



October 14, 2019

PACIFIC RIM COBALT CORP.

(OTC – PCRCF)

Industry: Mining Exploration

Price Target: \$0.30

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Early Mover, Unique Pure Play on the EV Market Offers Huge Upside

Rob Goldman
rob@goldmanresearch.com

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COMPANY SNAPSHOT

Pacific Rim Cobalt Corp. is a Canadian-based exploration company focused on the acquisition and development of production grade nickel and cobalt deposits, along with key raw material inputs for the growing lithium-ion battery industry. The Company's flagship development project is in Indonesia.

KEY STATISTICS

Price as of 10/14/19	\$0.1153
52 Week High – Low	\$0.2593 - \$0.07
Est. Shares Outstanding	63.7M
Market Capitalization	\$7.3M
Average Volume	43,265
Exchange	OTCQB

COMPANY INFORMATION

Pacific Rim Cobalt Corp.
 Suite 300 Bellevue Centre
 235 - 15th St West
 Vancouver, BC V7T 2X1
 Canada

Web: www.PacificRimCobalt.com
 Email: admin@pacificrimcobalt.com
 Phone : 604.922.8272

INVESTMENT HIGHLIGHTS

PCRCF represents an early mover and pure play on some of the largest and most important themes in the resource industry. For example, the Company is a play on the use of nickel/cobalt in electric vehicle (EV) batteries, a huge growth driver.

With a project in Indonesia, the home of the world's largest production of nickel, PCRCF offers investors a unique opportunity with reduced geopolitical risk than is found in other developing nations. Toyota is spending \$2B to build EVs in the nation and that follows a major presence on the ground by other auto producers.

PCRCF could be viewed as a proxy for the symbiotic near shore relationship between Indonesia and China, the biggest buyer of nickel, Management has opened a biz dev office in Shanghai and signed a preliminary offtake agreement with a major player in China.

The flagship Cyclops project's shallow drilling program has already confirmed strong nickel and cobalt mineralization. PCRCF shall produce a maiden 43-101 resource estimate in the coming months, serving as a driver for the stock.

Our \$0.30 price target reflects the growth in the value of PCRCF's shares driven by a series of diverse milestone events in drilling, EVs, China, and growth in Indonesia. This figure also correlates with other junior resource companies in a similar stage as PCRCF. Moreover, we believe that as an early mover in a huge market, PCRCF could emerge as a classic takeover candidate.

