Pacific Nickel
MINES LIMITED

A.B.N 86 075 613 268

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

This Interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by Pacific Nickel Mines Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Pacific Nickel Mines Limited
ABN 86 075 613 268
and Controlled Entities

DIRECTORS' REPORT

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Pacific Nickel Mines Limited ("Pacific Nickel" or the "Company") and the entities it controlled (together, the 'Group') at the end of, or during, the half-year ended 31 December 2025 ("Period").

DIRECTORS

The names of the Pacific Nickel's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr T Cuthbertson (Interim Chairman)
Mr R Thomson (Non-Executive Director)
Mr G Stewart (Non-Executive Director)

REVIEW OF RESULTS AND OPERATIONS

SOLOMON ISLAND NICKEL PROJECTS

Kolosori Nickel Project (80%) Solomon Islands

During the period, operations at the Kolosori Nickel Project remained focused on maintaining site activities, regulatory compliance and preserving the project while management continued to assess operational requirements and prevailing nickel market conditions.

Following the suspension of mining activities in 2024, the local mining contractor remained engaged to undertake essential site works and ensure ongoing compliance with the requirements of the mining licence. The Company continued to evaluate options for the recommencement of mining operations, taking into account operational considerations, funding requirements and nickel market conditions.

To support these activities and provide funding for ongoing site maintenance and compliance costs, three shipments of nickel ore were completed during the period between July and December 2025. Proceeds from these shipments were applied towards project-related expenditures and the continued management of the Kolosori operation.

Glencore Financing

Glencore provided a secured loan facility to support the development of the Kolosori Nickel Project and has continued to work closely with Pacific Nickel in relation to the project. As previously disclosed, Pacific Nickel had not commenced repayment of the Glencore facility as originally anticipated, and Glencore reserved its rights in respect of the project debt.

Since the initial drawdowns under the facility, additional funds have been advanced to support ongoing project activities, site maintenance, compliance obligations and working capital requirements. As at 31 December 2025, the total outstanding balance under the Glencore loan facility was approximately A$51.162 million. The Company continued to engage with Glencore regarding the management of the facility and the future funding requirements of the Kolosori Nickel Project.

Share Sale and Purchase Agreement

On 4 November 2025, Pacific Nickel International Pty Ltd (PNI), a wholly owned subsidiary of Pacific Nickel Mines Limited (PNM), entered into a Share Sale and Purchase Agreement (SPA) to sell 100% of its interest in Pacific Nickel Mines (SI) Ltd, a wholly owned subsidiary of PNI that holds 80% of the Jejevo and Kolosori Projects in the Solomon Islands, to Green Rock Limited (Buyer). G.R.P. & Associates Limited has agreed to guarantee the obligations of Green Rock under the SPA.

The sale, for nominal consideration of A$1.00, is subject to several conditions precedent including PNM shareholder approval and receipt of several regulatory approvals in the Solomon Islands. As part of the transaction, PNI will enter into a Royalty Agreement with the Buyer, under which PNI may receive royalties on ore shipped from the Kolosori Nickel Project when certain condition is met. PNM and PNI will also enter into a Deed of Release with Glencore International AG, the financier of the Kolosori Nickel Project, releasing PNM, PNI and their respective associated persons from all liability, obligations and claims under the Glencore Secured Facility Agreement.

Trading Halt and Voluntary Suspension on the ASX

The Company entered into a trading halt on the ASX on 16 July 2024, followed by a voluntary suspension on 18 July 2024, while it held discussions with Glencore regarding project financing in light of operational challenges and a weak short- to medium-term nickel price outlook. On 23 June 2025, the securities of PNM were suspended from quotation by the ASX under Listing Rule 17.3.1. The suspension will remain in place until the ASX is satisfied that PNM complies with the Listing Rules, including Rules 12.1 and 12.2, and that it is otherwise appropriate for the Company's securities to be reinstated to quotation.

The ongoing liquidity, working capital and continued financial viability of the Company (and the Project) is dependent on the successful completion of the proposed transaction, together with the management of its existing funding arrangements, including those with Glencore. The Company continues to engage with Glencore and other stakeholders while progressing the transaction.

The timing of any reinstatement of the Company's securities to quotation on ASX is expected to be dependent on the outcome of the proposed transaction and the Company's ability to satisfy the ASX's requirements for reinstatement.

Jejevo Nickel Project (80%) Solomon Islands

The Jejevo Nickel Project (Jejevo Project) is an advanced stage direct shipping ore (DSO) nickel laterite project.

