

# Pelham Investment Partners LP Issues Letter to Shareholders and Files Proxy Circular to Reconstitute the Board of Nickel 28 Capital Corp.

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- It is Time for Change at Nickel 28 -

- Management has enriched themselves at shareholders' expense while turning a blind eye to their own serious and long-standing governance failures.
- Management's recent actions reveal the Board to be an entrenched group, which is, contrary to their own disclosures, comprised of a majority of non-independent directors and whose acts threaten to deprive shareholders of their right to elect who manages their company.
- Pelham is proposing a team of respected, highly-qualified and independent professionals to stand for election to the Board who have the right skills and experience to provide effective independent oversight of Management.
- Shareholders are urged to vote "FOR" each of Pelham's director nominees and "WITHHOLD" votes on any Nickel 28 director nominees using only the YELLOW proxy ahead of the proxy voting deadline of June 7, 2023 at 9:00 p.m. (Eastern Time).
- Pelham's letter to shareholders and information circular, as well as additional important information, is available at [www.savenickel28.com](http://www.savenickel28.com).
- Questions or need voting assistance? Shareholders with questions or who need voting assistance may contact Laurel Hill Advisory Group at 1-877-452-7184 (416-304-0211 outside North America) or by email at [assistance@laurelhill.com](mailto:assistance@laurelhill.com).

NEW YORK, May 24, 2023 - Pelham Investment Partners LP ("Pelham", "we", "our" and similar pronouns), a New York investment fund and the single largest shareholder of [Nickel 28 Capital Corp.](#) (formerly Conic Metals Corp.) (TSXV: NK 3JC0) ("Nickel 28" or the "Company"), advises fellow shareholders that it has issued a letter to shareholders and information circular as well as a form of proxy for use by shareholders in connection with Nickel 28's upcoming annual general and meeting, to be held on June 12, 2023 beginning at 10:00 a.m. (Toronto time) (the "Meeting").

As the largest shareholder of the Company, holding approximately 14.3% of Nickel 28's issued and outstanding shares, Pelham believes that the board of directors of the Company (the "Board" or "Management") must be urgently reconstituted in order to ensure that the interests of shareholders are appropriately represented and safeguarded. Accordingly, Pelham is proposing for election to the Board at the upcoming Meeting, five highly-qualified and truly independent individuals. Our nominees are: Edward (Ned) Daniel Burns, Marilyn Spink, David Whittle and Ross B Levin. Additional information about our nominees can be found in Pelham's letter to shareholders and information circular, which is available at [www.savenickel28.com](http://www.savenickel28.com).

Pelham expects that, if elected, its nominees will put an end to Management's continual failures which have manifested in, among other things, a number of significant governance issues, a lack of independent oversight, and a long-standing history of excessive executive compensation. These problems have and continue to harm the interests of Nickel 28 and its shareholders.

Rather than try to distract shareholders with baseless innuendo and insinuation as the Board has done, we present the facts and leave it to the Company's shareholders to decide whether the current Board should continue to steward their investment in Nickel 28. Our concerns are briefly summarized below, and are described in greater detail in our letter to shareholders and information circular (which we strongly recommend shareholders read before making a voting decision for the upcoming Meeting):

## Nickel 28 Suffers from Dramatic and Long-standing Governance Failures

Nickel 28's directors and officers are enmeshed in a number of significant and compromising interlocking relationships with various companies which benefit them and harm shareholders. To date, these relationships appear to have flown under the radar but no longer:

- As a result of one of these relationships (which, along with its problematic consequences, is described in much more detail in our letter to shareholders and information circular), director Phillip Williams is, contrary to the current Board's claim of being independent, yet, in addition to being put forward as the Company's "Lead Independent Director" he chairs Nickel 28's two-person Compensation Committee which has approved staggering compensation at substantial expense to the Company and its shareholders.
- Nickel 28 director Maurice Swan is also the Chairman of the Board and serves on the Compensation Committee of Nickel 28 Streaming Corporation (NEO: NETZ) (OTCQB: OFSTF) (FSE: M2Q) ("CSC"). Nickel 28 President and director John Cochrane is also a director and the Chief Executive Officer of CSC, where both are provided excessive levels of compensation despite CSC's stock price falling roughly 75% in the less than two years since its listing. We believe the properly advised Board should deem this a "material relationship", and that Mr. Swan should be considered a non-independent director of Nickel 28.