COMPANY OVERVIEW

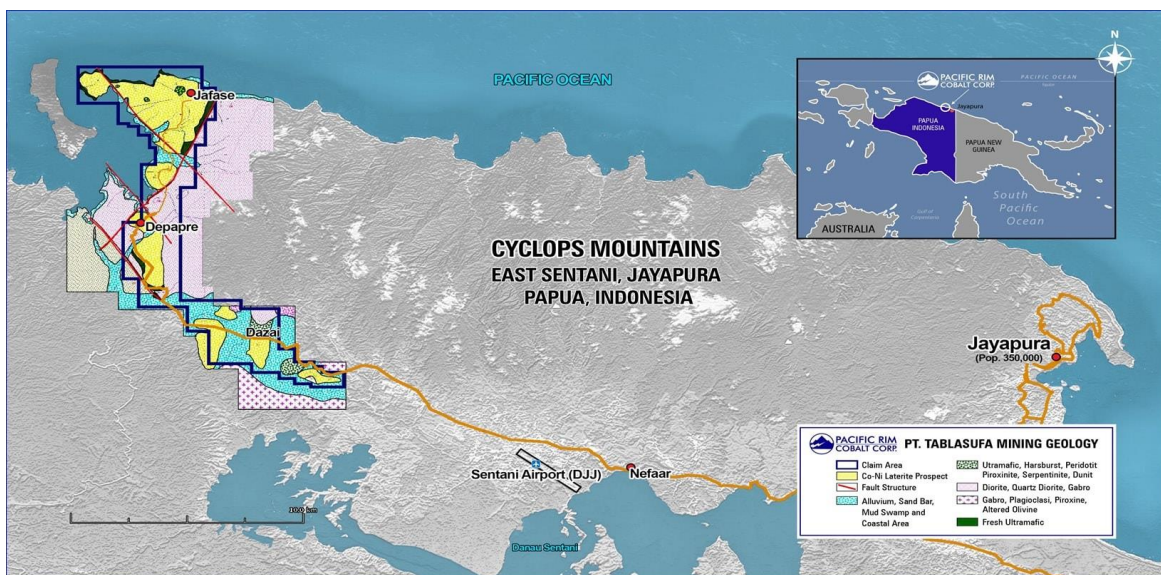
Our Take

Pacific Rim Cobalt Corp. (OTC – PCRCF) is a Canadian-based exploration company focused on the acquisition and development of production grade nickel and cobalt deposits, along with key raw material inputs for the growing lithium-ion battery industry. The Company’s flagship development project is in Indonesia. Historically, when investors would seek a proxy or proxies for certain resource plays, companies with projects in Indonesia may not top their lists. However, in the case of Pacific Rim Cobalt, investors would be making a huge mistake.

PCRCF isn’t just a play on a resource or an industry, it is likely the best way to play the industry’s role and China’s role in nickel use for EVs given recent and future developments. Moreover, as a unique, near-shore partner for some of the world’s largest users of nickel, and on the ground partner for some of the largest automotive manufacturers, companies like Pacific Rim Cobalt represent the most direct yet overlooked pure resource plays. In our view, it is a unique early mover, a regional play, a resource play, and a proxy for China and of course, the EV battery market.

The Background

The Company acquired 100% control of the Cyclops property in October 2017, with Mining and Environmental permits in place, was acquired in October 2017 following extensive due diligence on over 40 projects across Indonesia. This laterite nickel-cobalt project’s objective is to be part of the cathode material supply chain for the burgeoning battery manufacturing sector. The project benefits from excellent infrastructure providing ease of access to a local skilled workforce and is adjacent to deep tide water. Moreover, strong exploration results to date confirm the Company’s initial observations of the project’s exceptional potential.



The Cyclops Project area located in Papua Province, Indonesia, benefits from excellent infrastructure, including proximity to a work force and supplies, sealed roads, ocean access, nearby port facility, and gentle topography. The road system enables year-round access to the project and connects it with the large town of Sentani, located about 15 kilometers (kms) to the east, and with Jayapura, the capital city of Papua province, located about 40 kms to the east.

Over the past 18 months, the Company has rolled out a comprehensive, multi-faceted exploration and development program at Cyclops. This includes the launch of key initiatives within Indonesia and China, reinforcing the Company's plan to become a key regional player in the battery metals supply chain. Perhaps the most significant developments related to this goal are the opening of a business development office in Shanghai, thus establishing a full-time presence in China, and signing a preliminary offtake agreement with China's top battery metals supplier, Beijing Easpring Technology Material Co. Ltd.

One of the key recent milestones included September 2019 results from its ongoing 2019 shallow drilling program at its flagship Cyclops, nickel/cobalt development project. The drilling is part of a multi-faceted exploration program aimed at confirming historical results and guiding a project development plan. The latest round of drill results demonstrates elevated cobalt values of significant importance, considering the commodity's recent price increase and the role it plays in the battery metals supply chain. (More detail on these results can be found later in the report.

Nickel and EVs

Pacific Rim Cobalt benefits greatly from its Indonesia operations domicile as the nation is the largest producer of nickel and cobalt, its by-product, a key component of batteries used in electric vehicles. Moreover, the Company is a beneficiary of the nation's status as a near shore provider of the resource to China, the world's largest consumer of the metal. Hence, the business development and offtake relationships in China.

The near shore relationship status has become a boon to Indonesia and this will likely trickle down to companies such as Pacific Rim Cobalt as well. In the summer of 2019, Toyota announced it will spend \$2 billion to develop EVs in the nation. This event follows other car and diversified manufacturers seeking access to the resource and a new, burgeoning domestic market that is increasingly improving its regulations and labor laws to foster major investment.

As a result, multinational industry powerhouses such as Honda, Vale, China's Tsingshan Group, Hyundai and Hanwa have been pouring billions of dollars into the country in an effort to gain strategic advantage in the battery metals supply chain. The combination of the aforementioned fundamentals is placing Indonesia in the enviable position of potentially becoming the largest source of battery metals outside of Africa. Demand is high across the board and the metal could become scarce for its use in the EV market, making PCRCF's opportunity and value that much greater.