The Company holds the Jejevo Project via an 80% equity interest in Pacific Nickel Mines Varei Limited (PNMVL), which holds Prospecting Lease PL 01/18 located on the south coast of Santa Isabel Island in the Solomon Islands. The remaining 20% of PNMVL is owned by groups associated with the landowners. The Jejevo Project is located within the PL 01/18 project area.

In December 2022, PNMVL applied for a Mining Lease over PL 01/18.

The Company notes that there is a legal case relating to a judicial review of decisions made by government authorities in the Solomon Islands in relation to the awarding of PL 01/18 in 2018. At the date of this Report these legal proceedings are ongoing.

CORPORATE

Capital Structure

On 31 July 2025, 14,130,000 performance rights have lapsed as the conditions have become incapable of being satisfied.

As at 31 December 2025, the Company had 420.993 million fully paid ordinary shares on issue.

FINANCIAL PERFORMANCE

During the Period the consolidated net loss of the Group was $3.217 million (2024: loss of $2.821 million).

CASH FLOWS

During the Period, the Group had positive cash flows from operations of $0.294 million (2024: cash flow outflow of $5.228 million).

Cash flows from financing activities for the Group related to the repayment of an unsecured loan of $0.03 million to Key Management Personnel.

Cash at 31 December 2025 was $0.541 million (30 June 2025: $0.273 million).

FINANCIAL POSITION

Total equity decreased by $3.256 million from $1.067 million as at 30 June 2025 to negative $2.189 million as at 31 December 2025 as a result of a net loss of $3.217 million and a decrease on foreign translation reserve of $0.0393.

DIRECTORS' REPORT (CONTINUED)

GOING CONCERN

The Group experienced operating losses of $3.217 million and positive cash flows from operations of $0.294 million during the half year ended 31 December 2025.

At 31 December 2025, the Group has current liabilities amounting to $57.447 million (30 June 2025: $50.965 million).

The Group's cash position at balance date was $0.541 million (30 June 2025: $0.273 million), which will not be sufficient to fund the Group's forecast cash outflows from operations for the period to 31 July 2027.

The Group currently relies on its nickel projects in the Solomon Islands for its continuing viability and for its ability to continue as a going concern and to meet its debts and commitments.

As a result of these matters, there is a material uncertainty related to events or conditions that may cast significant doubt on whether the Group will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as and when they fall due are dependent on completion of the Share Sale and Purchase Agreement with Green Rock Limited, which remains subject to conditions precedent including shareholder approval, regulatory approvals in the Solomon Islands (including environmental and mining approvals), exchange control approval from the Central Bank of Solomon Islands, and withdrawal of discontinuance of Civil Case 215 of 2025. It is also dependent on Glencore subsequently releasing PNM, PNI and their respective associated persons from all liability, obligations and claims under the Glencore Secured Facility Agreement, the debt facility relating to the Kolosori Project.

The Group has a successful track record of identifying opportunities and raising new capital from both existing shareholders and strategic investors.

On that basis the directors believe it is reasonable to expect that the Group will be successful in some of the above matters and, accordingly, have prepared the financial report on a going concern basis.

In forming this view, the Directors have also considered the continued operation of the Solomon Islands business, which has maintained Direct Shipping Ore (DSO) exports under the Glencore marketing arrangement. A number of DSO shipments have been completed during the period and subsequent with the next shipment currently scheduled for July 2026. The continuation of these shipments is expected to provide ongoing cash inflows and support the Group's ability to meet its obligations as and when they fall due.

At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 31 December 2025. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

AFTER BALANCE DATE EVENTS

Pacific Nickel International Pty Ltd (PNI), a wholly owned subsidiary of Pacific Nickel Mines Limited (PNM), entered into a Share Sale and Purchase Agreement (SPA) to sell 100% of its interest in Pacific Nickel Mines (SI) Ltd, a wholly owned subsidiary of PNI that holds 80% of the Jejevo and Kolosori Projects in the Solomon Islands, to Green Rock Limited (Buyer). G.R.P. & Associates Limited has agreed to guarantee the obligations of Buyer under the SPA.

The sale, for nominal consideration of A$1.00, is subject to several conditions precedent including PNM shareholder approval and receipt of several regulatory approvals in the Solomon Islands. As part of the transaction, PNI will enter into a Royalty Agreement with the Buyer, under which PNI may receive royalties on ore shipped from the Kolosori Nickel Project when certain conditions are met. PNM and PNI will also enter into a Deed of Release with Glencore International AG, the financier of the Kolosori Nickel Project, releasing PNM, PNI and their respective associated persons from all liability, obligations and claims under the Glencore Secured Facility Agreement.