The current Board has also failed to meet basic standards of governance, including:

- With its December 8, 2021 stock based compensation grant, the Board violated the limits on its already generous compensation plan.
- The Board has seemingly back-dated its 2022 equity-based compensation grants from December 15<sup>th</sup> to December 8<sup>th</sup> to reduce the stated value of those grants in its disclosures to shareholders, which allowed them to claim that the grant value was less than it actually was, reducing reported compensation.
- For several years, and in violation of TSX-V listing requirements as well as the Company's own Board mandate, the Board has had, at most, only one legally independent director and three non-independent directors. The Company's disclosure in its recently issued management information circular for use in connection with the Meeting, is materially false in its representation of the independence of the Board and the validity of any "independent determination" of the so-called "independent directors" of the Company on a number of matters - including historic compensation - is called into serious question.

### Egregious Levels of Compensation

Given the Company's poor governance track record it should come as no surprise that Management receives egregious compensation, paid for with the Company's funds and at the direct expense of shareholders:

- Despite not directly operating any assets, Nickel 28 executives receive compensation in the 94<sup>th</sup> percentile when compared to their peers,<sup>1</sup> most of whom actively operate their assets;
- The Company also has three redundant layers of management:
  - Conor Kearns, the Company's part-time CFO, was provided compensation valued at almost \$700,000 last year (and well in excess of \$1 million in 2021). The CFO of Nickel 28's predecessor, [Cobalt 27](#)
  - Craig Lennon (Head of Asia Pacific at the Company's Ramu joint venture and the relevant relationship with the Company)
  - Despite Mr. Lennon managing the Company's operations (Mr. Cochrane - who works only part-time at the Company and is not an issuer) was paid nearly \$2.4 million last year (which included CEO compensation) for no discernible increase in revenue (CEO compensation)
  - On top of having both someone to directly manage the Company (Mr. Lennon) and someone to manage the Company's operations (Mr. Cochrane), the Company also has an Executive Chairman (Mr. Cochrane) who is paid 10 times the peer median compensation), despite the fact that he apparently spends the bulk of his time at luxury resorts in the Caribbean.

[Capital Corp.](#) (which owned all of Nickel 28's assets, and much more), was paid less than \$150,000 in the last full year it was a public company.

- Nickel 28 directors are each paid approximately \$270,000 a year to serve on a Board that, according to the Company's own management information circular, only had two full board meetings last year.

To put this egregious compensation in context, the median compensation for directors of The Toronto-Dominion Bank ("TD") - Canada's second largest publicly traded institution, with assets nearly 12,500 times greater than Nickel 28 - was \$275,000 last year. Instead of two meetings, the board of directors of TD had sixteen full board meetings last year.

### Unacceptable Valuation

Under the current Board's stewardship, which has been plagued by self-interested decision-making, the market has roundly undervalued Nickel 28's stock at a dramatic discount to net-asset-values derived from the Board and Management's own disclosure. We estimate that the Company's shares have traded at an average of just 21% of this Management informed net-asset-value since the Company was listed.<sup>3</sup> Given the problems detailed above, we believe that market concerns with the current Board and Management are the principal reason for this discount.

### Efforts at Entrenchment

The current Board has made it clear they will not voluntarily undertake the changes to governance and compensation we believe necessary to ensure that your Company succeeds. When confronted with these problems, both privately and publicly, the Board's reaction has been to undertake a concerted campaign of entrenchment. Entrenchment efforts to date include:

- After having ignored, for six months, our privately written concerns that the Board was not in compliance with its charter mandate which requires at least three independent directors, the Board appointed Lance C. Frericks to the Board just 48 hours after it became apparent that our criticism would become public. Mr. Frericks appears to have no public board experience or skills relevant to the Company's business. Despite our questions, the Company has not explained why he was chosen.
- The Board instituted a "poison pill" despite the fact that Management collectively owned enough stock to trigger the "pill". To make sure they wouldn't have to "eat their own cooking" management included grandfather provisions to the "pill". Management, as a group, wouldn't trigger the "pill".
- The Board set the record date for the Meeting one-day prior to the expiry of Pelham's tender offer in a transparent attempt to hinder our ability to vote the shares we purchased in the tender offer. Normally, the Company holds its Meeting in the summer but, this year, Management moved it up to mid-June and provided no prior notice of the record date. We believe the structuring of the Meeting was intended to impede our director recruitment and nomination efforts and hinder our ability to elect shares with which we could hold Management accountable.
- The Board rejected, without any attempt at engagement, a settlement offer we made (our second formal private offer of engagement which followed numerous public requests for engagement) that would have provided for the current Board members to retain two seats and have substantial discretion over the composition of the remainder of the Board. We believe it is false for the Company to claim that a proxy contest was unavoidable inasmuch as we tried, on multiple occasions, to get the Board to address its glaring governance and compensation problems voluntarily.
- Concerned that hollow attacks wouldn't work, and in an affront to shareholder democracy, the Board is attempting to use a flimsy pretext to deny you the ability to even consider our alternative slate of highly-qualified and truly independent nominees. Pelham is addressing these legal shenanigans head-on and intends to vigorously defend the right of shareholders to have a say on who is elected to the Board.

