

Pacific Nickel Mines Limited (*Pacific Nickel* or Company) (**ASX: PNM**) is pleased to provide an update on its activities for the December 2020 Quarter. The Company's focus for the reporting period was the advancement of the Company's Jejevo and Kolosori Nickel Projects, located in the Solomon Islands.

ASX Code: PNM

Issued Shares: 149,774,588

ABN: 86 075 613 268

Directors

Terry Cuthbertson

James Dean

Geoff Hiller

Rob Thomson

Top Shareholders

Terry Cuthbertson

Michael John McCahill <ATF

MJ McCahill TA/C>

Sean McCahill Properties Ltd

James Dean

Head Office

Pacific Nickel Mines Limited

Level 4

283 George St

SYDNEY NSW 2000

T: +61 (0)2 9251 0032

E: info@pacificnickel.com

W: www.pacificnickel.com

HIGHLIGHTS FOR THE DECEMBER 2020 QUARTER

Jejevo Nickel Project

- Pacific Nickel obtained shareholder approval at an Extraordinary General Meeting on 14 October 2020 to acquire Sunshine Minerals Limited (Sunshine). Sunshine has an 80% shareholding in Sunshine Nickel Limited which holds PL 01/18 containing the Jejevo nickel project¹.
- Drilling at Jejevo planned for a 64-hole program (approx. 1,300m).
- Drilling designed to provide confirmatory results to allow preparation of a JORC resource estimate ("2012 JORC")².
- Jejevo Exploration Target has been generated in the range of 4.9Mt to 6.6Mt at 1.4% Ni to 1.6% Ni within all domains (Saprolite, Transitional and Limonite)³.
- Mining One Pty Ltd (Mining One) engaged to undertake geological work on the Company's nickel projects in the Solomon Islands and prepare drilling programs and 2012 JORC resource estimate at Jejevo.

Kolosori Nickel Project

- In October 2020 Pacific Nickel executed a Share Purchase Agreement (Agreement) to formalise its acquisition of an 80% interest in Kolosori Nickel (SI) Limited ("KNL") which holds a 100% interest in PL 05/19⁴.
- Agreement subject to Pacific Nickel shareholder approval with a General Meeting scheduled to be held 10 February 2021.
- Total mineral resource estimate confirmed of 5.89 million tonnes at 1.55 % Ni at 1.2% Ni cut off⁵.
- Extension resource target of 1.94 million to 3.19million tonnes at 1.2% to 1.6% Ni identified
- Resource estimate to form the basis of a feasibility study at Kolosori which has now commenced.

Authorised by the Board – 29 January 2021

¹ ASX Announcement - Results of General Meeting, 14 Oct 2020

² ASX Announcement - Drilling to Commence at Solomon Islands Nickel Project

ASX Announcement – Jejevo Exploration Target and Drilling Update

³ This Target range reflects a potential quantity and grade for Jejevo and is conceptual in nature only as there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource

⁴ ASX Announcement - MALACHITE SECURES 80% INTEREST IN THE KOLOSORI NICKEL PROJECT

⁵ ASX Announcement - Initial JORC Resource Estimate At Kolosori Of 5.89mt @ 1.55% Ni

Both the Kolosori and Jejevo Nickel Projects are advanced stage direct shipping ore nickel laterite project with excellent potential for development. The projects have a number of positive aspects including their close proximity to the coast, no processing requirements, low capital route to direct shipping ore production and local landowner support. The locations of the Kolosori and Jejevo projects are shown in Figures 1 & 2.

