

Fathom Nickel Inc.

Rottenstone High-Grade Extended, Island Showing Yields First Ultramafic Ni-Sulphide outside of Historic Rottenstone Deposit

FNI-CSE: \$0.51
Watch List
N/A Target

Event: We are adding **Fathom Nickel** to our formal **Watch List** following the recent listing of shares on the Canadian Securities Exchange via an Initial Public Offering in which Echelon acted as an agent. FNI's flagship asset is the 100%-owned Albert Lake Ni-Cu-Co-PGM project in northern Saskatchewan. The project centres on the formerly producing (1965-69) very high-grade Rottenstone open-pit mine, which reportedly yielded 26,000 tonnes averaging **3.23% Ni, 1.83% Cu, and 9.63g/t Pd-Pt and Au** (mined from a total historic, non-43-101 compliant resource of 45,400-54,400 tonnes at **2.0% Ni, 1.0% Cu and 5.5g/t Pd-Pt and Rh**), with the resulting concentrate transported to INCO's Copper Cliff refinery in Sudbury.

Projected Return: NA
C\$, unless otherwise stated

Winter Drilling Extends Rottenstone High-Grade and Turns up a New Target: FNI recently reported results from a nine-hole, 1,200m winter drill campaign at Albert Lake, with the drilling confirming an extension to the historic Rottenstone deposit, highlighted by:

- Hole AL21017 — 18.08m (from 8.65m down hole) at 0.68% Ni, 0.51% Cu, 0.02% Co and 1.39g/t Pd-Pt, including **1.48m (10.95m) of 2.29% Ni, 1.68% Cu, 0.07% Co and 3.6g/t Pd-Pt**; and
- Hole AL21024 — 7.47m (4.5m) at 1.06% Ni, 0.88% Cu, 0.03% Co and 4.36g/t PGE, including **1.01m (9.76m) of 1.71% Ni, 1.21% Cu, 0.05% Co, 1.94g/t Pd and 18.10 g/t Pt**.

The drilling extended Rottenstone-type mineralization ~40m to the S-SW of the historic mine, where it remains open. Still, FNI notes that expanding the Rottenstone deposit is not the focus of ongoing exploration — instead, the drilling was aimed at better establishing the fingerprint of the geologic setting and zonation of the deposit (grading outwards from a higher-grade net-textured core) and applying that to other targets.

A New Fingerprint at the Island Showing? By example, FNI highlights hole AL21021, ~550m NNW of the Rottenstone mine (Exhibits 2-5), which represents the **first-ever intersection of significant ultramafic, Ni-sulphide mineralization outside of the historic deposit**. While the hole yielded lower-grade mineralization (9.23m 0.20% Ni, 0.11% Cu, 0.01% Co and 0.14g/t Pd-Pt from 136.32m down hole), FNI notes that hole FMRS16-003 (<10m from the historic mine) returned very similar grades (5.07m at 0.2% Ni, 0.09% Cu and 0.01% Co) and mineral composition, suggesting that the former hole may represent a **vector to proximal higher-grade mineralization**. Importantly, borehole electromagnetic (BHEM) surveying and modelling of the discovery indicate a **plunging body increasing in conductivity toward the south, potentially indicating increased mineralization in that direction**. Follow-up is planned via **ice-based drilling**. We also highlight that the 9.23m interval in hole AL21021 also included an interval of **pegmatitic dyke, which is also commonly seen at Rottenstone**.

Looking Ahead: FNI recently began a summer/fall exploration program, which will include airborne TEM surveying (1,500 line-km) over key targets including the Island Showing discovery. Plans also include extensive mapping, sampling, prospecting, and B-horizon soil geochemical surveying. FNI will also target several historic holes for initial probing and re-probing with BHEM. Resulting targets will be tested by a two-phase **5,000m drill program beginning in late August and continuing through the start of winter freeze-up at the end of October**. Importantly, FNI also notes that the drill contractor has agreed to leave the drill rig onsite through the end of April 2022, thereby eliminating both the cost and possible delays in a second rig mobilization/demobilization.