Looking Ahead

PCRCF plans to commence sample production of battery-grade nickel and cobalt cathode material for marketing purposes, as well as develop process flow design criteria for subsequent mini-pilot/pilot plant testing. Management continues to discuss its initial offtake agreement with Beijing Easpring and plans to meet with

representatives with the goal of finalizing the preliminary offtake agreement announced on July 11th, 2018. Importantly, sometime in the coming months, the Company will produce a maiden 43-101 resource estimate. In the meantime, we believe that the stock will be news-driven with respect to Company news, industry (resource and EV), and could be driven by regional business developments as well.

There are sizable publicly traded pure plays in this sector that include companies such as Cobalt 27 Capital (OTC – CBLLF). This rapidly evolving investment environment has also created promising potential for Pacific Rim Cobalt Corp, being an early mover and uniquely positioned geographically against peers across the globe. Also notable is Cobalt 27's recent acquisition of Highlands Pacific Limited giving it an 8.56% interest in the \$2.1 billion Ramu nickel mine located on the north coast of Papua New Guinea. The bottom line is that while a plethora of junior cobalt miners trade publicly at various market caps, most of which are markedly higher than PCRCF we believe that this under the radar firm offers unusual upside potential, vis-à-vis its publicly traded junior resource peers.

Our \$0.30 price target reflects the growth in the value of PCRCF's shares driven by milestone events such as the resource estimate, finalization of offtake agreement, future favorable test results, and the general rise in value of companies with operations in Indonesia, particularly with exposure to the EV market. This figure also correlates with other junior resource companies in a similar stage as PCRCF. Moreover, we believe that as investors actively seek early mover, overlooked opportunities with unique characteristics, PCRCF could emerge as a classic takeover candidate.

INDUSTRY OVERVIEW

The View From 30,000 Feet

According to the United States Geological Survey (USGS), for 2018, Indonesia generated more mine production of nickel than any other country on earth---and it's not even close. Indonesia's estimated 560,000 mt total dwarfs the next nation's output (Philippines @ 340,000). Plus, Indonesia boasts the largest estimated reserves of 21,000,000 mt as compared with Australia at 19,000,000 and Canada with an estimated 11,000,000 mt. (<https://prd-wret.s3-us-west-2.amazonaws.com/assets/palladium/production/atoms/files/mcs-2019-nicke.pdf>).

China is a smaller producer of the metal with less than 2,500,000 metric tons of reserves. It is, however, the largest buyer of nickel. According to a report by the International Nickel Study Group, 75% of the world's primary nickel consumed went into stainless and alloy steel products. Importantly, industry analysts project a significant increase in global nickel consumption in batteries for energy storage and electric vehicles—up from an estimated 4% in 2017, and it is this segment along with stainless steel products in which China is a major player.

	Mine production		Reserves ^a
	2017	2018 ^a	
United States	22,100	19,000	110,000
Australia	179,000	170,000	19,000,000
Brazil	78,600	80,000	11,000,000
Canada	214,000	160,000	2,700,000
China	103,000	110,000	2,800,000
Colombia	45,500	43,000	440,000
Cuba	52,800	53,000	5,500,000
Finland	34,600	46,000	NA
Guatemala	53,700	49,000	1,800,000
Indonesia	345,000	560,000	21,000,000
Madagascar	41,700	39,000	1,600,000
New Caledonia ¹⁰	215,000	210,000	—
Philippines	366,000	340,000	4,600,000
Russia	214,000	210,000	7,600,000
South Africa	48,400	44,000	3,700,000
Other countries	146,000	180,000	6,500,000
World total (rounded)	2,160,000	2,300,000	89,000,000

Figure 1: World Nickel Reserves by Country
 Source: USGS

Historically, nickel has always been a key cog in the industrial and commercial world. Today, nickel is used in over 300,000 products for consumers in the form of over 3000 alloys. It is also a high-end material used in construction, automobiles, petrochemicals, fabrication and welding, power and renewable energy, electronics, transportation and water sectors. In 2018, the estimated apparent primary nickel consumption stood at 124,000 mt and was valued at \$1.57 billion while according to the USGS, 2.3 million mt were produced. Ores of nickel are mined in over 33 countries and are smelted or refined in 25 countries.