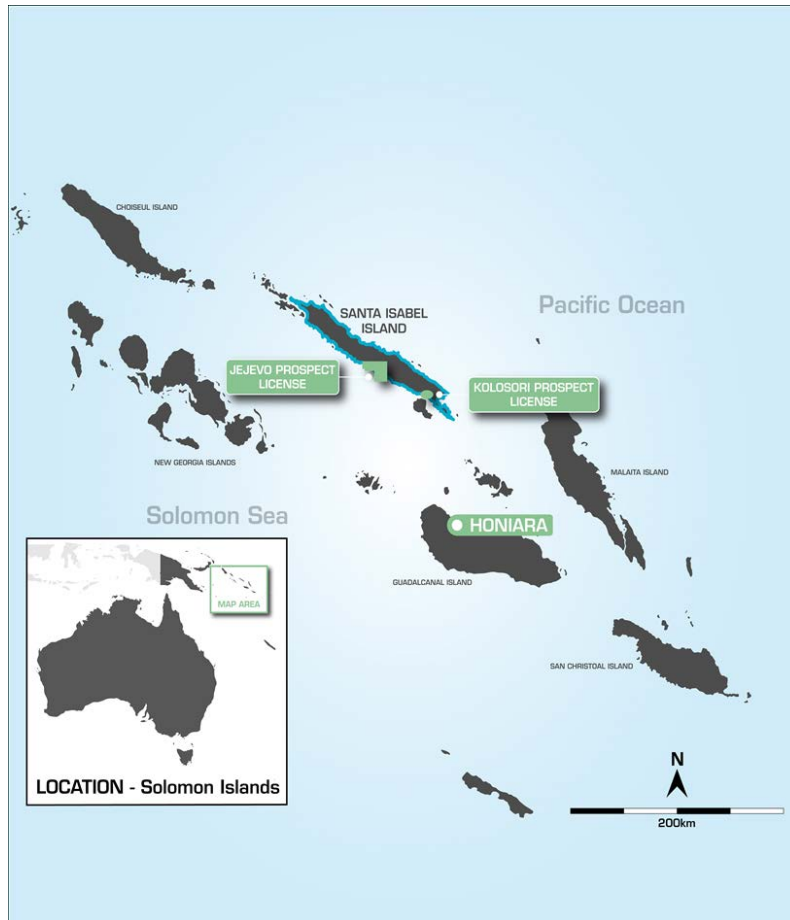


Figure 1 - Kolosori and Jejevo Project Location Map

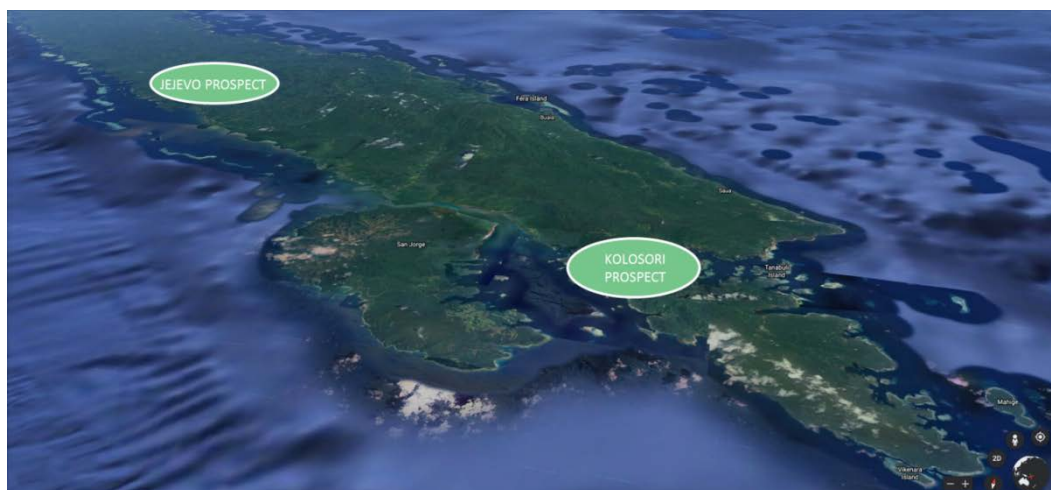


Figure 2 – Location of Kolosori and Jejevo projects on Isabel Island, Solomon Islands

JEJEVO NICKEL PROJECT (80%)

Pacific Nickel obtained shareholder approval at a General Meeting on 14 October 2020 to acquire Sunshine Minerals Limited (Sunshine). Sunshine has an 80% shareholding in Sunshine Nickel Limited which holds PL 01/18 containing the Jejevo nickel project⁶.

Commencement of Drilling at The Jejevo Nickel Project

In October 2020 the Company announced that a 64-hole program at Jejevo had been designed by Mining One⁷. The current drill program has been designed by Mining One based on a review of the existing data from the Jejevo Project. As part of that process Mining One carried out a gap analysis to identify what is required to allow that drilling data to comply with the 2012 JORC guidelines. The current 64-hole drilling program at Jejevo is the product of the work undertaken by Mining One and is designed to enhance the geological understanding of Jejevo and provide confirmatory results to allow preparation of a JORC resource estimate ("2012 JORC").

The drill rigs required to conduct the Jejevo drilling program were mobilised to site on Isabel Island in late 2020⁸. The drilling program at Jejevo, which comprises 64 holes (approximately 1,300 m) has been delayed due to the weather and the Christmas break.

The initial 64-hole drill program at Jejevo will utilise drilling rigs (which have been acquired by the Company) that were previously used on the tenement by Sumitomo Metals and Mining and will consist of 25 holes for confirmatory (twin) purposes (395m), 15 holes for infill (306m) and 24 holes for exploration (600m).

Following the completion of the initial 25 holes confirmatory (twin) drilling (395m) and receipt of assays, the Company is expected to be in a position to provide a JORC resource estimate at Jejevo. That initial resource estimate will also form the basis of a feasibility study whilst additional exploration drilling will seek to identify areas for possible extensions to the Jejevo deposit (Figure 3). There are also targets for future exploration that exist on ridges to the east and west of the currently defined Jejevo deposit (Figure 4). Further work including field inspections is required to rank these target areas prior to commencement of step out drilling programs.

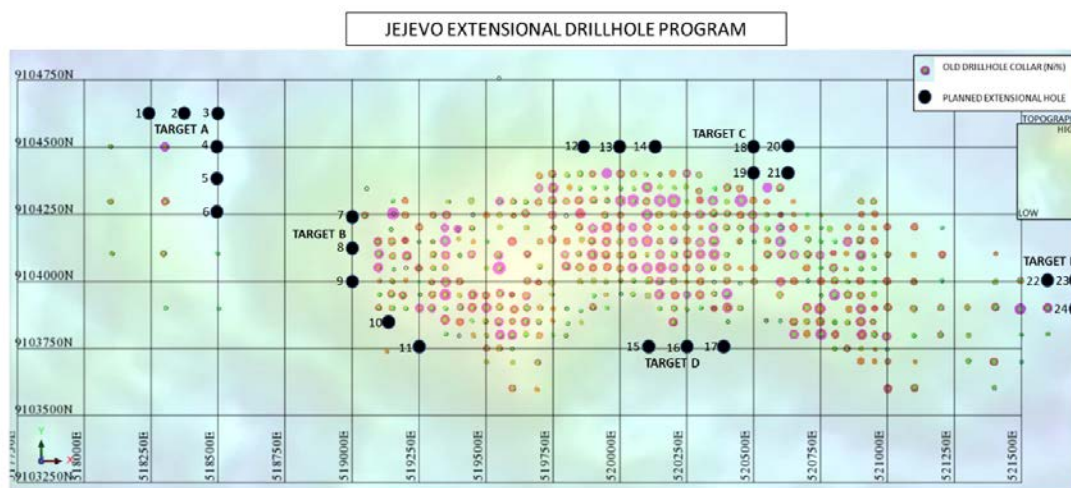


Figure 3 - Jejevo Extensional Drill Program

⁶ ASX Announcement - Results of General Meeting,

⁷ ASX Announcement - Drilling to Commence at Solomon Islands Nickel Project

⁸ ASX Announcement – Jejevo Exploration Target and Drilling Update

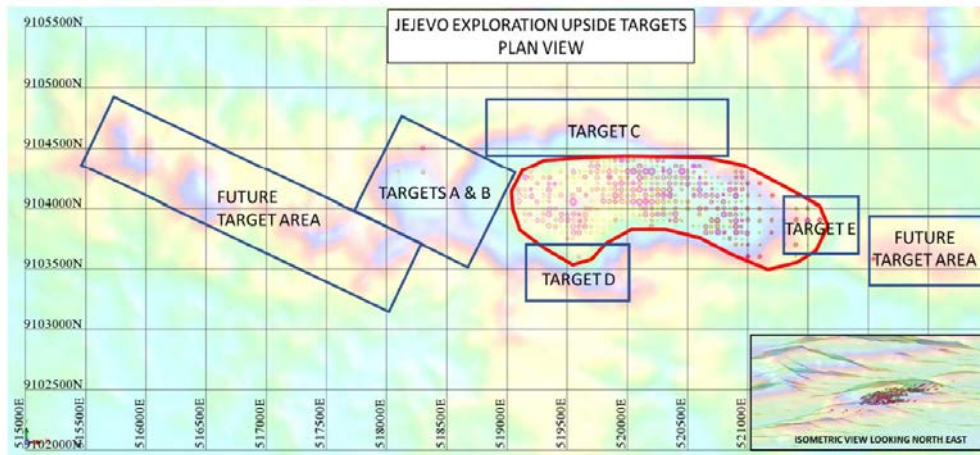


Figure 4 - Jejevo Regional Targets

Immediate Exploration Target at Jejevo

In addition to constructing the drill program Mining One have also developed an Exploration Target in the range of 4.9Mt to 6.6Mt at 1.4% Ni to 1.6% Ni within all domains (Saprolite, Transitional and Limonite) at Jejevo based on previous work undertaken by Sumitomo Metals and Mining. This Target range reflects a potential quantity and grade for Jejevo and is conceptual in nature only as there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

Historical drilling by Sumitomo Metals and Mining for the Jejevo area comprised 413 individual drill holes drilled down to a 50m x 50m spaced grid in places. The drilling methods used included diamond coring and hand auger with the majority of these holes (338) being diamond core drilled between 2012 and 2013.

