



A.B.N 86 075 613 268

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2024

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This Interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by Pacific Nickel Mines Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

**Pacific Nickel Mines Limited
ABN 86 075 613 268
and Controlled Entities**

DIRECTORS' REPORT

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Pacific Nickel Mines Limited ("Pacific Nickel" or the "Company") and the entities it controlled (together, the 'Group') at the end of, or during, the half-year ended 31 December 2024 ("Period").

DIRECTORS

The names of the Pacific Nickel's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr T Cuthbertson (Interim Chairman)
Mr R Thomson (Non-Executive Director)
Mr G Stewart (Non-Executive Director, appointed 29 November 2024)
Mr G Hiller (Executive Director, resigned 9 October 2024)
Mr J. Dean (Non-Executive Director, resigned 15 November 2024)

REVIEW OF RESULTS AND OPERATIONS

SOLOMON ISLAND NICKEL PROJECTS

Kolosori Nickel Project (80%) Solomon Islands

The Company owns an 80% interest in Pacific Nickel Mines Kolosori Ltd (PNMK), a subsidiary entity of the Company incorporated in the Solomon Islands, with the remaining 20% interest held by local landowners. On 14 September 2022, PNMK was granted a Mining Lease ML 02/22. The Kolosori Nickel Project ("Project") was developed during 2023 with the first shipment of nickel ore in late December 2023. During the first half of 2024, the Company was ramping up to full ore production of around 1.5mtpa. The major focus for the Company, during this weak nickel price, was to improve mining operations and production efficiencies to ensure that the Kolosori site can achieve at least two shipments per month during the dry season to achieve 1.5mtpa of ore shipped.

The operation had been affected by a combination of factors in late June/early July from low machine availability, bad weather which also caused degradation of the haul road, which together continued to impact the mining schedule at the Kolosori Nickel operation.

The ongoing effect of these issues on the operations is that the shipment scheduled for early July was then delayed until late July/early August. This meant that additional working capital was required for the Project.

After a review of the Kolosori operation in early July, the Company in consultation with its Kolosori project financier Glencore International AG ("Glencore") agreed that the best course of action in the short term was to cease operations and review the project in light of the operational issues and the weak nickel price outlook in the short to medium term.

By the end of August 2024, the mining contractor had unavoidably been demobilised from site.

During the last quarter of 2024, a local mining contractor was re-engaged to return to site to ensure compliance for the operation under its mining licence. One shipment of nickel ore was made late in the quarter to assist in the funding of those site activities.

Glencore Financing

Glencore provided a US\$22m secure loan facility ("Loan Agreement") for the development of the Kolosori Nickel Project. Pacific Nickel has worked in close collaboration with Glencore since the commencement of production in late December 2023. As disclosed on 13 June 2024, Pacific Nickel has not yet commenced repayment of the Glencore loan as originally anticipated and Glencore has reserved its rights with regard to the project debt.

Pacific Nickel Mines Limited
ABN 86 075 613 268
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DIRECTORS' REPORT (CONTINUED)

Trading Halt and Voluntary Suspension on the ASX

The Company entered into a trading halt on the ASX on 16 July 2024 and a subsequent voluntary suspension on 18 July 2024 while it held discussions around project financing with Glencore in light of the operational issues and a weak nickel price outlook in the short and medium term.

The ongoing liquidity, working capital and continued financial viability of the Company (and the Project) is dependent on resolving the funding arrangements with Glencore. In the Company's opinion, continued trading of the Company's securities is likely to be materially prejudicial to its ability to finalise those discussions with Glencore.

The timetable for coming out of suspension is predicated on the outcome of the matters noted above.

The Company is currently in a voluntary suspension on the ASX.

Jejevo Nickel Project (80%) Solomon Islands

The Jejevo Nickel Project (Jejevo Project) is an advanced stage direct shipping ore (DSO) nickel laterite project.

