geotechnical assessment have been received;
- Finalising the site layout for buildings, construction and mining;
- Completing design work to support the Company's Environmental and Social Impact Assessment submissions to the Government;
- Assessing contractor quotes for mining, barging, earthworks and infrastructure. The Company has received quotes from contractors and is currently reviewing these;
- Assessing the availability of construction, barging and mining equipment; and
- Updating the geological block model with assay results from over 200 holes drilled by the Company in 2021. The receipt of final assays will be critical in terms of completing the DFS. As referred to in prior announcements, the assays have been delayed due to significant congestion at Australian customs and laboratories.

Financing

The Company is in ongoing discussions with a number of potential financiers and is also reviewing potential nickel offtake arrangements for the Kolosori Nickel Project. These discussions remain subject to finalisation of the DFS (and particularly the information from the test pits) and the timing of regulatory approvals. The Company remains hopeful that it can receive the required development consent and mining lease approval for the Kolosori Nickel Project early next year.

Authorised by the Chief Executive Officer

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