As previously reported, some examples of the nickel grades encountered within downhole drillhole intervals in the historical Sumitomo drilling programs are listed in Table 1 below. These holes have been selected to demonstrate several significant results as distributed across the deposit.

Hole ID	Intercept	From (m)	Including	From (m)
JS-K003	7m @ 1.91% Ni	1	Includes 4m @ 2.21% Ni	5
JSR049	9m @ 1.98% Ni	1	Includes 7m @ 2.21% Ni	3
JSK047	5m @ 1.56% Ni	1	Includes 2m @ 2.27% Ni	4
JST041	5m @ 1.90% Ni	1	Includes 2m @ 2.53% Ni	3
JSJ057	10m @ 1.82% Ni	1	includes 7m @ 2.12% Ni	4
JSA024	8m @ 1.74% Ni	1	includes 5m @ 2.11% Ni	5
JSC029	11m @ 1.66% Ni	1	includes 4m @ 2.16% Ni	4
JSD062	12m @ 1.93% Ni	1	includes 9m @ 2.04% Ni	3
JSD049	9m @ 1.98% Ni	1	includes 6m @ 2.26% Ni	2
JSC030	13m @ 2.04% Ni	0	includes 11m @ 2.18% Ni	2
JSD026	10m @ 1.78% Ni	1	includes 3m @ 2.22% Ni	2
JS-D016	9m @ 2.10% Ni	2	includes 6m @ 2.45% Ni	3
JSD031	7m @ 1.67% Ni	2	includes 2m @ 2.35% Ni	5
JSA006	6m @ 1.86% Ni	2	includes 3m @ 2.18% Ni	3

Table 1 – Jejevo Historical Drilling Example Significant Intercepts

A cross section is shown in Figure 5 below in addition to the typical regolith profile encountered within the Jejevo project area (Figure 6).

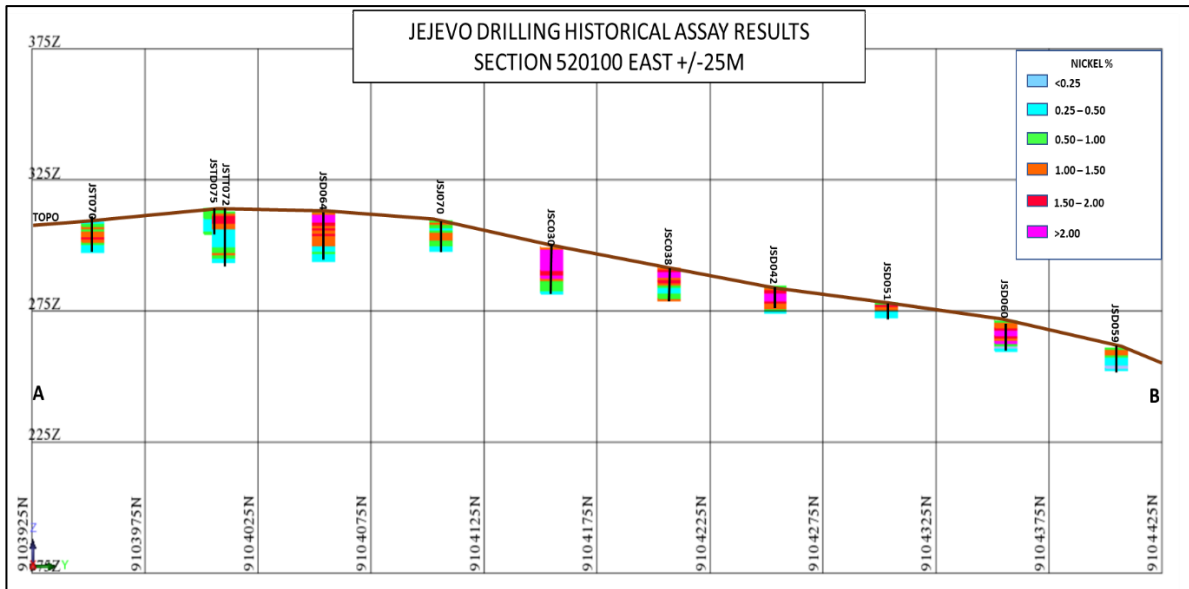


Figure 5 – Jejevo Deposit Cross Section 520100 East +/- 25m

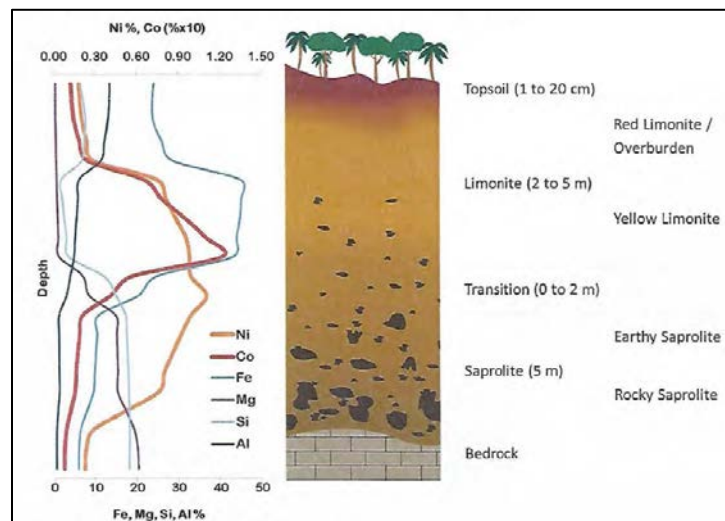


Figure 6 – Jejevo Example Nickel Laterite Profile (Golder Associates Jejevo Technological Report August 2014)

Mining One Consultants validated the drilling data available within the Jejevo project area and used this data to create lithological surface models for the base of saprolite, base of transitional, base of limonite and the base of the Iron cap/Overburden domains. The drilling data assays were then used via creation of 1m composite files to assign nickel grades to the blocks in the block model using ordinary kriging. Densities were assigned based on historical records reported by Sumitomo and Golder Associates in studies completed for the Jejevo project. The results of the modelling for the Saprolite domain are shown in Figure 7 below.