Figure 2: Sample Nickel Deposits

Key producing states are Indonesia, Russia, Canada, New Caledonia, Australia, China, South Africa, Dominican Republic, Botswana, Columbia, Greece and Brazil. In recent years, Asia has served as the engine for growth of the production and usage of nickel, with China accounting for 53%.

Nickel is primarily sold for first use as refined metal (cathode, powder, briquet, etc.) or ferronickel. Nickel's biggest single use, about 65%, is in alloying - particularly with chromium and other metals to produce stainless and heat-resisting steels. Another 20% is used in other steels, non-ferrous alloys

(mixed with metals other than steel) and super alloys (metal mixtures designed to withstand extremely high temperatures and/or pressures, or have high conductivity) often for highly specialized industrial, aerospace and military applications. About 9% is used in plating to slow down corrosion and 6% is for other uses, including printing coins. Rechargeable nickel-hydride batteries are used in cell phones, video cameras, and other electronic devices. Nickel-cadmium batteries are used to power cordless tools and appliances.

Nickel and the EV

Nickel used in the battery sector is growing rapidly and it is used in various types of battery forms. These include Nickel-cadmium, Nickel-metal-hydride, Nickel-iron, Nickel-zinc, Nickel-hydrogen and Lithium-ion batteries which are named for their active material but often contain nickel material in their cathodes. Nickel is currently the most widely used metal after lead for off-grid energy storage batteries. With a high recyclability, the use of nickel in batteries is expected to continue to grow.

One of the major drivers behind demand for batteries has been a global pivot toward renewable energy sources, including a major transformation toward electrification underway in the automotive industry. Nearly every major auto manufacturer on the globe has been pushing the EV agenda in an effort to compete in the race for electric vehicle domination.

The battery supply chain is dominated by lithium-ion batteries requiring Nickel-Manganese-Cobalt (NMC) chemistries. Due to fierce competition and the need to drive prices lower to meet mass consumer demand, battery manufacturers are constantly looking to improve economies of scale. This drive for cost efficiency is resulting in ever-increasing nickel content in battery chemistries. The industry is in the process of moving from composition of 5-3-2 NMC to 6-2-2 NMC, and eventually 8-1-1 NMC.

As mostly a byproduct in the production of copper and nickel, the pricing often follows the demand of these primary metals, which can lead to both over-supply and under-supply as the demand for large Li-ion batteries increases. Cobalt was the first cathode material for commercial Li-ion batteries, and its relatively high price entices manufacturers to blend it with nickel, manganese and aluminum—but with cobalt remaining a key cog and high demand material. In fact, over 42% of all cobalt today is used for battery production. Why? Lithium cobalt oxide-based batteries provide high energy density— even higher than other lithium batteries. In fact, each lithium-ion battery contains 15 kilograms of cobalt chemicals. Separately, there has been considerable demand for it as a power source for smartphones, tablets, laptops, digital cameras and among others.

The Democratic Republic of Congo (DRC) accounted for over 58% of the worldwide production, which is par for the course, although China accounted for 80% of the world's cobalt chemicals. Given the ongoing volatile geopolitical climate in the DRC, supply concerns weigh heavy on investors' minds, which is great for Pacific Rim Cobalt.

Interestingly, in the next 20 years we could be nearing a nickel shortage—which is a major positive for Pacific Rim Cobalt. Here's why.

Battery producers are migrating toward using more nickel (and cobalt) in EV batteries, because doing so increases the battery's energy density, thereby extending the vehicle's range, according to a recent article written by The Market Oracle. The article cites the following critical assumptions by major financial prognosticators.

“According to BloombergNEF’s new long-term Electric Vehicle May 2019 Outlook by 2025 consumers will be buying 10 million EV’s and by 2040, 56 million. Globally, more than half of all new car sales will be electric by 2040. Andrew Cosgrove, senior mining and metals analyst for Bloomberg Intelligence at a recent conference

predicted that nickel demand in batteries could outpace that of stainless steel in absolute terms, adding as much as 900,000 additional tonnes per year by 2030. A June 2018 Wood Mackenzie report said EV batteries could consume 1.26 million tonnes of nickel by 2040, that's 13.69 times more nickel needed for batteries in just 20 years."

