

Nickel 28 Responds to Value Destructive, Highly Dilutive, Unsolicited and Non-binding Financing Proposal From Shareholder, Announces New Independent Director

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- Unsolicited, coercive, non-binding and self-serving proposal would result in a materially diminished dividend to all shareholders upon Ramu debt repayment
- Opportunistic proposal and its demands have been unanimously rejected by the Company's Board of Directors, with the support of the Company's largest institutional shareholders.
- BMO Capital Markets and Kingsdale Advisors retained as strategic advisors to help defend shareholder value and protect shareholders against other opportunistic or coercive actions that would harm shareholder interests
- Nickel 28 announces appointment of new independent director Lance Frericks

[Nickel 28 Capital Corp.](#) ("Nickel 28" or the "Company") (TSXV: NKL) (FSE: 3JC0) today publicly responds to an unsolicited, non-binding and self-serving proposal received from a shareholder of the Company.

On February 6, 2023 the Company received a letter addressed to its board of directors (the "Board") from a shareholder proposing a value destructive, coercive and highly dilutive US\$15 million private placement financing. The shareholder's stated purpose for the financing would be to accelerate the Company's business plans.

The shareholder demanded a response by 5:00 p.m. on February 8, 2023. Nickel 28 is issuing this news release so that all shareholders are made aware of the Company's response to these self-serving demands.

In connection with its proposal, the shareholder demands the immediate reconstitution of the Board, including the appointment of two unidentified nominees of the shareholder, as well as the grant of preferential investor rights to the shareholder, all of which would in effect give the shareholder a position of significant influence over the Company's affairs and governance, without offering a meaningful premium or allowing other shareholders to participate on equal terms or affording them an opportunity to vote on such nominees or proposals.

Following review, the Board has unanimously determined that the unsolicited proposal is not value enhancing for the Company or its shareholders, other than for the shareholder making the proposal. The Board is of the view that the value of the Company's assets is far in excess of the value implied by the proposed financing, such that the private placement would be value destructive and economically dilutive for all other shareholders. Management and the Board who collectively hold approximately 25% of the Company's issued and outstanding common shares calculated on a fully-diluted basis are strongly opposed to this opportunistic and coercive proposal and remain fully aligned with the interests of minority shareholders.

Management of the Company has discussed this unsolicited proposal on a confidential basis with several of the Company's largest outside institutional shareholders, who collectively hold in excess of 10% of the issued and outstanding common shares. These shareholders have similarly expressed opposition to the shareholder's proposal, identifying concerns consistent with those identified by Management and the Board of Directors, as set out above.

Having taken advice from its legal and professional advisors, the Board unanimously rejects the unsolicited proposal as representing a self-serving, opportunistic and coercive attempt by a shareholder to extract value and exercise significant influence over the Company's direction solely for its own benefit, at the expense of,

and to the detriment to, all other shareholders of Nickel 28.

The purported value offered by the proposal would represent a significant discount to the Company's current assessment of the financial value of its interest in the Ramu Nickel joint venture and its royalty portfolio. In addition, a US\$15 million financing would not meaningfully accelerate the timing for repayment of the remaining US\$73 million Ramu joint venture debt which is non-recourse, having no fixed term, and bears interest at less than current market rates. Furthermore, such proposal would result in a significant reduction in the dividends per share paid upon extinguishment of such debt.

As stated in the Company's January 30, 2023 press release, Nickel 28 believes that the repayment of the Ramu debt and the commencement of the payment of dividends represents a pivotal inflection point. One of the most problematic aspects of this proposal is that it coincidentally comes immediately following the Company's public reiteration of its dividend policy and debt repayment strategy to enhance value for all shareholders. In contrast, the shareholder's dilutive financing proposal would hand over a significant shareholding position at a significant cost to all shareholders while only shortening the repayment of the Ramu debt by a matter of months.

Interestingly, Nickel 28 notes that the shareholder, in recent written communications, had suggested that the Company deploy its cash to repurchase additional outstanding common shares of the Company, which if implemented would have delayed the repayment of the Company's debt, while increasing the shareholder's percentage interest in the Company. Perversely, now this same shareholder wants to dilute other shareholders in order to increase its own undisclosed share ownership in the Company. The shareholder's flip-flop underscores the performative, unprincipled and opportunistic nature of the proposals received. In addition, written correspondence from the shareholder has also evidenced a fundamental misunderstanding of the manner in which the Company's joint venture interest at Ramu is operated. This, and the fact that the shareholder's proposal demands an immediate capitulation from the Company to its unsolicited proposal without even revealing its proposed director nominees clearly demonstrates its lack of credibility.

In recent days the shareholder has taken steps to obtain lists of the shareholders of Nickel 28, presumably with the intention of soliciting proxies (although the shareholder has not prepared and filed a dissident proxy circular). Nickel 28 urges its shareholders to exercise caution and to take no action in response to any solicitation or communication made by or on behalf of any shareholder in respect of any of the proposals described above.

The Board and Management of Nickel 28, informed by their legal and professional advisors, will continue to act in and protect the best interests of the Company and all of its shareholders against opportunistic or coercive actions that would harm the interests of Nickel 28 and its shareholders.

Appointment of New Independent Director

Nickel 28 is pleased to announce today the appointment of Lance C. Frericks to the Board of Directors, effective immediately. With the appointment of Mr. Frericks, the Board of Directors is now comprised of a majority of independent directors.

"We are thrilled to welcome Lance Frericks to Nickel 28's Board of Directors," said Executive Chairman Anthony Milewski. "He joins the Board as a strong independent voice. Among other things, Lance brings with him a deep understanding of both the capital markets and commodities markets, making him a highly valuable addition to our Board at this important time for the company."

Mr. Frericks is currently a private investor and corporate director. Mr. Frericks started his career at the CME group as a Eurodollar options trader before transitioning to proprietary trading activities on the S&P 500 Index. For over 20 years, Mr. Frericks was one of the largest traders in the S&P pit, managing capital and serving as a market liquidity provider. He holds a Bachelor of Arts from Western Illinois University.

Appointment of Strategic Advisors

The Company has retained BMO Capital Markets as its financial advisor and Kingsdale Advisors, North

America's leading strategic shareholder advisory and communications firm, to act as its strategic advisor. Bennett Jones LLP and Stikeman Elliott LLP serve as legal counsel to the Company.

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 with respect to the potential impact of those certain unsolicited proposal received by a shareholder of the Company; statements with respect to the future value of the Company and its assets; 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; statements related to global economic conditions and commodities markets for nickel, cobalt and other commodities; 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.

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