

**Pacific Nickel Mines Limited** (*Pacific Nickel or the Company*) (**ASX: PNM**) is pleased to provide an update on its activities for the March 2024 Quarter. The Company's focus for the reporting period was ramping up production at the Kolosori Nickel Project, in the Solomon Islands, in which the Company hold an 80% interest.

**ASX Code:** PNM

**ABN:** 86 075 613 268

**Issued Shares:** 418,253,105

**Options:**

71,156,464 @ \$0.09 Exp 17/6/24

**Performance Rights:**

16,870,000

**Directors**

Terry Cuthbertson  
James Dean  
Geoff Hiller  
Rob Thomson  
Greg Foulis

**Top Shareholders**

Partick Elliott  
James Dean  
Terry Cuthbertson

**Registered Office**

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## HIGHLIGHTS FOR THE MARCH 2024 QUARTER

### Kolosori Nickel Project (PNM 80%)

- Following the successful completion of the first 60,000t shipment at the end of December 2023<sup>1</sup> the Company focused on ramping up production operations to 1.5mpta. This includes:
  - Improving ship loading rates, with the Company achieving 16,000t of ore loaded in a 24-hour period.<sup>2</sup>
  - Improving ore mining rates to meet target production rates.
- The mine plan was adjusted to target higher-grade (1.7% Ni) product for the remainder of the year, to achieve a premium DSO nickel price.
- Ramp up to full production is currently in progress as the wet season (December to April) finishes.
- Total nickel ore shipped for the quarter ~120,000t.
- Total nickel ore shipped since commencement of operations ~184,000t at an average grade of 1.66% Ni

### Jejevo Nickel Project (PNM 80%)

- Entered into a Surface Access Rights Agreement (SARA) for a Mining Lease with landowners in respect of the Jejevo Nickel Project.

### Corporate:

- Greg Foulis stepped down as Executive Chairman, continuing as Non-Executive Director. Mr Terry Cuthbertson was appointed Interim Chairman.<sup>3</sup>
- Cash of A\$2.18 million at 31 March 2024

<sup>1</sup> PNM Announcement 8 January 2024 - Kolosori Nickel Project – First DSO Shipment Completed

<sup>2</sup> PNM Announcement 2 April 2024 - Kolosori Nickel Project - Barging and Ship Loading Meet Ramp Up Levels

<sup>3</sup> PNM Announcement 4 March 2024 - Mr Greg Foulis steps down as Chairman of the Board

### **KOLOSORI NICKEL PROJECT (PNM 80%)**

The Kolosori Nickel Project (“Project”) is a direct shipping ore nickel laterite operation located on Isabel Island in the Solomon Islands. The Project is now fully operational with first shipment of DSO nickel ore achieved in late December 2023. The Company is now focussed on ramping up to full ore production of around 1.5mtpa.

#### **Production Operations**

During the March Quarter the Company continued to ramp up production operations at its flagship Kolosori Nickel Project. Since the maiden shipment at the end of December 2023, the Company has shipped ~184,000t of nickel ore at an average grade of 1.66% Ni to Glencore International AG (“**Glencore**”).

The major focus for the Company during the reporting period was to improve mining operations and production efficiencies to ensure that the Kolosori site can achieve at least two shipments per month with a forecast of three shipments per month (with the introduction of a third mining fleet) during the dry season to achieve 1.5mtpa of ore shipped.

