

Power Nickel demonstrates high-purity class 1 nickel deposit in James Bay has “significant commercial potential”

Power Nickel Inc. (TSXV: PNP | OTCQB: CMETF) took an important step last month by releasing their initial NI 43-101 compliant Mineral Resource Estimate (MRE). Terry Lynch, the firm's CEO, said they were “extremely pleased with the estimate,” since it demonstrates that the deposit has “significant commercial potential.”

The MRE focused on the company's Nisk deposit in James Bay, Quebec, and describes a resource that consists of 2.5 million tonnes indicated and 1.4 million tonnes inferred of ~1.25% NiEq. For perspective, these numbers are about 1/3rd smaller than the Tamarack project (a deposit in Minnesota owned by Talon Metals and Rio Tinto – scheduled to go into production in 2026) reported at the same stage in its development.

While the MRE is notable in several respects, a broad takeaway is that it may be the tip of the iceberg. The reason is that nickel sulphate deposits, which constitute the Power Nickel resource, typically exist in pods concentrated in the same geographical area. This means that the Nisk deposit could well be the first of several similar strikes nearby.

This question of additional deposits should be answered quickly, since this month the company will begin infill drilling at the existing resource, and a wider drilling program to verify additional deposits.

The drilling program comes against a backdrop of powerful

fundamentals in the nickel market. On the demand side, the nickel content of electric batteries is growing because more nickel means more energy density. Moreover, the nickel market is becoming more stratified, with demand for high-purity class 1 nickel (used in EV batteries) far outstripping demand for lower-quality nickel.

Importantly, class 1 nickel is prevalent in nickel sulphate deposits – which is the basis of Power Nickel's resource.

On the supply side, the US presently has only one nickel mine in production (the Eagle Mine in northern Michigan), but it's small and slated to close in 4 years. Otherwise, the US imports virtually all of its nickel consumption. Fortunately, our Canadian friends have numerous large-scale mines in production, and most other large nickel exporters are US-friendly.

But the nickel supply story has grown more nuanced, since there is ever more scrutiny of the nickel refining process. This has become an issue because nickel is refined through an energy intensive process in which ore is heated to an extremely high temperature, mixed with sulphuric acid, and pressurized. These steps create lots of carbon, which isn't a good look for EV manufacturers.

Hence, major nickel consumers like Tesla are now evaluating producers based upon the environmental impact of their mining process.

It is on this issue where Power Nickel really stands out. Its Nisk deposit is located next door to a Hydro Quebec substation. Hydroelectric power = no carbon emissions = happy customers. This carbon-friendly power source gives Power Nickel an environmental edge that should last for decades.

With all this in mind, Power Nickel looks extremely undervalued relative to peers. It trades at a market cap 4x lower than Tartistan Nickel, which issued a PEA last year

roughly comparable to Power Nickel's. It is 3x cheaper (by market cap) than Class 1 Nickel, which is restarting older producing mines in Ontario. And Power Nickel trades at a tiny fraction of the market cap of Talon Metals, which has partnered with Rio Tinto to bring the Tamarack deposit into production.

In fact, Power Nickel looks very much like the Tamarack project in its earlier stages, and the just-released Resource Estimate is an important step on the road to commercialization. The key takeaways for investors are that the resource has the potential to become much larger, the demand for nickel is expected to increase 20X by 2040, and the company enjoys long-term competitive advantages with respect to the carbon footprint of their refining operations.