Nickel 28 Books Record Distribution from Nickel & Cobalt JV as it Battles Pelham for Control

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Nickel 28 Capital Corp. (TSXV: NKL) ("Nickel 28") is an innovative metals streaming and royalty company recognized for its leadership in developing a battery metals focused investment vehicle. The Company has an 8.56% joint venture interest in the producing Ramu Nickel-Cobalt Operation in Papua New Guinea ("PNG") and has a portfolio of 13 nickel and cobalt royalties on development and exploration projects in Canada, Australia, and PNG.

Note: Nickel 28's Ramu JV interest increases to 11.3% at no cost once Nickel 28 pays down their Ramu JV loan, targeted by early 2025.

Ramu JV performing well with a record distribution to Nickel 28

On April 19, 2023, Nickel 28 announced that they had received their "*largest ever cash distribution from Ramu joint venture of US$9.7 million*". Furthermore, the news stated:

> *"These payments reflect Ramu's previously announced strong operational, production and sales performance during the second half of calendar 2022 and further demonstrate the financial and strategic value of the Company's interest in the Ramu Nickel joint venture project."*

Nickel 28 also mentioned that they had paid down a further US$18.1 million of their share of the Ramu JV construction debt, reducing Nickel 28's attributable debt balance to approximately US$55.8 million as of January 2, 2023.

So all up, a very impressive result.

FIGURE 1: Aerial view of the Ramu JV nickel-cobalt operation in PNG



Source: Nickel 28 website

Nickel 28 is battling against an unsolicited offer for their Company shares

Nickel 28 is battling Pelham Investment Partners LP ("Pelham"), who first tried to place a US$15 million financing in February to gain more control of the Company and then in March submitted an all-cash tender offer for up to 10 million shares at C$1.20.

Nickel 28's response is very clear, stating:

> *"Pelham's Scheme is a coercive vote-buying ploy designed to create uncertainty in the market. Pelham is trying to gain influence over Nickel 28 for virtually* ***no premium*** *at the expense of Nickel 28's other shareholders in order to advance its self-interested agenda. The global market for electric vehicles continues to ascend with high-grade Nickel sulphides increasingly in demand. Nickel 28 cautions shareholders about selling their shares before Nickel 28 benefits from significant near-term catalysts that are expected to drive further value creation for Nickel 28 shareholders. Management and the Board remain strongly of the view that the intrinsic value of the Company's shares are far in excess of the price Pelham is attempting to acquire shares for under the Scheme……"*

Naturally, Nickel 28's response to its shareholders has been to "***TAKE NO ACTION***" and to "***DISREGARD*** any materials or communications received from Pelham or its agent."

In response to the above Nickel 28 has adopted a 'Shareholder Rights Plan' to protect against "creeping" bids and unequal treatment of shareholders. The Plan details can be read here.

