Nickel 28 Reiterates Warning to Shareholders Against Pelham's Highly Abusive, Coercive and Conditional "Mini-Tender" Scheme and Urges Shareholders to Reject It

written by Raj Shah | March 29, 2023

- *Board and Special Committee unanimously recommend shareholders not fall for Pelham's deceptive tricks and refrain from tendering shares of Nickel 28 to highly conditional and significantly undervalued "mini-tender" offer*
- *Pelham's "mini-tender" is a predatory vote-buying scheme designed to take advantage of retail shareholders and gain significant control of Nickel 28 ahead of material near-term catalysts in order to further a small, opportunistic New York-based hedge fund's self-interested agenda*
- *Significant near-term catalysts for Nickel 28's portfolio which will drive value creation for shareholders include materially enhanced free cash flow, meaningful capital returns following debt repayment and advancement of assets underlying key royalties*
- *Shareholders again warned to **TAKE NO ACTION** and **NOT** to tender to this abusive and coercive scheme to buy shares below their intrinsic value*

March 29, 2023 (Source) – Nickel 28 Capital Corp. ("**Nickel 28**"

or the "**Company**") (TSXV: **NKL**) (FSE: **3JC0**) today announced that its board of directors (the "**Board**") and a newly formed special committee of the independent directors of the Board (the "**Special Committee**"), supported by their financial and legal advisors, unanimously 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.

he Board and the Special Committee categorically reject Pelham's Scheme as highly abusive, coercive, misleading, conditional, and prejudicial to the interests of shareholders, and urge shareholders to take no action and not to tender their shares and give away the future value of their investment to a self-interested, predatory New York-based hedge fund.

Pelham's Scheme is designed to buy your shares for less than their intrinsic value in contemplation of a value destructive proxy-contest

Having taken advice from its legal and financial advisors, the Board and Special Committee unanimously **REJECT** the Scheme as representing a self-serving, opportunistic and coercive attempt by Pelham to extract value and gain significant influence over the Company solely for its own benefit, at the expense of, and to the detriment to, shareholders of Nickel 28, this time through a "mini-tender" offer that significantly undervalues Nickel 28's shares.

Management and the Board remain strongly of the view that the intrinsic value of the Company's shares are far in excess of the so-called "premium" valuation payable under the Scheme, including for the following key reasons:

- Long-term nickel fundamentals are supported by EV market

growth of over 200% in the last two years and forecasted growth of another 300-400% by the end of the decade;

- At US$12.50/lb nickel, Nickel 28 estimates that the net present value of its interest in the Ramu Nickel joint venture project alone would be valued at almost $4.00 per share;
- At US$12.50/lb nickel, Nickel 28 also estimates that the net present value of its royalty portfolio would be valued at almost $2.00 per share, with the potential to be significantly higher once those assets are in production; and
- Following debt repayment, Nickel 28's stated strategy to return the significant majority of all net cash flow in the form of regular dividends or distributions represents significant additional future value for shareholders.

Nickel 28's assessment of the financial value of its interest in the Ramu Nickel joint venture project underscores that the anticipated increase in electric vehicle (EV) adoption and industrial demand for nickel and cobalt will serve only to accelerate the strategic value of the Company.

Nickel 28 also manages a portfolio of 13 nickel and cobalt royalties on development and exploration projects in Canada, Australia and Papua New Guinea (including a 1.75% NSR on the Dumont project in Quebec and a 2.0% NSR on the Turnagain project in British Columbia), which together with Ramu provides investors with exposure to both producing and development nickel and cobalt projects and significant leverage to anticipated higher nickel and cobalt prices as the world continues its transition towards a low carbon future.

Nickel 28's portfolio has significant near-term catalysts which will drive further value creation for shareholders. These catalysts include (i) materially enhanced free cash flow and

meaningful capital returns following Ramu Nickel project joint venture partner debt repayment, (ii) further advancement of the assets underlying Nickel 28's two key royalties and (iii) the establishment of partnerships at these assets with leading companies (such as Mitsubishi), underscoring the quality of the assets in the Nickel 28 portfolio.

Pelham itself agrees with Nickel 28 that the shares are undervalued and about to experience near-term positive catalysts. In Pelham's own March 21, 2023 news release announcing the Scheme, Pelham admitted that it believes that the Company *"is at the threshold of significant cash flow*". **If this is true, why would Nickel 28 shareholders sell their shares to Pelham now for a nominal premium at less than their intrinsic value and ahead of these significant catalysts?**

By its very own admission, Pelham's Scheme is designed to strip retail shareholders of the true value of their investment ahead of a significant inflection point for Nickel 28 that Pelham acknowledges is coming soon, making it clear that the explicit intent of the Scheme is to deprive minority shareholders of Nickel 28's upside potential before it is reflected in the share price.