Market Data

Market Capitalization (\$M)	23.1
Net Debt (\$M)	na
Cash & Equivalents (\$M)	8.1
Debt (\$M)	0.0
Enterprise Value (\$M)	15.0
Basic Shares O/S (M)	45.3
Fully Diluted Shares O/S (M)	56.3
Avg. Daily Volume (K)	161.3
52 Week Range	\$0.48 - \$0.88

Management

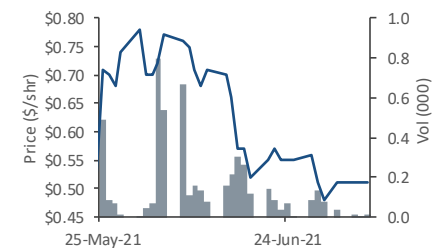
Pres., CEO & Dir.	Brad Van Den Bussche
VP Exploration, Dir.	Ian Fraser
CFO	Doug Porter
Corp. Dev.	Manish Grigo
Director	Eugene Chen
Director	John Morgan
Director	Mark Cummings

Risks

Exploration Risk	Exploration Drilling - 2021
Commodity Price Risk	Q321 - 2,000m
Jurisdictional Risk	Q421 - 3,000m

Company Description

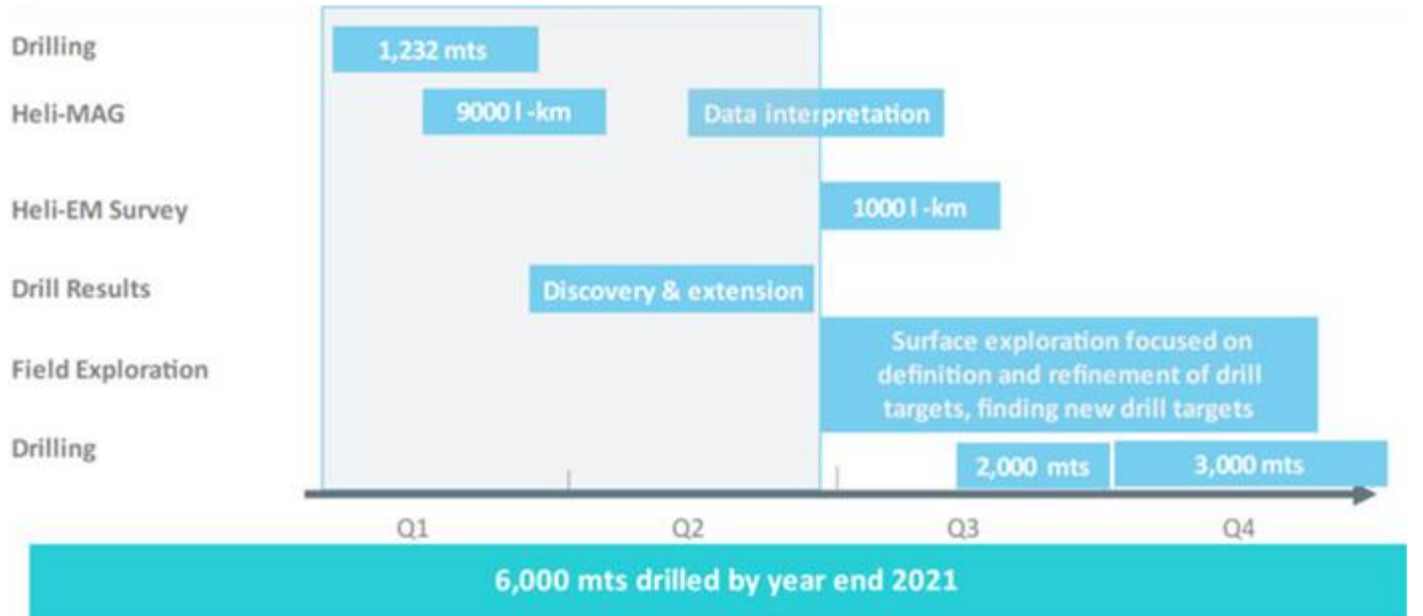
Fathom Nickel Inc. is a junior resource exploration company focussed on high-grade nickel sulfide projects for use in the rapidly growing global electric vehicle market. The Company is accelerating exploration on its flagship Albert Lake Project, host to the historic Rottenstone mine, which is recognized as one of the highest-grade (Nickel, Copper, PGE) deposits of its type ever mined in Canada. The Albert Lake Project consists of 90,127 Ha of mineral claims located in north-central Saskatchewan, Canada.



