Power Nickel's Terry Lynch on "the least expensive high-grade nickel sulfide exploration play in the world"

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In a compelling interview at PDAC 2024, Tracy Weslosky of InvestorNews caught up with Terry Lynch, CEO of Power Nickel Inc. (TSXV: PNPN | OTCQB: PNPNF), to discuss the company's progress and the promising outlook of their operations. Power Nickel, a Canadian junior exploration company, is on a dedicated mission to develop the High-Grade Nisk project into Canada's first Carbon Neutral Nickel mine. The company, which has successfully exercised options to increase its ownership in the Nisk project up to 80%, is looking forward as the next commitment is the delivery of a NI-43-101 Technical report.

Lynch emphasized the technical aspects of the company's recent strides, highlighting a major nickel sulfide discovery at the NISK site, with an initial NI-43-101 report showing 7.2 million tons. He detailed the exploration plans for 2024, noting that drilling has already yielded promising hits. Lynch expressed strong confidence in the exploration prospects, predicting significant growth potential for the project. He drew comparisons with other notable locations, stating, "We think Lynn Lake with 22 million tons and Voisey's Bay with 140 million tons are indicators that we will be somewhere between there and who knows how big this thing can be."

He also explained why Quebec is a prime location for exploring critical minerals, citing three major reasons: the pre-existing infrastructure, the province's positive relationship with the

First Nations, particularly the James Bay Cree, and the attractive fiscal incentives that effectively double the investment capital for exploration and development.

The interview further explored the nuances of the nickel market, where Lynch gave insights into the recent fluctuations and the differentiation between markets within the industry. He remarked on the resilience of nickel demand, despite challenges such as the pandemic and its impact on China's real estate market. Lynch pointed out the importance of North American Class 1 nickel and the strategic advantage Power Nickel holds, supported by recent investments like Samsung's in Canada Nickel, which underscore the market's demand for such resources.

The conversation then shifted to the public's perception and understanding of Power Nickel. Lynch expressed a wish for greater awareness of the company's value, emphasizing its position as "the least expensive high-grade nickel sulfide exploration play in the world" and outlined the significant advantages of their potential mining operations in terms of cost and returns. As for the future, Lynch assured that Power Nickel will maintain its commitment to transparency, with upcoming updates on drilling, assays, and a feasibility study that promises to increase nickel recovery rates significantly and add value through the production of iron powder, a by-product of their unique refining process.

The recent [news release](#) on March 4, 2024, aligns with Lynch's discussion, announcing a new discovery within the Nisk project that enriches its prospects. Power Nickel reported further drilling successes, notably intersecting a high-grade PGM (Platinum Group Metals) rich zone, potentially adding significant value to the project. This discovery came from hole PN-24-047, which followed up on the notable Wildcat high-grade PGM intersection and is set to be the basis for a more comprehensive understanding of the mineralization's extent. Kenneth Williamson, Power Nickel's VP of Exploration, reflected on this progress with optimism in this news release, stating, "We are even more encouraged to extend what appears to be a very high-grade PGM rich zone laterally from the initial discovery."

Lynch's interview and the news release both highlight Power Nickel's proactive approach to exploration, and the technical advancements the company is making. With the expansion of the historical high-grade nickel-copper PGE mineralization at Nisk, Power Nickel is steadily positioning itself to become a key player in the nickel industry, as it works towards expanding the known high-grade zones and uncovering new potential deposits within its significant land holdings.

To access the complete interview, click here

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About Power Nickel Inc.

Power Nickel is a Canadian junior exploration company focusing on developing the High-Grade Nisk project into Canada's first Carbon Neutral Nickel mine.

On February 1, 2021, Power Nickel (then called Chilean Metals) completed the acquisition of its option to acquire up to 80% of the Nisk project from Critical Elements Lithium Corp. (CRE: TSXV). Subsequently, Power Nickel has exercised its option to acquire 50% of the Nisk Project and delivered notice to Critical Elements that it intends to exercise its second option to bring its ownership to 80%. The last remaining commitment to exercise the option was the delivery of a NI-43-101 Technical report which has now occurred. Power Nickel expects to complete the acquisition in February.

The NISK property comprises a significant land position (20 kilometers of strike length) with numerous high-grade intercepts. Power Nickel is focused on expanding the historical high-grade nickel-copper PGE mineralization with a series of drill programs designed to test the initial Nisk discovery zone and to explore the land package for adjacent potential Nickel deposits.

In addition to the Nisk project, Power Nickel owns significant land packages in British Colombia and Chile. Power Nickel is expected to reorganize these assets in a related vehicle through a plan of arrangement.