- To date, the Company and members of the Board have, together, hired several advisors to assist them in their efforts to ensure accountability. These include at least four law firms, a financial advisor, a "strategic shareholder advisor" and at least one "strategic communications advisor". All of these firms, who are working with an entrenched Board at the Company, represent a waste of shareholder resources.

#### Pelham Has a Plan to Substantially Improve the Value of Your Investment

Contrary to the current Board's false assertion, Pelham has a credible, actionable, and straightforward plan to greatly increase the value of your investment. For more details on our plan and how we expect that our nominees will lead the Company into the future for all shareholders, please see our letter to shareholders and information circular.

To be clear, our truly independent director nominees will act with discipline as they methodically assess and steward the Company as the elected representatives of shareholders with both eyes clearly focused on protecting the interests of all shareholders.

If elected, Pelham expects that its nominees will undertake a forensic investigation into the activities of Management both before and during our involvement as an activist and will hold former directors to account for any breaches of duty and other acts of self-dealing or corporate malfeasance that they authorized or permitted to occur on their watch. We expect that this investigation would include challenging the validity and legality of any change of control payments that may have been authorized by Management in breach of their fiduciary duties to the Company.

#### Vote Only the YELLOW Proxy "FOR" a Better Future For Nickel 28

This vote is of critical importance to all of us as shareholders of the Company and it is up to shareholders to protect their investment in Nickel 28. Next year, management will, through vesting of stock it has already awarded itself (for no consideration), gain ownership over approximately an additional 5% of Nickel 28 and, if history is any guide, Management will continue to further increase its ownership interest at shareholder expense. Pelham fears that if shareholders do not reject the incumbent Board this year, the situation will become unsalvageable given Management's prospective ownership interest.

Pelham welcomes the unsolicited expressions of support it has received from so many shareholders to date but, in order to effect the needed change, this support must translate into votes. Every vote counts. Nickel 28 shareholders are urged to vote using the YELLOW proxy - Pelham's form of proxy.

Our YELLOW form of proxy has been prepared as a "universal" proxy, meaning that all of our nominees, as well as the nominees of Management, are included as voting options. We determined to provide shareholders with a universal proxy as the practice of utilizing a universal proxy in a contested meeting is becoming increasingly recognized as a governance best practice. Even though Management was in possession of the identities of our nominees and was made aware that the Meeting would be contested, the Board chose not to provide for our nominees on their form of proxy (for reasons that should be readily apparent to shareholders). Accordingly, shareholders are able to vote for our nominees or Management's nominees (or any combination thereof), on the YELLOW Proxy ONLY. Pelham urges shareholders to vote only the YELLOW Proxy, regardless of how they wish to vote, and disregard any proxies or voting instruction forms received from Management.

Time is of the essence. In order to ensure your vote is counted at the Meeting, please ensure it is received prior to the proxy deadline of 9:00 p.m. (Eastern time) on June 7, 2023.

Even if you have already voted using a blue management proxy or voting instruction form, you have every right to change your vote and support the nomination of our nominees. A later-dated YELLOW form of proxy or voting instruction form automatically replaces any and all previously submitted forms of proxy or voting instruction forms.

#### Shareholder Questions

For any questions or voting assistance, shareholders should contact Pelham LP's strategic shareholder communication and proxy solicitation agent, Laurel Hill Advisory Group ("Laurel Hill") at 1-877-452-7184 (416-304-0211 outside North America) or by email at [assistance@laurelhill.com](mailto:assistance@laurelhill.com). Shareholders can also visit [savenickel28.com](http://savenickel28.com) for more information, and sign-up to receive updates to date.

#### About Pelham

Pelham Investment Partners LP is a private investment firm located in New York, managed and founded by Edward (Ned) Pelham. Since 2021, we are long-term and value-oriented investors. Pelham, the single largest shareholder of the Company, has held a significant investment in Nickel 28 since the firm's founding in 2021.

#### Additional Information

This news release is issued in connection with a solicitation of proxies by or on behalf of Pelham and not on behalf of management.

of Nickel 28. Pelham has filed an information circular dated May 21, 2023 (the "Pelham Circular"), which contains certain prescribed information concerning Pelham and its nominees, as well as information about the background and reasons for solicitation. The Pelham Circular and YELLOW form of proxy is available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

Pelham has retained Laurel Hill as its strategic shareholder communications advisor and proxy solicitation agent. All costs for any solicitation will be borne directly by Pelham. Notwithstanding the foregoing, and to the extent legally permissible, Pelham may seek reimbursement from Nickel 28 for the expenses it incurs in connection with this solicitation, including proxy solicitation expenses and legal fees, in connection with a successful reconstitution of the Board. Pelham does not intend to submit the question of such reimbursement to a vote of shareholders of the Company. Pelham notes that it expects that any such reimbursement will be substantially less than the expenses that Management has forced the Company to incur to defend Management against an otherwise avoidable proxy contest.

