



**NICKEL 28 CAPITAL CORP.**

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED APRIL 30, 2023**

**(EXPRESSED IN UNITED STATES DOLLARS)**

**(UNAUDITED)**

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**NICKEL 28 CAPITAL CORP.****Condensed Interim Consolidated Statements of Financial Position****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)**

	As at April 30, 2023	As at January 31, 2023
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	\$ 10,584,958	\$ 2,368,289
Amounts receivable and other assets (Note 5)	415,234	9,985,647
Marketable securities	11,047	22,472
	<b>11,011,239</b>	<b>12,376,408</b>
<b>Non-Current Assets</b>		
Investment in Ramu Nickel Mine (Note 6)	121,270,736	116,732,025
Royalty contracts (Note 7)	25,495,893	25,495,893
Right-of-use assets	72,853	80,664
Property, plant and equipment	33,105	34,749
	<b>\$ 157,883,826</b>	<b>\$ 154,719,739</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,576,697	\$ 337,115
Lease liability	29,522	29,571
Non-recourse debt (Note 8)	21,292,858	21,292,858
	<b>22,899,077</b>	<b>21,659,544</b>
<b>Non-Current Liabilities</b>		
Lease liability	45,451	52,597
Non-recourse debt (Note 8)	35,231,854	34,524,193
Share award liability	29,428	20,498
Deferred tax liabilities	7,714,805	7,714,805
	<b>65,920,615</b>	<b>63,971,637</b>
<b>Shareholders' Equity</b>		
Share capital (Note 10)	69,671,196	69,653,837
Reserves	2,284,599	1,586,347
Retained earnings	20,007,416	19,507,918
	<b>91,963,211</b>	<b>90,748,102</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 157,883,826</b>	<b>\$ 154,719,739</b>

Subsequent Event (Note 15)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**NICKEL 28 CAPITAL CORP.****Condensed Interim Consolidated Statements of Net and Comprehensive Income (Loss)  
(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)**

	Three Months Ended April 30, 2023	Three Months Ended April 30, 2022
<b>Operating Expenses</b>		
General and administrative	\$ 342,488	\$ 322,547
Salaries and fees	1,743,937	405,127
Marketing and promotion	150,801	130,501
Professional fees	340,199	38,395
Regulatory fees	47,385	47,636
Share based compensation (Notes 11(a) and (b))	699,621	306,981
Change in share award liability (Note 11(c))	8,930	32,301
<b>Operating Loss</b>	<b>(3,333,361)</b>	<b>(1,283,488)</b>
<b>Other Income (Expenses)</b>		
Interest income	23,056	14,472
Share of operating profit (loss) from Ramu Nickel Mine (Note 6(ii))	4,538,711	(565,874)
Unrealized loss on marketable securities	(11,425)	(67,099)
Financing costs (Note 6(iv))	(707,661)	(930,757)
Foreign exchange (loss) gain	(9,822)	26,237
<b>Net and Comprehensive Income (Loss) for the Period</b>	<b>\$ 499,498</b>	<b>\$ (2,806,509)</b>
<b>Basic Income (Loss) per Share (Note 9)</b>	<b>\$ 0.01</b>	<b>\$ (0.03)</b>
<b>Diluted Income (Loss) per Share (Note 9)</b>	<b>\$ 0.01</b>	<b>\$ (0.03)</b>
<b>Weighted Average Number of Common Shares Outstanding - Basic (Note 9)</b>	<b>91,741,243</b>	<b>90,677,576</b>
<b>Weighted Average Number of Common Shares Outstanding - Diluted (Note 9)</b>	<b>92,497,712</b>	<b>90,677,576</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**NICKEL 28 CAPITAL CORP.****Condensed Interim Consolidated Statements of Cash Flows****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)**

