

Nickel 28 Updates Dividend Policy and Debt Repayment Strategy

written by Raj Shah | January 30, 2023

January 30, 2023 ([Source](#)) – Nickel 28 Capital Corp. (“**Nickel 28**” or the “**Company**”) (TSXV: **NKL**) (FSE: **3JC0**) provides the following update to shareholders from its Executive Chairman, Mr. Anthony Milewski.

As the Company continues to approach repayment of its share of the outstanding Ramu construction debt, management is increasingly asked by shareholders and analysts alike how the Company intends to use its portion of the free cash flow from the sale of nickel and cobalt from the Ramu Nickel project once the debt is repaid. Our answer has remained consistent since the Company’s inception and has not changed: Nickel 28 intends to return the significant majority of all cash flow net of operating expenses in the form of dividends or distributions on a regular basis as payments from Ramu are received. Funds received through the balance of 2023 and into 2024 will be used to accelerate the repayment of the remaining construction debt, bringing forward the timing of final repayment. Management continues to anticipate that the Ramu construction debt will be fully repaid during 2024, subject to nickel and cobalt prices, production rates, production costs and payabilities, with the outstanding construction debt balance standing at approximately US\$73 million as at October 31, 2022.

In light of the Company’s positioning with respect to repayment of the Ramu construction debt and given the current share price, the board and management of the Company firmly believe that any capital raising or corporate transactions would be value

destructive at this time, and that patience is the most prudent and value accretive long-term strategy. The board and management of the Company are uniquely aligned with shareholders in a way rarely seen in the metals and mining space. Our aggregate share ownership represents in excess of 25% of the issued and outstanding common shares of the Company on a fully-diluted basis, making the board and management the largest block of shareholders by a wide margin and heavily invested in the future success of the Company. The Company also believes that for most shareholders a return of capital pursuant to a dividend or distribution will represent the most tax efficient and value maximizing alternative.

Explanation of Payabilities and Timing of Payments

Based on questions we receive from shareholders, there is often confusion around the pricing of nickel and the timing of debt repayment and payments received by Nickel 28. On pricing, Ramu produces a mixed hydroxide precipitate (“**MHP**”), an intermediate nickel-cobalt product that is currently sold on behalf of the joint venture by the operator, Metallurgical Corporation of China. MHP has established itself as the primary feed source in the electric vehicle battery metals value chain. The timing of the sale of MHP produced by Ramu is subject to change and market conditions, and is not necessarily completed during the month or fiscal quarter it is produced. MHP is generally sold at a discount to the London Metal Exchange (“**LME**”) spot nickel price, and the selling price as a percentage of the LME price is commonly referred to as payability. The nickel payability for Ramu’s MHP has historically ranged between 65% and 95% and is negotiated with third party buyers at the time of sale. On the timing of debt repayments and payments received by Nickel 28, it is important to note that these occur semi-annually from the Ramu joint venture operator. These payments are made following semi-annual audits that are conducted after the first half and

the second half of each year. These audits are then due 90 days following each relevant period, meaning that audited results of the joint venture are typically received at the end of March and September, respectively. Once the audited payment amounts are determined, debt repayment occurs immediately and payment to Nickel 28 occurs shortly thereafter with these semi-annual payments typically received in April and October of each year.

In addition to the Ramu joint-venture interest, Nickel 28 manages a portfolio of 13 nickel and cobalt royalties on development and exploration projects in Canada, Australia and Papua New Guinea. This includes a 1.75% NSR on the Dumont project in Quebec and a 2.0% NSR on the Turnagain project in British Columbia. Nickel 28 remains excited about its unique portfolio of interests including exposure to both producing and development nickel and cobalt projects that collectively provide investors with significant leverage to anticipated higher nickel and cobalt prices as the world continues its transition to a low carbon future.

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 operational and financial results; statements with respect to the future prospects of nickel and cobalt; statements with respect to global economic conditions and commodities markets for nickel, cobalt and other commodities; statements with respect to production and production costs at the Ramu Nickel project; statements with respect to the historical and future payability of nickel sold by the Ramu Nickel project; 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 and cash flow from the Ramu Nickel project; and statements with respect to the business and assets of the Company and its strategy going forward. 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.

Contacts

Investor Contact:

Justin Cochrane

Tel: 289.314.4766

Email: info@nickel28.com