

Glencore International AG Provides Letter of Commitment to Finance Kolosori Nickel Project

Pacific Nickel Mines Limited (ASX Code: PNM) (**Pacific Nickel** or **Company**) is pleased to confirm that Glencore International AG (Glencore) have today provided a Letter of Commitment confirming receipt of its internal management approvals to execute an up to US\$22m loan facility agreement and amended sales agreement for the Kolosori Nickel Project (the **Project**) subject to the finalisation of legal documentation and the fulfillment of usual conditions.

The funds raised through these arrangements with Glencore are expected to be sufficient to meet the pre-production funding requirements of the Project. The Company welcomes Glencore's anticipated participation in the Project.

Pacific Nickel CEO Geoff Hiller commented:

"Glencore's Letter of Commitment to provide an up to US\$22m senior secured debt facility for the Kolosori Nickel Project is an important milestone for the development of the Project."

"The Company has worked closely with Glencore since first announcing the granting of a mandate to Glencore in June 2022."¹

"The Company anticipates that it will be in a position to effect an initial draw down of US\$3m once documentation has been completed. This will enable the Company to continue the current development works".

"The Company believes that the Project holds relatively low technical risk, and that capital payback will be achieved in under 12 months. The Company remains committed to developing the Kolosori Nickel Project for the benefit of all stakeholders."

Key terms associated with the debt and sale facilities include:

Loan Agreement

- Project loan facility of up to US\$22.0 million.
- 3-year repayment term commencing after the first shipment and with no scheduled repayments due during the wet season months.
- Competitive margin above the US Secured Overnight Financing Rate.
- Repayments effected pursuant to cash sweep mechanism and early repayments permitted without penalty.
- No mandatory hedging.
- Events of Default standard for a facility of this nature
- Security provided via a charge over the shares of Pacific Nickel Mines Kolosori Ltd, a charge over the assets of Pacific Nickel Mines Kolosori Ltd and a corporate guarantee.

¹ ASX Announcement, 15 June 2022 - Offtake & Project Debt Mandate Awarded to Glencore for the Kolosori Project

Offtake Agreement

- 6-year Term.
- Take or pay contract.
- Price received linked to agreed 1.5% DSO Nickel benchmarks and adjusted for nickel and moisture bonus/penalty payments.
- Quantity to be 100% of mine production during the Term.
- FOB Kolosori delivery basis with 85% payment upon provisional invoicing

The Glencore approval to execute the loan facility agreement and amended sales agreement for the Project is subject to the finalisation of legal documentation and the absence (in Glencore's opinion) of any events or circumstances which adversely affected or could adversely affect:

- the business, condition (financial or otherwise), operations, performance, assets or prospects of Pacific Nickel or any other obligor since the date as at which the latest consolidated audited financial statements of Pacific Nickel were prepared; or
- the ability of Pacific Nickel or any other obligor to perform any of its obligations under the loan agreement or the offtake agreement during the period from the date of the Letter of Commitment to the date of signing of the loan agreement and the amended sales agreement.

The loan agreement and amended sales agreement are not binding until executed.

PNM's debt advisor for this transaction is Blackbird Commodity Partners and legal advisor is MinterEllison.

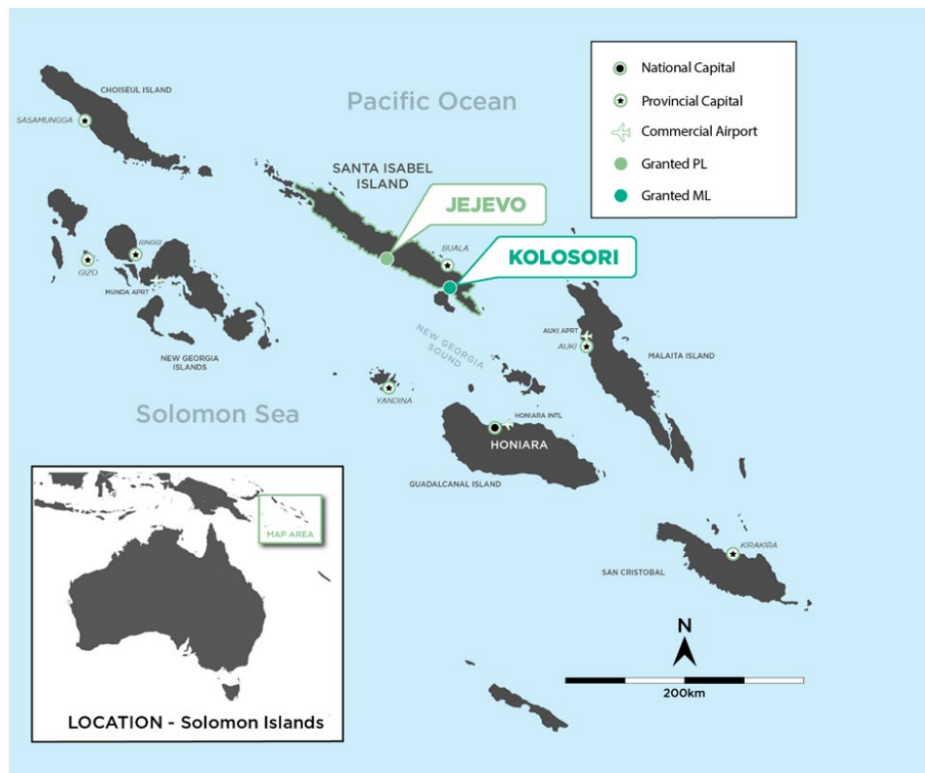


Figure 1 – Location of the Kolosori Nickel Project and the Company's Jejevo Nickel Project on Santa Isabel Island

Further information on Pacific Nickel is available at www.pacificnickel.com.

Authorised by the Board.

For further information please contact:

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