The bottom line is that since the majority of mined nickel today is used for stainless steel despite the fast-growing need in the battery segment, mined supply suitable for battery manufacture may fall woefully short, which is one of the primary reasons why nickel prices have been running significantly higher. As noted in the chart below, the most recent price for nickel is \$17,750/t.

To this end, noted financial firm Wood Mackenzie believes we could see prices over \$21,000/t by 2025 and we believe that it could happen sooner rather than later. Furthermore, lithium-ion batteries containing cobalt are primed to continue to power EVs for the 5-10 years, which bodes well for cobalt, which is typically sourced as a by-product of nickel.



Figure 3: Recent Nickel Prices

Indonesia & China: A Symbiotic Relationship

China's involvement and influence in the Indonesian resource sector and economy is direct and largely intertwined to such a degree that we view resource companies based in Indonesia as a proxy for China—in fact it may be the best way to play China's role in specific metals and the EV market. China has been locking

up supply of the critical metals needed for the electrification of the global transportation system and building the necessary refining capabilities needed to produce advanced batteries.

At present, China controls over 50% of the world's supply of lithium, and they refine at least 60% of the world's cobalt and as the largest purchaser of nickel, controls most of the world's supply of cobalt based lithium-ion batteries. In essence, China treats Indonesia as a near-shore, direct, primary source of both cobalt and nickel sulphide, which share the EV battery limelight. This is why Indonesia has been responsible for nearly 100% of the growth in exports since 2015 and has become the single largest exporter of charge nickel. It "all" goes to China. Evidence of this symbiotic relationship came to light recently when it was announced that China's nickel imports from Indonesia rose 26.5% for the month of August alone.

Indonesia is the Go-to Source to Play the EV Market

Putting its stamp as the go-to force in the nickel and cobalt markets for EVs in the region, Toyota will bolster its electric efforts by investing \$2 billion to develop electric vehicles (EVs) in Indonesia over the next four years. The country is a hotbed of EV activity, and Toyota could benefit from economies of scale. Other automakers, including Mitsubishi and Hyundai are also investing in Indonesia. Working in proximity to other automakers pursuing EV tech will lead to supply chain and infrastructure efficiencies than can drive down costs for components, such as batteries.

Clearly, Indonesia, not Canada or other regions, is the best way to play both China's role in nickel use for EVs but the industry as well, given recent and future developments. While the geopolitical risk may be higher than in developed nations, it is likely no different and may be lower than other developing nations. Moreover, as a near-shore partner for some of the world's largest users of nickel, and on the ground partner for some of the largest automotive manufacturers, companies like Pacific Rim Cobalt represent the most direct yet overlooked pure resource plays. In our view, it is a regional play, a resource play, and a proxy for China and the EV battery market.

PACIFIC RIM COBALT: RECENT DATA

Pacific Rim Cobalt Corp. continues to release impressive assay and test pit results confirming strong nickel and cobalt mineralization from its Cyclops Project, strategically located in a well-endowed nickel region of Indonesia, and in proximity to the world's largest battery market, China. In addition to its recent shallow drilling test results, some of the key initiatives include:

- Commenced the first work program since historical operators completed 856 holes and 26 test pits
- Completed 60+ drill holes to date which consistently demonstrate strong mineralization occurring from surface (up to 12m depth) with highlight intercepts such as; including intervals of; 6 meters of 2.28% Ni and 0.03% Co, 5 meters of 1.91% Ni and 0.03% Co, and 6 meters of 1.78% Ni and 0.06% Co.
- The Company's processing partner completed successful phase 1 and have commenced phase 2 of a bench-scale scoping program for the selection of a suitable process for recovery of nickel and cobalt from laterite material.
- Completed Nine test pits, ranging in depth from 1.7 meters to 6 meters, confirming elevated nickel mineralization.

However, in recent weeks, Pacific Rim Cobalt drilling confirmed significant, near surface Cobalt and nickel mineralization. The drilling is part of a multi-faceted exploration program aimed at confirming historical results and guiding a project development plan.

