



Pacific Nickel Mines Limited (Pacific Nickel or Company) (ASX: PNM) is pleased to provide an update on its activities for the March 2021 Quarter. The Company's focus for the reporting period was the advancement of the Company's Kolosori and Jejevo Nickel Projects, located in the Solomon Islands.

ASX Code: PNM

Issued Shares: 206,520,036

ABN: 86 075 613 268

Directors

Terry Cuthbertson
James Dean
Geoff Hiller
Rob Thomson

Top Shareholders

James Dean
Terry Cuthbertson
Michael John McCahill <ATF
MJ McCahill TA/C>
Sean McCahill Properties Ltd

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HIGHLIGHTS FOR THE MARCH 2021 QUARTERKolosori Nickel Project

- Initial drill program of 213 holes, with the first 64 holes to be drilled in the next 3 months.¹
- Engineering studies are commencing, with the Company appointing Resindo Resources & Energy Group² to lead feasibility study work.
- Pacific Nickel expects to lodge a Mining Lease application for the project within the next three months.
- Resindo is currently in the process of confirming that an existing port site located near to the Kolosori Nickel Project will be suitable for DSO operations. Local group engaged to carry out marine survey studies in and around the proposed port area.

Jejevo Nickel Project

- Initial stage of 27 holes completed of the proposed 64 hole drill program. Holes designed to:
 - Confirm historical drill and resource calculations.
 - Allow Mining One to prepare an independent Jejevo resource assessment under JORC 2012.
 - Provide metallurgical samples for utilising in preliminary DSO marketing discussions.
- Samples from the 27 holes are inbound to the ALS laboratory in Brisbane, Australia.

Staffing

- Pacific Nickel CEO travelling to the Solomon Islands in early May 2021.
- The Company is well advanced in appointing a General Manager, Development to be based in the Solomon Islands for both nickel projects.

Corporate

• Second tranche of December 2020 placement for \$2.64 million approved by shareholders in General Meeting held 9 April 2021.

Approved by the Board - 30 April 2021



¹ ASX Announcement 15 March 2021 – Kolosori Nickel Project Planned Drilling and Pre-development Activities

² ASX Announcement 19 March 2021 – Kolosori Nickel Project Engineering Studies Group Appointed



KOLOSORI NICKEL PROJECT

The Kolosori Nickel Project is an advanced stage direct shipping ore (DSO) nickel laterite project with excellent potential for development located on Isabel Island in the Solomon Islands.

Planned Drilling and Pre-development Activities

In February 2021, the Company requested that the ASX suspend trading in the Company's shares, whilst it obtained an understanding of the cancellation of PL 05/19, which holds the Kolosori Nickel Project³. By March 2021, the Minister of Mines, Energy and Rural Electrification of the Solomon Island Government had provided a Consent Order reinstating PL 05/19 on the terms and conditions of the prospecting licence as originally granted⁴ and after the confirmation of reinstatement of PL 05/19 Pacific Nickel resumed trading in its shares on the ASX⁵.

Immediately following the reinstatement of the PL, the Company began preparing to commence drilling at the Kolosori Nickel DSO (Direct Shipping Ore) project and progressing the key development approvals including the Mining License application needed for exporting DSO nickel.

The Company has placed 5 man-portable drilling rigs (identical to the 2 drill rigs used for the Jejevo drilling) as well as drilling consumables and supplies in the local centre of Havihua nearby to the Kolosori prospect. Separate geologists and drillers have been identified to commence drilling at Kolosori as soon as practicable.⁶

The drilling program has been developed with Mining One of Melbourne, Australia who are the Company's independent resource consultants. As noted below in Figure 1 below, Mining One has prepared an initial drill program of 213 holes for the Kolosori project. The first 64 holes (Stage 1 including 11 metallurgical holes) are expected to be drilled in the next 3 months.

