Maniitsoq - "A Blast from the Past"

Recent Drill Results Uphold the "Sudbury Model" Thesis

Approximately 1.85 billion years ago, an extraterrestrial mass impacted what is now Eastern Canada. The detonation and shock waves created by that impact destroyed the crust and resulted in mantle melt rock (gabbro-norite and others) within and demarcating the impact site. Subsequent to this event massive amounts of nickel and copper sulphides were injected into this impact site, now known as Sudbury.

Sounds surreal but it's true! Transfer this event to what is now SW Greenland and, based on mapping and dating, a similar event carved out a 50km diameter crater approximately 3 billion years ago, now represented by an extensive norite belt.

On October 23rd 2013, NAN reported further results from its Imiak North and Spotty Hill conduits at the Imiak Hill Conduit Complex located at their 100%-owned Maniitsoq project in SW Greenland. In our previous Informal Commentary on NAN, we have noted that drill targeting at this project is based on field evidence confirming the presence of a large impact or explosive volcanic feature analogous to the geology at Sudbury.

Ni-Cu-PGM Mineralization To Date

Management believes that the conduit model is holding well with mineralization being more concentrated at depth. Mineralization also remains open at depth. It is anticipated that these conduits may merge into a larger sulphide feeder system which would be the prize. We have been monitoring this company and are reviewing the results as they are delivered, which so far affirm that the analogue to a large scale nickel-copper deposit of Sudbury style origin is working.

To date, the three main areas identified contain significant sulphides, including massive and disseminated intercepts with nickel and copper which have been compared to the Sudbury footwall deposits. The entire potential "basin" has a diameter of about 50km as defined by the norite belt and is situated on the margins of the Greenland craton. It is readily accessible to future power and shipping infrastructure.

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Excellent Grades in Assays Persist

Results from 2012-2013 drill campaigns include significant intercepts of Ni-Cu sulphides. The most recent release includes an intercept of 10m grading 4.65% Ni and 0.36% Cu, which, while not representative of true width, is an excellent indicator of the economic potential of the conduits that are being drilled. The intercept is shallow and contained within a broader zone of 55.8m grading 1.28% Ni and 0.36% Cu from 57.75 to 113.50m down hole. On conversion, based on current nickel prices (a depressed $7/lb), this intercept equates to 0.5-0.6oz/t gold, which is exceptional.

Looking Out for More Results

While there are not sufficient data to derive an appreciation of the overall dimensions of these sulphide bearing conduits, the results continue to substantiate the Sudbury thesis and bode well for the next phase of drilling. We note that these results come at the back-end of the current field season and that geophysics is planned in spring 2014 to refine targets for a drill program commencing in Q2/14.

What is the Value of the Prize?

While we acknowledge that the nickel price is at a multi-year low, a prize of 10-30Mt of Ni-Cu sulphide ore would have an in situ value range of $3.5-17.0B based on historic discoveries (at $7/lb Ni and $3/lb Cu) using typical average ore grades at Sudbury and elsewhere.

Contrarian investors may choose to invest in NAN as a proxy for a rising nickel market, especially considering the potential size of a Sudbury style system. Alternatively, they may wish to have exposure to NAN via VMS Ventures Inc. (VMS-V, Not Covered), a 24% shareholder. The other major shareholder of NAN is The Sentient Group at 39% of issued shares.

Figure 1: Imiak Hill Conduit Complex

Source: Company reports
Figure 2: Imiak North Drill Plan

Source: Company reports

Figure 3: Spotty Hill Drill Plan

Source: Company reports
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