Source: FactSet and Company Reports

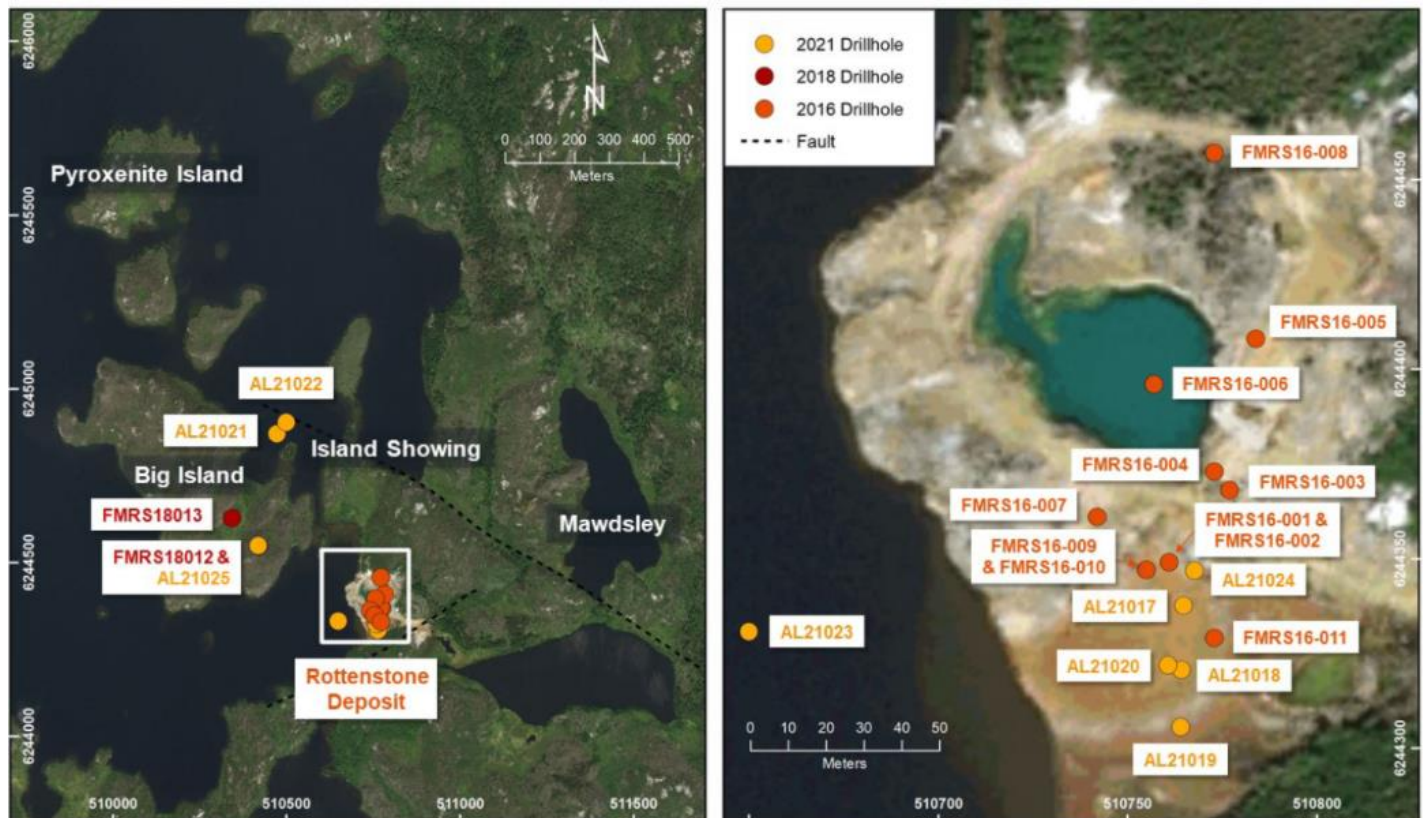
H221 Plans: The H221 drill program will target the Mawdsley and Island Showing extension and several BHEM anomalies on the Big Island. Plans also call for hole AL21025 to be deepened and test northerly (100-200m) extension of the Rottenstone mine area. FNI plans to resume ice-based drilling in late January 2022, following freeze-up.

