

**Pacific Nickel Mines Limited** (*Pacific Nickel or the Company*) (**ASX: PNM**) is pleased to provide an update on its activities for the December 2023 Quarter. The Company's focus for the reporting period was achieving first nickel ore production from the Company's flagship Kolosori Nickel Project in the Solomon Islands.

**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**

Greg Foulis

Terry Cuthbertson

James Dean

Geoff Hiller

Rob Thomson

**Top Shareholders**

Patrick Elliott

James Dean

Terry Cuthbertson

**Registered Office**

Pacific Nickel Mines Limited

Level 4, 283 George St

SYDNEY NSW 2000

PO Box 20480

World Square NSW 2002

Tel: +61 (0) 403 940 518

E: [info@pacificnickel.com](mailto:info@pacificnickel.com)

W: [www.pacificnickel.com](http://www.pacificnickel.com)

## HIGHLIGHTS FOR THE DECEMBER 2023 QUARTER

### Kolosori Nickel Project (PNM 80%)

- Kolosori Project site fully operational with the following key components achieved during the quarter:<sup>1</sup>
  - Mining of nickel ore commenced<sup>2</sup>
  - Stockpiling of ore near wharf and other designated areas
  - Four 3,000t barges docked and loaded at the Kolosori Wharf<sup>3</sup>
  - Commissioning of the site laboratory
- First shipment of high-grade Direct Shipping Ore (DSO) successfully completed and departed site on 26 December 2023.<sup>4</sup>
- The average grade for the first DSO shipment to offtake partner Glencore International AG ("Glencore") was 1.75% nickel.
- Additional stockpiles developed to ensure that the future shipments can be sequenced in a timely manner. Next ship due to arrive 2 February 2024.
- The Company is now focussed on ramping up to full ore production of around 1.5mtpa, which is anticipated to take 3 to 4 months.

### 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.<sup>5</sup>

### Corporate:

- Cash of \$6,748,000 at 31 December 2023 (It should be noted that the cash at the end of the quarter does not include proceeds received in January 2024 from the Company's first shipment of DSO Nickel completed late December 2023).

<sup>1</sup> PNM Announcement 14 December 2023 – Kolosori Nickel Project Site Fully Operational

<sup>2</sup> PNM Announcement 2 October 2023 – Kolosori Nickel Project – Mining of Nickel Ore Commenced

<sup>3</sup> PNM Announcement 21 December 2023 – Kolosori Nickel Project First DSO Shipment Underway

<sup>4</sup> PNM Announcement 8 January 2024 – Kolosori Nickel Project First DSO Shipment Completed

<sup>5</sup> PNM Announcement 25 October 2023 – Jejevo Nickel Project Surface Access Rights Agreement Signed

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

The Kolosori Nickel Project (“Project”) is a direct shipping ore nickel laterite project which achieved first production during the quarter. The Project is located on Isabel Island in the Solomon Islands. The Project has several positive aspects including its close proximity to the coast, no processing requirements, low capital route to direct shipping ore production and local landowner support. 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, which is anticipated to take 3 to 4 months.

### **Mining Operations**

During the quarter, the Company advanced mining operations in the lead up to first shipment. Mining of nickel ore commenced on 1 October 2023 and the Company rapidly advanced stockpiling of ore for the first DSO shipment.



*Photo 1 – Kolosori Project Site and stockpiles located near to the Kolosori Wharf*





*Photo 2 – Preparation of stockpiles for future shipments*

During the reporting period, all four 3,000t barges contracted with Marinepia Shipping Company Limited arrived at site. The Company also ordered the first ore transport ship of approximately 60,000 tonnes capacity arranged by Glencore. The ship arrived at Kolosori on 19 December 2023. The ship was moored some 800m from the wharf for loading by trans-shipment by barge.

The Company worked closely with Glencore during the quarter to ensure that all stockpile sampling, testing and monitoring procedures were conducted in line with international shipping standards. The Company also undertook additional drilling of the stockpiles to ensure results were known through the full depth and breadth of each stockpile. The testing and sampling program was supervised by an internationally regarded expert engaged by the Company.

Loading of the first 60,000 tonne bulk carrier was completed on 25 December 2023, achieving a loading rate of approximately 10,000 tonnes per day. The ship departed on 26 December with the average grade of the first DSO shipment to offtake partner Glencore being over 1.75% nickel.

The Company received its first payment of 85% of the value of the first shipment of DSO Nickel from Glencore in January 2024. The balance will be paid upon adjudication of the cargo at the discharge point.

A second bulk carrier vessel has been booked for shipment of DSO nickel and is expected to arrive on 2 February 2024.

The Company will be looking to undertake further exploration to target additional ore sources in the dry season.