The Company holds the Jejevo Project via an 80% equity interest in Pacific Nickel Mines Varej Limited (PNMVL), which holds Prospecting Lease PL 01/18 located on the south coast of Santa Isabel Island in the Solomon Islands. The remaining 20% of PNMVL is owned by groups associated with the landowners. The Jejevo Project is located within the PL 01/18 project area.

In December 2022, PNMVL applied for a Mining Lease over PL 01/18.

No work was conducted at the Jejevo Nickel Project during the Period.

The Company notes that there is a legal case relating to a judicial review of decisions made by government authorities in the Solomon Islands in relation to the awarding of PL 01/18 in 2018. At the date of this Report these legal proceedings are ongoing. The Company has legal advice that the case lacks merit.

CORPORATE

Capital Structure

On 2 August 2024, 2,740,000 ordinary shares were issued in the satisfaction of the performance rights to Solomon Islands employees for work done in 2023.

As at 31 December 2024, the Company had the following securities on issue:

- 420.993 million fully paid ordinary shares; and
- 14.13 million performance rights.

FINANCIAL PERFORMANCE

During the Period the consolidated net loss of the Group was \$2.821 million (2023: loss of \$3.666 million).

CASH FLOWS

During the Period, the Group had negative cash flows from operations of \$5.228 million (2023: negative cash flow of \$18.351 million).

Cash flows from investing and financing activities for the Group included:

- received an advance of \$5.837 from Glencore International AG; and
- unsecured loan of \$0.03 million from Key Management Personnel.

Cash at 31 December 2024 was \$1.204 million (2023: \$6.748 million).

**Pacific Nickel Mines Limited
ABN 86 075 613 268
and Controlled Entities**

DIRECTORS' REPORT (CONTINUED)

FINANCIAL POSITION

Total equity increased by \$0.719 million from \$3.688 million as at 30 June 2024 to \$4.407 million as at 31 December 2024 as a result of a net loss of \$2.821 million, a decrease on foreign translation reserve of \$0.894 and capitalised prior year project interests expenses of \$4.435 million.

GOING CONCERN

The Group currently relies on its nickel projects in the Solomon Islands for its continuing viability and for its ability to continue as a going concern and to meet its debts and commitments.

The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as and when they fall due are dependent upon the Group being successful in its ongoing discussions with Glencore, the debt lender to the Kolosori Project.

The Group has a successful track record of identifying opportunities and raising new capital from both existing shareholders and strategic investors.

On that basis the directors believe it is reasonable to expect that the Group will be successful in some of the above matters and, accordingly, have prepared the financial report on a going concern basis.

The financial report for the period ended at 31 December 2024 contains an independent auditor's review report which includes an emphasis of matter paragraph in regard to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

AFTER BALANCE DATE EVENTS

After the Period, certain Solomon Islands subsidiaries of the Company have undertaken a pre-transaction change in its directors to facilitate finalisation of the transaction documents for a potential transaction in relation to the Project.

The Company is in ongoing discussions with Glencore, and as of the date of this Report, it has not entered into any binding documentation with Glencore regarding the Project.

The Company remains in voluntary suspension at the date of this Report.

There are no other matters or circumstances that have arisen since 31 December 2024 which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is attached.

Signed in accordance with a resolution of the directors.



On behalf of the Directors
Terry Cuthbertson
Interim Chairman
Sydney, 14 March 2025

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE
CORPORATIONS ACT 2001
TO THE DIRECTORS OF PACIFIC NICKEL MINES LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2024 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.