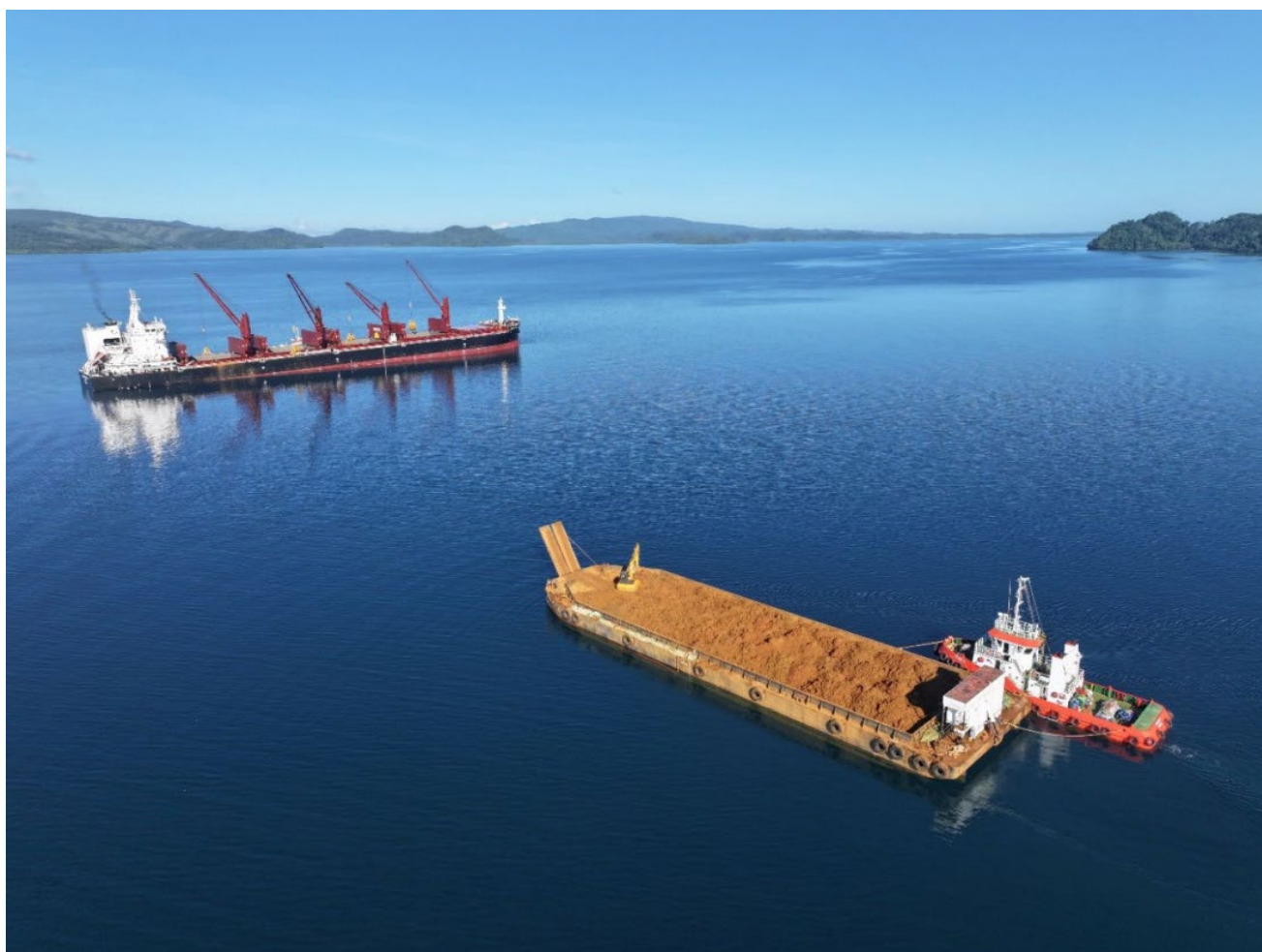
During the third shipment in March, site achieved the ship loading of some 62,000 tonnes in five and half days with one 24-hour period of 16,000 tonnes being loaded. This is the required rate expected and demonstrates that the required barge and ship loading rates necessary for three shipments per month are achievable.

Following the success of ship loading the Company is now focused on ensuring that ore mining operations can deliver ore onto stockpiles to support the required rate of ship loading. Heavier than expected rainfall during the March Quarter, which also impacted equipment availability due to the tough conditions, was a severe impediment to reaching the required production rate. The Company expects that ore mining will improve from May onwards as the region enters the dry season. The revised mine plan has ore being delivered onto the stockpiles at the required rate at an average grade of around 1.7% Ni for the next nine months. The Company is carrying out grade control drilling as part of its procedure to ensure that ore is mined at the nickel grades forecast for shipment. Once the mining operation reaches steady state, the Company will focus on exploration targeting additional high grade nickel resources.

The Company continued to work closely with mining contractor, HBS, to improve mining equipment availability which has been lower than required over the last three months. As part of ensuring that the ore production can be delivered as forecast, the Company is in the process of looking at additional mining equipment for June/July which will also have the effect of lowering unit mining operating costs and generate additional ore stockpiles.

