

Kolosori Nickel Project Update

Pacific Nickel Mines Limited (ASX Code: PNM) (“Pacific Nickel” or “the Company”) provides an update on its operations at the Kolosori Nickel Project (“Kolosori Nickel Project” or “the Project”) in the Solomon Islands in which the Company holds an 80% interest in each project.

Kolosori Project Update

As previously announced last week, the operation has been affected by a combination of factors in the last few weeks which together impacted the mining schedule at the Kolosori Nickel operation. These included:

- Reduced machine availability of mining equipment (predominantly the articulated dump trucks where a number have broken down simultaneously mainly due to spare parts supply and availability);
- The lack of articulated dump trucks impacted on both the mining rate and haul road maintenance; and
- Unseasonally heavy rainfall.

Positively, the haul road has been rectified and is now ready for ore mining with Block 11 exposed and with significant high grade ore (over 1 million tonnes at over 1.7% Ni) ready for immediate mining. The high grade Blocks available for mining for the next 18 months are shown in the Figure 1 below. The project to date has demonstrated that it can operate at the nameplate mining and barging rates as forecast in the feasibility study provided it has the mining equipment available for utilisation.

After a thorough review of the Kolosori operation, the Company in consultation with its Kolosori project financier Glencore International AG (“**Glencore**”) have agreed that the best course of action in the short term is to reset the project by only carrying out minimal works until such time that the machine availability issue can be addressed to ensure that the mining rates can be sustained. This will also allow time for the additional equipment required to arrive at site to complete the ramp up to more than 2 ships per month. As part of this reset, a major focus will also be on lowering the operating costs of the Project.

The Company is continuing discussions with Glencore in relation to the ongoing funding of the Project. Representatives of the Company and representatives of Glencore are meeting in the Solomon Islands this week, and will also meet with other stakeholders in the Solomon Islands to discuss the Project and its ongoing operations. The Company expects that these discussions will continue for several days, and anticipates providing an update to the market on the status and outcome of those discussions by Monday, 29 July 2024.

The Company is working closely with the mining and local contractors during this reset to achieve the required operating parameters for both costs and availability. As part of the reset the operations have gone into care and maintenance until the required additional equipment is available on site and the current fleet is fully available for operations.

During this period, the Company will also be focusing on integrating the Company’s 80% interest in the Jejevo nickel project (subject to achieving a mining lease) into its Solomon Islands nickel operations.

The Company is working closely with Glencore to address the impact on creditors and working capital during this period.

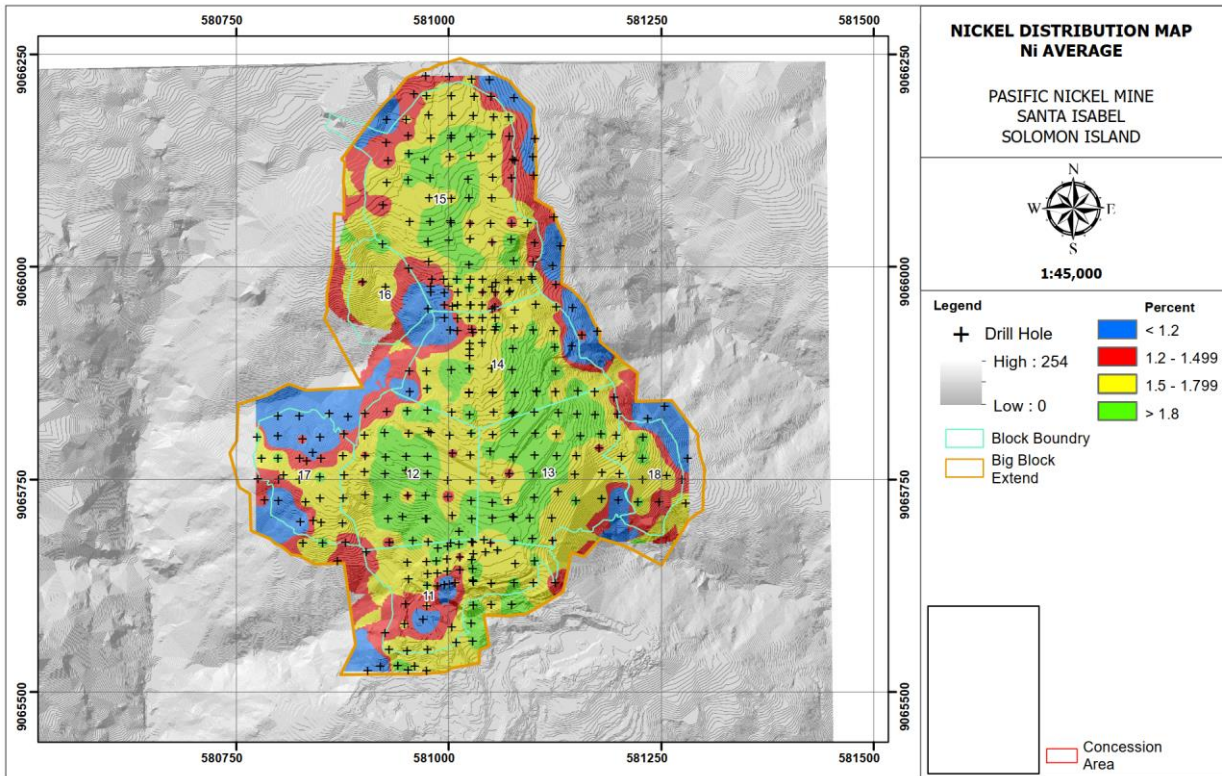


Figure 1 – Map of Nickel grades for the future mining blocks



Block 11 ready for mining at the Kolosori Project



Kolosori haul road being repaired – now completed

Further information on Pacific Nickel is available at www.pacificnickel.com.

Authorised by the Board.

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