The exploration target is estimated based on actual nickel assay grades from historical drilling data and the tonnages calculated within the 3D block model from volumes. A work program is currently underway with the aim of achieving JORC compliance for the Jejevo deposit. Data currently being collected from new drilling

includes twin drillholes and infill holes to enable adequate QAQC support for the drilling dataset, collection of additional density measurements and analysis for the full suite of relevant nickel laterite suite elements.

The immediate Exploration Target ranges within the Jejevo project area is 4.9Mt to 6.6Mt at 1.4% Ni to 1.6% Ni within all domains (Saprolite, Transitional and Limonite).

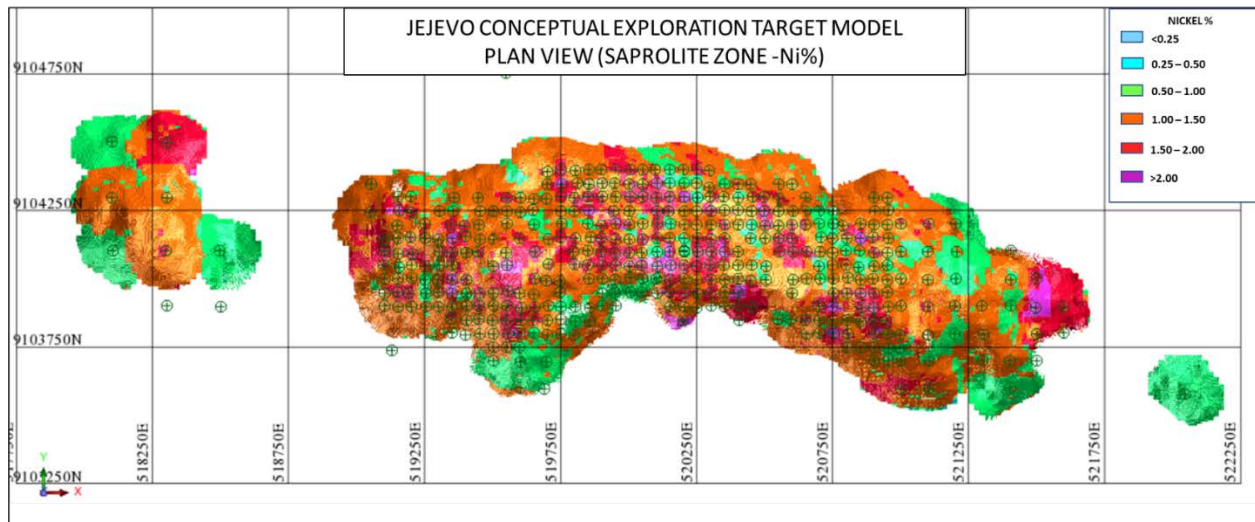


Figure 7 – Jejevo Conceptual Block Model – Saprolite Domain

Jejevo Proceedings

In December 2020, the company announced that the High Court of the Solomon Islands ruled that legal proceedings against the Minister of Mines, Energy and Rural Electrification, the Attorney General in the Solomon Islands and Sunshine Nickel Limited would proceed to trial⁹. The claimant, Axiom Nickel (SI) Limited, has brought proceedings in relation to, among other matters, the decision of the Director of Mines and Minerals Board not to grant a prospecting licence tenement to them which had been applied for some 10 years ago.

In 2018 prospecting licence tenement PL 01/18 was granted to Sunshine Nickel Limited.

In deciding that the proceedings should proceed to trial, the Court noted that it did not assess the merits of the claims. The Company has received legal advice from its Solomon Islands based lawyers that these claims lack merit.

The Company understands that the case primarily relates to judicial review of decisions made by government authorities in the Solomon Islands and that these government authorities will defend these legal proceedings and continue to support the current exploration activities being undertaken by Pacific Nickel.

⁹ ASX Announcement - Jejevo Nickel Project Update

KOLOSORI NICKEL PROJECT (80%)

In October 2020 Malachite executed a Share Purchase Agreement (Agreement) to formalise its acquisition of an 80% interest in Kolosori Nickel (SI) Limited (“KNL”) which holds a 100% interest in PL 05/19¹⁰.

Kolosori JORC 2012 Mineral Resource Estimate

Mining One completed an initial JORC mineral resource estimate for Prospecting Licence PL 05/19 (Kolosori tenement) on Isabel Island, Solomon Islands in November 2020¹¹. The results are provided in Table 2.

KOLOSORI JORC MINERAL RESOURCES > 1.0 % Ni				
LITHOLOGY	RESOURCE CATEGORY	Kt ('000)	Ni %	Co %
TRANSITIONAL	MEASURED	107	1.77	0.08
	INDICATED	631	1.57	0.05
	INFERRED	1,504	1.49	0.06
	SUB TOTAL	2,242	1.53	0.06
SAPROLITE	MEASURED	575	1.69	0.03
	INDICATED	1,399	1.46	0.02
	INFERRED	3,061	1.37	0.02
	SUB TOTAL	5,035	1.43	0.02

KOLOSORI JORC MINERAL RESOURCES > 1.2 % Ni				
LITHOLOGY	RESOURCE CATEGORY	Kt ('000)	Ni %	Co %
TRANSITIONAL	MEASURED	104	1.79	0.08
	INDICATED	559	1.63	0.05
	INFERRED	1,178	1.60	0.05
	SUB TOTAL	1,842	1.62	0.05
SAPROLITE	MEASURED	549	1.72	0.03
	INDICATED	1,136	1.54	0.02
	INFERRED	2,359	1.46	0.02
	SUB TOTAL	4,045	1.52	0.02

Table 2 – Kolosori JORC (2012) Resource Estimate

¹⁰ ASX Announcement - MALACHITE SECURES 80% INTEREST IN THE KOLOSORI NICKEL PROJECT

¹¹ ASX Announcement - Initial JORC Resource Estimate At Kolosori Of 5.89mt @ 1.55% Ni

Progressing to Feasibility Study at Kolosori

This recently completed resource estimate will form the basis of feasibility study at Kolosori. An infill drilling program is currently being designed by Mining One to increase the confidence of the resource estimate. The program will utilise a number of infill holes to increase the measured and indicated resource estimates in these categories.

Kolosori Resource Estimate Information

Historical drilling for the Kolosori area comprised 1,821 individual drill holes drilled down to a 25m x 25m spaced grid in places. The drilling methods used included diamond coring and hand auger with the majority being diamond holes drilled between 2014 and 2016.

Significant intercepts encountered within downhole drillhole intervals in the historical drilling programs are listed in Table 3 below. These holes have been selected to demonstrate several significant results as distributed across the deposit. The location of these holes are also shown in Figure 8. A cross section is also shown in Figure 9.