	Three Months Ended April 30, 2023	Three Months Ended April 30, 2022
<b>Operating Activities</b>		
Net income (loss) for the period	\$ 499,498	\$ (2,806,509)
Adjustments for:		
Share of operating (profit) loss from Ramu Nickel Mine	(4,538,711)	565,874
Unrealized loss on marketable securities	11,425	67,099
Share based compensation	699,621	306,981
Change in share award liability	8,930	32,301
Financing costs	707,661	930,757
Other	11,135	10,498
Change in non-cash working capital items:		
Amounts receivable and other assets	(160,031)	(14,117)
Accounts payable and accrued liabilities	1,239,582	(82,935)
<b>Net Cash and Cash Equivalents Provided by (Used in) Operating Activities</b>	<b>(1,520,890)</b>	<b>(990,051)</b>
<b>Investing Activity</b>		
Investment in Ramu Nickel Mine	9,730,444	3,462,576
<b>Net Cash and Cash Equivalents Provided by Investing Activity</b>	<b>9,730,444</b>	<b>3,462,576</b>
<b>Financing Activities</b>		
Common shares issued for cash	15,990	108,911
Repayment of lease liability	(8,875)	(10,000)
Repurchase of shares	-	(169,411)
<b>Net Cash and Cash Equivalents Provided by (Used in) Financing Activities</b>	<b>7,115</b>	<b>(70,500)</b>
<b>Net change in Cash and Cash Equivalents</b>	<b>8,216,669</b>	<b>2,402,025</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>2,368,289</b>	<b>3,961,614</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 10,584,958</b>	<b>\$ 6,363,639</b>
<b>Supplemental Information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**NICKEL 28 CAPITAL CORP.****Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)**

	Share Capital		Reserves	Retained Earnings	Total
	Number	Amount			
<b>Balance, January 31, 2022</b>	<b>90,552,145</b>	<b>\$ 69,149,540</b>	<b>\$ 1,071,486</b>	<b>\$ 13,397,100</b>	<b>\$ 83,618,126</b>
Issuance of common shares on exercise of options (Note 10(b)(i))	320,000	117,672	(8,761)	-	108,911
Share repurchase (Note 10(b)(ii))	(143,300)	(169,411)	-	-	(169,411)
Share based compensation (Notes 11(b) and (c))	-	-	306,981	-	306,981
Net loss for the period	-	-	-	(2,806,509)	(2,806,509)
<b>Balance, April 30, 2022</b>	<b>90,728,845</b>	<b>\$ 69,097,801</b>	<b>\$ 1,369,706</b>	<b>\$ 10,590,591</b>	<b>\$ 81,058,098</b>
<b>Balance, January 31, 2023</b>	<b>91,727,198</b>	<b>\$ 69,653,837</b>	<b>\$ 1,586,347</b>	<b>\$ 19,507,918</b>	<b>\$ 90,748,102</b>
Issuance of common shares on exercise of options (Note 10(b)(i))	50,000	17,359	(1,369)	-	15,990
Share based compensation (Notes 11(b) and (c))	-	-	699,621	-	699,621
Net income for the period	-	-	-	499,498	499,498
<b>Balance, April 30, 2023</b>	<b>91,777,198</b>	<b>\$ 69,671,196</b>	<b>\$ 2,284,599</b>	<b>\$ 20,007,416</b>	<b>\$ 91,963,211</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

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## **NICKEL 28 CAPITAL CORP.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

**For the Three Months Ended April 30, 2023 and 2022**

**(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)**

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#### **1. Nature of Operations**

Nickel 28 Capital Corp. (the "Company" or "Nickel 28") was incorporated pursuant to the *Business Corporations Act* (British Columbia) on June 25, 2019. The head office is located at 155 University Avenue, Suite 1240, Toronto, Ontario, Canada. The registered office of the Company is 666 Burrard Street, Suite 1700, Vancouver, British Columbia, Canada.

The Company is a base metals company offering direct exposure to nickel and cobalt. Nickel 28 holds an 8.56% joint-venture interest in the producing, long-life Ramu Nickel-Cobalt Operation located in Papua New Guinea. In addition, Nickel 28 manages a portfolio of nickel and cobalt royalties on projects in Canada, Australia and Papua New Guinea, including a 1.75% NSR royalty on the fully-permitted Dumont nickel project in Quebec and a 2.0% NSR royalty on the Turnagain nickel project in British Columbia.

These condensed interim consolidated financial statements of the Company for the three months ended April 30, 2023 were approved and authorized for issue by the Board of Directors on June 27, 2023.

#### **2. Basis of Presentation**

##### Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting. Accordingly, they do not include all the information required for full annual financial statements and should be read in conjunction with the Company's most recent annual consolidated financial statements as at and for the year ended January 31, 2023.