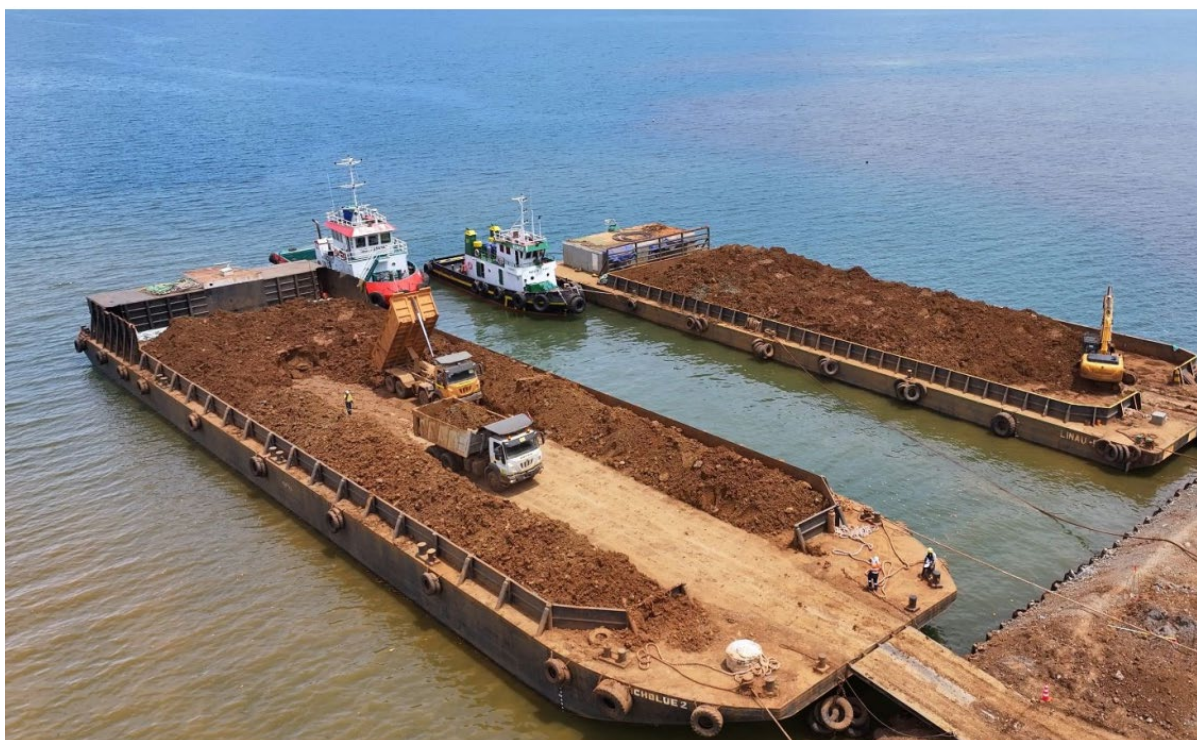


*Figure 1: Third Shipment – Loading of DSO Nickel with barges either side*



*Figure 2: Delivery of DSO nickel onto the third bulk carrier.*





*Figure 3: Barge loading at the Kolosori project wharf*

During the Quarter, the site carried out development activities which were mainly focused on increasing stockpile area near the wharf. These earthworks were carried out in conjunction with production activities. When completed, this stockpile area is expected to be able to hold around 180,000 tonnes of ore (i.e., the equivalent of three ship loads). Creating the stockpile area is a key component for the full production shipping rate. At the end of the Quarter, there was approximately 30,000 tonnes of nickel ore stockpiled.

Nickel prices for benchmark 1.5% DSO nickel ore into China increased by around 10% to US\$46-48/wet metric (CIF) tonne over the course of the March quarter. At the current nickel ore prices for 1.7%Ni ore and shipping rates, the Company expects to receive a Free on Board (FOB) price of approximately US\$36/tonne. At 1.75% Ni ore this increases to around US\$39/tonne.

Based on production operating costs during the Quarter, the Company forecasts unit operating costs of around US\$27/tonne with mining at a rate equivalent to two shipments per month. The Definitive Feasibility Study which was completed in January last year forecast US\$31/tonne for the two shipment per month scenario.