Exhibit 1 — 2021 Exploration Program



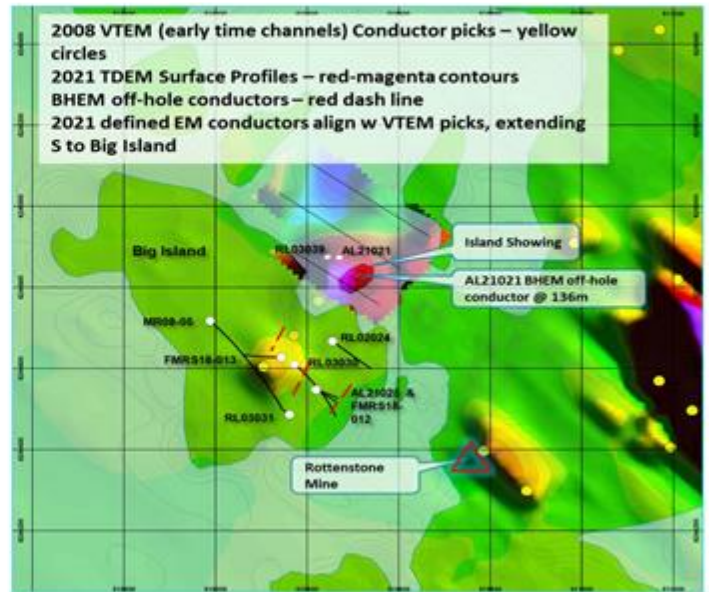
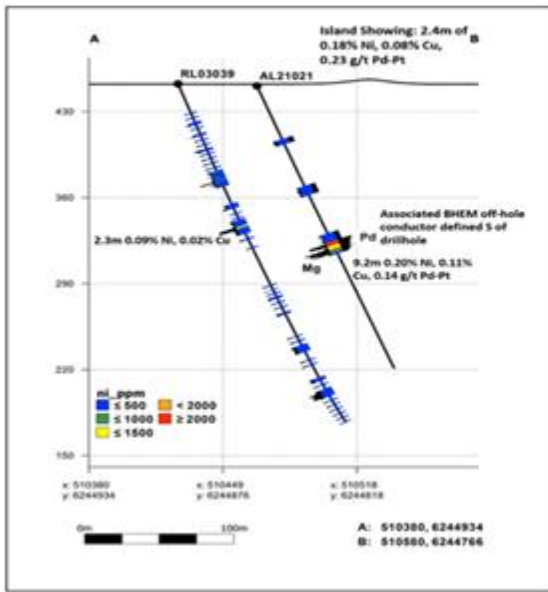
Source: Fathom Nickel Inc.

Exhibit 2 — Rottenstone Extended and a New Zone of Ultramafic Ni-Sulphide Mineralization Encountered



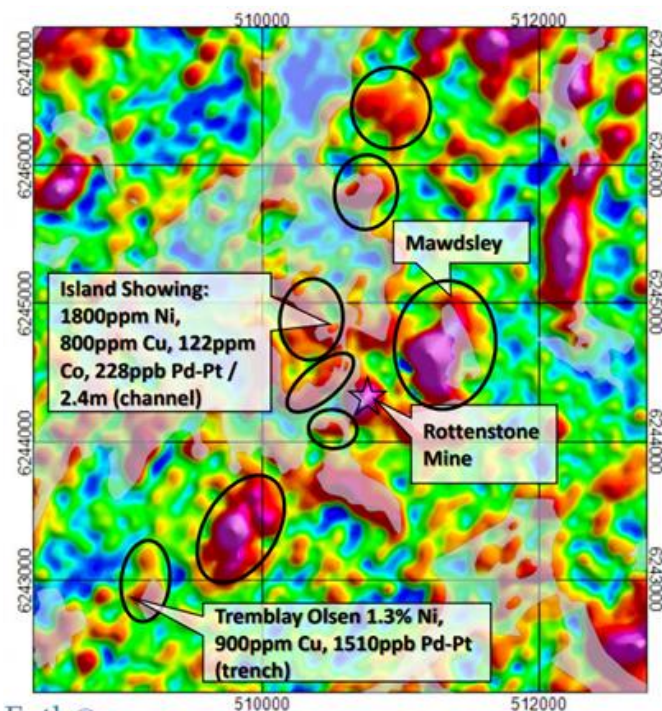
Source: Fathom Nickel Inc.

Exhibit 3 — Island Discovery — BHEM Conductor Suggests Increased Mineralization to the South



Source: Fathom Nickel Inc.