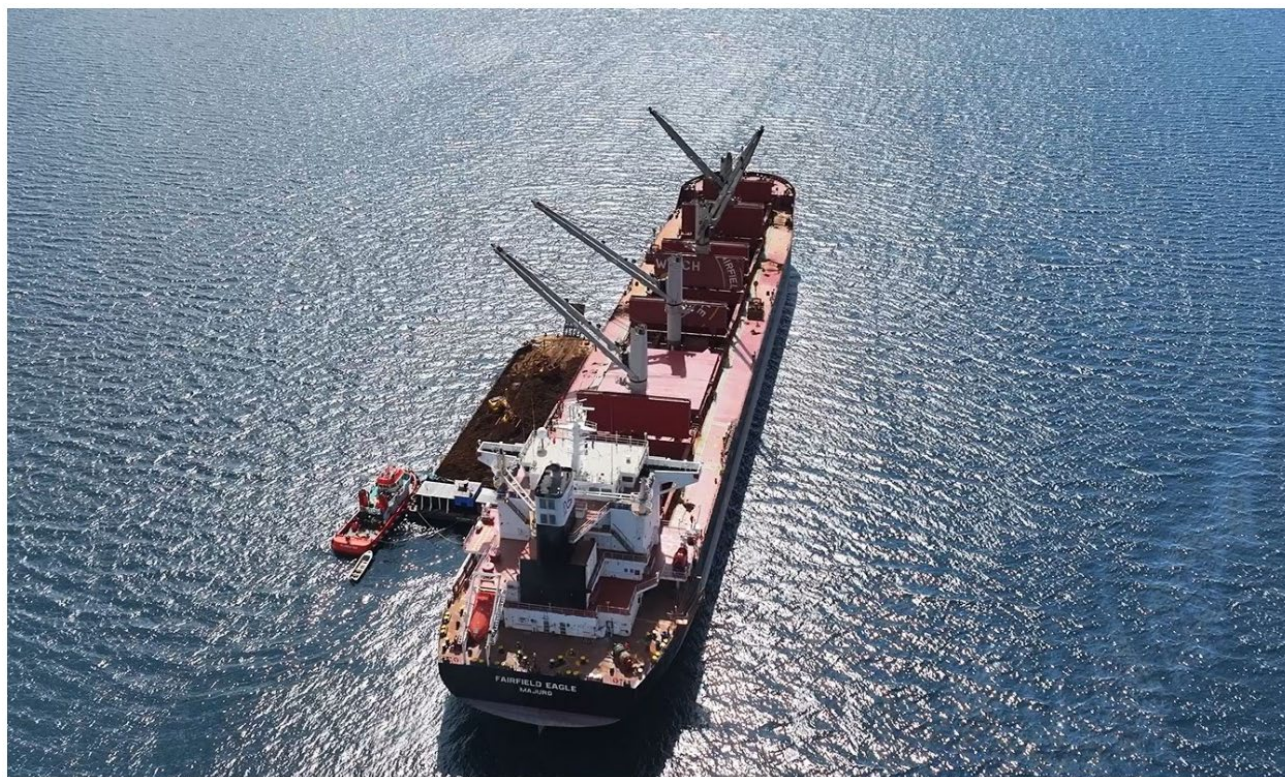


*Photo 3 – Barges docked at Kolosori Wharf for barging of ore to a geared transport ship*



*Photo 4 – Bulk carrier moored 800m from the Kolosori loading wharf*





*Photo 5 – Barge alongside geared bulk carrier for loading*



*Photo 6 – Loading on nickel DSO showing barges on each side of the ship*

### 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. It is similar to the Kolosori Project and a similar development strategy is envisioned. 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.

#### Surface Access Rights Agreement

During the reporting period, the Company entered into a Surface Access Rights Agreement (SARA) for a Mining Lease with landowners in respect of the Jejevo Nickel Project on Isabel Island, Solomon Islands.

The Company has continued to carry out landowner meetings and environmental studies for the Jejevo Nickel Project in preparation for the Environmental and Social Impact Assessment required for the Development Consent.

The Development Consent and SARA are two key documents required for a Mining Lease approval by the Mines Department. The Company is awaiting the issue of the Development Consent.

Pursuant to the Surface Access Rights Agreement, the Company will pursue the development of the Jejevo Nickel Project in much the same way as it has developed the Kolosori Nickel Project.

### CORPORATE

Payments to related parties of the Company and their associates for Executive and Non-Executive fees totalled approximately \$196,000.

6,000,000 Performance Rights were issued to Directors in December following shareholder approval at the Company's Annual General Meeting in November 2023. **March Quarter Planned Activities**

- PNM is now focusing on the ramp up to full ore production of around 1.5mtpa which is expected to take around 3 to 4 months.