The same accounting policies and methods of computation are followed in these condensed interim consolidated financial statements as those in the most recent annual consolidated financial statements as at and for the year ended January 31, 2023.

##### (a) New accounting standards and interpretations

The Company has adopted certain new standards, amendments and interpretations to existing standards, which have been published and are effective for accounting periods beginning on or after February 1, 2023 or later periods. The new and amended standards did not have a material impact on the Company's condensed interim consolidated financial statements.

#### **3. Key Sources of Estimation Uncertainty and Critical Accounting Judgments**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses and other income during the reporting period. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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**NICKEL 28 CAPITAL CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the Three Months Ended April 30, 2023 and 2022****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)**

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**3. Key Sources of Estimation Uncertainty and Critical Accounting Judgments (Continued)**

In particular, the areas which require management to make significant judgments, estimates and assumptions in determining carrying amounts are:

**Judgments***Carrying amount of the Ramu Nickel Mine*

The Company, on each reporting date, considers whether there is any objective evidence that its net investment in the Ramu Nickel Mine has suffered any impairment as a result of one or more events that have occurred after initial recognition of the net investment and have an impact on the estimated cash flows of the investment that can be reliably estimated. In addition, management may elect to perform an assessment of the recoverable value in the absence of any specific indicators of impairment where other macro economic factors are occurring. The assessment of recoverable value requires estimates and assumptions such as discount rates, exchange rates, commodity prices, operating costs, capital costs and production rates.

*Carrying amount of royalty contracts*

At the end of each reporting period the Company assesses whether there are any indicators that give rise to the requirement to conduct an impairment test for the recoverability of a royalty contract. Indicators which could trigger a test for recoverability include, but are not limited to, a significant change in operator reserve and resource estimates, industry or economic trends, current or forecast commodity prices, and other relevant operator information with respect to the underlying mineral resource properties.

**Estimates***Non-recourse debt*

The Company, on each reporting date, reclassifies a portion of its non-recourse debt as current. As the Company's non-recourse debt is to be repaid by Ramu Nickel Limited out of its share of operating surpluses, less ongoing capital expenditure requirements, the amount classified as current represents the expected operating surplus less interest that is expected to be applied to repay the non-recourse debt over the next twelve months.

*Deferred taxes*

The Company recognizes the deferred tax benefit related to tax assets and tax losses to the extent recovery is probable. Assessing the recoverability of deferred income tax assets requires management to make significant estimates of future taxable profit and expected timing of reversals of existing temporary differences. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from tax assets and tax losses.

**4. Cash and Cash Equivalents**

	<b>As at April 30, 2023</b>	<b>As at January 31, 2023</b>
Cash	\$ 10,361,687	\$ 2,142,369
Short-term bank deposit	223,271	225,920
	<b>\$ 10,584,958</b>	<b>\$ 2,368,289</b>

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**NICKEL 28 CAPITAL CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the Three Months Ended April 30, 2023 and 2022****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)****5. Amounts Receivable and Other Assets**

	As at April 30, 2023	As at January 31, 2023
Other receivables <sup>(1)</sup>	\$ -	\$ 9,730,444
Harmonized sales tax receivable	130,507	69,339
Prepaid expenses	162,447	52,764
Sundry receivables	122,280	133,100
	<b>\$ 415,234</b>	<b>\$ 9,985,647</b>

<sup>(1)</sup> Other receivables represent cash receipts anticipated from MCC Ramu NiCo Limited. In April 2023, the Company received a cash distribution of \$9,730,444 from MCC Ramu NiCo Limited for its distribution of the mine's operating surpluses for the second half of 2022 calendar year.

**6. Investment in Ramu Nickel Mine**

The investment in the Ramu Nickel Mine ("Ramu") consists of an 8.56% joint venture interest in the producing Ramu mine and refinery located near the city of Madang on the north coast of Papua New Guinea. Ramu was financed, constructed and commissioned in 2012, by majority-owner and operator Metallurgical Corporation of China Limited ("MCC").

The 8.56% interest in Ramu is held by the Company through its wholly-owned subsidiary Ramu Nickel Limited. The Company's interest in Ramu will increase to 11.3% at no cost to the Company once Nickel 28's share of the Ramu construction debt is repaid to the project manager and joint venture partner MCC (note 8). In addition to this, when the Company's interest increases to 11.3%, the Company will also have the option to purchase an additional 9.25% interest in the Ramu mine at market value, which if exercised, would take the Company's interest to 20.55%.