MNSA PTY LTD

MNSA Pty Ltd



Mark Schiliro
Director

Sydney
14th of March 2025



MNSA

Pacific Nickel Mines Limited
ABN 86 075 613 268
and Controlled Entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	Note	31 December 2024 \$	31 December 2023 \$
Sales	2	5,538,115	2,441,348
Cost of Sales	3	(6,219,341)	(2,132,850)
Gross profit		(681,226)	308,498
Interest income		86	335,713
Administration and Corporate expenses		(914,520)	(597,520)
Depreciation and amortisation expense	3	(882,878)	(427,093)
Employee benefits expense		(116,982)	(425,567)
Share-based payments expense		-	(133,185)
Evaluation and Exploration expenditure expensed		(218,358)	(330)
Interest expenses		(7,216)	(2,463,341)
Finance costs		-	(263,388)
Loss before income tax		(2,821,094)	(3,666,213)
Income tax expense		-	-
Net loss for the period		(2,821,094)	(3,666,213)
Other comprehensive income/(loss)			
Other comprehensive income/(loss) – Foreign exchange		(893,829)	878,625
Total comprehensive loss for the period		(3,714,923)	(2,787,588)
Total comprehensive loss attributable to members of the Company		(3,714,923)	(2,787,588)
Loss for the period is attributable to:			
Owners of Pacific Nickel Mines Limited		(2,472,635)	(3,584,946)
Non-controlling interest		(348,459)	(81,267)
		(2,821,094)	(3,666,213)
Total comprehensive income/(loss) attributable to:			
Owners of Pacific Nickel Mines Limited		(3,366,464)	(2,706,321)
Non-controlling interest		(348,459)	(81,267)
		(3,714,923)	(2,787,588)
Basic and diluted (loss) per share		\$ per share (0.007)	\$ per share (0.009)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Pacific Nickel Mines Limited
ABN 86 075 613 268
and Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	31 December 2024 \$	30 June 2024 \$
CURRENT ASSETS			
Cash and cash equivalents		1,203,935	537,573
Inventory		-	2,113,426
Trade and other receivables	4	149,690	1,439,447
TOTAL CURRENT ASSETS		1,353,625	4,090,446
NON-CURRENT ASSETS			
Property, plant and equipment		1,533,346	1,845,847
Exploration and evaluation expenditure	5	12,593,582	12,706,082
Development expenditure	6	41,533,743	31,874,424
Investments	7	4,358,380	4,382,999
Other assets	8	2,746,789	2,746,789
TOTAL NON-CURRENT ASSETS		62,765,840	53,556,141
TOTAL ASSETS		64,119,465	57,646,587
CURRENT LIABILITIES			
Trade and other payables	9	15,725,411	15,714,279
Borrowings	10	35,525,556	23,912,386
TOTAL CURRENT LIABILITIES		51,250,967	39,626,665
NON-CURRENT LIABILITIES			
Borrowings	10	8,461,177	14,332,037
TOTAL NON-CURRENT LIABILITIES		8,461,177	14,332,037
TOTAL LIABILITIES		59,712,144	53,958,702
NET ASSETS		4,407,321	3,687,885
EQUITY			
Contributed equity	11	86,103,182	86,104,325
Reserves	12	175,554	1,069,383
Accumulated losses		(79,564,613)	(80,401,597)
Equity attributable to the owners of Pacific Nickel Mines Limited		6,714,123	6,772,111
Non-controlling interest		(2,306,802)	(3,084,226)
TOTAL EQUITY		4,407,321	3,687,885