Exhibit 4 — Magnetic Targets for Summer Drilling



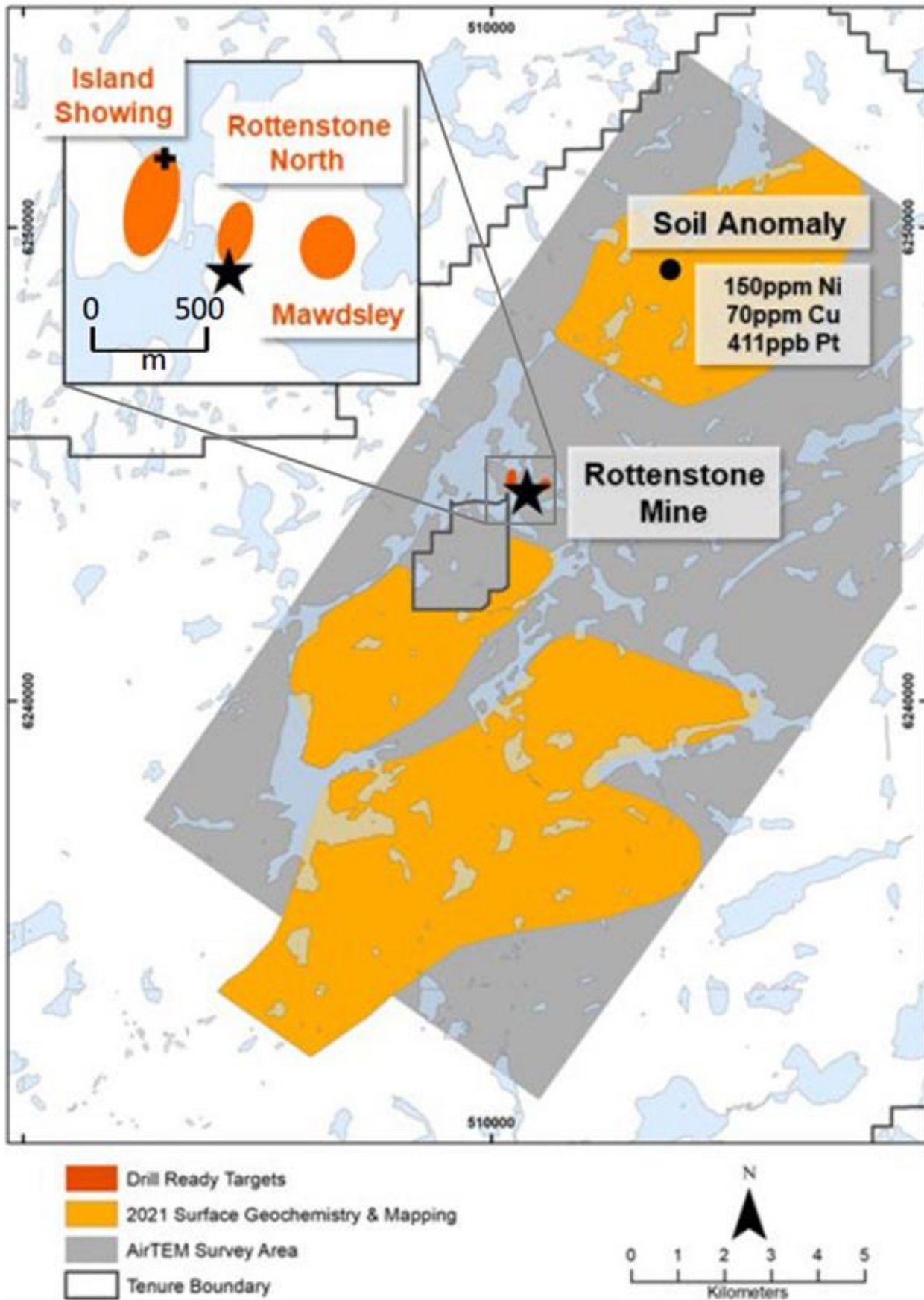
Source: Fathom Nickel Inc.

Analytical Signal (AS) from 2021 heli-gradient MAG survey

- Significant MAG-high remaining at associated with historic Rottenstone deposit
- South-southwest extension of Rottenstone deposit confirmed by Fathom drill programs
- Very similar MAG-high associated with Tremblay Olson Showing 2.2km southwest of Rottenstone Deposit
- MAG-high associated with Island Showing area drill tested Q1 2021
- Numerous MAG-highs along northeast lineament Tremblay Olson – Mawdsley
- Mawdsley summer 2021 drill target
- MAG-high associated, strong off-hole BHEM conductors occurring 400m west of Rottenstone Deposit, summer 2021 drill target
- Numerous other Rottenstone-like MAG high features will be ground proofed and elevated to potential Drill Targets in 2021

Targets display similar MAG signature to Rottenstone

Exhibit 5 – 2021 Summer/Fall Exploration and Drill Targets



Source: Fathom Nickel Inc.

