

Kolosori Nickel Project Update

Pacific Nickel Mines Limited (ASX Code: PNM) (“**Pacific Nickel**” or “**Company**”) is pleased to provide an update on activities at its Kolosori direct shipping nickel ore project in the Solomon Islands.

MAIN POINTS

- Following the recent granting of the Mining Lease for the Kolosori Nickel Project¹, the Company is now focussed on the key steps to achieve commercial nickel laterite direct shipping ore (DSO) cargoes from mid-2023.
- The Company is working to complete the Kolosori Definitive Feasibility Study (DFS).
- Key design and development activities for the remainder of 2022 that are required to achieve DSO shipping in 2023 include the construction of the DSO loadout wharf and the haul road to the initial mining area.
- Discussions are underway with a local contractor to commence these early works as soon as possible.
- The Company has also engaged with HBS PNG Pty Ltd, a well-established PNG mining contractor via an early involvement mandate.
- The Company is pleased to report that it has recently completed construction of a trial ore stockpile which has been designed to blend ore types and approximate the characteristics of stockpiles expected during DSO production and shipping.
- Pacific Nickel is working closely with Glencore to complete the agreement for a US\$22 million project financing facility and DSO offtake sales².

Pacific Nickel CEO Geoff Hiller commented:

“Now that we have been awarded a Mining Lease, the Company is progressing the development of the Kolosori Nickel Project. The next step is to finalise a DFS for the project and engage with a mining contractor.”

“We are looking to expedite the construction of the DSO load out wharf and the haul road to the initial high grade mining area this year – the two keys development areas that allow mining and shipping of the ore.”

“This should allow the project to ramp up to full production (around 1.3 million wet metric tonnes per annum of direct shipping nickel ore) during 2023”.

“We are working closely with the landowners and local contractors and appreciate their support in the delivery of the project.”

¹ Mining Lease Awarded for the Kolosori Nickel Project – 15 September 2022

² Offtake & Project Debt Mandate Awarded to Glencore for the Kolosori Project – 15 June 2022

Progress on the Definitive Feasibility Study (DFS)

With the re-opening of the Solomon Islands and with no COVID related restrictions from early July 2022, the Company and its consultants are focused on the completion of the Kolosori DFS.

In summary:

- Over the last few months, the Company has been concentrating on the design of the haul road and the initial mining area. This mine design work has led to discussions with established mining contractors predominantly in PNG.
- The Company has now engaged with HBS PNG Pty Ltd, a well-established PNG mining contractor, in an early contractor involvement arrangement which will provide actual mining contractor rates to be incorporated into the DFS. The Company believes that PNG mining contractors have the most relevant mine pioneering and operating experience in similar geographical and tropical mining conditions. They also have the ability to work in the Solomon Islands, including also being able to work with our existing local contractors.
- The Company is pleased to report that a detailed timber wharf design has recently been completed. This has been undertaken with our design consultants, Resindo Engineers, based in Indonesia, and experienced in the design and construction of SE Asian nickel laterite operations. A timber wharf, normal for these types of operations, will use locally available timbers to minimise cost and construction time.
- When the DSO loadout wharf and haul road to the mining area are in place, and the mining contractor mobilised, the Kolosori Nickel Project is expected to ramp up to full production (around 1.3 million wet metric tonnes per annum of direct shipping nickel ore) during 2023. Mining DSO operations are expected to commence in the second quarter of 2023 after the wet season.
- One of the key components of the DFS is confirmation of the water content of the DSO ore, which is stockpiled prior to shipping. Laboratory testing by consultants ATC Williams has demonstrated that moisture content of Kolosori ore appears to be consistent with other laterite/saprolite ores mined elsewhere in tropical environments.
- The Company has recently constructed a trial ore stockpile which has been designed to blend ore types and approximate the characteristics of stockpiles expected during DSO production and shipping. This follows previous test pitting and test stockpiles constructed in the Early Works Program³ which established that the ore was suitable for commercial DSO shipping. Water content monitoring of the ore on the trial stockpile has commenced and is expected to be carried out over the next four to six weeks. The results from this trial will be incorporated into the DFS.
- Consultants Mining One are currently updating the Kolosori Resource estimate which will be reported shortly. This will lead to a maiden Reserve Estimate for the project, to be undertaken by Australian Mine Design and Development (AMDAD).

³ Kolosori Nickel Project - Early Works Completed Successfully – 3 March 2022



Photo: Pad for stockpile completed



Photo: Saprolite ore being dug for stockpile



Photo: Tarpaulins placed over completed stockpile

Development Works 2022

The Company is expediting the wharf and haul road construction, together with the establishment of a construction camp. This should allow the project to ramp up to full production (around 1.3 million wet metric tonnes per annum of direct shipping nickel ore) during 2023.

The Company is in discussions with the local contractor who successfully completed test pits in February-March this year to commence this construction as soon as possible. All the works contemplated are supported by environmental and social plans which will be implemented as was done successfully for the Early Works Program earlier this year.

Pacific Nickel is working closely with Glencore to complete the agreement for a US\$22 million project financing facility and DSO offtake sales.

Authorised by the Board

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