Hole ID	Intercept	From (m)	Including	From (m)
HA-420	11m @ 1.80% Ni	6m	6m @ 2.21% Ni	9m
HA-393	11m @ 1.78% Ni	4m	3m @ 2.39% Ni	4m
HA-428	4.5m @ 2.42% Ni	5m	3.5m @ 2.62% Ni	6m
HA-506	13.8m @ 2.30 % Ni	2m	8m @ 2.70% Ni	7m
HA-659	8m @ 2.17% Ni	10.3m	5.7m @ 2.39% Ni	10.3m
HA-285	11m @ 2.29% Ni	5m	8m @ 2.52% Ni	5m
HA-598	8m @ 2.00% Ni	7m	2.3m @ 2.64% Ni	12.7m
HA-680	17.8m @ 2.03% Ni	2m	10.5m @ 2.28% Ni	2.5m
HA-564	12m @ 1.58% Ni	1m	2m @ 2.41% Ni	2m
KO-915	9m @ 1.76% Ni	4m	3m @ 2.11% Ni	8m

Table 3 – Kolosori Historical Drilling Example Significant Intercepts

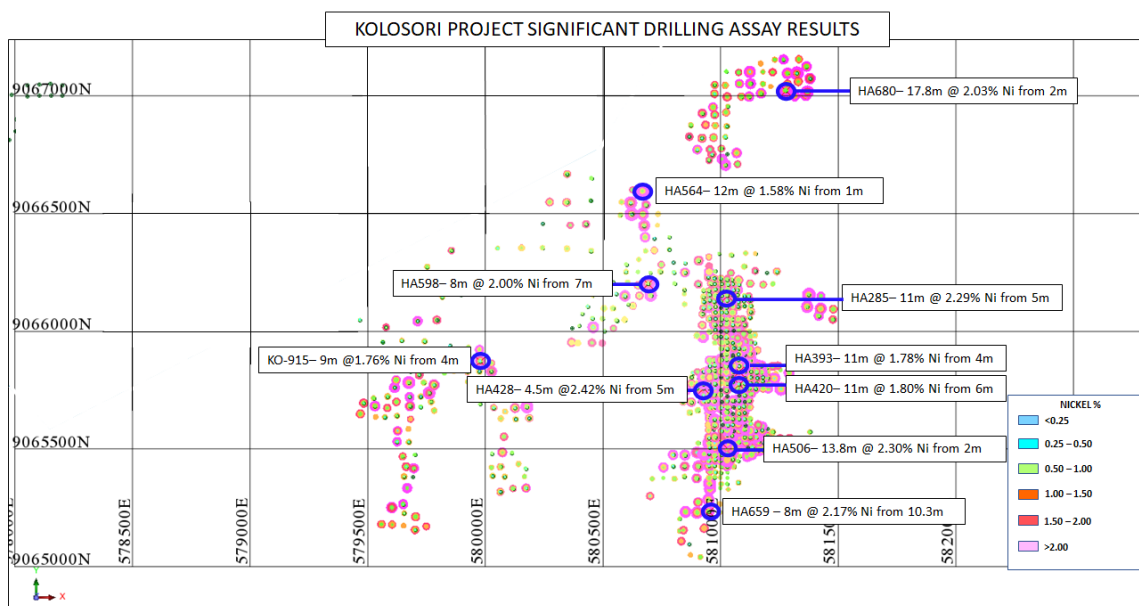


Figure 8 – Kolosori – Historical Drilling Assay Results and Significant Assays (Ni%)

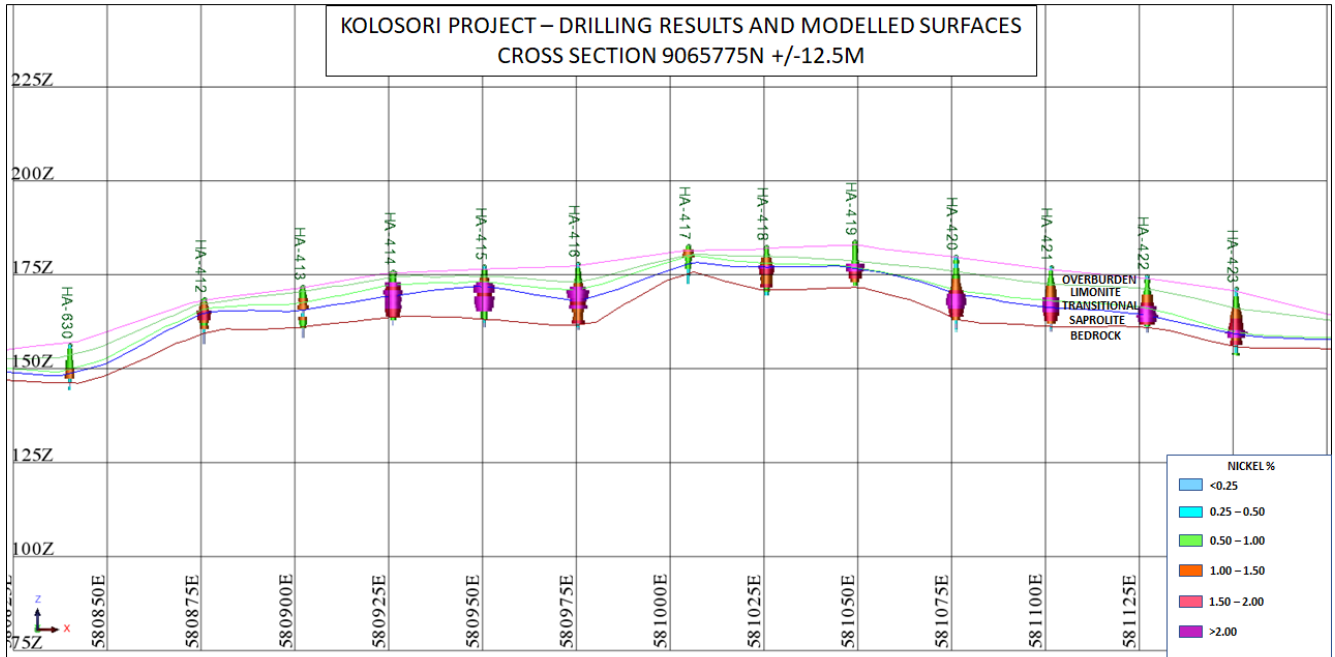


Figure 9 – Kolosori Deposit Cross Section [9065775 North +/- 12.5m]

The Mineral Resource was constructed using 3D models representing the key regolith surfaces namely the base of saprolite, base of transitional, base of limonite and base of the iron cap/overburden. Nickel, Cobalt and other elements were estimated in the block model using the regolith surfaces as hard boundaries. Ordinary Kriging was used for grade estimation. The model results are shown in Figures 10 and 11 below.