Proxies may be solicited by mail, facsimile, telephone, telegraph, internet, in person, by advertisements and by any other means permitted by law.

No person is authorized to give information or to make any representations by or on behalf of Pelham other than those contained in this Circular and, if given or made, such information or representation must not be relied upon as having been authorized by Pelham to be given or made.

Except as otherwise disclosed in the Pelham Circular, neither Pelham nor, to its knowledge, any of its nominees, nor any of their respective associates or affiliates, has any material interest, direct or indirect, in any transaction since the commencement of Nickel 28's most recently completed financial year, or in any proposed transaction which has materially affected or will materially affect Nickel 28 or any of its subsidiaries. Neither Pelham nor, to its knowledge, any of its nominees, nor any of their respective associates or affiliates, has any material interest, direct or indirect, by way of beneficial ownership of securities or other financial instruments, in any matter to be acted upon at the Meeting, other than as set out herein or in the Pelham Circular.

To the knowledge of Pelham LP, Nickel 28's head office is located at 155 University Avenue, Suite 1240, Toronto, Ontario M5H 3B7 and its registered address is located at Suite 2500, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2K1. A copy of this news release may be obtained under Nickel 28's SEDAR profile at [www.sedar.com](http://www.sedar.com).

#### Cautionary Statement Regarding Forward-Looking Information

Information disclosed in this news release may contain forward-looking information. All statements and information, other than statements of historical fact, included in this news release contain forward-looking information. Statements containing forward-looking information can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue" or similar words and expressions or negative variations thereof. Statements containing forward-looking information in this news release include statements regarding activities, events or developments that Pelham expects or anticipates may occur in the future, expectations regarding the Meeting, and what Pelham expects it will do if elected to the Board. Although Pelham believes that the expectations reflected in statements containing forward-looking information made by Pelham in this news release to be reasonable, such statements involve risks and uncertainties, and reliance should not be placed on such statements. Material factors or assumptions that were applied in formulating the forward-looking information contained herein include the assumption that the business and economic conditions affecting the Company's operations will continue substantially in the current state, including without limitation with respect to industry conditions, general levels of economic activity, continuity and availability of personnel, local and international laws and regulations, currency exchange rates and interest rates, inflation, taxes that there will be no unplanned material changes to the Company's operations, and that the Company's public disclosure record is accurate in all material respects and is not misleading (including omission). Pelham cautions that the foregoing list of material facts and assumptions is not exhaustive. Many of these assumptions are based on factors and events that are not within the control of Pelham and there is no assurance that they will prove correct. Accordingly, there can be no assurance that the plans, intentions or expectations upon which statements containing forward-looking information are based will occur or, even if they do occur, will result in the plans, results or performance anticipated. We caution readers of this news release not to place undue reliance on forward-looking information contained in this news release, which are not a guarantee of performance, events or results and are subject to a number of risks, uncertainties and other factors that could cause actual results, performance or events to differ materially from those expressed or implied by such forward-looking information. These factors include, among other things, actions taken by the Company in connection with the Meeting, the material contracts of the Company, the outcome of any proceedings that may be commenced in connection with the Meeting, the content of subsequent public disclosures by the Company, general economic conditions, legislative or regulatory changes, changes in capital or securities markets, and those risks and uncertainties detailed in the continuous disclosure and other filings made with applicable Canadian securities regulators. These are not necessarily all of the important factors that could cause actual results to differ materially from those expressed or implied in any of Pelham's forward-looking information. Other unknown and unpredictable factors could also impact outcomes. Statements containing forward-looking information in this news release are based on Pelham's beliefs and opinions at the time the statements are made, and there should be no expectation that such forward-looking information will be updated or supplemented as a result of new information, estimates or opinions, future

results or otherwise, and Pelham disclaims any obligation to do so, except as required by applicable law.

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<sup>1</sup> Comparators: 18 Canadian reporting issuers in the mining sector (nine TSX-listed and nine TSX-V listed, with similar market cap and total assets to Nickel 28).

<sup>2</sup> Based on an analysis of the photos posted to the - currently public - account @anthony.milewski between January 25, 2022 and April 8, 2023

<sup>3</sup> For this analysis we took the last to be disclosed of (i) the \$1.92 per share "implied value" of a Nickel 28 share as per [Cobalt 27 Capital Corp.](#)'s filings; (ii) the average of the lowest two NPV values provided for Ramu in management's various presentations up until 2023 plus the acquisition cost of the Company's royalty portfolio; and (iii) \$5.75 since the Company's March 29, 2023 press release where they claimed the Company's assets would be valued at "almost" \$6.00 per share. We compared these values against the daily share price.

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