AFTER BALANCE DATE EVENTS (CONTINUED)

On 25 February 2026, PNI and the Buyer agreed to extend the conditions precedent end date to 3 March 2026. On 13 March 2026, the Company announced a further extension to 27 May 2026, which was later extended again to 15 July 2026. Details of the conditions precedent are set out in the Company's announcement dated 4 November 2025. Certain conditions precedent have been fulfilled, such as PNM obtaining shareholder approval for the transaction, however other certain conditions precedent remain outstanding, such as obtaining all regulatory consents for the transaction.

There are no other matters or circumstances that have arisen since 31 December 2025 which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is attached.

Signed in accordance with a resolution of the directors.

On behalf of the Directors
Terry Cuthbertson
Interim Chairman
Sydney, 14 July 2026

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF PACIFIC NICKEL MINES LIMITED
ABN: 86 075 613 268

In accordance with Section307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Pacific Nickel Mines Limited.

As the auditor for the review of the financial report of Pacific Nickel Mines Limited for the half year ended 31 December 2025, I declare that there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. any applicable code of professional conduct in relation to the review.

MNSA PTY LTD

MNSA Pty Ltd

Mark Schiliro
Director

Sydney
14th July 2026

MNSA Pty Ltd
ABN 59 133 605 400

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Pacific Nickel Mines Limited
ABN 86 075 613 268
and Controlled Entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

	Note	31 December 2025 $	31 December 2024 Restated* $
Other income		11,880	-
Interest income		1,334	26
Administration and Corporate expenses		(199,508)	(407,692)
Depreciation and amortisation expense	3	(1,466)	(1,997)
Employee benefits expense		(87,500)	(116,982)
Interest expenses		(1,236)	(7,216)
Loss before income tax		(276,496)	(533,861)
Income tax expense		-	-
Loss from continuing operations		(276,496)	(533,861)
Discontinued operations			
(Loss) from discontinued operations, net of tax	2	(2,940,073)	(2,287,233)
Loss for the period		(3,216,569)	(2,821,094)
Other comprehensive income/(loss)			
Other comprehensive income/(loss) – Foreign exchange		(39,372)	(893,829)
Total comprehensive loss for the period		(3,255,941)	(3,714,923)
Total comprehensive loss attributable to members of the Company		(3,255,941)	(3,714,923)
Loss for the period is attributable to:			
Owners of Pacific Nickel Mines Limited		(2,654,891)	(2,472,635)
Non-controlling interest		(561,678)	(348,459)
		(3,216,569)	(2,821,094)
Total comprehensive income/(loss) attributable to:			
Owners of Pacific Nickel Mines Limited		(2,694,263)	(3,366,464)
Non-controlling interest		(561,678)	(348,459)
		(3,255,941)	(3,714,923)
		$ per share	$ per share
Basic and diluted (loss) per share – continuing operations		(0.001)	(0.001)
Basic and diluted (loss) per share – discontinued operations	2	(0.006)	(0.005)

* Comparative information has been re-stated due to discontinued operations. See Note 2.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Pacific Nickel Mines Limited
ABN 86 075 613 268
and Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	31 December 2025 $	30 June 2025 $
CURRENT ASSETS			
Cash and cash equivalents		540,642	272,734
Inventory		-	6,508,468
Trade and other receivables	4	42,417	7,193
Assets held for sale	15	53,741,866	-
TOTAL CURRENT ASSETS		**54,324,925**	**6,788,395**
NON-CURRENT ASSETS			
Property, plant and equipment	5	18,106	1,144,153
Exploration and evaluation expenditure	6	-	8,733,850
Development expenditure	7	-	37,384,694
Investments	8	915,738	915,738
Other assets	9	-	2,746,789
TOTAL NON-CURRENT ASSETS		**933,844**	**50,925,224**
TOTAL ASSETS		**55,258,769**	**57,713,619**
CURRENT LIABILITIES			
Trade and other payables	10	923,939	7,149,414
Liabilities directly associated with the assets held for sale	15	56,523,456	-
Borrowings	11	-	43,815,894
TOTAL CURRENT LIABILITIES		**57,447,395**	**50,965,308**
NON-CURRENT LIABILITIES			
Borrowings	11	-	5,680,996
TOTAL NON-CURRENT LIABILITIES		**-**	**5,680,996**
TOTAL LIABILITIES		**57,447,395**	**56,646,304**
NET (DEFICIENCY)/ ASSETS		**(2,188,626)**	**1,067,315**
EQUITY			
Contributed equity	12	86,134,240	86,134,240
Reserves	13	531,746	716,285
Accumulated losses		(86,472,102)	(83,962,378)
Equity attributable to the owners of Pacific Nickel Mines Limited		193,884	2,888,147
Non-controlling interest		(2,382,510)	(1,820,832)
TOTAL (DEFICIENCY)/EQUITY		**(2,188,626)**	**1,067,315**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