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) are fundamentally opposed to this opportunistic and coercive proposal and remain fully aligned with the interests of minority shareholders. This alignment is further exemplified by insiders acquiring a significant number of shares in the market in the last month.

Beware of Pelham's questionable motives and misleading statements

Pelham, led by its founder and principal Edward “Ned” Arnold Collery, age 32, submitted an unsolicited proposal to the Board on February 6, 2023 proposing to insert itself as a strategic shareholder through a preferential, highly dilutive private placement at the expense of other shareholders and insisted that the Board grant it investor rights not afforded to any of Nickel 28’s other significant shareholders. In order to ensure shareholders were fully informed, the Company publicly disclosed the proposal on February 8, 2023 and received overwhelming support from shareholders for rejecting this self-serving offer. Pelham has now decided it wants to buy out minority shareholders at a significant discount to the intrinsic value of their shares without any real commitment to actually buy the shares because its previous self-serving proposal was soundly rejected.

This “mini-tender” offer represents yet another coercive and opportunistic tactic by Pelham that illustrates that its only real priority is gaining control over your investment in Nickel 28. While Pelham has publicly positioned itself as having made a so-called *“attempt at constructive engagement with management of the Company,”* it conveniently omitted to state that Pelham’s proposal to the Board contained a 48-hour ultimatum for Nickel 28 to engage with Pelham on its terms. Pelham’s demand that the Board agree to a dilutive private placement and appoint two unidentified directors to the Board was an offer no responsible board acting in good faith and in the best interests of shareholders would agree to. Yet Pelham holds itself out to be the shareholder voice of good governance. Pelham’s continuous “flip-flopping” underscores the performative, unprincipled and opportunistic nature of the proposals delivered to Nickel 28, and belies Pelham’s real motivations.

Pelham’s actual conduct calls into question its public platitudes about good corporate governance and independent oversight, and underscores that Pelham is merely setting the

stage for an unnecessary, distracting and costly proxy fight on a flimsy platform of governance concerns which are a smokescreen for its own self-serving motivations.

The "mini-tender" is highly conditional, prejudicial and coercive to shareholders and does not provide shareholders with certain of the protections that applicable securities laws require be provided to shareholders in a formal take-over bid

The Board warns that Pelham has made no firm commitment to acquire and pay for any of the shares deposited under its Scheme. Pelham's Scheme is highly conditional and can be withdrawn, modified or extended for any reason and at any time given the extremely broad and discretionary conditions attached to Pelham's Scheme.

Pelham's Scheme is highly prejudicial to shareholders' interests and is coercive. It is designed to create uncertainty to entice shareholders to act quickly and contrary to their own interests.

As a result of their lack of procedural protections for tendering shareholders, "mini-tender" offers are a manipulative tool often employed by market participants seeking to take advantage of minority shareholders to facilitate attempts to gain control through alternative means, and have a deservedly poor reputation in the market.

"Mini-Tender" Offer Recommendation

The Board unanimously recommends that Nickel 28 shareholders take NO ACTION in response to the unsolicited "mini-tender" offer made by Pelham and DISREGARD any materials or communications received from Pelham or its agent, Laurel Hill Advisory Group.

The Board and Management of Nickel 28, informed by their legal

and professional advisors, are continuing to evaluate and will take any and all steps necessary to advocate for and defend shareholder value and to protect minority shareholders against this and any other opportunistic or coercive actions by Pelham that would harm shareholder interests.

Information and assistance withdrawing shares

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 on +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 Note 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: statements and figures with respect to the future value of the Ramu project and the Company’s royalty portfolio; statements related to the repayment of the Company’s Ramu operating debt (including the timing thereof) and the timing of repayments and payments under the Ramu Nickel project joint venture agreement by the operator; statements related to the Company’s future use of excess cash flow from the Ramu Nickel project (and the receipt and timing thereof); statements with respect to the business and assets of the Company and its strategy going forward; and statements with respect to nickel and cobalt prices, including long-term nickel fundamentals and underlying growth drivers. 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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. No securities regulatory authority has either approved or disapproved of the contents of this news release.

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