The total program involved the following:

- 75 drill holes varying in depth from 10 -29 meters
- 1019.5 meters drilled
- 898 samples assayed to date
- 51 Auger holes drilled to a depth of between 1 – 3 meters
- 11 test-pits completed for bulk sampling ranging in depth from 2 – 6 meters

Highlight Intersections include:

- 11 meters @ 0.89% nickel, 0.15% cobalt; from surface
- 8 meters @ 1.03% nickel, 0.29% cobalt; from surface
- 7 meters @ 1.19% nickel, 0.20% cobalt; from surface
- 8 meters @ 1.42% nickel, 0.16% cobalt; 2 meters from surface
- 10 meters @ 1.31% nickel, 0.15% cobalt; from surface
- 10 meters @ 0.80% nickel, 0.14% cobalt; from surface
- 10 meters @ 1.65% nickel, 0.12% cobalt; from surface
- 8 meters @ 0.96% nickel, 0.14% cobalt; from surface

As previously announced highly anomalous cobalt values together with elevated nickel were intersected in the near surface zone. These intersections were encountered in the limonite zone and form a continuous blanket over the entire 600 meter x 300 meter area drilled. This zone varies in thickness from 2 to 11 meters and immediately overlies previously reported nickel values in the saprolite zone and considerably enhances the potential size of the mineralized body of material.

PCFCF plans to commence sample production of battery-grade nickel and cobalt cathode material for marketing purposes, as well as develop process flow design criteria for subsequent mini-pilot/pilot plant testing. Importantly, sometime in the coming months, the Company will produce a maiden 43-101 resource estimate.

THE PACIFIC RIM COBALT EXECUTIVE TEAM

Ranjeet Sundher – President, CEO & Director

Mr. Sundher is the President of Canrim Ventures Ltd., a Singaporean advisory firm specializing in early stage project finance and structure and has raised over \$40 million for companies in which he was a founder/partner. Ranjeet has over 20 years of capital markets experience and has developed and sold several successful private and public companies. Previously founded Indogold Exploration, a Jakarta-based mining service firm.

Steve Vanry, CFA – CFO & Director

Mr. Vanry has 25-years professional experience in senior management positions with public and private companies, providing expertise in capital markets, strategic planning, corporate finance, mergers and acquisitions, regulatory compliance, accounting and financial reporting. His breadth of experience spans various industries, including; mining, oil and gas, renewable energy, high-technology and manufacturing. Mr. Vanry regularly consults for other listed companies in the role of director and/or senior executive. He holds the right to use the Chartered Finance Analyst (CFA) and Canadian Investment Manager (CIM) designations and is a member of the CFA Institute and the Vancouver Society of Financial Analysts.

Andre Talaska – Country Manager and Technical Supervisor

Mr. Talaska has over 30 years of experience in the mining and exploration industry. He has held senior positions with several companies both in Australia and SE Asia. In these roles he has extensive experience in project identification, open pit and underground mining, value adding and optimizing of mining operations and management of geological teams in the production and exploration environment. The above included the sourcing of cobalt rich ore suitable for direct feed to the Kambalda Nickel Smelter and led to the discovery of multiple Ni-Co laterites including the Bulong Ni-Co project.

Alwi Nabil – Country Financial Controller

Mr. Nabil has over 20 years of experience in finance and accounting with multinational and local Indonesian companies with a strong focus on the resources industry.

Dina Zaenab – Project Administrator of Geological Activities

Ms. Zaenab has over 10 years of experience in all aspects of explorations for a variety of mineral commodities. She specializes in administration data base management and information technology.

Garry Clark – Director

Mr. Clark is the Executive Director of the Ontario Prospectors Association (OPA). He has been a Director, Vice President or President of OPA since its formation in the early 1990s. Mr. Clark currently serves on the Minister of Mines Mining Act Advisory Committee (Ontario) and the Ontario Geological Survey Advisory Board. He graduated with an HBS (Geology) from Lakehead University, Thunder Bay. Mr. Clark brings to the company extensive experience in managing large scale exploration and development programs internationally including Asia and North America. In addition to over 30 years of consulting experience, he held geological positions with a number of mining companies and has served as a director of other TSX Venture Exchange listed companies including his current position and NexOptic Technology Corp. and US Cobalt Inc. (USCO.V)

