

# Talon Metals Corp.

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## Talon Metals says its Tamarack nickel project could become a strategic source of US supply for the electric vehicle battery market

Talon Metals Corp (TSE:TLO) (OTCPINK:TLOFF) is advancing the polymetallic Tamarack project in Minnesota, one of the only undeveloped nickel projects in the US.

With nickel sitting in the spotlight after Tesla founder Elon Musk's call for more production, Toronto-based Talon believes Tamarack could become a strategic source of supply for the electric vehicle (EV) battery market, given its location. What's more, the coronavirus (COVID-19) pandemic is highlighting the need to focus on domestic supply chains. Tamarack could be one of the only options for nickel if EV raw materials are going to be sourced from the US.

In an exclusive interview with Proactive, Talon president Sean Werger discusses the project's upside, the Rio Tinto connection and Tamarack's unique position in the global nickel industry.

### What drew you and the team to Tamarack and Minnesota?

The high grades drew us to the project, and the fact that it's in an excellent, stable jurisdiction. The high-grade zone at Tamarack runs between 4-8% nickel and 2-4% copper. To put this into perspective, the average global underground nickel project currently has an approximate nickel grade of 1% nickel. You can count on one hand the number of high-grade nickel sulphide discoveries globally over the last decade or so that are not already in the hands of majors - they're few and far between. Ultimately, even Tamarack's "low-grade zone" (approximately 0.6-1% nickel plus byproduct metals) is considered to be high-grade compared to most other nickel projects. This suggests that Tamarack will be a low-cost producer that will be economic in virtually any nickel environment. Unlike most other nickel projects, we are not reliant upon the nickel price to increase significantly for the Tamarack Project to work.

### There's a lot of upside to the project. Just how big could it get?

The Tamarack complex is huge - it's 18 kilometres of strike length. The current resource sits on less than one kilometre of the complex. Having said that, there is plenty of evidence showing additional mineralization outside of the resource area. For example, we have hit 9.95% nickel three kilometres to the north of the resource and 3.67% nickel one kilometre to the south of the resource area. Most recently, we ran a geophysics program both to the north and south of the resource area to try and find indications of additional mineralization outside of the resource area. Based on the results of the geophysics, we believe we have numerous excellent new targets well outside the resource area. Our plan is to drill some of these targets in the upcoming drill program, which is expected to commence in August. We already have a 43-101 compliant resource of 3.639 million tonnes in the indicated category, and an additional 4.382 million tonnes in the inferred category, so the project is already quite valuable. Our near-term goal is to try and double this. Given the strike length and occurrence of nickel north and south of the existing resource, we can see the project being even bigger than that.

**Price:** 0.33

**Market Cap:** \$184.15 m

#### 1 Year Share Price Graph



December 2019 June 2020 December 20

#### Share Information

**Code:** TLO

**Listing:** TSX

**52 week High Low**  
0.43 0.075

**Sector:** Mining

**Website:** [www.talonmetals.com](http://www.talonmetals.com)

#### Company Synopsis:

Talon is a TSX-listed base metals company in a joint venture with Rio Tinto on the high-grade Tamarack Nickel-Copper-Cobalt Project located in Minnesota, USA, comprised of the Tamarack North Project and the Tamarack South Project. Talon has an earn-in right to acquire up to 60% of the Tamarack Project.

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**Rio Tinto's involvement in the project is certainly notable and sets Talon apart from many joint-ventured juniors. How would you characterize their level of involvement and what benefits do you get from having such a unique joint venture with one of the largest miners in the world?**

Rio Tinto is very much an active partner and adds tremendous value. Rio Tinto has allowed Talon to retain some of Rio's key employees on the project. Talon's current head of exploration is a full-time Rio Tinto employee, who has been on the Tamarack Project for many years. This enables Talon to have the bench strength of a major mining company, while still being able to be as nimble as a junior company. Talon also has the benefit of all of the historical work conducted on the project by a top exploration team. In fact, the very same Rio Tinto team that operated Tamarack is the same team that discovered and operated Eagle (Michigan) prior to its sale to Lundin Mining. We also hold quarterly technical meetings with Rio Tinto where we share ideas, and devise a collective operational strategy for the project going forward.

One of the questions we often get is whether Rio Tinto has some sort of "back-in right," and the answer is no.

**On the commodity side, the price of nickel has been doing really well even though electric vehicle sales tapered off last year. What's your outlook on nickel in the near term?**

We are bullish on the price of nickel - whether it be because of anticipated increased uses for stainless steel, or the growing electric vehicle market. Having said that, the great thing about the Tamarack Project is that we are not reliant upon the price of nickel going up a lot for the project to be economic. For example, at a \$6.75 nickel price and \$2.75 copper price, the after-tax IRR of the project is 27%. Because of the high-grades and the simple metallurgy, we expect Tamarack to be a low-cost producer that will be economic in virtually any nickel environment. If the price of nickel goes up, this is just further benefits Talon.

**What are some catalysts that shareholders can expect over the next three-to-six months?**

Our drill program in August will test numerous exciting targets well outside of the one-kilometre resource area that was identified through geophysics. Our goal is to make a new discovery at Tamarack. In addition to the drill program, we are also finalizing the flow sheet to potentially produce a sulphate, which is required for lithium-ion batteries for electric vehicles. Once the flow sheet is completed, we will examine and report the economics associated with producing for the electric vehicle market (sulphate), as compared to producing for the stainless steel market (concentrate). We expect this work to be completed in the third quarter of 2020.

**Where do you want to see Talon positioned in the next few years?**

In the coming years, we expect that the product to be produced from Tamarack (concentrate or sulphate) to be in demand. More particularly, we expect a tug-of-war between the electric vehicle market and the more traditional stainless steel market for nickel supply. Further, given that Tamarack is one of the only undeveloped nickel projects in the United States, we expect the project to be recognized as strategic to a much needed domestic supply chain for EVs. In summary, investors and shareholders can look forward to upside from resource growth and new discoveries, updated economic studies, possible nickel sulphate production scenario, and higher nickel prices as a result of EV demand.

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