

Canada Nickel Company Inc. (TSXV:CNC)

Timmins Consolidation Continues with Texmont Acquisition

 Corporate Update
 December 20, 2022

(Currency is C\$ unless noted otherwise)

Closing Price (C\$/sh)	\$1.61
Rating	BUY
Target (C\$/sh)	\$4.55
Return to Target	183%
NAV (C\$/sh)	\$6.53
P/NAV	0.25x
52 Week Low / High	\$1.18 / \$4.01
CAPITALIZATION	
Shares Outstanding (M)	113.1
Market Capitalization (CSM)	\$182.0
Enterprise Value (CSM)	\$173.7
Cash (CSM)	\$22.0
Debt (CSM)	\$13.7
STOCK CHART	



NET ASSET VALUE	(CSM)	(C\$/sh)
Crawford Nickel project	\$1,428.8	\$4.57
Crawford Annex project	\$50.0	\$0.16
Corporate Adjustments	\$554.8	\$1.78
NAV	\$2,038.7	\$6.53

RELATIVE VALUATION	EV/lb NiEq	P/NAV
Peer Group Average*	\$0.29	0.50x
Canada Nickel Company Inc.	\$0.01	0.25x

*Capital IQ Consensus

MAJOR SHAREHOLDERS

 Management (4.08%), Ninepoint Partners LP (1.37%),
 Konwave AG (0.9%), Manulife Asset Management (0.6%)

 DISCLOSURE CODE: 1,2,3,4
 (Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, Capital IQ

Company Description

Canada Nickel Company Inc. is advancing its flagship property, the 100%-owned Crawford nickel sulphide project located in Timmins, Ontario. The company was incorporated in 2019 and is headquartered in Toronto, Canada.

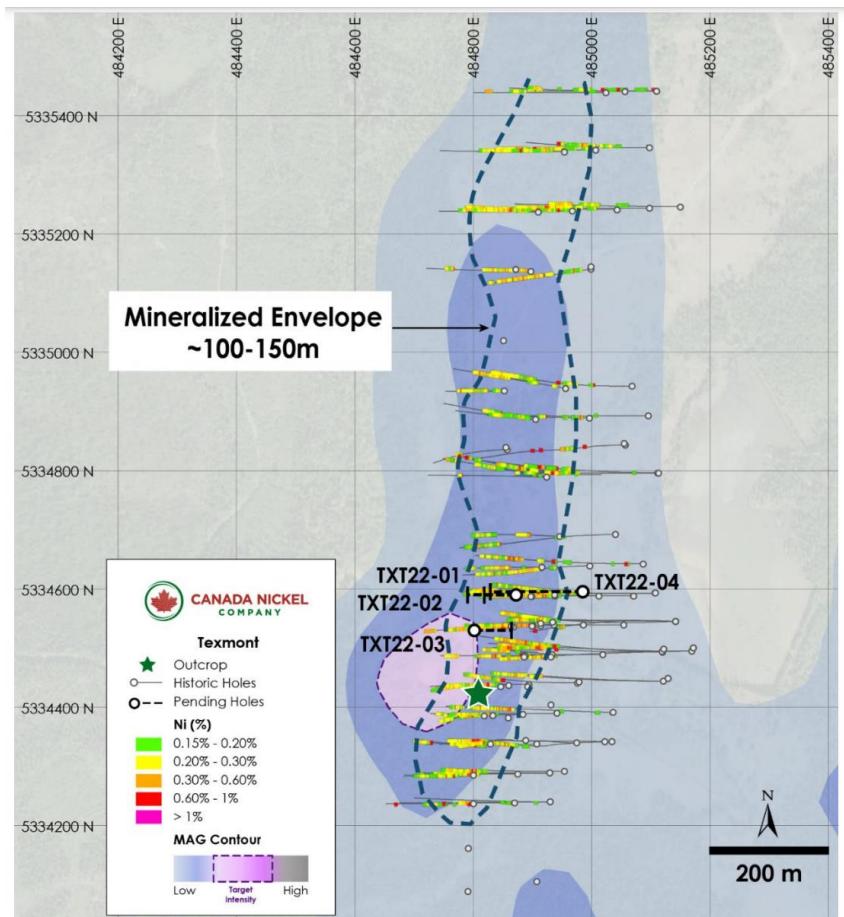
Impact: Positive

Canada Nickel has signed a deal to acquire 100% interest in the past-producing (1971-72) Texmont property, located south of Timmins, Ontario. CNC has already drilled four holes at Texmont with visual observations confirming disseminated to blebby Ni sulphide mineralization within the target mafic/ultramafic unit. Additionally, the company also highlighted potential high-grade visual observations from recent drilling and sampling at its Sothman and Bannockburn properties. **We believe Texmont is a positive addition to CNC's portfolio of projects in the Timmins camp. The high-grade historic resource gives a cornerstone to build from and visual observations from the initial holes point toward open pit potential at the project, with an envelope of disseminated mineralization around the high-grade core.**