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Pacific Nickel Mines Limited
ABN 86 075 613 268
and Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	Contributed Equity	Accumulated Losses	Reserves			Equity attributable to Pacific Nickel Mines Limited	Non- controlling interest	Total Equity
			Options Revenue	Performance Rights	Foreign Currency Translation			
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	84,864,038	(66,032,621)	781,868	53,800	(30,265)	19,636,820	-	19,636,820
Loss for the period	-	(3,584,946)	-	-	-	(3,584,946)	(81,267)	(3,666,213)
Other comprehensive income/(loss)	-	-	-	-	878,625	878,625	-	878,625
Total comprehensive income for the year	-	(3,584,946)	-	-	878,625	(2,706,321)	(81,267)	(2,787,588)
Share-based payments	-	-	-	133,185	-	133,185	-	133,185
Options and performance rights exercised during the period	464,186	-	-	(10,760)	-	453,426	-	453,426
Transfer from reverses	21,400	-	(21,400)	-	-	-	-	-
Shares issue cost	(5,768)	-	-	-	-	(5,768)	-	(5,768)
Balance at 31 December 2023	85,343,856	(69,617,567)	760,468	176,225	848,360	17,511,342	(81,267)	17,430,075
Balance at 1 July 2024	86,104,325	(80,401,597)	-	176,225	893,158	6,772,111	(3,084,226)	3,687,885
Loss for the period	-	(2,472,635)	-	-	-	(2,472,635)	(348,459)	(2,821,094)
Capitalised prior year project accrued interests	-	3,309,619	-	-	-	3,309,619	1,125,883	4,435,502
Other comprehensive income/(loss)	-	-	-	-	(893,829)	(893,829)	-	(893,829)
Total comprehensive income for the year	-	836,984	-	-	(893,829)	(56,845)	777,424	720,579
Shares issue cost	(1,143)	-	-	-	-	(1,143)	-	(1,143)
Balance at 31 December 2024	86,103,182	(79,564,613)	-	176,225	(671)	6,714,123	(2,306,802)	4,407,321

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Pacific Nickel Mines Limited
ABN 86 075 613 268
and Controlled Entities

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	31 December 2024 \$	31 December 2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,721,049	
Payments to suppliers and employees	(7,948,783)	(1,187,793)
Development expenditure	-	(17,497,302)
Interest received	-	334,052
Net cash (used in) operating activities	<u>(5,227,734)</u>	<u>(18,351,043)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditure	-	(5,216,393)
Net cash (used in) investing activities	<u>-</u>	<u>(5,216,393)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of options	-	453,426
Proceeds from secured loans	-	28,506,100
Proceeds from unsecured loans	30,000	-
Proceeds from fund advance	5,836,603	-
Transaction costs related to loans and borrowings	-	(301,745)
Net cash provided by financing activities	<u>5,866,603</u>	<u>28,657,781</u>
NET INCREASE IN CASH HELD	638,869	5,090,345
CASH AT THE BEGINNING OF THE FINANCIAL PERIOD	537,573	1,142,091
Effect of exchange rate fluctuation on cash held	<u>27,493</u>	<u>515,460</u>
CASH AT THE END OF THE FINANCIAL PERIOD	<u>1,203,935</u>	<u>6,747,896</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Pacific Nickel Mines Limited
ABN 86 075 613 268
and Controlled Entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report is for Pacific Nickel Mines Limited and its controlled entities (together, the “Group”) in respect of the interim half-year reporting period ended 31 December 2024 and has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by Pacific Nickel Mines Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standard Board (“AASB”) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Significant matters relating to the ongoing viability of operations

GOING CONCERN

The Group experienced operating losses of \$2.821 million and negative cash flows from operations of \$5.228 million during the half year ended 31 December 2024.

At 31 December 2024, the Group has current liabilities amounting to \$51.251 million (30 June 2024: \$39.627 million).

The Group’s cash position at balance date was \$1.204 million, which will not be sufficient to fund the Group’s forecast cash outflows from operations for the period to 31 March 2026.

The Group currently relies on its nickel projects in the Solomon Islands for its continuing viability and for its ability to continue as a going concern and to meet its debts and commitments.

As a result of these matters, there is a material uncertainty related to events or conditions that may cast significant doubt on whether the Group will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as and when they fall due are dependent upon the Group being successful in its ongoing discussions with Glencore, the debt lender to the Kolosori Project.

The Group has a successful track record of identifying opportunities and raising new capital from both existing shareholders and strategic investors.

On that basis the directors believe it is reasonable to expect that the Group will be successful in some of the above matters and, accordingly, have prepared the financial report on a going concern basis.

