Power Nickel is building a nickel sulphide resource in Canada ready to potentially supply a new EV metals supply chain

written by Tracy Weslosky | September 26, 2022

Canada as an EV metals supply and processing hub for North America

One of the biggest upcoming trends for 2023-25 is the establishment of Canada as an EV metals supply and processing hub for North America. The past few months have seen numerous announcements by battery and cathode manufacturers planning new facilities in both Quebec and Ontario, Canada. Some examples from the past 6 months include:

- BASF – Cathode active materials and recycling site acquired in Bécancour, Quebec
- GM & POSCO – Plan to build a $400 million facility to make cathode active materials in Becancour, Quebec
- "Stellantis & LG Energy to construct a $5.1 billion Ontario battery plant to begin Q2, 2022 with production slated to start in early 2024
- Avalon Advanced Materials Inc. (TSX: AVL | OTCQB: AVLNF) and Essar Group Company JV to establish Ontario's first regional lithium battery materials refinery in Thunder Bay
- Umicore plans to construct a manufacturing facility for cathode active battery materials and their precursor materials in Ontario, Canada. Construction planned to start in 2023 and operations by the end of 2025

Even Tesla appears to be strongly considering Canada for their next gigafactory.

The main reason for all this excitement towards Canada as an EV metals supply and processing hub for the U.S is that Canada has all the EV metals and is close to USA, where permitting can be much more difficult. The Canadian government is also making great efforts to support this. It is also the case that the U.S is rushing to develop their own EV supply chain, independent of China and Russia. The Inflation Reduction Act mandates escalating battery critical minerals requirements (40% for a vehicle placed in service before 1 January 2024 rising to 80% for a vehicle placed in service after 31 December 2026) to qualify for U.S EV tax credits, with a key basis being that the battery metals will need to be sourced from North America or U.S free trade countries.

This puts Canada right in the box seat.

Power Nickel Inc.

Power Nickel Inc. (TSXV: PNPN | OTCQB: CMETF) is a Canadian junior miner with an option to acquire 80% of the NISK nickel sulphide Project in James Bay, Quebec, Canada. Power Nickel already has a solid initial NI 43-101 Compliant Mineral Resource Estimate on the NISK Project of more than 2.5 million Indicated tonnes at 1.20% NiEq. and 1.4 million Inferred tonnes at 1.29% NiEq. NISK has valuable bi-product metals such as copper, cobalt, palladium, and platinum.

Power Nickel 2022 N43-101 Resource estimate

Source: Power Nickel company presentation

Some exciting parts about the NISK Resource are: the resource is

well located in Quebec, is sulphide ore (easier and cheaper to process than laterite ore), has significant expansion potential from the current total ~4 million tonnes I&I Resource, the site benefits from a major highway adjacent to it and a Hydro Quebec major substation across the road, and a nearby airport. The local Cree Nation community are generally pro-mining. With regards to the expansion potential CEO Terry Lynch is optimistic the Company can expand the resource size towards 8-10 million tonnes and potentially larger over time. Similar geological ultra mafic style deposits in Canada include Lynn Lake (~22M tonnes) and Voisey's Bay (~50M tonnes).

The only negative, according to my experts is that some of the Resource is underground which typically is more expensive to mine.

NISK Resource model showing potential open pit and underground resource

Source: Power Nickel company presentation

A second round of drilling is currently underway at the NISK Project, so investors will need to wait to see if the promising drill results can continue at NISK. CEO Terry Lynch recently stated:

"We are very excited to get back to drilling and building on our resource at Nisk. The initial round of drilling was done largely to verify the historic resource and allow us to post the inaugural NI 43-101 Technical Report and MRE. This round, based on what we've learned from the MRE study, will enable us to better explore and we hope to expand the resource as we look to demonstrate Nisk has the potential to become Canada's next Nickel Mine. The plan is to drill around 5,000 metres but will

adjust that to opportunities on the ground. We would expect the drilling program to continue into December and we will provide updates as progress dictates."

With nickel currently trading at US$23,130/t and 3 month LME nickel future contracts at US$24,562/t you can see why nickel is such a valuable metal and why Power Nickel has plenty of potential.

A growing nickel sulphide resource, easy road access, and access to abundant low-carbon hydropower, makes Power Nickel look like a potential future ESG winner to supply nickel from Canada's emerging EV metals hub.

Due to the early stage, the current market cap is only C$9 million. A very exciting early stage nickel junior and one to watch closely in the months ahead.

Disclaimer: The editor Tracy Weslosky is both a shareholder of Power Nickel and a supporter of the CEO Terry Lynch's Save Canadian Mining, which was created to stop predatory short selling. Tracy is the founder of InvestorIntel.com but she is not an investment advisor, and is neither licensed to make any buy or sell recommendations. For more information, she recommends SEDAR.com for you to do your own due diligence.