The Company recorded its share of operating profit of Ramu for the three months based on the financial information of Ramu for the three months ended March 31, 2023, which is within one month of the Company's reporting period. Any significant transactions for April 2023 have been adjusted.

**(i) Continuity of investment in Ramu Nickel Mine**

	Three Months Ended April 30, 2023	Year Ended January 31, 2023
Opening balance	\$ 116,732,025	\$ 126,789,429
Share of operating profit from Ramu Nickel Mine	4,538,711	22,700,102
Distributions from MCC Ramu NiCo Limited	-	(32,757,506)
<b>Closing balance</b>	<b>\$ 121,270,736</b>	<b>\$ 116,732,025</b>

**NICKEL 28 CAPITAL CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the Three Months Ended April 30, 2023 and 2022****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)****6. Investment in Ramu Nickel Mine (Continued)**

## (ii) Interest in Ramu Nickel Mine

	Three Months Ended April 30, 2023	Three Months Ended April 30, 2022
Share of revenue	\$ 14,450,827	\$ 9,228,884
Share of production costs	(6,362,952)	(7,076,124)
Share of other costs	(1,426,144)	(697,960)
Depreciation and amortization	(2,123,020)	(2,020,674)
<b>Share of operating profit from Ramu Nickel Mine</b>	<b>\$ 4,538,711</b>	<b>\$ (565,874)</b>

## (iii) Sale of Mixed Hydroxide Product ("MHP")

	Three Months Ended April 30, 2023	Three Months Ended April 30, 2022
Share of Ramu Nickel Mine's MHP Product (Wet Metric Tonnes)	4,696	1,940
Revenue from Sales of MHP Products	\$ 14,450,827	\$ 9,228,884

## (iv) Non-recourse debt (Note 8)

	Three Months Ended April 30, 2023	Year Ended January 31, 2023
Opening balance	\$ 55,817,051	\$ 73,398,024
Interest accrued	707,661	3,711,406
Loan repayments	-	(21,292,379)
<b>Closing balance</b>	<b>\$ 56,524,712</b>	<b>\$ 55,817,051</b>

On initial acquisition, Highlands Pacific Limited recognized a loan balance owing to MCC Ramu NiCo Limited for its 8.56% share of capped development costs plus accumulated interest for monies paid by MCC Ramu NiCo Limited to lenders on behalf of the joint venture parties up to January 1, 2015. This debt is non-recourse to the Company (excluding Ramu Nickel Limited) and is to be repaid by Ramu Nickel Limited out of a portion of its share of operating surpluses less ongoing capital expenditure requirements (Note 8).

## NICKEL 28 CAPITAL CORP.

### Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended April 30, 2023 and 2022

(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)

#### 7. Royalty Contracts

A royalty is a payment to a royalty holder by a property owner or an operator of a property and is typically based on a percentage of the minerals or other products produced or the profits or revenue generated from the property. Royalties are not working interests in a property. Therefore, the royalty holder is generally neither responsible for, nor has an obligation to, contribute additional funds for any purpose, including, but not limited to, operating or capital costs, or environmental or reclamation liabilities. Typically, royalty interests are established through a contract between the royalty holder and the property owner. Many jurisdictions permit the holder to also register or otherwise record evidence of a royalty interest in applicable mineral title or land registries.

Common forms of royalties are Net Smelter Return (“NSR”) and Gross Revenue Royalty (“GRR”). NSR is based on the proceeds paid by a smelter or refinery to the miner for the mining production from the property less certain transportation, smelting and refining costs as defined in a royalty agreement. This type of royalty provides cash flow that is free of any operating or capital costs and environmental liabilities. GRR is generally based on the value of the mining production from the property before subsequent treatment charges are incurred. This type of royalty provides cash flow that is free of any treatment charges, operating or capital costs and environmental liabilities.