At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 31 December 2024. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Pacific Nickel Mines Limited
ABN 86 075 613 268
and Controlled Entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	31 December 2024 \$	31 December 2023 \$
2 REVENUE		
<i>Revenue from contracts with customers</i>		
Sale of nickel ore	5,538,115	2,441,348
	<hr/>	<hr/>
3 EXPENSES		
<i>Cost of sales</i>		
Mining expenses	6,219,341	2,132,850
	<hr/>	<hr/>
<i>Depreciation</i>		
Plant and equipment	407,822	24,660
Total Depreciation	<hr/> 407,822 <hr/>	<hr/> 24,660 <hr/>
<i>Amortisation</i>		
Mining development	324,601	280,834
Exploration and evaluation expenditure	150,455	121,599
Total Amortisation	<hr/> 475,056 <hr/>	<hr/> 402,433 <hr/>
Total depreciation and amortisation	<hr/> 882,878 <hr/>	<hr/> 427,093 <hr/>
	<hr/>	<hr/>
4 TRADE AND OTHER RECEIVABLES		
	31 December 2024 \$	30 June 2024 \$
Trade receivables	8,852	1,148,921
Prepayment	112,428	269,825
Others	28,410	20,701
	<hr/> 149,690 <hr/>	<hr/> 1,439,447 <hr/>

Pacific Nickel Mines Limited
ABN 86 075 613 268
and Controlled Entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	31 December 2024	30 June 2024
	\$	\$
5 EXPLORATION AND EVALUATION EXPENDITURE		
Costs carried forward in respect of areas of interest in exploration and evaluation phases	12,593,582	12,706,082
Movement for period		
Balance at beginning of period	12,706,082	8,427,490
Loan reversal/(advance) to PNMK minority shareholders for 20% interests in Kolosori Nickel Project	a -	2,350,593
Transfer to development expenditure	-	1,155,161
Amortisation	(112,500)	(726,994)
Current period expenditure	-	1,499,832
Balance at end of period	12,593,582	12,706,082

- a) On 10 November 2020 the Company entered into an agreement with PNMK and the Landholders, on terms satisfactory to the Company, for the provision of funding by the Company to the Landholders (to be repaid from PNMK's cash flows and sale proceeds) for their portion of exploration and development costs relating to the Kolosori Nickel Project. In addition, any advance from Landholders to be repaid in full from the 20% Landholders interests of PNMK.

6 DEVELOPMENT COSTS

Costs carried forward in respect of areas of interest in exploration and evaluation phases	41,533,743	31,874,424
Movement for the period		
Balance at beginning of period	31,874,424	4,416,110
Loan advance to PNMK minority shareholders for 20% interests in Kolosori Nickel Project	-	(4,970,055)
Amortisation	(324,601)	(2,619,523)
Capitalised project interests	8,535,876	-
Revaluation of foreign currency	1,448,044	-
Current period expenditure	-	35,047,892
Balance at end of period	41,533,743	31,874,424

7 INVESTMENTS

Investments in Jejevo Nickel	1,953,704	1,953,704
Investments in Kolosori Nickel	1,820,250	1,838,978
Investments in Other Tenements	234,426	240,317
Investments in Lorena Gold Royalty	350,000	350,000
	4,358,380	4,382,999

8 OTHER ASSETS

Loans to the minority shareholders of PNMK	2,746,789	2,746,789
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Loan to minority shareholders of PNMK in respect of the 20% interests of exploration and development costs related to Kolosori Nickel Project, to be repaid from PNMK's dividends declared in favour of the minority shareholders. This is consistent with the final shareholder agreement dated 17 April 2023.

Pacific Nickel Mines Limited
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	31 December 2024 \$	30 June 2024 \$
9 TRADE AND OTHER PAYABLES		
Trade creditors	10,691,066	13,335,181
Other creditors	5,034,345	2,379,098
	15,725,411	15,714,279

10 BORROWINGS

Current liabilities

Secured loan	a 35,495,556	23,912,386
Unsecured loan	b 30,000	-
	35,525,556	23,912,386

Non-current liabilities

Secured loan	a 8,461,177	14,332,037
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a) Secured loan

On 19 April 2023, the Company entered a debt and sale facilities with Glencore International AG to advance to the pre-production funding requirements of the Kolosori Nickel Project.