	Contributed Equity	Accumulated Losses	Reserves		Equity attributable to Pacific Nickel Mines Limited	Non-controlling interest	Total Equity
			Performance Rights	Foreign Currency Translation			
	$	$	$	$	$	$	$
Balance at 1 July 2024	**86,104,325**	**(80,401,597)**	**176,225**	**893,158**	**6,772,111**	**(3,084,226)**	**3,687,885**
Loss for the period	-	(2,472,635)	-	-	(2,472,635)	(348,459)	(2,821,094)
Other comprehensive income/(loss)	-	-	-	(893,829)	(893,829)	-	(893,829)
Total comprehensive income for the year	-	(2,472,635)	-	(893,829)	(3,366,464)	(348,459)	(3,714,923)
Capitalised prior year project accrued interests	-	3,309,619	-	-	3,309,619	1,125,883	4,435,502
Shares issue cost	(1,143)	-	-	-	(1,143)	-	(1,143)
Balance at 31 December 2024	**86,103,182**	**(79,564,613)**	**176,225**	**(671)**	**6,714,123**	**(2,306,802)**	**4,407,321**
Balance at 1 July 2025	**86,134,240**	**(83,962,378)**	**145,167**	**571,118**	**2,888,147**	**(1,820,832)**	**1,067,315**
Loss for the period	-	**(2,654,891)**	-	-	**(2,654,891)**	**(561,678)**	**(3,216,569)**
Foreign Currency Translation in foreign operation**)**	-	-	-	**(39,372)**	**(39,372)**	-	**(39,372)**
Total comprehensive income for the year	-	**(2,654,891)**	-	**(39,372)**	**(2,694,263)**	**(561,678)**	**(3,255,941)**
Lapsed of performance shares	-	**145,167**	**(145,167)**	-	-	-	-
Balance at 31 December 2025	**86,134,240**	**(86,472,102)**	-	**531,746**	**193,884**	**(2,382,510)**	**(2,188,626)**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Pacific Nickel Mines Limited
ABN 86 075 613 268
and Controlled Entities

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

	Note	31 December 2025 $	31 December 2024 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		10,019,122	2,721,049
Payments to suppliers and employees		(9,721,333)	(7,948,783)
Interest paid		(5,201)	-
Interest received		1,338	-
Net cash from/(used in) operating activities		293,926	(5,227,734)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment on unsecured loans		(30,000)	-
Proceeds from unsecured loans		-	30,000
Proceeds from fund advance		-	5,836,603
Net cash (used in)/provided by financing activities		(30,000)	5,866,603
NET INCREASE IN CASH HELD		263,926	638,869
CASH AT THE BEGINNING OF THE FINANCIAL PERIOD		272,734	537,573
Less: Cash included in disposal group held for sale	**15**	(1,527)	-
Effect of exchange rate fluctuation on cash held		5,509	27,493
CASH AT THE END OF THE FINANCIAL PERIOD		540,642	1,203,935

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 SUMMARY OF MATERIAL ACCOUNTING POLICIES

a. Basis of Preparation

This general purpose financial report is for Pacific Nickel Mines Limited and its controlled entities (together, the "Group") in respect of the interim half-year reporting period ended 31 December 2025 and has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by Pacific Nickel Mines Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

b. New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standard Board ("AASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Significant matters relating to the ongoing viability of operations

c. Going Concern

The Group experienced operating losses of $3.217 million and positive cash flows from operations of $0.294 million during the half year ended 31 December 2025.

At 31 December 2025, the Group has current liabilities amounting to $57.447 million (30 June 2025: $50.965 million).

The Group's cash position at balance date was $0.541 million (30 June 2025: $0.273), which will not be sufficient to fund the Group's forecast cash outflows from operations for the period to 31 July 2027.

The Group currently relies on its nickel projects in the Solomon Islands for its continuing viability and for its ability to continue as a going concern and to meet its debts and commitments.