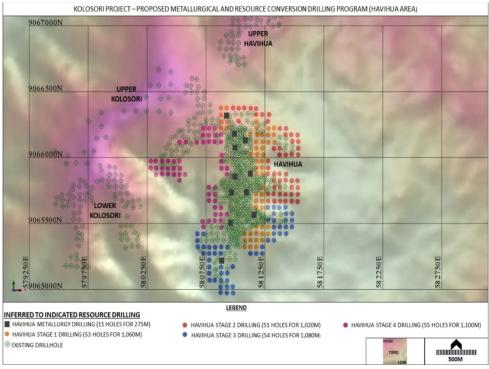


Figure 1 - Proposed Drill Program at Kolosori

³ ASX Announcement 3 February 2021– Voluntary Suspension Update

⁴ ASX Announcement 10 March 2021– Update Kolosori Tenement Reinstated

⁵ ASX Announcement 18 March 2021 – PNM to Resume Trading

⁶ ASX Announcement 15 March 2021– Kolosori Nickel Project Planned Drilling and Pre-development Activities



The infill drilling program by Mining One has been prepared to increase the JORC resource confidence level and test for extensions of the resource estimate. The program uses several infill holes at a closer spacing to increase the measured and indicated resource estimates in these categories as the basis of later conversion to mining reserves.

The drill work program is also an early part of the planned 2021 pre-development Kolosori activities and core samples taken from the program will provide metallurgical information needed in marketing of the DSO product. Technical information such as the moisture content of the samples will be estimated and used for designing the materials handling systems from mining to stockpiling to exporting the DSO via barges and ships.

This work is orientated towards the Mining Lease application and follows Environmental Impact Assessment information already completed with the Government for review and as prelude to formalising an Environmental Impact Statement (EIS) within the same time as the application for a Mining Lease.

Engineering Studies Group Appointed

Engineering studies commenced on the Kolosori nickel DSO project in March 2021 with Resindo Resources and Energy Group appointed to lead the work with the Company on these studies. These studies will provide preliminary information for later Definitive Feasibility Studies (DFS) and help to progress key predevelopment activities and approvals including the Environmental License and Mining License applications needed for exporting DSO. The Company expects to lodge a Mining Lease application for the Kolosori project within the next three months.⁷

Resindo is an international project engineering, project construction management and operations delivery company based in Indonesia.

Resindo's experience includes working on the development of thirteen (13) Indonesian DSO Nickel projects, either as DSO projects for international export or as DSO operations shipping ore to in-country nickel laterite processing facilities. Resindo's Indonesian nickel laterite experience is readily transferable to the Company's Kolosori Nickel Project in the Solomon Islands. Importantly, Pacific Nickel's management team have previously worked with Resindo on the development and delivery of similar mining projects.

Resindo is currently in the process of confirming that an existing port site located near to the Kolosori Nickel Project will be suitable for DSO operations. This work will lead to preliminary assessments of DSO shipment operability during the dry season, basic port construction design and capital and operating costs for all port operations. Pacific Nickel and Resindo are also working with a local marine survey group to provide a detailed assessment of the proposed port location to allow the export of DSO product⁸.

Staffing for Development

Executive Director and Chief Executive Officer Mr. Geoff Hiller will be travelling to the Solomon Islands in early May 2021 to brief the Government and landholders in respect of the Company's plans prior to the lodgement of formal mining lease applications.

The Company has started the process of identifying professional staff who have the experience to assist management to develop its two nickel projects in the Solomon Islands. The Company is well advanced in appointing a General Manager, Development who will be based in the Solomon Islands. The Company will also engage Resindo's engineers who will be available to mobilise to the Solomon Islands to assist with the set up and initial development of the project.

⁷ ASX Announcement – Kolosori Nickel Project Engineering Study Group Appointed 19 March 2021

⁸ASX Announcement 19 April 2021– Market Update Solomon Island Nickel Projects



JEJEVO NICKEL PROJECT

The Jejevo Nickel Project is an advanced stage direct shipping ore nickel laterite project. The project was previously drilled in 2013 and the initial objective is to complete sufficient work to confirm a 2012 JORC Resource.

Drilling Update

In April 2021, the Company confirmed that the initial stage of drilling the Jejevo nickel DSO (Direct Shipping Ore) project was completed with a total of 27 holes having been completed. The samples from these holes are inbound to ALS laboratory in Brisbane, Australia.