Tim Johnston – Director

Mr. Johnston is President and Chief Executive Officer of Desert Lion Energy, a company developing the first large scale lithium mine in Namibia. He was formerly Hatch's specialist in project management and transactional analysis for their global lithium and battery business. During his time with Hatch, he evaluated

hundreds of battery metals projects, and managed the development of battery metals projects around the world for Lion Ore, Vale, Xstrata, SQM, Rockwood Lithium (Albemarle), Bacanora Minerals, AMG-NV, Rio Tinto, Galaxy Resources and other key developers. He has co-authored 7 technical publications with a focus on project execution. Mr. Johnston is a chartered professional engineer (CPEng) and CFA charter holder.

Sean Bromley – Director

Mr. Bromley works in corporate finance at a boutique merchant bank. A former investment advisor with experience working with public companies, he is currently a director of White Gold Resources (WGO.V).

Geoffrey Baille Fielding – Director

Geoffrey was educated at the Sorbonne in Paris and has an LLB from the Faculty of Law at the London School of Economics. He was an equity partner at Grenfell & Colegrave, one of the oldest City of London Stockholding firms before the company was acquired by CIBC, Canada's largest retail bank. As a London Director of CIBC's Investment Division, Geoffrey founded up the overseas investment division in the Caribbean where he built up and managed funds of over US\$ 1 billion in 3 years. In 2007, Geoffrey moved to Southeast Asia where he is now based. He is currently President and CEO of All State Asset Management in Asia, a Chinese asset investment management company. And is Chairman of Wealth Technology Limited, A Malaysian wealth fund. Mr. Fielding advises both these companies on investment opportunities as well as several other Hong Kong and International clients.

FINANCIALS

Interestingly, investors should feel confident regarding the Company's prospects based on financial management alone. Management has been very prudent with spending and based on drilling and other results they are clearly maximizing its funding. For example, quarterly spending on operating expenses for the last four quarters have stayed generally the same, averaging roughly \$763,000 per period, with a high of \$987,000 and low of \$590,000. In our view, this approach demonstrates that leadership is taking a staged approach with the knowledge that meaningful returns are around the corner. To underscore our thesis on this subject, Pacific Rim Cobalt has essentially no long-term debt and little debt at all aside from typical accounts payable. This is a huge plus and an extremely rare occurrence for junior miners. Of course, just about everything with Pacific Rim Cobalt is unique, from geography, positioning, post-mining relationships, leadership, to financial management. Thus, our investment thesis continues to be bolstered and confirmed.

RISK FACTORS

In our view, FE's biggest risks relate to exploration and development including results from future nickel and cobalt capital project programs, resource estimates and technical/economic studies. However, in our view, this risk is largely mitigated by the historical and initial cobalt discovery and mineralization in the Cyclops Project, along with the experience of PCRCF's leadership team and history of successes. Changes in supply/demand/pricing are typical future concerns and are also consistent with firms of PCRCF's size and standing.

Investing in companies whose operations are in developing nations always carry varying levels of geopolitical risk. In our view, given the recent developments with Toyota and other car manufacturers, along with its world-leading nickel production status and high exports, the risk is mitigated and likely carries the same or less risk as most other developing nations.

Volatility and liquidity are typical concerns for microcap stocks that trade on the stock market, especially those that are not generating revenue. Finally, the shares outstanding of this stock could increase due to potential capital and exploration needs or to execute future property acquisitions. However, since the proceeds of any future funding would be used in large part to advance exploration and development efforts, we believe that any dilutive effect from such a funding would be more than offset by related increases in market value.

CONCLUSION

PCRCF represents an early mover and pure play on some of the largest and most important themes in the resource industry. For example, the Company is a play on the use of nickel/cobalt in electric vehicle (EV) batteries, a huge growth driver. With a project in Indonesia, the home of the world's largest production of nickel, PCRCF offers investors a unique opportunity with reduced geopolitical risk than is found in other developing nations. Toyota is spending \$2B to build EVs in the nation and that follows a major presence on the ground by other auto producers.

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RECENT TRADING HISTORY FOR PCRCF

(Source: www.StockTA.com)





SENIOR ANALYST: ROBERT GOLDMAN

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 25 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

ANALYST CERTIFICATION

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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