As a result of these matters, there is a material uncertainty related to events or conditions that may cast significant doubt on whether the Group will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as and when they fall due are dependent on completion of the Share Sale and Purchase Agreement with Green Rock Limited, which remains subject to conditions precedent including shareholder approval, regulatory approvals in the Solomon Islands (including environmental and mining approvals), exchange control approval from the Central Bank of Solomon Islands, and withdrawal of discontinuance of Civil Case 215 of 2025. It is also dependent on Glencore subsequently releasing PNM, PNI and their respective associated persons from all liability, obligations and claims under the Glencore Secured Facility Agreement, the debt facility relating to the Kolosori Project.

The Group has a successful track record of identifying opportunities and raising new capital from both existing shareholders and strategic investors.

On that basis the directors believe it is reasonable to expect that the Group will be successful in some of the above matters and, accordingly, have prepared the financial report on a going concern basis.

1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

c. Going Concern (continued)

In forming this view, the Directors have also considered the continued operation of the Solomon Islands business, which has maintained Direct Shipping Ore (DSO) exports under the Glencore marketing arrangement. A number of DSO shipments have been completed during the period and subsequent with the next shipment currently scheduled for July 2026. The continuation of these shipments is expected to provide ongoing cash inflows and support the Group's ability to meet its obligations as and when they fall due.

At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 31 December 2025. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

2 DISCONTINUED OPERATIONS	**Note**	**31 December 2025 $**	**31 December 2024 $**
Revenue from contracts with customers			
Sale of nickel ore		14,119,302	5,538,115
Cost of sales		(13,820,223)	(6,219,341)
Gross profit/(loss)		299,079	(681,226)
Interest income		4	60
Administration and Corporate expenses		(1,393,876)	(506,828)
Evaluation and Exploration expenses		-	(218,358)
Depreciation and amortisation expense	3	(1,845,280)	(880,881)
Results from operating activities		(2,940,073)	(2,287,233)
Income tax		-	-
(Loss) from discontinued operations, net of tax		(2,940,073)	(2,287,233)
Loss from discontinued operations for the period attributable to:			
Owners of Pacific Nickel Mines Limited		(2,378,395)	(1,938,774)
Non-controlling interest		(561,678)	(348,459)
		(2,940,073)	(2,287,233)
		$ per share	**$ per share**
Basic and diluted (loss) per share from discontinued operations attributable to:			
Owners of Pacific Nickel Mines Limited		(0.006)	(0.005)

On 4 November 2025, the Company entered into a Share Sale and Purchase Agreement (SPA) to sell 100% of its interest in Pacific Nickel Mines (SI) Ltd, a wholly owned subsidiary of PNI that holds 80% of the Jejevo and Kolosori Projects in the Solomon Islands, to Green Rock Limited (Buyer). G.R.P. & Associates Limited has agreed to guarantee the obligations of Green Rock under the SPA.

Accordingly, the Company's Solomon Islands operations, comprising PNMSI's 80% interests in the Kolosori and Jejevo nickel projects, have been classified as a disposal group held for sale. Management is actively pursuing completion of the transaction, and the sale is expected to occur once all conditions precedent under the SPA have been satisfied. Please refer to note 15.

3 EXPENSES

	Note	31 December 2025 $	31 December 2024 $
Depreciation			
Plant and equipment		335,609	407,822
Total Depreciation		335,609	407,822
Amortisation			
Development Costs		1,076,100	324,601
Exploration and evaluation expenditure		435,037	150,455
Total Amortisation		1,511,137	475,056
Less: discontinued operations	2	(1,845,280)	(880,881)
Total depreciation and amortisation		1,466	1,997

4 TRADE AND OTHER RECEIVABLES

	Note	31 December 2025 $	30 June 2025 $
Trade receivables		1,047,430	-
Reclassification assets held for sale	15	(1,047,430)	-
Prepayments		36,494	-
Others		5,923	7,193
		42,417	7,193

5 PROPERTY, PLANT AND EQUIPMENT

Plant and equipment			
at cost		33,342	2,489,751
accumulated depreciation		(15,236)	(1,345,598)
Total property, plant and equipment		18,106	1,144,153

Movement in property, plant and equipment

Balance at beginning of the year		1,144,153	1,845,847
Reclassification assets held for sale	15	(769,547)	-
Disposal		-	(3,405)
Exchange differences on translation of foreign operations		(20,891)	32,329
Depreciation expense		(335,609)	(730,618)
Balance at the end of the year		18,106	1,144,153

6 EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in exploration and evaluation phases		-	8,733,850
Movement for period			
Balance at beginning of period		8,733,850	12,706,082
Reclassification assets held for sale	15	(8,298,813)	-
(Reversal)/capitalised of expenditure		-	(3,576)
Amortisation		(435,037)	(368,656)
Impairment expenses		-	(3,600,000)
Balance at end of period		-	8,733,850