These holes have been drilled to:

- Confirm historical drill and resource calculations.
- To allow Mining One to prepare an independent Jejevo resource assessment under JORC 2012.
- Provide metallurgical samples for utilising in preliminary DSO marketing discussions.



Figure 2 – Drilling at Jejevo



CORPORATE

- Pacific Nickel's General Meeting held on 9 April 2021;
 - o resolution regarding the acquisition of 80% of KNL and its interest in the Kolosori Nickel Project; was passed⁹; and.
 - Second tranche of December placement of \$2.64 million was approved.
- Pacific Nickel currently has 206,520,036 fully paid ordinary shares on issue following the capital raising and the issue of shares to directors and contractors in lieu of fees.

2021 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:

19-Mar-21	Kolosori Nickel Project – Engineering Group Appointed
15-Mar-21	Kolosori Nickel – Planned Drilling & Pre-Development Update
11-Mar-21	Jejevo Nickel Project – Drilling Update
10-Mar-21	Update – Kolosori Tenement Reinstated

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

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. Subsequent to the Quarter, shareholders approved the acquisition of an 80% interest in KNL.
QUEENSLAND - EPM (100%)	EPM 18908

Exploration/Mining Tenements Acquired/Disposed of during the Quarter

Project	Location	Tenement	MAR
			Interest

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

Project	Location	Tenements	MAR	
			Interest	

Further Information

For further information, please contact the Company on 0403 940 518 or by email at info@pacificnickel.com or visit the Company's website at www.pacificnickel.com

 $^{^{9}}$ ASX Announcement 23 March 2021 - General Meeting of Shareholders to be held Friday 9 April 2021



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	
ACN or ARBN	Quarter ended ("current quarter
075 613 268	31-Mar-21

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 9 months \$A'000
1. Cash flows related to operating activities	¥21000	Ų. 1 GGG
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration and evaluation	(303)	(617
(b) development	,	,
(c) production		
(d) staff costs	(36)	(56
(e) administration and corporate costs	(205)	,
1.3 Dividends received (see note 3)	, ,	,
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	-	(23
1.6 Income taxes paid (received)		`
1.7 Government grants and tax incentives		
1.8 Other		
1.9 Net cash from / (used in) operating activities	(544)	(1,306

2. Cash flows related to investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(4)	(113)
(d) exploration & evaluation (if capitalised)		
(e) investments	(214)	(833)
(f) other non-current assets		
2.2 Proceeds from the disposal of:		
(a) entities	-	159
(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	(218)	(787)

⁺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
3. Cash flows related to financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)*	135	2,272
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	(10)	(137)
3.5 Proceeds from borrowings	100	196
3.6 Repayment of borrowings	-	(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	225	2,185

^{*} Partial tranche 2 of the December 2020 capital raising of \$135,000 was received, subject to shareholder approval on 9 April 2021.

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	657	28
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(544)	(1,306)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(218)	(787)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	225	2,185
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of period	120	120

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	120	657
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)	120	657

6. F	Payments to	directors of	of the	entity and	l associates	of the	directors
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Current	
quarter	
\$A'000	
	65
	0

- 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.

7.	Finar	ncing	faci	litiae
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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

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

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	Facility description	Lender	Interest rate (pa)	Maturity Date

ASX Listing Rules Appendix 5B (01/12/19)

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

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)	(544)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(544)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	120
8.5 Unused financing funding (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	120
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.2

- 8.8 If Item 8.7 is less than 2 quarters please provide answers to the following questions:
 - 1. Does the entitiy 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 entitiy 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 completed the second tranche of the December 2020 capital raising of \$2.64 million on 19 April 2021.

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

Answer:

Yes, the entitiy expects to be able to continue its operations and to meet its business objectives on the basis that the second tranche of the December 2020 capital raising had completed.

ASX Listing Rules Appendix 5B (01/12/19)

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

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: 30 April 2021

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 committe 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 youself 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.