

Canada Nickel Company Inc. (TSXV:CNC)

Higher Grade Core Keeps Growing, Resource Update is Next

Exploration Update

September 10, 2020

(Currency is US\$ unless noted otherwise)

Closing Price (C\$/sh)	\$1.70	
Rating	BUY	
Target (C\$/sh)	\$1.99	
Return to Target	17%	
NAV (C\$/sh)	\$3.96	
P/NAV	0.43x	
52 Week Low / High	\$0.38 / \$3.00	
CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	67.9	77.3
Market Capitalization (C\$M)	\$115.5	\$111.1
Enterprise Value (C\$M)	\$111.1	\$111.1
Cash (C\$M)	\$4.4	
Debt (C\$M)	\$0.0	

STOCK CHART



NET ASSET VALUE	(C\$M)	(C\$/sh)
Crawford Nickel Project	\$843.4	\$2.69
Crawford Annex Project	\$5.0	\$0.02
Corporate Adjustments	\$393.2	\$1.26
NAV	\$1,241.6	\$3.96

RELATIVE VALUATION	EV/lb NiEq	P/NAV
Peer Group Average*	\$0.20	0.86x
Canada Nickel Company Inc.	\$0.01	0.43x

MAJOR SHAREHOLDERS

Management (6.24%), Spruce Ridge Resources Lt. (14.72%)

DISCLOSURE CODE:	3.4
(Please refer to the disclosures listed on the back page)	
Source: RCS, Company Information, Capital IQ	

Company Description

Canada Nickel Company Inc. acquires, explores, develops, and produces nickel sulphide assets. Its flagship property is the 100% owned Crawford Nickel-Cobalt Sulphide Project located in northern Ontario, Canada. The company was incorporated in 2019 and is headquartered in Toronto, Canada.

Impact: Positive

Canada Nickel announced results from four holes and a partial result from a fifth infill hole from the Main zone at its 100%-owned Crawford Ni-Co-PGM sulphide project near Timmins, Ontario that demonstrates the real potential to delineate a larger, higher-grade core than currently outlined. **Given the size potential, excellent infrastructure, and a resource of 3.3B lb. contained Ni, we feel the company is favorably positioned as a potential takeout candidate when the global Ni market heats up.**

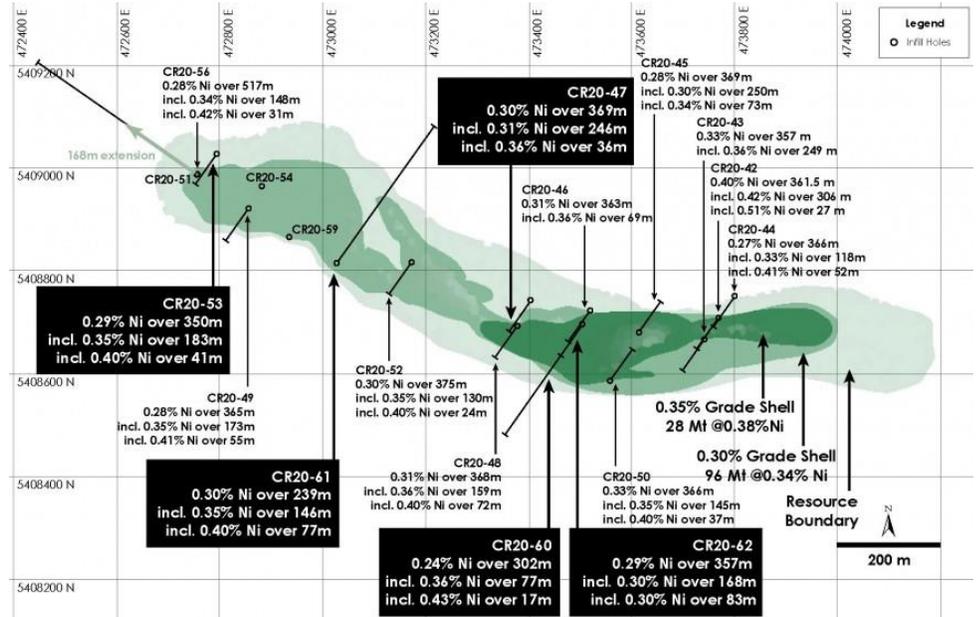
Highlights:

- Four infill holes above resource grade.** Four of the five infill holes contained in the release intersected very thick (+300m) intersections of Ni mineralization above the M+I+I resource grade of 0.24% Ni. Highlights include: **1) 0.29% Ni, 0.013% Co, 0.018 g/t Pd, 0.007 g/t Pt, over 357m (CR20-62), 2) 0.24% Ni, 0.013% Co, 0.016 g/t Pd, 0.009 g/t Pt, over 302m (CR20-60), 3) 0.29% Ni, 0.012% Co, 0.017 g/t Pd, 0.007 g/t Pt, over 350m (CR20-53), 4) 0.30% Ni, 0.011% Co, 0.020 g/t Pd, 0.008 g/t Pt, over 369m (CR20-47) (Figure 1, 2).** We note these grades were intersected across the entire core length, with higher grade intervals also encountered (see the press release for more detail).
- Eastern and Western boundaries of Main zone extended.** The most recent drilling results continue to expand the widths and vertical extent of the higher-grade mineralization in the western end of the Main zone and further confirm and extend the higher grade mineralization in the eastern end of the Main zone. These higher-grade resource areas are expected to be the initial focus of the mine plan in the PEA currently underway and expected to be completed by year-end. We note the estimated true width of the Main zone has been determined to vary from 40-160m.
- Resource update this month, PEA on the horizon.** We expect results from the remaining six infill holes to be released and incorporated in an updated resource by the end of September. Three assays are outstanding which were designed to follow up on the previously reported excellent PGM results from hole CR20-32 (read [here](#)). Additionally, the higher-grade resource areas are expected to be the initial focus of the mine plan in the PEA that is currently underway and expected to be completed by year-end.

Valuation:

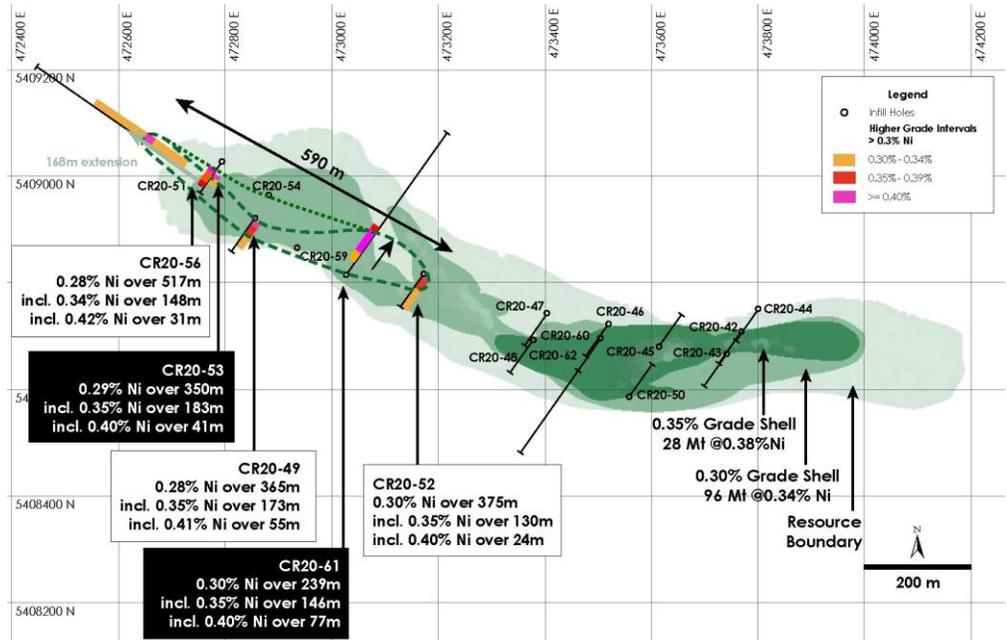
We maintain our BUY rating C\$1.99 price target based on a 0.5x multiple of our NAV_{12%} of C\$3.96. We note that a PEA is expected before year end, which should provide much more detail about the Crawford project. We highlight that Canada Nickel is trading at an EV/lb. of Ni Eq of only \$0.01/lb., whereas its peer group is trading at \$0.20/lb. **Upcoming catalysts include:** 1) Drill results from Crawford (ongoing), 2) Revised Crawford resource estimate (Sept), 3) Metallurgical study report (H2) 4) Crawford PEA (Q4).

Figure 1: - Plan view of Main zone Ni resource and drill results



Source: Company Reports

Figure 2: - Plan view of Main zone Ni resource and drill results showing the interpreted new 590m higher grade zone to the west



Source: Company Reports

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Company Specific Disclosure Details

Company Name	Ticker Symbol	Disclosures
Canada Nickel Company Inc.	TSXV:CNC	3,4

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