Exhibit 6 — Rottenstone Grades in Perspective

			Producers						Exploration							
			Fathom Historic Rottenstone Mine		Norilsk Ore (MCX: GMKN)		Glencore Raglan Ore (LON: GLEN)		Vale Voisey's Bay Ore (BVMF: VALE3)		Waterton Dumont Project (TSE: KRR)		Nickel Creek Platinum Nickel Shaw Project (TSX-NCP)		Canada Nickel Crawford Project (TSX:CNC)	
Metal Unit	Price \$ USD	Grade	Units	% G/Tonne	% G/Tonne	% G/Tonne	% G/Tonne	% G/Tonne	% G/Tonne	% G/Tonne	% G/Tonne	% G/Tonne	% G/Tonne	% G/Tonne	% G/Tonne	
Ni	lb \$8.15	3.23	%	1.77	%	3.34	%	1.63	%	0.27	%	0.26	%	0.29	%	
Cu	lb \$4.45	1.83	%	3.57	%	0.95	%	0.85	%	-	%	0.16	%	-	%	
Co	lb \$19.81	0.097	%	0.06	%	0.07	%	0.09	%	0.01	%	0.02	%	0.01	%	
Pt	oz \$1,156	4.70	g/t	1.84	g/t	0.96	g/t	0.2	g/t	0.01	g/t	0.25	g/t	0.01	g/t	
Pd	oz \$2,838	3.90	g/t	7.31	g/t	2.37	g/t	0.2	g/t	0.02	g/t	0.26	g/t	0.03	g/t	
Rh	oz \$22,092	0.20	g/t	-	g/t	-	g/t	-	g/t	-	g/t	-	g/t	-	g/t	
Au	oz \$1,894	1.03	g/t	0.5	g/t	-	g/t	-	g/t	-	g/t	0.04	g/t	-	g/t	

Source: Fathom Nickel Inc.

Albert Lake Overview

The Albert Lake property is located ~500km NE of Saskatoon and 135km N-NE of La Ronge in northern Saskatchewan. La Ronge represents a full-service centre for exploration in the region and offers daily flights to and from Saskatoon. The nearest community to the property is the hamlet of Missinipe, 83km to the south. The project comprises 27 mineral claims covering an area of 90,127 ha. Exploration is currently supported by helicopter and fixed-wing aircraft. A 14-person camp built at the historic mine site in 2018 remains in place. FNI was granted an exploration and diamond drilling permit in January 2021. An 11,783ha portion of the property is subject to a 2% NSR royalty, which FNI can halve for \$1M; another 1,348ha portion is covered by a 1% NSR royalty which FNI can acquire for \$500,000.

Geology & Mineralization

Regionally, the Albert Lake property lies within the Rottenstone Domain of the Proterozoic Trans-Hudson orogenic belt — a major orogenic belt stretching from the US through Canada and into Greenland. The Rottenstone Domain comprises a broad belt of early- to late-syntectonic, NE-trending arcuate tonalite to granite intrusive rocks with associated injection migmatites. At the property scale, the complex geology is dominated by NE-striking, NW-dipping meta-tonalite-trondhjemite-pelitic migmatite complex of Paleoproterozoic age. The central part of the property is generally divided into two phase granitoids and supracrustal rocks. The ultramafic intrusions that host the Rottenstone deposit, the Tremblay-Olson showing, and other known ultramafic occurrences occur within metasedimentary supracrustal rocks. The Rottenstone deposit occurs within a harzburgite-orthopyroxenite sill-like body. The Tremblay-Olson Showing occurring 2.5km southwest of the Rottenstone deposit occurs within a pyroxenite.

Several obvious NW-SE lineaments cut the property, suggesting deep-rooted multi-phase faults and shears. The significant Fraser Fault occurs in the Rottenstone deposit area, with the deposit sitting in the immediate hanging wall of the fault, suggesting the fault may have acted as the conduit for the ultramafic host. The fault could also be interpreted to have truncated the deposit, suggesting the potential for more Rottenstone-type mineralization at depth in the footwall.

