

EARLY WORKS UPDATE – KOLOSORI NICKEL PROJECT

Pacific Nickel Mines Limited (ASX Code: PNM) (“**Pacific Nickel**” or “**Company**”) is pleased to provide an update on the early works program (“Early Works”) to advance the Kolosori Nickel Project (“the Project”) on Isabel Island, Solomon Islands. The Company announced the commencement of the Early Works in December 2021¹ and provided its first Early Works Update on 5 January 2022².

EARLY WORKS IN PROGRESS

The Company is pleased to report that the Early Works is close to completion. The work, which is now more advanced than originally expected, is being led on site by the Company’s General Manager Operations, Mike James. At this stage, the Company expects that the Early Works program will be completed by the end of this month.

The Early Works programme was designed to allow the Company and its contractors to establish a site base at Kolosori in preparation for the main construction phase which is expected to commence in April/May 2022 subject to appropriate Government approvals and funding.

The main components of the Early Works program include:

- Preparation of a number of test pits to assess mining and stockpile designs and to calibrate grade control methods;
- Carrying out a geotechnical assessment of the proposed nickel DSO load-out wharf site;
- Assessing quarry sites to provide construction materials for wharf and road construction.

The Company is pleased to report that the test pit work is on track to be completed by the end of this month. The geotechnical drilling for the wharf site has now been completed with the geotechnical report expected to be provided to the Company and its consultants by the end of this month.

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 the proposed mining areas nearest to the proposed wharf area. The first test pit is expected to be completed by the end of this week.

The exploration team has completed a series of grade control holes in the area of the test pits. The grade control holes are closely spaced (approximately 10 metres apart) and will enable a reconciliation of the block model grades and grade control drilling with grades from the mined material.

The first test pit is providing the Company with valuable information regarding the ore characteristics and moisture content which will be utilised by the Company to improve mining productivity.

¹ Early Works Program Initiated – Kolosori Nickel Project, 2 December 2021

² Early Works Update – Kolosori Nickel Project, 5 January 2022



Photo 1. Exposed saprolite in test pit

Given the information successfully gathered from the first test pit, the Company may not need to complete the second test pit.

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



Photo 2. Saprolite on stockpile pad



Photo 3. Highly Mineralised Saprolite pod in Test pit. Nickel-bearing material is blue-green in colour.



Photo 4. Mining of Test Pit

Geotechnical Work

The Company engaged a local contractor to carry out the geotechnical work for the Project. The main geotechnical focus of the Early Works is to carry out an assessment of the ground conditions at the wharf site. The Company is pleased to report that three geotechnical holes have now been drilled and the geotechnical team demobilised from site. The visual results from the drilling were consistent with expectations for the initial port design.

The Company expects the geotechnical report to be finalised by month end. The results of this work will feed into the Definitive Feasibility Study (DFS) work currently being undertaken by the Company and consultants Resindo.



Photo 5. Geotechnical drilling for wharf construction

Quarry Site investigations

The Company has investigated potential quarry sites, working with the geotechnical consultants, using an excavator to expose and dig material suitable for rock armouring and rock fill needed for the wharf construction.

At the same time, general materials of construction needed for construction of roads and other earthworks structures were also investigated. The Company is pleased to report that the material excavated appears suitable for the planned construction work, but final testing of the material needs to be completed.



Photo 6. Quarry material expected to be suitable for construction works

Update on Planned Activities for the quarter

- The Mineral Resource Estimate at Kolosori Nickel Project is currently being updated by consultants, Mining One.
- Capital and operating cost estimates have been compiled based on contractor quotes and have now been incorporated into an updated project model which will be provided to prospective project financiers.
- The Company remains on track to progress through the required regulatory approvals and expects to receive a mining lease for the Kolosori Project in Q1 2022.

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