7 DEVELOPMENT COSTS	**Note**	**31 December 2025 $**	**30 June 2025 $**
Costs carried forward in respect of areas of interest in exploration and evaluation phases		-	37,384,694
Movement for the period			
Balance at beginning of period		37,384,694	31,874,424
Reclassification assets held for sale	15	(38,282,699)	-
Amortisation		(1,076,100)	(1,063,706)
Capitalised project interests		2,836,738	5,913,988
Revaluation of foreign currency		(862,633)	659,988
Balance at end of period		-	37,384,694

8 INVESTMENTS

Investments in Solomon Islands Nickel Projects		565,738	565,738
Investments in Lorena Gold Royalty		350,000	350,000
		915,738	915,738

9 OTHER ASSETS

Loans to the minority shareholders of PNMK		2,746,789	2,746,789
Reclassification assets held for sale	15	(2,746,789)	-
		-	2,746,789

Loan to minority shareholders of PNMK in respect of the 20% interests of exploration and development costs related to Kolosori Nickel Project, to be repaid from PNMK's dividends declared in favour of the minority shareholders. This is consistent with the final shareholder agreement dated 17 April 2023.

10 TRADE AND OTHER PAYABLES

Trade creditors		4,765,414	1,318,224
Reclassification liabilities held for sale	15	(5,361,252)	-
Advance payment for sales of Nickel Ore		988,325	3,916,396
Other creditors		531,452	1,914,794
		923,939	7,149,414

11 BORROWINGS

Current liabilities			
Secured loan	a	51,162,204	43,785,894
Reclassification liabilities held for sale	15	(51,162,204)	-
Unsecured loan	b	-	30,000
		-	43,815,894
Non-current liabilities			
Secured loan	a	-	5,680,996

11 BORROWINGS (CONTINUED)

a) Secured loan

On 19 April 2023, the Company entered a debt and sale facilities with Glencore International AG to advance to the pre-production funding requirements of the Kolosori Nickel Project.

Key Terms associated with the debt and sale facilities include:

Loan Agreement

- Project loan facility of up to A$32 million (US$22 million).
- 3-year repayment term commencing after the first shipment and with no scheduled repayment due during the wet season months.
- Interest rate of 11% plus the US Secured Overnight Financing Rate.
- Repayments effected pursuant to a 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.

The Group had an opening balance of A$49.467 million (US$32.09 million) in a secured loan facility with Glencore International AG. As at 31 December 2025, the total loan balance, inclusive of accrued interest, amounted to A$51.162 million (US$34.205 million) and was classified as a current liability in the consolidated statement of financial position. Interest expenditures of A$13.843 million were capitalised for the development cost as of 31 December 2025.

b) Unsecured loan

On 26 August 2024, the Group entered into an unsecured loan from Key Management Personnel for an amount of $30,000. The loan was provided for a term of three months, bearing interest at 12% per annum, with both principal and interest payable at maturity. As the loan was not repaid upon maturity, a default interest rate of 15% per annum was applied to the outstanding balance from the expiry of the initial term until the date of repayment. The loan principal and accrued interest were repaid in full on 14 August 2025, with total interest paid of $4,126.

	Note	31 December 2025 $	30 June 2025 $
12 CONTRIBUTED EQUITY			
420,993,105 fully paid ordinary shares (30 June 2025: 420,993,105)		86,134,240	86,134,240

Fully paid ordinary shares carry one vote per share and carry the right to dividends and have no par value.

a) Movement in ordinary share capital

		Number of shares	Issue price $	Share capital $
1 July 2024	Opening balance	418,253,105		86,104,325
2 August 2024	Share issues on performance rights	2,740,000		31,058
	Transaction cost relating to share issues	-		(1,143)
30 June 2025	Closing balance	420,993,105		86,134,240
1 July 2025	Opening balance	420,993,105		86,134,240
	No moving during the period	-		-
31 December 2025	Closing balance	420,993,105		86,134,240

b) The Group's objective when managing capital is to safeguard its ability to continue as a going concern (refer to note 1), so that it can continue to maintain an optimal capital structure to reduce the cost of capital. The Group monitors capital on a regular basis in order to achieve the objectives. The Group's strategy has remained unchanged from the prior year.