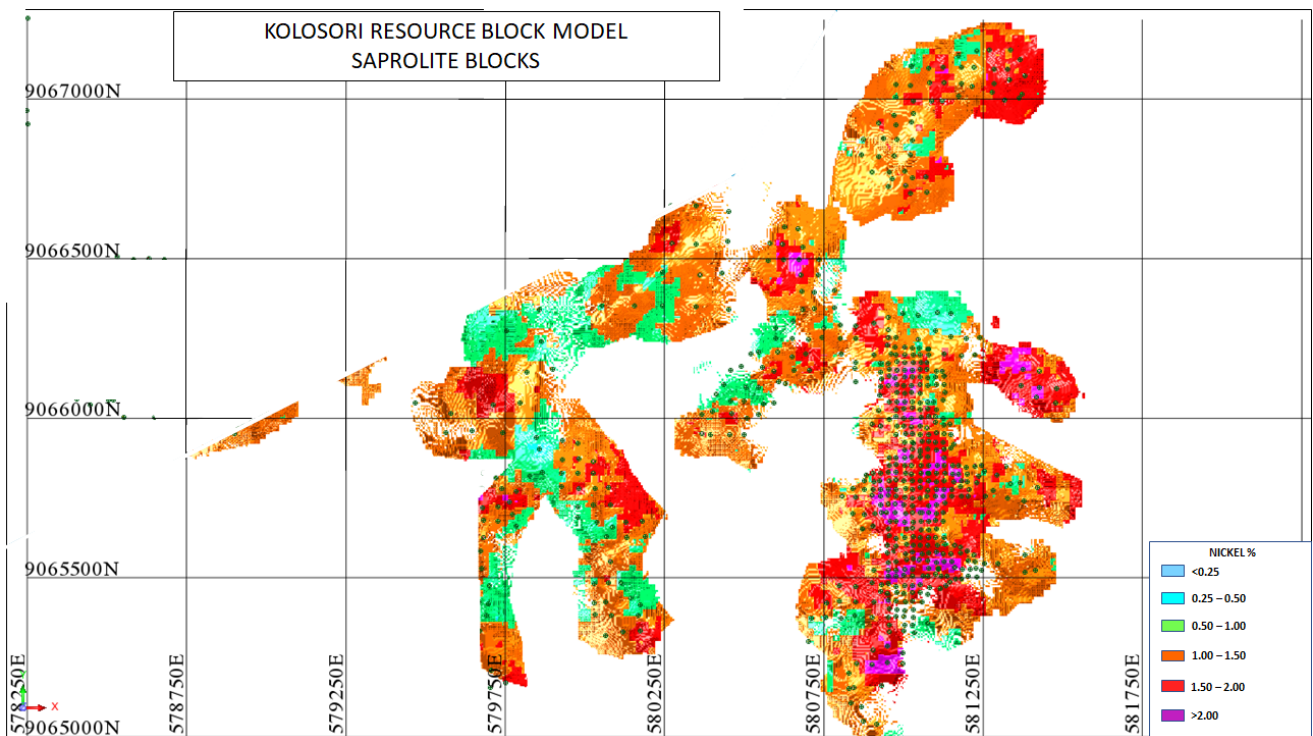


Figure 10 - Kolosori Resource Block Model – Saprolite Blocks (Ni%)

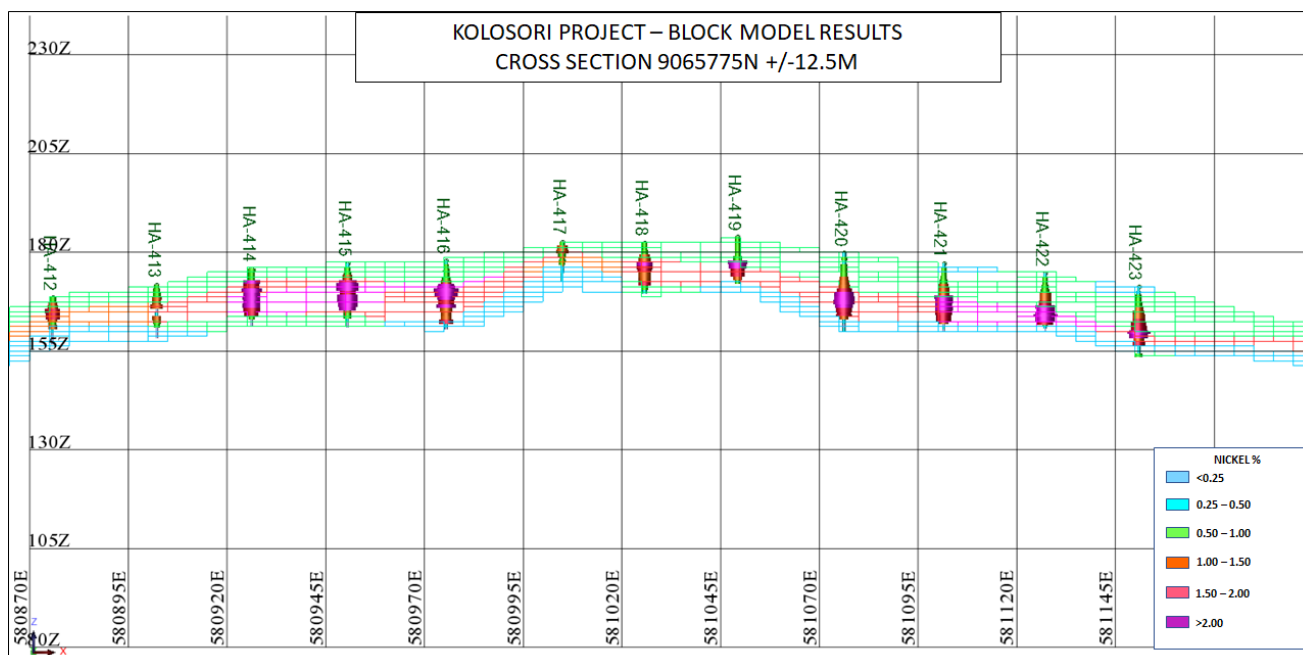


Figure 8 – Kolosori Deposit Cross Section [9065775 North +/- 12.5m]

Kolosori Resource Extensional Targets

Numerous resource extensional targets have been defined that are located adjacent to the currently defined Mineral Resource area. The targets are defined where historical drilling has encountered significant nickel grades at the extent of drilling that coincide with topographic highs. Target tonnages have been calculated using an average density value of 1 and thicknesses ranging between 4m and 8m (potential Saprolite and Transitional material).

