

KOLOSORI NICKEL PROJECT - EARLY WORKS COMPLETED SUCCESSFULLY

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 updates on 5 January 2022² and 9 February 2022³.

EARLY WORKS COMPLETED

The Company is pleased to report that the Early Works has been completed successfully. The work was successfully led on site by the Company’s General Manager Operations, Mike James in cooperation with Solomon Island consultants and contractors who are also likely to be involved in the construction and operation of the Project. The Company is pleased that the Early Works were able to be completed on time in the Wet Season under trying conditions whereas the Project will normally operate during the course of the Dry Season, which is typically from April to December.

The main components of the Early Works program included:

- Construction of infrastructure including an access road, camp site and stockpile site;
- Excavation of a test pit to assess mining and stockpile designs and to calibrate grade control methods;
- Completion of a geotechnical assessment, including drilling, of the proposed nickel DSO load-out wharf site;
- An assessment of the quarry sites to provide construction materials for wharf and road construction.

Samples from the test pit work are in the process of being dispatched for assaying and saprolite stockpiles are being monitored for water moisture. Samples have also been taken to carry out work on the Transport Moisture Level (TML) which is an important consideration for the shipment of laterite ores.

The geotechnical report has been completed and is now being assessed by the Company and its consultants in preparation for the definitive feasibility study and the construction design of the wharf area. The wharf construction is a critical element for the development of the Project.

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

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

³ Early Works Update – Kolosori Nickel Project, 9 February 2022

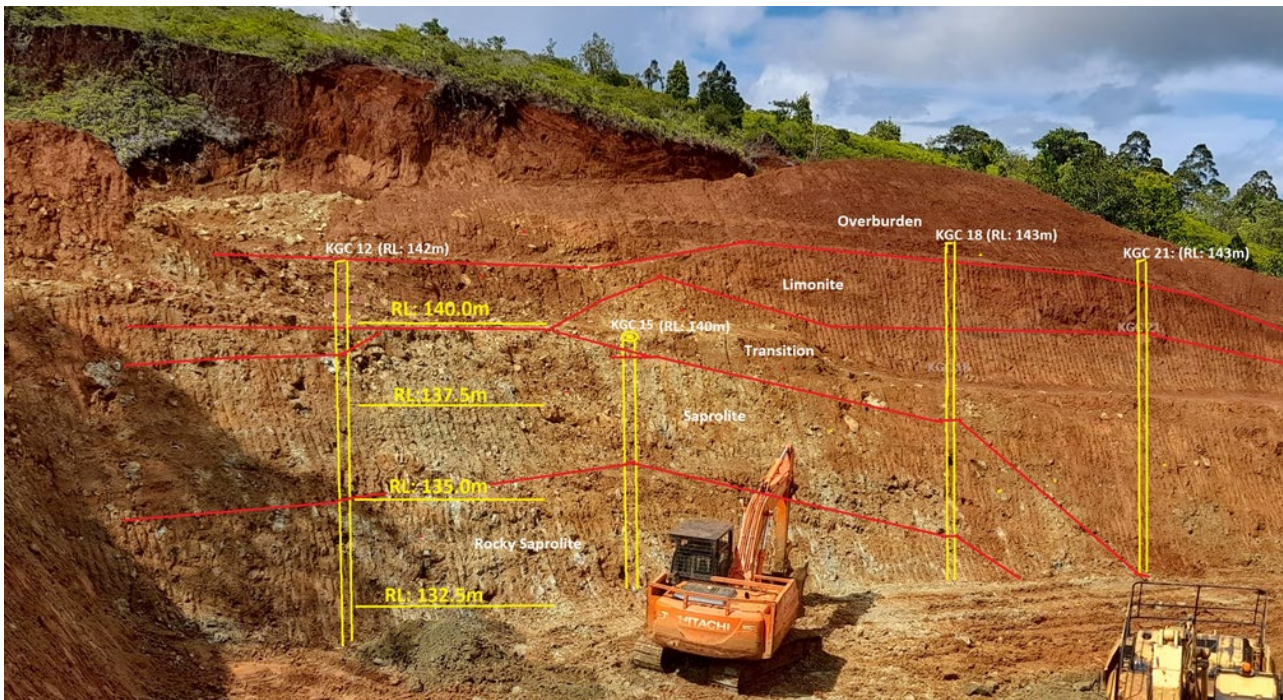


Photo 1. Test Pit with lithology and drill hole locations marked up

Test Pits

The exploration team completed a series of grade control holes in the test pit area where mining operations are likely to be conducted over the first 2 years of operations. The grade control holes were 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. Samples from the first test pit are currently being dispatched for assaying. The dispatch of the samples was delayed due to the recent outbreak of COVID-19 in the Solomon Islands which has restricted travel movements between the islands since January 2022. The Company has only this week received a permit to allow travel between Isabel Island and Honiara on Guadalcanal Island.

The material from the first test pit is being stockpiled so that moisture content can be analysed over time to measure its drying characteristics. As part of this analysis, some of the stockpiles are being covered with tarpaulins and some are left uncovered.

This test pit has also provided the Company with additional valuable information which will be used in the Definitive Feasibility Study (DFS), including:

- General suitability of the proposed mining equipment (including in wet conditions which may be encountered in the worst-case).
- Confirmation that the ore and overburden are free-dig and will not require blasting, which matches with initial conclusions from the exploration drill holes.
- Confirmation of preferred excavator and truck fleet requirements and associated data for the purpose of finalising aspects of the DFS and for ongoing discussions with potential mining contractors.

Approximately 6,000 tonnes of saprolite ore and 1,500 tonnes of transition saprolite was mined and stockpiled from the test pit.



Photo 2. Exposed saprolite in test pit



Photo 3. Saprolite on stockpile pad

Geotechnical Work

The primary geotechnical focus of the Early Works was to carry out an assessment of the ground conditions at the wharf site to enable early construction of the wharf and associated facilities. As reported previously, three geotechnical holes were drilled in the wharf area and the geotechnical team demobilised from site.

This work also included an assessment of site ground conditions across the Kolosori Project area.

Results from this program will feed into the DFS which is currently being undertaken by the Company and design consultants Resindo Engineers.

The Company is now focussed on completing the construction design of the wharf area. The wharf construction is the critical element to the development of the Project.

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 believes that the material excavated will be suitable for planned construction work subject to completion of final testing

Update on Planned Activities for the quarter

- 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. The process has been impacted by the outbreak of COVID-19 in the Solomon Islands in January 2022.
- The Company has received a saprolite marketing report from independent consultants, CM Group. The Company proposes to release some of the key findings once the report has been reviewed in detail.
- The Company has held a number of meetings with prospective project financiers to update them on the progress of the early works program and will now seek indicative proposals as soon as practicable.
- The Company is in the process of recruiting a Commercial Manager to be based in the Solomon Islands to assist in the timely development of the project and its subsequent operations.

Authorised by the Board

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