13 RESERVES	**Note**	**31 December 2025 $**	**30 June 2025 $**
Performance rights reserve		-	145,167
Foreign currency translation reserve		531,746	571,118
		531,746	**716,285**

Movement in reserve	**Performance rights reserve $**	**Foreign currency translation reserve $**	**Total $**
2025			
Balance at 1 July 2025	145,167	571,118	716,285
Transfer to accumulated losses	(145,167)	-	(145,167)
Exchange differences on translation of foreign operations	-	(39,372)	(39,372)
Balance at 31 December 2025	**-**	**531,746**	**531,746**

14 SEGMENT INFORMATION

The economic entity operates in one segment within mineral exploration and development in Solomon Islands. The Group has two development interests, the Kolosori Nickel Project ("Kolosori") and Jejevo Nickel Project ("Jejevo"), on the Santa Isabel Island, for which the Board of Directors (the chief operating decision maker) reviews internal management reports on a monthly basis.

Segment assets

Information about reportable segments

The key segment assets as reported to the Board are as follows:

Solomon Islands	**31 December 2025 $** (held for sale)	**30 June 2025 $** (as previously reported)
Exploration and evaluation	8,298,813	8,733,850
Development Cost	38,282,699	37,384,694
	46,581,512	46,118,544

	Solomon Islands (Discontinued) $	**Corporate $**	**Total $**
31 December 2025			
Revenue from discontinued operations	14,119,302	-	14,119,302
Mining expenses	(13,820,223)	-	(13,820,223)
Other income	-	11,880	11,880
Interest income	4	1,334	1,338
Administration and Corporate expenses	(1,393,876)	(199,508)	(1,593,384)
Depreciation and amortisation expense	(1,845,280)	(1,466)	(1,846,746)
Employee benefits expense	-	(87,500)	(87,500)
Finance costs	-	(1,236)	(1,236)
Loss before income tax	(2,940,073)	(276,496)	(3,216,569)
Income tax expense	-	-	**-**
Net loss for the period	(2,940,073)	(276,496)	(3,216,569)

14 SEGMENT INFORMATION (CONTINUED)

	Solomon Islands (Discontinued) Restated* $	Corporate $	Total $
31 December 2024			
Revenue from discontinued operations	5,538,115	-	5,538,115
Mining expenses	(6,219,341)	-	(6,219,341)
Interest income	60	26	86
Administration and Corporate expenses	(506,828)	(407,692)	(914,520)
Depreciation and amortisation expense	(880,881)	(1,997)	(882,878)
Employee benefits expense	-	(116,982)	(116,982)
Evaluation and Exploration expenditure expensed	(218,358)	-	(218,358)
Finance costs	-	(7,216)	(7,216)
Loss before income tax	(2,287,233)	(533,861)	(2,821,094)
Income tax expense	-	-	-
Net loss for the period	(2,287,233)	(533,861)	(2,821,094)

* Comparative information has been re-stated due to discontinued operations. See Note 2.

15 DISPOSAL GROUP HELD FOR SALE

On 4 November 2025, the Company entered into a Share Sale and Purchase Agreement (SPA) to sell 100% of its interest in Pacific Nickel Mines (SI) Ltd, a wholly owned subsidiary of PNI that holds 80% of the Jejevo and Kolosori Projects in the Solomon Islands, to Green Rock Limited (Buyer). G.R.P. & Associates Limited has agreed to guarantee the obligations of Green Rock under the SPA.

a. Assets and liabilities of disposal group held for sale

At 31 December 2025, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities.

	Note	31 December 2025 $
Bank		1,527
Trade receivables	**4**	1,047,430
Inventories		2,595,061
Property, plant and equipment	**5**	769,547
Exploration and Evaluation expenditure	**6**	8,298,813
Development Costs	**7**	38,282,699
Loans to the minority shareholders of PNMK	**9**	2,746,789
Assets held for sale		53,741,866
Trade and other payables	**10**	4,372,927
Advance payment for sales of Nickel Ore	**10**	988,325
Secured loan	**11**	51,162,204
Liabilities held for sale		56,523,456

b. Basis of measurement

The disposal group is measured at the lower of its carrying amount and fair value less costs to sell. No impairment loss was recognised on classification as held for sale, as the disposal group is in a net liability position, with liabilities of $56,523,456 exceeding assets of $53,741,866 as at 31 December 2025.

15 DISPOSAL GROUP HELD FOR SALE (CONTINUED)

c. Fair value hierarchy

The fair value of the disposal group has been determined by the SPA for a nominal consideration of A$1.00 plus liability release on completion, have been categorised as a Level 3 fair value hierarchy.