Key Terms associated with the debt and sale facilities include:

Loan Agreement

- Project loan facility of up to A\$32 million (US\$22 million).
- 3-year repayment term commencing after the first shipment and with no scheduled repayment due during the wet season months.
- Interest rate of 11% plus the US Secured Overnight Financing Rate.
- Repayments effected pursuant to a cash sweep mechanism and early repayments permitted without penalty.
- No mandatory hedging.
- Events of Default standard for a facility of this nature.
- Security provided via a charge over the shares of Pacific Nickel Mines Kolosori Ltd, a charge over the assets of Pacific Nickel Mines Kolosori Ltd and a corporate guarantee.

Offtake Agreement

- 6-year Term.
- Take or pay contract.
- Price received linked to agreed 1.5% DSO Nickel benchmarks and adjusted for nickel and moisture bonus/penalty payments.
- Ownership transfer of nickel ore passes to the buyer upon the nickel ore being put on board of the vessel.
- Quantity to be 100% of mine production during the Term.
- FOB Kolosori delivery basis with 85% payment upon provisional invoicing, and balance of 15% on confirmation.

In May 2023, the initial drawdown of US\$3 million and subsequently in July 2023 the final drawdown of US\$19 million were drawn. As of 31 December 2024, the loan advance and accrued interest of \$43.957 million (US\$27.302 million) were reflected in current and non-current liabilities. Interest expenditures of \$8.536 million, were capitalised for development cost as of 31 December 2024.

Pacific Nickel Mines Limited
ABN 86 075 613 268
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

10 BORROWINGS (CONTINUED)

b) Unsecured loan

The Group received an unsecured loan of \$30,000 from the Director. The loan has an interest rate of 12% per annum, and interest is paid at maturity in November 2024. The director has agreed to extend the term for another 12 months with a penalty interest rate of 15%.

	31 December 2024	30 June 2024
	\$	\$
11 CONTRIBUTED EQUITY		
420,993,105 fully paid ordinary shares (30 June 2024: 418,253,105)	86,103,182	86,104,325

Fully paid ordinary shares carry one vote per share and carry the right to dividends and have no par value,

a) Movement in ordinary share capital

		Number of shares	Issue price \$	Share capital \$
1 July 2023	Opening balance	409,416,005		84,864,038
18 August 2023	Conversion of performance rights	1,280,000	0.008	10,760
4 October 2023	Conversion of options expiring 29 September 2023	7,557,100	0.06	453,426
	Transfer from options reserve			21,400
	Transaction costs relating to share issues			(5,768)
31 December 2023	Closing balance	418,253,105		85,343,856
1 July 2024	Opening balance	418,253,105		86,104,325
2 August 2024	Share issues on performance rights	2,740,000		-
	Transaction cost relating to share issues	-		(1,143)
31 December 2024	Closing balance	420,993,105		86,103,182

- b) The Group's objective when managing capital is to safeguard its ability to continue as a going concern (refer to note 1), so that it can continue to maintain an optimal capital structure to reduce the cost of capital. The Group monitors capital on a regular basis in order to achieve the objectives. The Group's strategy has remained unchanged from the prior year.

	31 December 2024	30 June 2024
	\$	\$
12 RESERVES		
Performance rights reserve	176,225	176,225
Foreign currency translation reserve	(671)	893,158
	175,554	1,069,383

13 CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 December 2024 (June 2024: nil).

Pacific Nickel Mines Limited
ABN 86 075 613 268
and Controlled Entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

14 SEGMENT INFORMATION

The economic entity operates in segment within mineral exploration and development in Solomon Islands. The Group has two development interests, the Kolosori Nickel Project ("Kolosori") and Jejevo Nickel Project ("Jejevo"), on the Santa Isabel Island, for which the Board of Directors (the chief operating decision maker) reviews internal management reports on a monthly basis.