In previous ASX announcements it was expected that the next shipment would be in late April. Unfortunately due to tight shipping markets, the next ship available in the region will not be available until 11 May 2024. The ships are arranged by Glencore as part of the off-take agreement. To avoid this situation again, Glencore has agreed to supply dedicated staff who will work closely with project site staff to ensure that shipping schedules match ore production and stockpile levels. It is now anticipated that the Project will have stockpiles in place so that improved management of shipping schedules can be achieved going forward. The next ship has been booked with laycan commencing 21 May 2024.

## JEJEVO NICKEL PROJECT (PNM 80%)

The Jejevo Nickel Project is an advanced stage direct shipping ore nickel laterite project with excellent potential for development, located on Isabel Island in the Solomon Islands. The Jejevo project is similar to the Kolosori Project in terms of tonnes and nickel grade. The Company applied for a Mining Lease for the Jejevo Nickel Project in December 2022 over Prospecting Licence 01/18. As part of that application the Company carried out a preliminary scoping study.

During the Quarter, the Company focused advancing the Environmental Impact Statement (EIS) after the Solomon Islands Environmental Department requested further information in January 2024. The Company expects to complete this additional work next quarter. The Company is also revisiting the development strategy for the Project given current nickel ore pricing.

## CORPORATE

During the reporting period, Executive Chairman, Greg Foulis stepped down to attend to personal issues and assumed the role of Non-Executive Director, with Mr Terry Cuthbertson appointed as interim Chairman. Also, during the quarter, Hal Morris, resigned as Chief Operating Officer. The Company is currently in the process of finding a replacement who is experienced in nickel laterite operations.

Payments to related parties of the Company and their associates for Executive and Non-Executive fees totalled approximately \$293,000.

## June Quarter Planned Activities

- Achieving ore production of at least 120,000 tonnes per month at Kolosori.
- Finalisation of the Jejevo EIS.
- Completing a revised development strategy for Jejevo.

## Expenditure Summary

A summary of the project development and project operations expenditures for the quarter is provided as follows:

Activity	Expenditure (\$A000's)
Project Development	2,257
Operations	5,891
Government Fees/Royalties	114
Community/Landowner	540
<b>Total</b>	<b>8,801</b>

## 2024 MARCH QUARTER – ASX ANNOUNCEMENTS

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (“2012 JORC Code”). Further details (including 2012 JORC

Code reporting tables where applicable) of exploration results referred to in this Quarterly Activities Report can be found in the following announcements lodged on the ASX:

<b>2-Apr-24</b>	Kolosori Nickel Barging and Ship Loading Meet Ramp Up Levels
<b>4-Mar-24</b>	Mr Greg Foulis Steps Down as Chairman of the Board
<b>21-Feb-24</b>	Kolosori Nickel Project Ramp up Proceeding
<b>8-Jan-24</b>	Kolosori Nickel Project First DSO Shipment Completed

These announcements are available for viewing on the Company's website under the News & Media tab. Pacific Nickel confirms that it is not aware of any new information or data that materially affects the information included in any original ASX announcement.

## TENEMENTS

<b>Project</b>	<b>Tenement Number</b>
SOLOMON ISLANDS - <i>Kolosori</i>	ML 02/22
SOLOMON ISLANDS - <i>Jejevo</i>	PL 01/18 (mining lease application in Dec 2022)

No Exploration/Mining Tenements were Acquired/Disposed of during the Quarter.

No Beneficial Interest in Farm-In or Farm-Out were Acquired/Disposed of during the Quarter.

## Forward Looking Statements

Forward looking statements in this announcement are subject to significant business, economic and competitive uncertainties and contingencies associated with the mining industry which may be beyond the control of Pacific Nickel which could cause actual results or trends to differ materially, including but not limited to price and currency fluctuations, geotechnical factors, drilling and production results, development progress, operating results, reserve estimates, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates, environmental risks, ability to meet funding requirements, share price volatility. Accordingly, there can be no assurance that such statements or projections will be realised. Pacific Nickel makes no representations as to the accuracy or completeness of any such statement or projections or that any forecasts will be achieved.