As of April 30, 2023 and January 31, 2023, the Company's royalty contracts consisted of the following:

Royalty Name	Owner	Property Location	Stage	Primary Metal(s), Royalty Type and %	April 30, 2023 Carrying amount	January 31, 2023 Carrying amount
Dumont Project <sup>(1)</sup>	Waterton Global Res. Mgmt.	Québec	Advanced / Development	Ni-Co 1.75% NSR	\$15,263,086	\$15,263,086
Turnagain Project <sup>(2)</sup>	85% Giga Metals Corporation 15% Mitsubishi Corporation	British Columbia	Pre-Feasibility	Ni-Co 2% NSR	\$7,241,392	\$7,241,392
Flemington Project <sup>(3)</sup>	Australian Mines Ltd.	Australia	Exploration	Ni-Co-Sc 1.5% GRR	\$1,943,514	\$1,943,514
Nyngan Project <sup>(4)</sup>	Scandium International Mining Corp.	Australia	Advanced / Development	Sc- Ni-Co 1.7% GRR	\$971,757	\$971,757
North Canol Properties <sup>(5)</sup>	Fireweed Metals Corp.	Yukon	Exploration	Ag-Pb-Zn-Co 2% Co NSR	\$38,072	\$38,072
Sunset Mineral Property	Three Individuals	British Columbia	Exploration	Cu-Zn-Co 2% Co NSR	\$38,072	\$38,072
Sewa Bay	Queensland Pacific Metals Ltd.	Papua New Guinea	Exploration	Ni-Co 5% FOB GRR	\$nil	\$nil
Professor and Waldman Properties <sup>(5)</sup>	70% Golden Deepes 30% New Found Gold Corp.	Ontario	Exploration	Co-Ag 2% Co NSR	\$nil	\$nil
<b>Total Royalty Contracts</b>					<b>\$25,495,893</b>	<b>\$25,495,893</b>

(1) The Dumont Nickel-Cobalt Royalty is a life-of-mine 1.75% NSR royalty.

(2) The Turnagain Royalty is a 2.0% NSR royalty on all future metal production from the Turnagain Nickel-Cobalt Project. Under the terms of the royalty agreement, Giga Metals Corporation and Mitsubishi Corporation have a one-time repurchase option to repurchase 0.5% of the 2.0% royalty (resulting in a 1.5% remaining royalty) by paying the Company \$20 million in cash and by providing notice to the Company at least 30 days prior to July 27, 2023 (the fifth (5th) anniversary).

(3) The Flemington Royalty is a life-of-mine 1.5% GRR.

(4) The Nyngan Royalty is a life-of-mine 1.7% GRR.

(5) Two separate mineral properties to which a Co NSR applies.

**NICKEL 28 CAPITAL CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the Three Months Ended April 30, 2023 and 2022****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)****8. Non-Recourse Debt**

	As at April 30, 2023	As at January 31, 2023
Loan from MCC Ramu NiCo Limited - current	\$ 21,292,858	\$ 21,292,858
Loan from MCC Ramu NiCo Limited - non-current	35,231,854	34,524,193
	<b>\$ 56,524,712</b>	<b>\$ 55,817,051</b>

Non-recourse debt relates to the Company's interest, held in the wholly owned subsidiary Ramu Nickel Limited, in the Ramu Nickel mine and owing to MCC Ramu NiCo Limited. As part of the Joint Venture Agreement with MCC Ramu NiCo Limited, MCC Ramu NiCo Limited was responsible for development and financing of the mine. These borrowings represent the Company's 8.56% share of principal repayments (capped to a specified development threshold of \$2.1 billion) and interest repayments made by MCC Ramu NiCo Limited to lenders on behalf of the Company, plus any accumulated interest charged by MCC Ramu NiCo Limited. The borrowings are to be repaid out of the Company's share of the Ramu Nickel Mine's operating surpluses (sales revenue less operating costs and ongoing capital expenditure requirements).

Effective July 1, 2021, the Company fully repaid its non-recourse operating debt and related interest to MCC Ramu NiCo Limited. Now that the operating debt is repaid, the Company will receive cash proceeds on a bi-annual basis equivalent to 35% of its share of the mine's operating surpluses, with the remaining 65% used to repay the non-recourse construction debt and related interest. Furthermore, once the Company's non-recourse construction debt is repaid, which can be repaid at anytime in its entirety without penalty, the Company's participatory share of the Ramu Nickel Mine will automatically increase from 8.56% to 11.3% and the Company will begin receiving 100% of its share of the mine's revenue on a monthly basis and the Company will be responsible for paying 100% of its share of the mine's operating costs and capital expenditures on a monthly basis. .