Segment assets

Information about reportable segments

The key segment assets as reported to the Board are as follows:

	31 December 2024	30 June 2024
	\$	\$
<i>Solomon Islands</i>		
Exploration and evaluation	12,593,582	12,706,082
Development Cost	41,533,743	31,874,424
	<u>54,127,325</u>	<u>44,580,506</u>

	Solomon Islands	Corporate	Total
	\$	\$	\$
31 December 2024			
Revenue from continuing operations	5,538,115	-	5,538,115
Mining expenses	(6,219,341)	-	(6,219,341)
Interest income	60	26	86
Administration and Corporate expenses	(450,289)	(464,231)	(914,520)
Depreciation and amortisation expense	(880,881)	(1,997)	(882,878)
Employee benefits expense	-	(116,982)	(116,982)
Evaluation and Exploration expenditure expensed	(218,358)	-	(218,358)
Finance costs	-	(7,216)	(7,216)
Loss before income tax	<u>(2,230,694)</u>	<u>(590,400)</u>	<u>(2,821,094)</u>
Income tax expense	-	-	-
Net loss for the period	<u>(2,230,694)</u>	<u>(590,400)</u>	<u>(2,821,094)</u>

	Solomon Islands	Corporate	Total
	\$	\$	\$
31 December 2023			
Revenue from continuing operations	2,441,348	-	2,441,348
Mining expenses	(2,132,850)	-	(2,132,850)
Interest income	9,832	325,881	335,713
Administration and corporate expenses	(84,337)	(513,183)	(597,520)
Depreciation and amortisation expense	(426,669)	(424)	(427,093)
Employee benefits expense	-	(425,567)	(425,567)
Share-based payments expense	-	(133,185)	(133,185)
Development, evaluation and Exploration expenditure expensed	(23,955,827)	(330)	(23,956,157)
Development, Evaluation and Exploration expenditure capitalised	23,955,827	-	23,955,827
Interest expenses	(2,463,162)	(179)	(2,463,341)
Finance costs	(263,388)	-	(263,388)
Loss before income tax	<u>(2,919,226)</u>	<u>(746,987)</u>	<u>(3,666,213)</u>
Income tax expense	-	-	-
Net loss for the period	<u>(2,919,226)</u>	<u>(746,987)</u>	<u>(3,666,213)</u>

**Pacific Nickel Mines Limited
ABN 86 075 613 268
and Controlled Entities**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

15 EVENTS SUBSEQUENT TO REPORTING DATE

After the Period, certain Solomon Islands subsidiaries of the Company have undertaken a pre-transaction change in its directors to facilitate finalisation of the transaction documents for a potential transaction in relation to the Project.

The Company is in ongoing discussions with Glencore, and as of the date of this Report, it has not entered into any binding documentation with Glencore regarding the Project.

The Company remains in voluntary suspension at the date of this Report.

There are no other matters or circumstances that have arisen since 31 December 2024 which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**Pacific Nickel Mines Limited
ABN 86 075 613 268
and Controlled Entities**

DIRECTORS' DECLARATION

In the directors' opinion:

- 1) The financial statements and notes, as set out on pages 6 to 16, are in accordance with the Corporations Act 2001 and:
 - a) Comply with Australian Accounting Standards AASB134: Interim Financial Reporting, the Corporations Regulations 2001; and
 - b) Give a true and fair view of the Group's consolidated financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- 2) In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Terry Cuthbertson
Interim Chairman

Sydney, 14 March 2025



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
PACIFIC NICKEL MINES LIMITED
ABN 86 075 613 268

Conclusion

We have reviewed the half-year financial report of Pacific Nickel Mines Limited, which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Pacific Nickel Mines Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Pacific Nickel Mines Limited financial position as at 31 December 2024 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of Pacific Nickel Mines Limited in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Directors of the Financial Report

The directors of Pacific Nickel Mines Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the half-year financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect to this matter.

MNSA PTY LTD

MNSA Pty Ltd



Mark Schiliro
Director

Sydney
14th of March 2025