- Consolidating the Timmins camp.** CNC plans to acquire a 100% interest (subject to certain third-party rights) in 14 mining leases in exchange for a C\$250,000 cash payment and issuing a non-interest-bearing promissory note of C\$3.75M due March 14, 2023. At closing, the seller will be granted a 2% NSR, which can be bought down to 1% for C\$2.5M. The property has a legacy ownership interest of 15% and NPI of 10%, and CNC is assessing whether these are still valid. Texmont is located between the company's Deloro and Sothman properties south of Timmins and CNC already held 14 claims surrounding it.
- Near-surface high-grade potential at Texmont.** While previous underground mining operations at Texmont targeted the narrow high-grade (>1%) Ni mineralization, the company believes that mineralization is also contained in a larger bulk tonnage deposit, potentially extending to surface. Historic drilling intersected up to 1.23% Ni over 28m, including 2.45% Ni over 7m (TEX07-13) (Figure 1). CNC plans to continue drilling to assess both the high-grade and bulk tonnage potential of an open-pittable resource for Texmont. Assays remain pending for the four holes drilled by CNC.
- Other targets provide additional high-grade potential.** Visual observation from remaining five holes from the 10-hole drill program at the Sothman property confirmed sulphide mineralization, including apparent higher-grade portions within an envelope of disseminated sulphides. These five holes targeted the western end of the Total Magnetic Intensity (TMI) anomaly which hosts a small historic resource of 190kt grading 1.24% Ni (Figure 3). Additionally, based on past drilling, the Bannockburn property may have higher-grade potential within the larger bulk tonnage target (Figure 4). The company has recovered several high-grade samples from Bannockburn and identified targets for follow-up drilling in 2023.

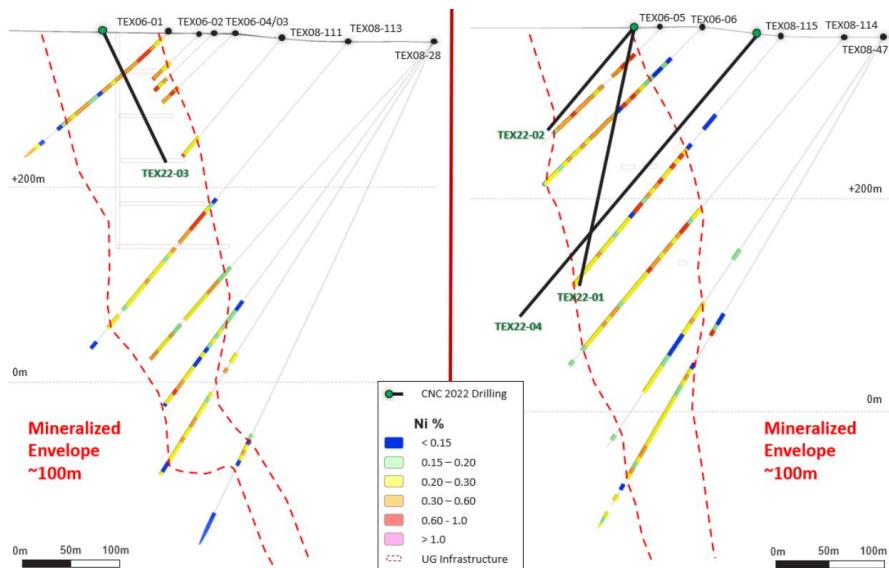
We maintain our **BUY rating and target price of C\$4.55/sh**, which is based on a 0.7x multiple and NAVPS_{8%} of C\$6.53/sh. Canada Nickel currently trades at a significant discount on an EV/lb NiEq basis at US\$0.01 vs. peers at US\$0.29. **Upcoming Catalysts:** 1) Drilling results from multiple properties (ongoing) and 2) Crawford updated MRE and FS (Q1/23).