#### Expenditure Summary

A summary of the exploration and project evaluation expenditures for the quarter is provided as follows:

| Activity              | Expenditure (\$A000's) |
|-----------------------|------------------------|
| Project Development   | 14,746                 |
| Tenement Fees/Licence | 358                    |
| Community/Landowner   | 669                    |
| <b>Total</b>          | <b>15,773</b>          |

### 2023 DECEMBER 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>8-Jan-24</b>  | Kolosori Nickel Project First DSO Shipment Completed         |
| <b>21-Dec-23</b> | Kolosori Nickel Project First DSO Shipment Underway          |
| <b>14-Dec-23</b> | Kolosori Nickel Project Site Fully Operational               |
| <b>25-Oct-23</b> | Jejevo Nickel Project Surface Access Rights Agreement Signed |
| <b>2-Oct-23</b>  | Kolosori Nickel Project - Mining of Nickel Ore Commenced     |

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.

**– END –**

This report is dated 24 January 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-Dec-23**

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date<br>6 months<br>\$A'000 |
|-----------------------------------------------------------|----------------------------|-------------------------------------|
| <b>1. Cash flows from operating activities</b>            |                            |                                     |
| 1.1 Receipts from customers                               |                            |                                     |
| 1.2 Payments for                                          |                            |                                     |
| (a) exploration and evaluation                            | (12,172)                   | (17,497)                            |
| (b) development                                           | -                          | -                                   |
| (c) production                                            | (253)                      | (448)                               |
| (d) staff costs                                           | (139)                      | (740)                               |
| (e) administration and corporate costs                    | -                          | -                                   |
| 1.3 Dividends received (see note 3)                       | 290                        | 334                                 |
| 1.4 Interest received                                     | -                          | -                                   |
| 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>(12,274)</b>            | <b>(18,351)</b>                     |

|                                                                                                               |                |                |
|---------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>2. Cash flows from investing activities</b>                                                                |                |                |
| 2.1 Payments to acquire:                                                                                      |                |                |
| (a) entities                                                                                                  |                | -              |
| (b) tenements                                                                                                 |                | -              |
| (c) property, plant and equipment                                                                             | (558)          | (842)          |
| (d) exploration, evaluation and construction development                                                      |                | -              |
| (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 | (3,043)        | (4,374)        |
| <b>2.6 Net cash from / (used in) investing activities</b>                                                     | <b>(3,601)</b> | <b>(5,216)</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<br>\$A'000 | Year to date<br>6 months<br>\$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                            | 23,075   | 1,142    |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above)             | (12,274) | (18,351) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above)             | (3,601)  | (5,216)  |
| 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                           | (453)    | 515      |
| <b>4.6 Cash and cash equivalents at end of period</b>                           | 6,748    | 6,748    |

|                                                                                                                                                                                |                                    |                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------|
| <b>5. Reconciliation of cash and cash equivalents</b><br>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<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
| 5.1 Bank balances                                                                                                                                                              | 3,809                              | 4,421                               |
| 5.2 Call deposits                                                                                                                                                              | 2,939                              | 18,654                              |
| 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>                                                                                           | 6,748                              | 23,075                              |

**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 executive director salary and superannuation during the period.

**Current  
quarter  
\$A'000**

196

**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<br>amount at quarter<br>end<br>\$A'000 | Amount drawn at<br>quarter end<br>\$A'000 |
|-------------------------------------------------------|-------------------------------------------|
| 33,238                                                | 33,238                                    |
|                                                       |                                           |
|                                                       |                                           |
|                                                       |                                           |

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

-

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)                               | (12,274) |
| 8.2 (Payments for exploration & evaluation classified as investing activities (Item 2.1(d)) | (558)    |
| 8.3 Total relevant outgoings (Item 8.1 + Item 8.2)                                          | (12,832) |
| 8.4 Cash and cash equivalents at quarter end (Item 4.6)                                     | 6,748    |
| 8.5 Unused finance facilities available at quarter end (item 7.5)                           | -        |
| 8.6 Total available funding (Item 8.4 + Item 8.5)                                           | 6,748    |
| 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 current level of net operating outflow will decrease as the mine development and construction has largely been completed. In addition, the Company has commenced the export of nickel ore, thus will have operating cash inflow.

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 Company has no plans to raise further cash to fund its operations, as current projected cashflow is sufficient to meet its operational expenditure.

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 on the basis of the sales of nickel ore. It should be noted that the cash at the end of the quarter does not include proceeds received in January 2024 from the Company's first shipment of DSO Nickel completed late December 2023.

*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: 24-Jan-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.