Power Nickel announced on June 8, 2021, that an agreement had been made to complete the 100% acquisition of its Golden Ivan project in the heart of the Golden Triangle. The Golden Triangle has reported mineral resources (past production and current resources) in 130 million ounces of gold, 800 million ounces of silver, and 40 billion pounds of copper (Resource World). This property hosts two known mineral showings (gold ore and Magee) and a portion of the past-producing Silverado mine, reportedly exploited between 1921 and 1939. These mineral showings are Polymetallic veins containing quantities of silver, lead, zinc, plus/minus gold, and plus/minus copper.

Power Nickel is also 100 percent owner of five properties comprising over 50,000 acres strategically located in the prolific iron-oxide-copper-gold belt of northern Chile. It also owns a 3-per-cent NSR royalty interest on any future production from the Copaquire copper-molybdenum deposit sold to a subsidiary of Teck Resources Inc. Under the terms of the sale agreement, Teck has the right to acquire one-third of the 3-per-cent NSR for $3 million at any time. The Copaquire property borders Teck's producing Quebrada Blanca copper mine in Chile's first region.

To learn more about Power Nickel Inc., click here

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Nickel 28 is in an enviable position for future nickel demand

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The headlines for the new green (low carbon) world tend to focus on security of supply of rare earths, with a decent helping of lithium, cobalt and copper supply news. However there is a commodity that doesn't seem to get its share of the attention when it comes to the build-out of EVs and battery storage – and that's nickel. Global primary nickel usage is seen increasing by 12% in 2021 to 2.67 million tonnes, while primary nickel production is only expected to climb by 9% to 2.7 million tonnes, according to the International Nickel Study Group. EV nickel demand is forecast to grow to 1.3 million tonnes yearly by 2030, representing a whopping 48% of 2021 forecast nickel production. And let's not forget that presently about 65% of nickel is used to manufacture stainless steel. I'm pretty sure stainless steel will play an integral part in the US infrastructure spending the Biden administration has planned. So suffice it to say the supply/demand picture looks reasonably healthy for nickel for the foreseeable future.

There are several ways to add nickel to your portfolio if you are intrigued by these statistics. However, today we are going to look at a somewhat unique hybrid opportunity to get some nickel exposure. Nickel 28 Capital Corp. (TSXV: NKL) is a base metals company offering direct exposure to nickel and cobalt through its holding of 8.56% joint-venture interest in the producing, long-life and world class Ramu Nickel-Cobalt Operation located in Papua New Guinea. This provides Nickel 28 with significant attributable nickel and cobalt production, both being critical elements of electric vehicles and energy storage systems. But where Nickel 28 differentiates itself from other miners and explorers is that it also manages a portfolio of eleven nickel and cobalt royalties in Canada, Australia and Papua New Guinea on nine exploration stage projects and two advanced / development stage projects. So an investor gets direct exposure to nickel and cobalt production today, with upside from a diverse set of potential royalties in the future. In other words, Nickel 28 is also a nickel/cobalt streaming company.

As interesting as that sounds, it's not even the most intriguing thing about Nickel 28 at present. The Company has reached a watershed moment in its deal with the Ramu mine majority owner and operator Metallurgical Corporation of China Limited ("MCC"). Without trying to get too deep into the financial nitty gritty, as part of the Joint Venture Agreement with MCC, MCC provided financing for the construction and development of the Ramu Mine. Nickel 28 had two separate debt agreements with MCC – one to finance the original construction of the mine ("Construction Debt") and a second amount to finance the ramp up and early operating expenses of the mine ("Operating Debt"). Up to this point, 100% of the operating surpluses from the mine are first allocated to repay the Operating Debt and related interest. Once the Operating Debt is repaid, the Company can repay the Construction Debt at any time without penalty and is entitled to its share of 35% of the mine's operating surpluses, with the remaining 65% used to repay any remaining Construction Debt and related interest.

So what the heck does all that mean? The operating surplus for the 6 month period ended December 31, 2020, at Ramu was $15.4 million, which was applied to the Operating Debt in Q1/21 leaving $10.1 million outstanding. With the average price for nickel in H1/21 being higher than H2/20, it's reasonable to assume Nickel 28 should soon be making its final payment on the Operating Debt thus freeing up some material free cash going forward. Back of the envelope math would suggest that number is almost $11 million per year based on H2/20 pricing and costs.

There are several options that Nickel 28 has available to it for deploying this cash. Following repayment of the $82.7 million Construction Debt still owed to MCC, Nickel 28's ownership interest in the Ramu Mine, will automatically increase to 11.3% at no cost. The Company can continue to invest in a battery metals focused portfolio of streams, royalties and direct interests in mineral properties. The Company recently announced a normal course issuer bid to repurchase its common shares, which it feels would be highly accretive to its net asset value per share and represents the highest rate of return on investment based on the current share price. Additionally, Nickel 28 has also indicated that there is an option to explore the institution of a dividend.

It’s always an exciting time for a company when it is in the enviable position of having numerous options to deploy its cash. Nickel 28 is focused on IRR and will be making a decision on how to spend its capital accordingly once the Operating Debt is officially retired. Stay tuned for what’s next.