There are six initial target areas that have been defined that will require extensional drilling. A total of 2-3Mt of material ranging between 1.0% and 1.5% Nickel is defined within these areas. The individual conceptual exploration targets for each of these areas are summarised in Table 4. A plan of the target areas is also shown in Figure 12 below.

TARGET AREA	AREA (m ²)	THICKNESS (m)	TONNAGE (Mt)		Ni%	
			LOW	HIGH	LOW	HIGH
1	140,000	4-8	0.56	1.12	1.2	1.6
2	135,000	4-6	0.54	0.81	1.2	1.6
3	85,000	4-6	0.34	0.51	1.2	1.6
4	55,000	4-6	0.22	0.33	1.2	1.6
5	40,000	4-6	0.16	0.24	1.2	1.6
6	30,000	4-6	0.12	0.18	1.2	1.6
TOTAL CONCEPTUAL TARGETS (EXTENSIONAL)			1.94	3.19	1.2	1.6

Table 4 – Kolosori Resource Extensional Targets

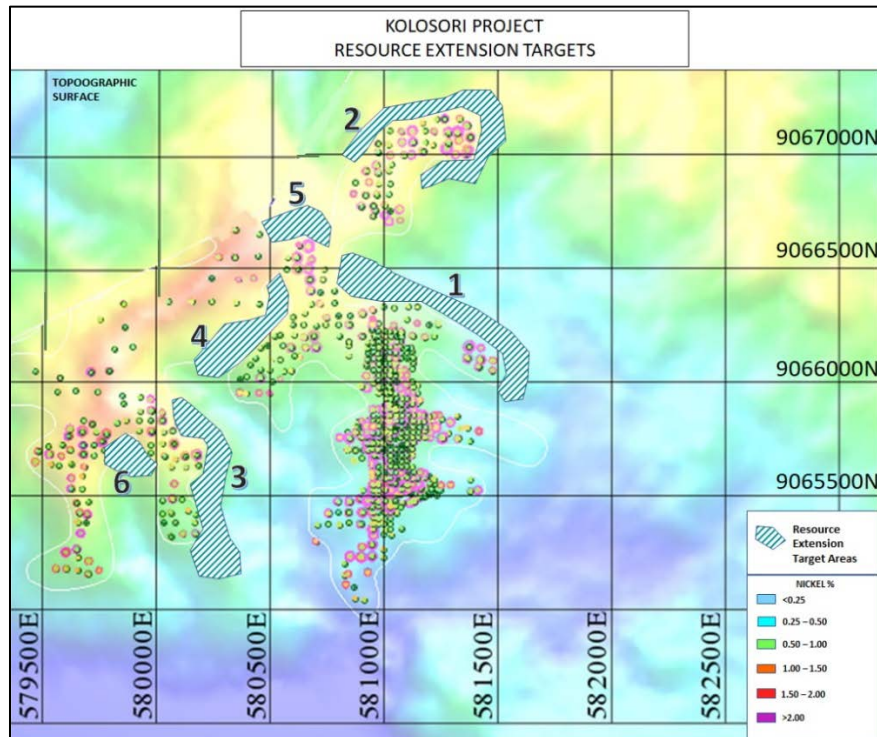


Figure 12 - Kolosori Resource Extension Targets – Plan View

Additionally, there exists significant upside potential in relation to regional exploration targets within the project area. Further field work is required to better understand the potential of these targets. Broadly the initial regional exploration target areas are shown in Figure 13. Work programs are currently being designed to test these target areas.