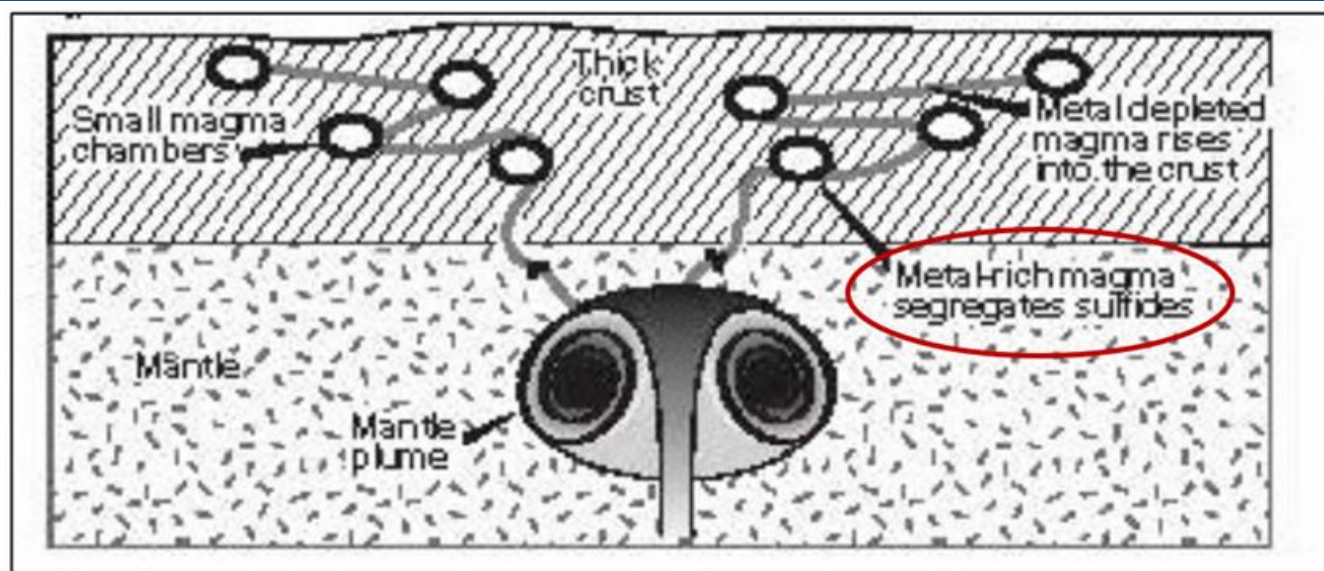
Mineralization: Three styles of mineralization occur at Albert Lake:

- Type 1: Disseminated and stringer pyrrhotite with minor pyrite and rare chalcopyrite and fine disseminated graphite in the host migmatite complex (metasedimentary supracrustal rocks);
- Type 2: Semi-massive to massive pyrrhotite with lesser pyrite and chalcopyrite within the metasedimentary assemblages. Locally, these formational sulphides can have strike length, exceeding 1km.

- **Type 3: Rottenstone-style of mineralization containing up to 50% sulphides in the form of pyrrhotite and lesser chalcopyrite. Most of the mineralization occurs in the form of dense net-textured sulphides consisting of pyrrhotite, pentlandite, and chalcopyrite.**

A healthy plumbing system. The Rottenstone deposit is unique exhibiting precious metal grades much higher than ores of most deposits of this type. The high sulphide content of the ore in such a small ultramafic body is rare and indicative of a much larger magma chamber. Indeed, it is believed that to generate such high grades (with such a high sulphide content), the sulphides must have equilibrated with a large volume of magma to allow the sulphides to scavenge Ni, Cu, Co, and PGEs. As such, that would suggest that Rottenstone is part of a large magmatic system. It is believed that the Rottenstone deposit may have formed as one of several pods of metal-enriched magma chambers occurring within the supracrustal rocks (similar in concept to Glencore’s Raglan Ni-Cu mine in Quebec).

Exhibit 7 — Potential Rottenstone Deposit Formation Scenario



Source: Company Reports, after Barnes and Lightfoot (2005)

Balance Sheet & Capital Requirements

FNI’s current cash position is ~\$8.1M. The Company currently has 45.3M shares outstanding and 4.07M options outstanding that can be exercised at various times until March 2026. If exercised, the options would represent an equity capital inflow of \$2.85M. The Company has an additional 6.89M warrants exercisable at various times until May 2023. Fully exercised, the warrants represent an equity capital inflow of \$6.9M. All the options and warrants are currently out-of-the-money.

