

Offtake & Project Debt Mandate Awarded to Glencore for the Kolosori Project

HIGHLIGHTS

- Pacific Nickel has entered into a non-binding, indicative term sheet with a subsidiary of Glencore plc (“**Glencore**”) for a US\$22m senior secured debt facility and 4+2 year nickel laterite DSO offtake agreement for all of Kolosori’s nickel laterite production.
- The proposed debt facility will cover a substantial portion of the pre-production investment required to develop the Kolosori Project.
- Glencore’s proposal was selected by the Board from a total of three conforming bids.

Pacific Nickel Mines Limited (ASX Code: PNM) (“**Pacific Nickel**” or “**Company**”) is pleased to advise that it has entered into to a non-binding indicative term sheet with Glencore for a 3-year, US\$22 million Pre-Export Finance Facility plus a 4-year offtake arrangement for all of Kolosori’s production which can be extended by a further 2 years by mutual agreement.

It is envisioned that the US\$22 million debt facility will comprise a US\$17 million construction tranche and a US\$5 million reserve tranche.

The Kolosori nickel laterite DSO Offtake pricing will be linked to market prices and subject to standard commercial adjustments for product quality.

These facilities remain subject to Glencore completing its final due diligence, approval of the Kolosori mining licence, credit approvals and full documentation. As part of this agreement, Glencore has been granted an exclusivity period from the date of the non-binding indicative term sheet until 120 days after the delivery of the Kolosori definitive feasibility study.

As announced on 1 April 2022, the Company received several proposals from prospective offtakers and project financiers. The award of the mandate is the result of a competitive process, and the level of interest demonstrates the highly attractive nature of Kolosori’s high grade DSO nickel ore product and the project itself.

The facilities were arranged with the assistance of Blackbird Partners as the Company’s financial advisor.

Pacific Nickel CEO Geoff Hiller commented:

“We have been very pleased with the level of interest shown in the Kolosori Project. Finalising debt finance and product offtake facilities represents a significant milestone for the Company. Moving forward with Glencore is another important key to the success of this project. This supports the Company’s overall strategy of working with the Solomon Islands government to develop the Kolosori Nickel Project for the benefit of local communities and all stakeholders.”

“We look forward to working with Glencore to complete its due diligence and the documentation process over the coming weeks and will continue to provide updates in the near future.”

Authorised by the Board

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