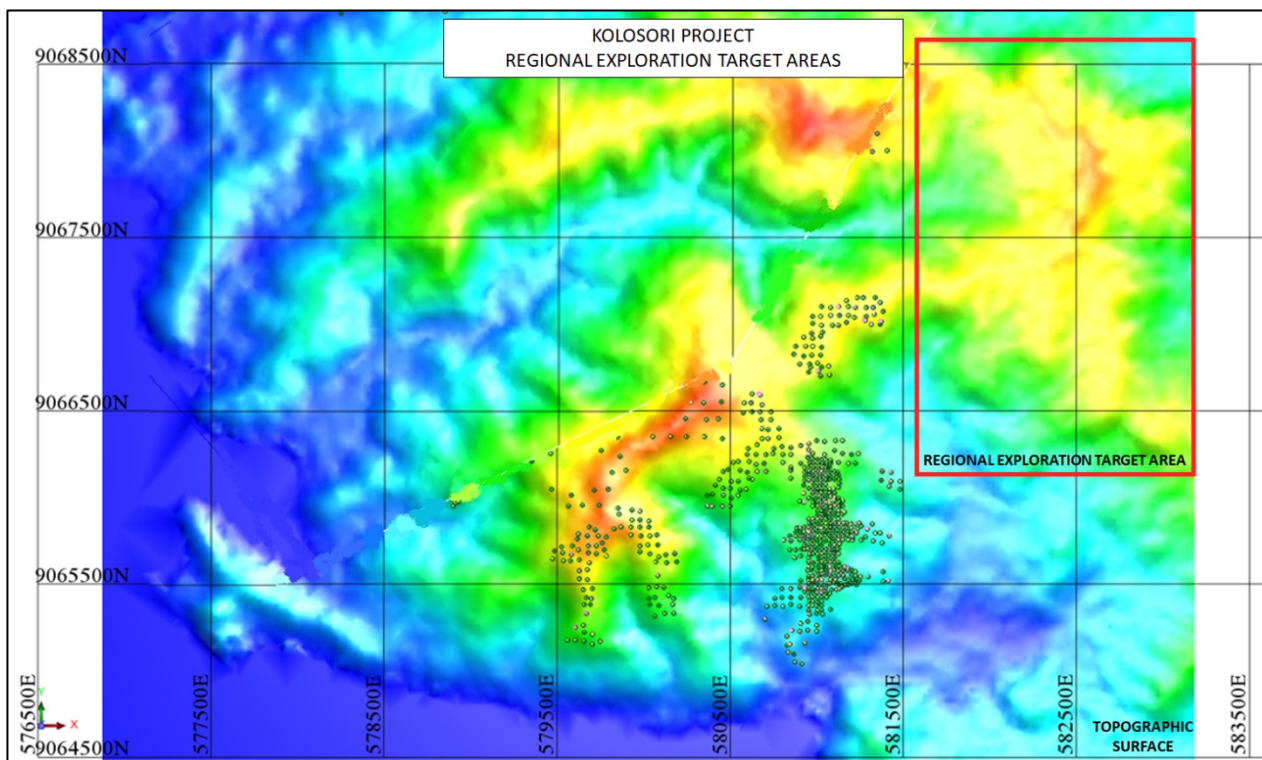


Figure 13 - Kolosori Regional Exploration Target Area – Plan View

CORPORATE

- Share Sale Agreement (first announced 28 July 2020) relating to the sale of Volga Elderberry Pty Ltd, a wholly owned subsidiary of Malachite, which held a joint venture interest in the Lorena Gold Project (“Lorena”) completed in November 2020¹².
- Capital raise announced in December 2020 in order to raise \$3.2m with 64 million shares issued at \$0.05. The Board of Pacific Nickel has committed to subscribe a total of \$575,000 to the Placement¹³. The first tranche of this placement in the amount of \$560,000 was completed on 21 December 2020. The second tranche in the amount of \$2,640,000 is subject to shareholder approval at a general meeting to be held on 10 February 2021.
- On 11 December 2020 the High Court of the Solomon Islands ruled that legal proceedings against the Minister of Mines, Energy and Rural Electrification, the Attorney General in the Solomon Islands and Sunshine Nickel Limited shall proceed to trial. The Company has received legal advice from its Solomon Islands based lawyers that these claims lack merit¹⁴.

IMPACT OF COVID-19 ON ACTIVITIES

The Company has engaged local geologists and environmental scientists in the Solomon Islands capable of completing the necessary works. This will ensure minimal impact to activities in light of restrictions on travel internationally and protect against any unwarranted spread of the virus within the local communities. The local specialists are being directed by the Company and its consultants to ensure that the work carried out complies with JORC and ASX reporting requirements.

TENEMENTS

Project	Tenement Number
SOLOMON ISLANDS - Jejevo	PL 01/18
SOLOMON ISLANDS - Kolosori	In October 2020 Malachite executed a Share Purchase Agreement to formalise its acquisition of an 80% interest in Kolosori Nickel (SI) Limited (“KNL”) which holds a 100% interest in PL 05/19
QUEENSLAND - EPM (100%)	EPM 18908

Exploration/Mining Tenements Acquired/Disposed of during the Quarter

Project	Location	Tenement	PNM Interest
<i>Jejevo</i>	Solomon Islands	PL 01/18	80%
<i>Lorena</i>	QLD	ML 7147, ML 90192, ML90193, ML 90194, ML 90195, ML 90196 (held by Volga and were sold subject to a deed of release and share sale agreement)	0%
<i>EPM (100%)</i>	QLD	EPM 18189 (held by Volga and was sold subject to a deed of release and share sale agreement)	0%

Beneficial Interest in Farm-In or Farm-Out Acquired/Disposed of during the Quarter

Project	Location	Tenements	MAR Interest
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¹² ASX Announcement - Settlement of Lorena Gold Finalised

¹³ ASX Announcement - Pacific Nickel confirms Placement of \$3.2m to Proceed for Exploration & Development at Solomon Islands Nickel Projects

¹⁴ ASX Announcement - Jejevo Nickel Project Update

2020 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”. 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:

17-Dec-20	Pacific Nickel confirms Placement of \$3.2m to Proceed
17-Dec-20	Jejevo Nickel Project Update
27-Nov-20	Settlement of Lorena Gold Finalised
24-Nov-20	Jejevo Exploration Target and Drilling Update
19-Nov-20	Initial Resource Estimate, Kolosori Project, Solomon Islands
26-Oct-20	Malachite Secures 80% Interest in Kolosori Nickel Project

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.

JORC COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results at the Jejevo project is based on, and fairly represents, information and supporting documentation prepared by Mr Stuart Hutchin a Member of the Australian Institute of Geoscientists. Mr Hutchin is a full-time employee of Mining One Consultants and has sufficient experience which is relevant to the style of mineralisation and type of deposit and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Hutchin consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements referred to above.

The Company also confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

In addition, the Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified.

Further Information

For further information, please contact the Company on (02) 9251 0032 or by email at info@pacificnickel.com or visit the Company’s website at www.pacificnickel.com



Level 4, 283 George St Sydney NSW 2000
Tel. (02) 9251 0032 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

ACN or ARBN

075 613 268

Quarter ended ("current quarter")

31-Dec-20

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 6 months \$A'000
1. Cash flows related to operating activities		
1.1 Receipts from customers	109	159
1.2 Payments for		
(a) exploration and evaluation	(312)	(314)
(b) development		
(c) production		
(d) staff costs	(19)	(20)
(e) administration and corporate costs	(254)	(407)
1.3 Dividends received (see note 3)		
1.4 Interest received	0	2
1.5 Interest and other costs of finance paid	(21)	(23)
1.6 Income taxes paid (received)		
1.7 Government grants and tax incentives		
1.8 Other - Legal fees	(65)	(65)
1.9 Net cash from / (used in) operating activities	(562)	(668)
2. Cash flows related to investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(109)	(109)
(d) exploration & evaluation (if capitalised)		
(e) investments	(208)	(554)
(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 (provide details if material)		
2.6 Net cash from / (used in) investing activities	(317)	(663)

Mining exploration entity or oil and gas exploration entity quarterly report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 6 months \$A'000
3. Cash flows related to financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)*	801	2,137
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(64)	(127)
3.5 Proceeds from borrowings	-	96
3.6 Repayment of borrowings	(10)	(146)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	727	1,960

* Partial tranche 2 of the December 2020 capital raising of \$241,321 was received, subject to shareholder approval on 10 February 2021.

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	809	28
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(562)	(668)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(317)	(663)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	727	1,960
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of period	657	657

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	657	809
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	657	809

6. Payments to directors of the entity and associates of the directors

- 6.1 Aggregate amount of payments to the parties included in item 1
6.2 Aggregate amount of loans to the parties included in item 2

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

Payment for consultant fee to CEO.

Current
quarter
\$A'000

64

0

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 position.

- 7.1 Loan facilities
7.2 Credit standby arrangements
7.3 Other
7.4 **Total financing facilities**
7.5 **Unused financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-

- 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)	Maturity Date

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)	(562)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(562)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	657
8.5 Unused financing funding (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	657
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.2

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

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:
Yes. However the exploration and evaluation amount is variable.

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 announced a capital raising in December 2020 which is being effected in two tranches with the second tranche in the amount of \$2.64 million subject to shareholder approval at a general meeting to be held on 10 February 2021.

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 entity expects to be able to continue its operations and to meet its business objectives on the basis that shareholders approve the second tranche of the December 2020 capital raising at the shareholder meeting to be held on 10 February 2021.

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 does give a true and fair view of the matters disclosed.

Date: 29 January 2021

Authorised by: 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 give a true and fair value 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.