Exhibit 8 — Corporate Capital Structure

	Shares	%
Management & Insiders	6,665,562	11.80%
Investors - Retail	24,102,831	42.80%
Investors - Institutional	14,543,000	25.80%
Total Basic Shares Outstanding	45,311,393	80.50%
Management & Insider Options	3,000,000	5.30%
Broker Options	1,071,699	1.90%
Warrants	6,894,349	12.30%
Fully Diluted Shares	56,277,441	100.00%

Source: Company Reports

Management & Board of Directors

Exhibit 9 — Management & Board Members

Management & Technical Advisors	Board of Directors
Brad Van Den Bussche - Pres., CEO & Dir.	Eugene Chen- Director
Ian Fraser- VP Exploration, Dir.	John Morgan- Director
Doug Porter- CFO	Mark Cummings- Director
Manish Grigo- Corp. Dev.	

Source: Company Reports

Exhibit 10 — Insider Holdings and Transactions (Last Six Months) Summary

Insider	Position	Shares	% of S/O
Brad Van Den Bussche	Pres., CEO & Dir.	1,909	4.2126
Ian Fraser	VP Exploration, Dir.	1,694	3.739
Douglas Martin Porter	CFO	1,217	2.6864
Mark Cummings	Director	938	2.069
John Robert Morgan	Director	729	1.6092

Date of Transaction	Insider Name	Ownership Type	Securities	Nature of transaction	Volume or Value
2021-05-13	Fraser, Ian	Indirect Ownership	Special Warrants	Opening Balance-Initial SEDI Report	5,500
2021-05-13	Fraser, Ian	Indirect Ownership	Common Shares	Opening Balance-Initial SEDI Report	417,942
2021-05-13	Fraser, Ian	Direct Ownership	Rights (RSU)	Opening Balance-Initial SEDI Report	35,000
2021-05-13	Fraser, Ian	Direct Ownership	Options	Opening Balance-Initial SEDI Report	700,000
2021-05-13	Fraser, Ian	Direct Ownership	Common Shares	Opening Balance-Initial SEDI Report	1,276,250
2021-05-13	Porter, Douglas Martin	Direct Ownership	Rights (RSU)	Opening Balance-Initial SEDI Report	25,000
2021-05-13	Porter, Douglas Martin	Direct Ownership	Options	Opening Balance-Initial SEDI Report	500,000
2021-05-13	Porter, Douglas Martin	Indirect Ownership	Special Warrants	Opening Balance-Initial SEDI Report	3,687
2021-05-13	Porter, Douglas Martin	Indirect Ownership	Common Shares	Opening Balance-Initial SEDI Report	901,250
2021-05-13	Porter, Douglas Martin	Direct Ownership	Common Shares	Opening Balance-Initial SEDI Report	316,000

Source: FactSet, Canadian Insider

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Company: Fathom Nickel Inc. | FNI:CSE

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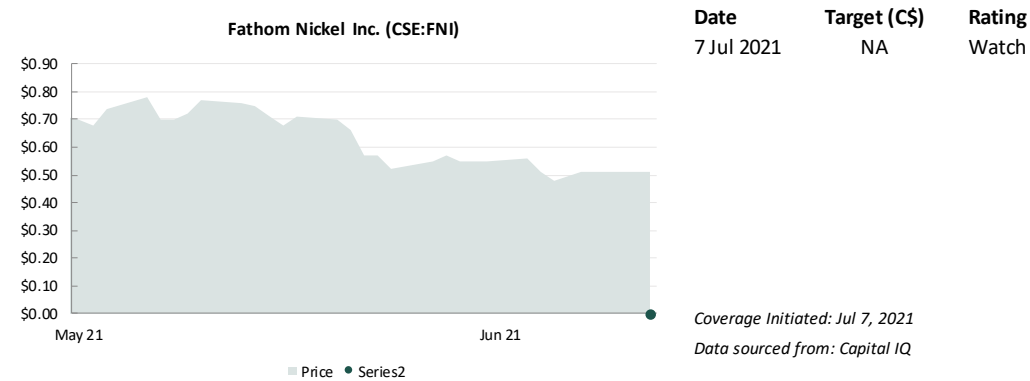
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Buy	The security represents attractive relative value and is expected to appreciate significantly from the current price over the next 12 month time horizon.
Speculative Buy	The security is considered a BUY but in the analyst’s opinion possesses certain operational and/or financial risks that are higher than average.
Hold	The security represents fair value and no material appreciation is expected over the next 12-18 month time horizon.
Sell	The security represents poor value and is expected to depreciate over the next 12 month time horizon.
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% of Total (excluding Restricted)	24%	30%	1%	0%	45%		
Number of investment banking relationships	15	25	0	0	14	1	0
% of Total (excluding Restricted)	28%	46%	0%	0%	26%		

PRICE CHART, RATING & PRICE TARGET HISTORY



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