Figure 1: Map showing historic and recent drilling at Texmont



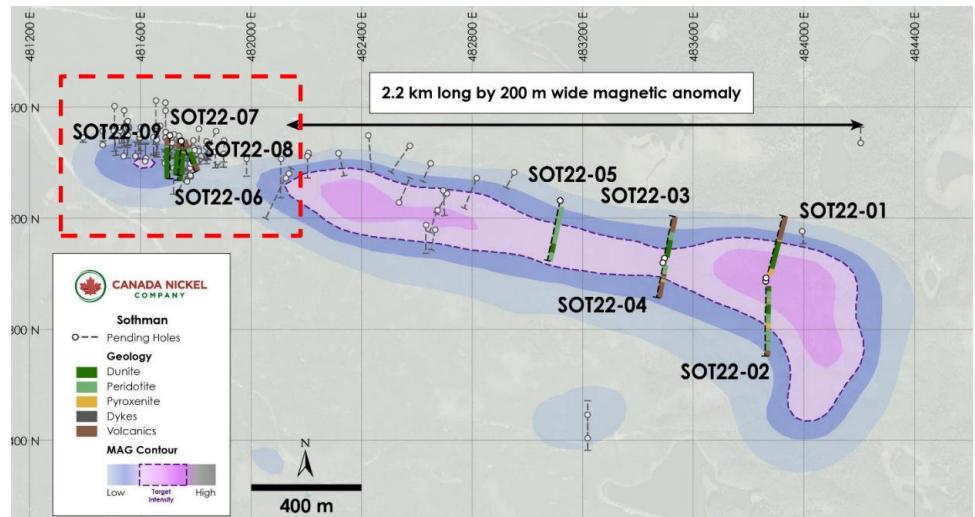
Source: Company Reports

Figure 2: Cross section of historic assays at Texmont



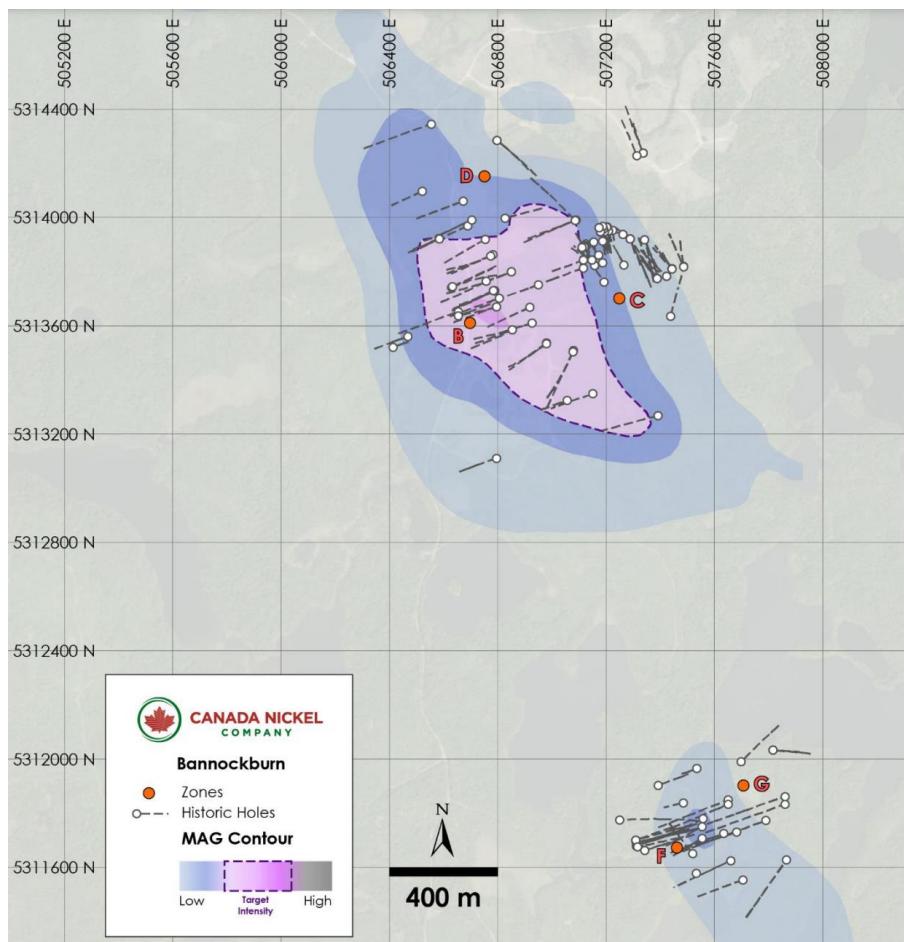
Source: Company Reports

Figure 3: Plan view of recent drilling at Sothman targeting western end of TMI anomaly



Source: Company Reports

Figure 4: Bannockburn – Historic drilling on TMI



Source: Company Reports



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Disclosure Statement
Updated December 19, 2022

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2021-03-08	Under Review	Under Review	BUY (S)	25%
2021-03-08	Under Review	Under Review	HOLD	0%
2021-04-15	Under Review	Under Review	TENDER	1%
2021-05-26	BUY	4.35	NA	4%
2021-06-24	BUY	4.35	UNDER REVIEW	3%
2021-07-15	NA	NA		
2021-10-06	BUY	4.35		
2021-10-13	BUY	4.35		
2021-10-21	BUY	4.35		
2021-11-23	BUY	4.35		
2022-01-25	BUY	4.35		
2022-02-24	BUY	4.35		
2022-03-03	BUY	4.35		
2022-04-06	BUY	4.45		
2022-04-08	BUY	4.45		
2022-04-26	BUY	4.45		
2022-06-08	BUY	4.45		
2022-07-07	BUY	4.55		
2022-09-29	BUY	4.55		

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Company Name	Ticker Symbol	Disclosures
Canada Nickel Company Inc.	TSXV:CNC	1,2,3

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