Assets and liabilities for which fair value approximates carrying value due to their short-term nature, including cash and cash equivalents, trade receivables, trade and other payables and advance payments received, have been categorised as a Level 2 fair value hierarchy.

d. Non-controlling interest

The disposal group includes Solomon Islands subsidiaries in which the Group holds an 80% ownership interest. As at 31 December 2025, the associated non-controlling interest (NCI) was in a deficit position of $2,382,510. Upon completion of the disposal, the NCI balance will be derecognised as part of the carrying amount of the subsidiaries disposed of and will be included in the calculation of the gain or loss on disposal.

16 CONTINGENT LIABILITIES

The Group is a party to litigation in the Solomon Islands, being SNL CACC No. 08 of 2023, which relates to matters affecting the Kolosori Mining Lease held by Pacific Nickel Mines (SI) Ltd.

The Group has obtained legal advice regarding the proceedings. The solicitors have advised that an unfavourable outcome could adversely affect the validity of the Kolosori Mining Lease. As at 31 December 2025, the outcome of the proceedings remains uncertain and the matter has not been finally determined.

The Directors have assessed the matter in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets. No provision has been recognised because the existence and extent of any obligation will depend on the outcome of the litigation and the financial consequences cannot presently be measured with sufficient reliability.

Accordingly, the Group has disclosed the matter as a contingent liability. The amount of any potential loss, if any, cannot presently be estimated.

17 EVENTS SUBSEQUENT TO REPORTING DATE

Pacific Nickel International Pty Ltd (PNI), a wholly owned subsidiary of Pacific Nickel Mines Limited (PNM), entered into a Share Sale and Purchase Agreement (SPA) to sell 100% of its interest in Pacific Nickel Mines (SI) Ltd, a wholly owned subsidiary of PNI that holds 80% of the Jejevo and Kolosori Projects in the Solomon Islands, to Green Rock Limited (Buyer). G.R.P. & Associates Limited has agreed to guarantee the obligations of the Buyer under the SPA.

The sale, for nominal consideration of A$1.00, is subject to several conditions precedent including PNM shareholder approval and receipt of several regulatory approvals in the Solomon Islands. As part of the transaction, PNI will enter into a Royalty Agreement with the Buyer, under which PNI may receive royalties on ore shipped from the Kolosori Nickel Project when certain conditions are met. PNM and PNI will also enter into a Deed of Release with Glencore International AG, the financier of the Kolosori Nickel Project, releasing PNM, PNI and their respective associated persons from all liability, obligations and claims under the Glencore Secured Facility Agreement.

On 25 February 2026, PNI and the Buyer agreed to extend the conditions precedent end date to 3 March 2026. On 13 March 2026, the Company announced a further extension to 27 May 2026, which was later extended again to 15 July 2026. Details of the conditions precedent are set out in the Company's announcement dated 4 November 2025. Certain conditions precedent have been fulfilled, such as PNM obtaining shareholder approval for the transaction, however other certain conditions precedent remain outstanding, such as obtaining all regulatory consents for the transaction.

There are no other matters or circumstances that have arisen since 31 December 2025 which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

1) The financial statements and notes, as set out on pages 7 to 18, are in accordance with the *Corporations Act 2001* and:
   a) Comply with *Australian Accounting Standards AASB134*: Interim Financial Reporting, the Corporations Regulations 2001; and
   b) Give a true and fair view of the Group's consolidated financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and

2) In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Terry Cuthbertson
Interim Chairman

Sydney, 14 July 2026

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PACIFIC NICKEL MINES LIMITED ABN 86 075 613 268

Conclusion

We have reviewed the half-year financial report of Pacific Nickel Mines Limited, which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year then ended, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Pacific Nickel Mines Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Pacific Nickel Mines Limited financial position as at 31 December 2025 and of its performance for the half year ended on that date; and

(b) complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of Pacific Nickel Mines Limited in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of Pacific Nickel Mines Limited , would be in the same terms if given to the directors as at the time of this auditor's review report.

Emphasis of Matter on Going Concern

We draw attention to Note 1(c) in the financial report, which indicates that the Group incurred a net loss from operations of $3,216,569 (31 December 2024: loss of $2,821,094) and generated net cash inflows from operating activities of $293,926 (31 December 2024: net cash outflows of $5,227,734) during the half-year ended 31 December 2025. As at that date, the Group's current liabilities exceeded its current assets by $3,122,470 (30 June 2025: $44,176,913) and the Group had a net deficiency of $2,188,626 (30 June 2025: net assets of $1,067,315). As stated in Note 1(c), these events or conditions, along with the other matters described in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of Pacific Nickel Mines Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

MNSA PTY LTD
MNSA Pty Ltd

Mark Schiliro
Director

Sydney
14th July 2026