**– END –**

This report is dated 26 April 2024 and has been authorised by the Board.

## Further Information

For further information, please contact the Company on (02) 9251 0032 or by email at [info@pacificnickel.com](mailto:info@pacificnickel.com) or visit the Company's website at [www.pacificnickel.com](http://www.pacificnickel.com)

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](mailto:acooke@pacificnickel.com)

# Pacific Nickel Mines Limited

Level 4, 283 George St Sydney NSW 2000  
www.pacificnickel.com

Rule 5.5

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

**Pacific Nickel Mines Limited**

ABN

**86 075 613 268**

Quarter ended ("current quarter")

**31-Mar-24**

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 9 months \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	5,352	5,352
1.2 Payments for		
(a) exploration and evaluation		
(b) development	(2,257)	(19,754)
(c) production	(6,162)	(6,162)
(d) staff costs	(210)	(658)
(e) administration and corporate costs	(346)	(1,086)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	26	360
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid (received)	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,596)</b>	<b>(21,948)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(2)	(2)
(d) exploration, evaluation and construction development	(382)	(1,224)
(e) investments		-
(f) other non-current assets		-
2.2 Proceeds from the disposal of:		
(a) entities		-
(b) tenements		-
(c) property, plant and equipment		-
(d) investments		-
(e) other non-current assets		-
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other - Loan to non-controlling interest for funding the 20% of construction and development expenditures	(806)	(5,180)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1,190)</b>	<b>(6,407)</b>

ASX Listing Rules Appendix 5B (17/07/20)

+See chapter 19 of the ASX Listing Rules for defined terms.

## Mining exploration entity or oil and gas exploration entity quarterly report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 9 months \$A'000
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options	-	453
3.4 Transaction costs related to issues of equity securities or convertible debt securities		
3.5 Proceeds from borrowings	-	28,506
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings	-	(302)
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	-	28,658

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	6,748	1,142
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,596)	(21,948)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,190)	(6,407)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	28,658
4.5 Effect of movement in exchange rates on cash held	217	733
<b>4.6 Cash and cash equivalents at end of period</b>	2,179	2,179

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	2,179	3,809
5.2 Call deposits	-	2,939
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	2,179	6,748

**6. Payments to related parties of the entity and their associates**

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments*

Item 6.1 payment in respect of directors' remuneration and superannuation during the period.

**Current  
quarter  
\$A'000**

293

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangement available to the entity  
Add notes as necessary for an understanding of the sources of finance available to the entity.*

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
33,238	33,238

**7.5 Unused financing facilities available at quarter end**

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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Facility description	Lender	Interest rate (pa)
The secured loan amount is US\$22 million (AUD/USD:0.6619). In July 2023, the final US\$19 million (AUD/USD:0.667) was drawn. The loan is repayable upon the sale of the nickel ore.	Glencore International	Term SOFR plus 11%



## Mining exploration entity or oil and gas exploration entity quarterly report

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,596)
8.2 (Payments for exploration & evaluation classified as investing activities (Item 2.1(d))	(382)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(3,979)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	2,179
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	2,179
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.5

*Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.*

8.8 If Item 8.7 is less than 2 quarters please provide answers to the following questions:

8.8.1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The Company relies on operating cash flows from the Kolosori Nickel Project. These are expected to improve going forward as a result of improved weather conditions during the drier months and the positive impact of increased production as a result the project ramp up. The availability of ships for the transportation of Ni ore is expected to improve going forward. Mining operations will continue to deliver ore to project stockpiles which will convert to cashflow as shipping occurs.

8.8.2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Board has considered alternatives (including funding against stockpiles, working capital debt facilities and equity) to raise further cash to fund operations if required. Based on operating experience to date the Company believes that it is likely to be successful in arranging additional funds if required.

8.8.3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company expects to be able to continue operations and to meet its business objectives based on the expected cashflows to be derived from the Kolosori Nickel Project as the impact of the project ramp up and drier weather improve the Company's ability to mine ore, accumulate stockpiles and ship ore to market (subject to variables such as grade, fuel cost, equipment availability and the availability of shipping).

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 26-Apr-24

Authorised by: The Audit Committee  
(Name of body or officer authorising release - see note 4)

## Notes

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.