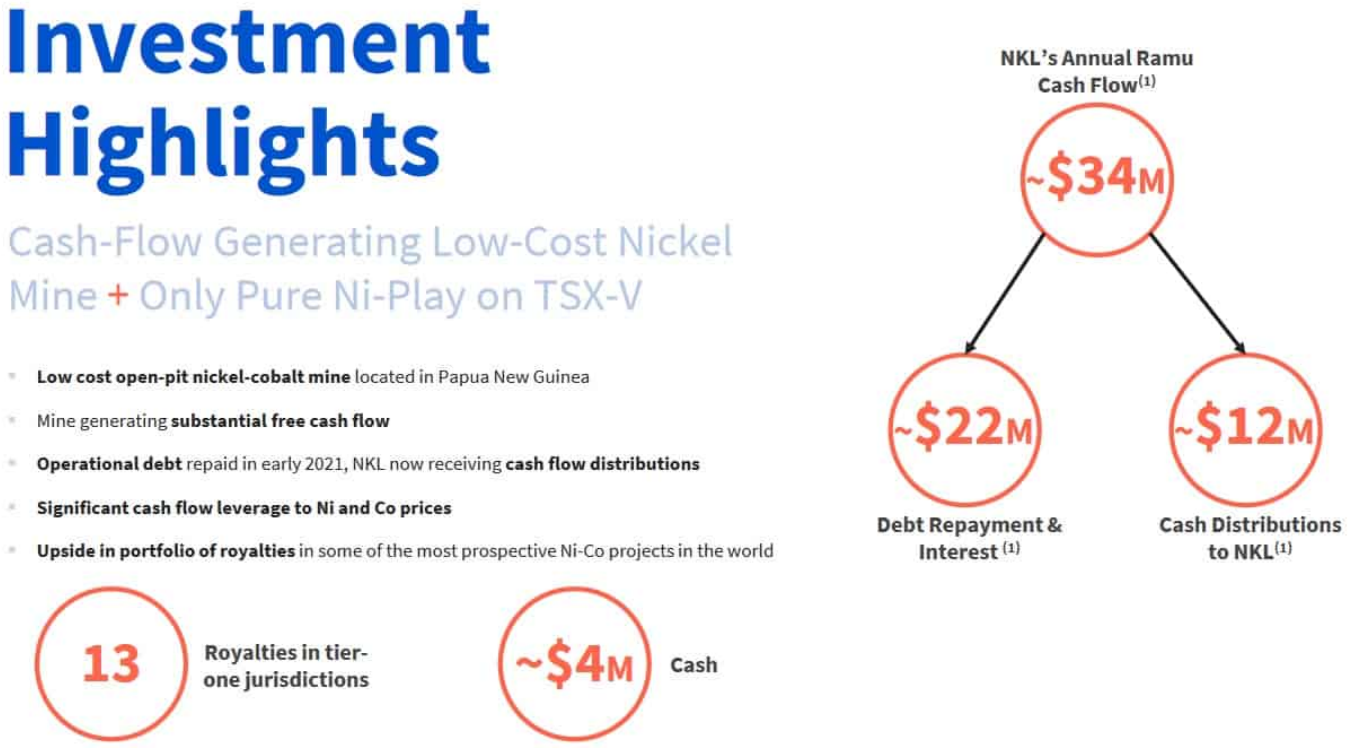
Pelham's response to Nickel 28 on April 26, 2023, stated:

> *"Pelham Investment Partners LP announces completion of its tender offer for shares of Nickel 28 Capital Corp. and expresses disappointment with management's actions……Following taking-up and paying for the tendered shares, Pelham LP will own and control a total of 9,635,778 shares, representing approximately 10.50% of the total issued and outstanding shares, which will make Pelham LP (to its knowledge), the Company's single largest shareholder.…"*

It should be mentioned that ‘unsolicited offers’ in the mining business are common, especially if stock prices are down and bargains can be found. Recent examples include:

- A bid for super-cheap lithium miner Essential Metals Limited (ASX: ESS) by the IGO/Tianqi Joint Venture. The offer was rejected by Essential Metals shareholders and effectively blocked by Mineral Resources Limited (ASX: MIN) buying a blocking 19.55% stake in Essential Metals shares.
- Teck Resources (TSX: TECK.A | TSX: TECK.B | NYSE: TECK) and Glencore (LSE: GLEN), which has seen Glencore come back and ‘up’ the bid.
- UAE-based Fujairah Holding and its bid for the West Africa-focused miner Asante Gold (CSE: ASE).
- Newmont (NYSE: NEM | TSX: NGT) & Newcrest (ASX: NCM | TSX: NCM), which has recently moved to the ‘exclusivity’ stage so now becoming more ‘friendly’.

FIGURE 2: Nickel 28 investment highlights



Source: [Nickel 28 company presentation]

Closing remarks

The takeaway message for investors is that when unsolicited takeover offers start arriving you know the stock is usually a bargain. It's the market's way of letting you know that opportunist investors have arrived to collect great value. Of course, only time will tell and investors should make up their own minds regarding their views on Nickel 28 and their stock price and the Pelham C$1.20 offer.

The renewable energy and electrification trends are still in the early days, so companies that can progress or build quality portfolios stand to do very well over the next decade or two.

Nickel 28 trades on a market cap of C$104 million and a stock price of C$1.16 at the time of writing.