Nickel 28 Adopts Shareholder Rights Plan to Protect Against "Creeping" Bids and Unequal Treatment of Shareholders

written by Raj Shah | April 12, 2023

- *The Board and Special Committee believe that the shareholder rights plan, which has been prepared to comply with the requirements of ISS and Glass Lewis, is necessary to protect shareholders from certain actions that could result in unequal treatment of shareholders under Canadian securities laws*
- *The shareholder rights plan is intended to reduce the likelihood that any entity, person or group gains control of Nickel 28 through a "creeping" bid without paying all shareholders an appropriate control premium*
- *The Board and Special Committee are continuing to evaluate and will take any and all steps necessary to protect shareholders against opportunistic or coercive actions, including by Pelham*
- *The Board reiterates its view that the current share price is materially below its intrinsic value and reminds shareholder to **TAKE NO ACTION** and **NOT** to tender to Pelham's predatory "mini-tender" scheme*

April 12, 2023 (Source) – Nickel 28 Capital Corp. ("**Nickel 28**" or the "**Company**") (TSXV: **NKL**) (FSE: **3JC0**) today announced that the Board of Directors of the Company (the "**Board**"), on the recommendation of the special committee (the "**Special Committee**") of the independent directors of the Board, has

approved the adoption of a shareholder rights plan (the "**Rights Plan**") pursuant to a shareholder rights plan agreement entered into with TSX Trust Company, as Rights Agent, dated April11, 2023 (the "**Effective Date**").

he Pelham Scheme

Nickel 28 previously recommended that Nickel 28 shareholders **REJECT** the unsolicited "mini-tender" offer (the "**Scheme**") announced on March 21, 2023 by Pelham Investment Partners LP ("**Pelham**") and **NOT TENDER** their shares. While the Rights Plan has not been adopted to prevent Nickel 28 shareholders from tendering their shares to the Scheme, the Special Committee is concerned that Pelham or other shareholders may seek to rely on exemptions to the formal take-over bid rules that facilitate "creeping" bids (acquisitions of shares with the intention of acquiring effective control of Nickel 28 through market purchases and private agreements that are exempt from the take-over bid rules) and determined to approve the adoption of the Rights Plan to protect the interests of Nickel 28 shareholders.

Nickel 28 shareholders are reminded that Pelham's mini-tender Scheme is highly conditional and can be withdrawn, modified or extended for any reason and at any time. Pelham has made no firm commitment to acquire and pay for any shares deposited under the Scheme.

Do not be fooled or coerced into giving up your shares for a low-ball offer.

Management and the Board, who collectively hold approximately 26.5% of the Company's issued and outstanding shares (calculated on a fully-diluted basis), have no intention to sell any of their shares and are fundamentally opposed to this opportunistic and coercive attempt by Pelham to acquire shares at a

significant discount to the intrinsic value of the shares when Nickel 28 is, in the words of Pelham, "… at the threshold of significant cash flow".

The Rights Plan

The adoption of the Rights Plan is intended to ensure, to the extent possible, that all shareholders of the Company are treated fairly in connection with any unsolicited take-over bid or other acquisition of control of or a significant interest in the Company, and in particular to protect against acquisitions of control of the Company through "creeping" bids.

The Rights Plan is substantially similar to shareholder rights plans adopted by other Canadian issuers and the Rights Plan is not being adopted in response to any specific proposal to acquire control of the Company, and the Board is not aware of any pending or threatened take-over bid for the Company.

The Rights Plan has been conditionally approved by the TSX Venture Exchange (the "**TSXV**") and is subject to ratification by shareholders of the Company within six months of the Effective Date. The Board intends to recommend the ratification of the Rights Plan for approval by its shareholders at the Company's next meeting of shareholders.If ratified by shareholders, the Rights Plan will remain in effect until the close of the 2026 annual meeting of shareholders. If the Rights Plan is not ratified by shareholders within six months of the Effective Date, it will terminate.

In accordance with the terms of the Rights Plan, one right (a "**Right**") will be issued and attached to each common share of the Company (a "**Common Share**") outstanding as of the record time under the Rights Plan. A Right will also be attached to each Common Share issued after the Effective Date in accordance with the terms of the Rights Plan. The issuance of the Rights will

not change the manner in which shareholders trade their Common Shares and the Rights will automatically attach to the Common Shares with no further action by shareholders being required. Subject to the terms of the Rights Plan, the Rights issued under the Rights Plan become exercisable only if a person (the "**Acquiring Person**"), together with certain parties related to such person, acquires or announces its intention to acquire beneficial ownership of 20% or more of the Common Shares without complying with the "Permitted Bid" provisions of the Rights Plan. Following a transaction that results in a person becoming an Acquiring Person, the Rights entitle the holder thereof (other than the Acquiring Person and certain related parties) to purchase Common Shares at a significant discount to the market price at that time.

The description of the Rights Plan in this press release is qualified in its entirety by the full text of the Rights Plan, which will be made available shortly under Nickel 28's profile on SEDAR at www.sedar.com.

Information and assistance withdrawing shares under the Pelham Scheme

Pelham's Scheme is designed to acquire shares from Nickel 28 shareholders for less than their intrinsic value in contemplation of a value destructive proxy-contest. Nickel 28's portfolio has significant near-term catalysts which are expected to drive further value creation for Nickel 28 shareholders. The Board and management of the Company are committed to creating long-term value for Nickel 28 shareholders and will continue to take proactive measures to protect the interests of Nickel 28 shareholders.

Nickel 28 shareholders who have any questions, or who have already tendered their shares and require assistance in

withdrawing them, are encouraged to contact Kingsdale Advisors toll-free at +1-888-518-1557 or by email at contactus@kingsdaleadvisors.com for additional information and assistance.

Advisors

Kingsdale Advisors is acting as strategic shareholder advisor to Nickel 28. Stikeman Elliott LLP and Bennett Jones LLP are acting as legal counsel to Nickel 28. BMO Capital Markets is acting as financial advisor to Nickel 28.

About Nickel 28

Nickel 28 Capital Corp. is a nickel-cobalt producer through its 8.56% joint-venture interest in the producing, long-life and world-class Ramu Nickel-Cobalt Operation located in Papua New Guinea. Ramu provides Nickel 28 with significant attributable nickel and cobalt production thereby offering our shareholders direct exposure to two metals which are critical to the adoption of electric vehicles. In addition, Nickel 28 manages a portfolio of 13 nickel and cobalt royalties on development and exploration projects in Canada, Australia and Papua New Guinea.

Cautionary Statements Regarding Forward-Looking Statements

This news release contains certain information which constitutes ‘forward-looking statements’ and ‘forward-looking information’ within the meaning of applicable Canadian securities laws. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as “may”, “should”, “anticipate”, “expect”, “potential”, “believe”, “intend” or the negative of these terms and similar expressions. Forward-looking statements in this news release include, but are not limited to: the

required approval of the TSX-V with respect to the Rights Plan, the Board's intention to recommend the ratification of the Rights Plan and seek approval by its shareholders at the Company's next meeting of shareholders, and anticipated near-term catalysts that are expected to drive further value creation for shareholders. Readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties, most of which are beyond the Company's control. Should one or more of the risks or uncertainties underlying these forward-looking statements materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements.

The forward-looking statements contained herein are made as of the date of this release and, other than as required by applicable securities laws, the Company does not assume any obligation to update or revise them to reflect new events or circumstances. The forward-looking statements contained in this release are expressly qualified by this cautionary statement.

Contacts

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