The non-recourse debt has no prescribed repayment obligations, rather the amount of the non-recourse debt classified as current represents the expected operating surplus less interest and less the Company's 35% cash share of operating surplus that is expected to be applied to repay the non-recourse debt over the next twelve months. The borrowings under the construction debt bear an interest rate of 5.05% annually.

During the three months ended April 30, 2023, the Company made repayments on the non-recourse debt of \$nil (year ended January 31, 2023 - \$21,292,379) from the Ramu Mine's operating surpluses.

**9. Income (loss) per share**

	Three Months Ended April 30, 2023	Three Months Ended April 30, 2022
Income (loss)	\$ 499,498	\$ (2,806,509)
Weighted average number of common shares - basic	91,741,243	90,677,576
Dilutive effect of stock options	756,469	-
Weighted average number of common shares - diluted	92,497,712	90,677,576
Basic income (loss) per share	\$ 0.01	\$ (0.03)
Diluted income (loss) per share	\$ 0.01	\$ (0.03)

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**NICKEL 28 CAPITAL CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the Three Months Ended April 30, 2023 and 2022****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)**

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**10. Share Capital**

(a) Authorized: Unlimited number of common shares without par value.

(b) Common shares issued:

(i) During the three months ended April 30, 2023 50,000 stock options (three months ended April 30, 2022 - 320,000) were exercised at an exercise price of CAD\$0.43 per share (three months ended April 30, 2022 - CAD\$0.43). The fair value of the exercised options totaled \$1,369 (three months ended April 30, 2022 - \$8,761). The weighted average market price at the date of exercise was CAD\$1.18 (three months ended April 30, 2022 - CAD\$1.50).

(ii) On July 2, 2021, the TSX-V approved a normal course issuer bid ("NCIB") to repurchase the Company's common shares. During the three months ended April 30, 2022, the Company repurchased 143,300 common shares for a total cost of \$169,411. The NCIB expired on July 1, 2022. See note 15.

**11. Stock Options, Restricted Share Units and Share Awards**

(a) Stock options

On December 16, 2019, the Company adopted a Stock Option Plan, subject to TSX-V and disinterested shareholder approval of the Company's Omnibus Long-term Incentive Plan ("LTIP"). The Company's Omnibus LTIP was approved at the Company's annual general meeting on August 15, 2022. In May 2023, the Board announced that it had determined not to seek renewal of the Company's existing equity-based compensation plan at its shareholders meeting held in June 2023. The maximum aggregate number of shares reserved for issuance under the Company's Stock Option Plan, together with the RSU Plan (defined below), shall not exceed a combined total of 10% of the Company's issued and outstanding shares to officers, employees, directors, advisors and consultants. The exercise price is determined by the Board of Directors provided the minimum exercise price is set at the Company's closing share price on the day before the grant date. The options can be granted for a maximum term of ten years and vesting terms are determined by the Board of Directors at the date of grant.

The following table reflects the continuity of stock options for the periods ended April 30, 2023 and 2022:

	Number of stock options	Weighted average exercise price (CAD\$)
<b>Balance, January 31, 2022</b>	<b>2,940,000</b>	<b>0.71</b>
Exercised (Note 10(b)(i))	(320,000)	0.43
<b>Balance, April 30, 2022</b>	<b>2,620,000</b>	<b>0.75</b>
<b>Balance, January 31, 2023</b>	<b>2,620,000</b>	<b>0.75</b>
Exercised (Note 10(b)(i))	(50,000)	0.43
<b>Balance, April 30, 2023</b>	<b>2,570,000</b>	<b>0.75</b>

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**NICKEL 28 CAPITAL CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the Three Months Ended April 30, 2023 and 2022****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)**

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**11. Stock Options, Restricted Share Units and Share Awards (Continued)**

The following table reflects the Company's stock options outstanding and exercisable as at April 30, 2023:

<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Grant date fair value (\$)</b>	<b>Weighted average exercise price (CAD\$)</b>	<b>Weighted average remaining contractual life (years)</b>	<b>Expiry date</b>
570,000	570,000	15,606	0.43	1.63	December 16, 2024
100,000	100,000	16,335	0.40	2.65	December 23, 2025
1,900,000	1,900,000	709,381	0.87	3.61	December 8, 2026
<b>2,570,000</b>	<b>2,570,000</b>	<b>741,322</b>	<b>0.75</b>	<b>3.13</b>	

**(b) Restricted share units ("RSU")**

On December 16, 2019, the Company adopted a Restricted Share Unit Plan (the "RSU Plan"), subject to TSX-V and disinterested shareholder approval of the Company's Omnibus LTIP. The Company's Omnibus LTIP was approved at the Company's annual general meeting on August 15, 2022. The maximum aggregate number of shares reserved for issuance under the RSU Plan, together with the Company's Stock Option Plan shall not exceed a combined total of 10% of the Company's issued and outstanding shares. In addition, the RSU Plan sets out certain other restrictions in respect of grants to certain participants under the RSU Plan in accordance with the rules of the TSX-V.

	<b>Number of RSUs</b>
<b>Balance, January 31, 2022 and April 30, 2022</b>	<b>4,063,330</b>
<b>Balance, January 31, 2023 and April 30, 2023</b>	<b>6,256,663</b>

For the three months ended April 30, 2023, the Company recorded share-based compensation expense for these RSU's of \$699,621 (three months ended April 30, 2022 - \$306,981).

**(c) Share awards**

On December 1, 2020, the Company granted 210,000 share awards to an employee and an officer which are to be settled in cash and vest as follows: 70,000 on each of the first, second and third anniversaries of the date of grant. The fair value of these cash-settled awards is recognized as compensation expense over the period that related services are rendered with a corresponding increase in liabilities. The total amount expensed is recognized over the vesting period, which is the period over which all the specified vesting conditions should be satisfied.

During the thirteen months ended January 31, 2022, 40,000 share awards granted to an officer vested and were settled and the employee resigned from the Company and 90,000 share awards vested and were paid out at the Board's approval. During the year ended January 31, 2023, 40,000 share awards granted to an officer vested and were settled. As at April 30, 2023, there were 40,000 (January 31, 2023 - 40,000) share awards outstanding.

For the three months ended April 30, 2023, the Company recorded share-based compensation expense for these share awards of \$8,930 (three months ended April 30, 2022 - \$32,301).

## NICKEL 28 CAPITAL CORP.

### Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended April 30, 2023 and 2022

(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)

#### 12. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties include key management personnel and may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board of Directors.

Remuneration of key management personnel of the Company was as follows:

	Three Months Ended April 30, 2023	Three Months Ended April 30, 2022
Salaries and fees <sup>(1)(2)</sup>	\$ 1,640,595	\$ 307,914
Share based compensation	686,272	306,981
Change in share award liability	8,930	32,301
	<b>\$ 2,335,797</b>	<b>\$ 647,196</b>

(1) Management fees and salaries paid to the executive officers and directors for their services.

(2) Included in accounts payable and accrued liabilities are fees owing to officers and directors of \$1,128,608 as at April 30, 2023 (January 31, 2023 - \$86,660).

#### 13. Segmented Information

The Company has three reportable operating segments, being the royalties, Ramu Nickel Mine and corporate. Operating segment information is as follows:

Three Months Ended April 30, 2023	Royalties	Ramu Nickel		Total
		Mine	Corporate	
Share of operating profit from Ramu Nickel Mine	\$ -	\$ 4,538,711	\$ -	\$ 4,538,711
Operating expenses	-	(794,686)	(2,538,675)	(3,333,361)
Financing costs	-	(707,661)	-	(707,661)
Unrealized loss marketable securities	-	-	(11,425)	(11,425)
Interest income	-	3,083	19,973	23,056
Foreign exchange loss	-	(1,235)	(8,587)	(9,822)
<b>Net income (loss)</b>	<b>\$ -</b>	<b>\$ 3,038,212</b>	<b>\$ (2,538,714)</b>	<b>\$ 499,498</b>

Three Months Ended April 30, 2022	Royalties	Ramu Nickel		Total
		Mine	Corporate	
Share of operating loss from Ramu Nickel Mine	\$ -	\$ (565,874)	\$ -	\$ (565,874)
Operating expenses	-	(209,606)	(1,059,410)	(1,269,016)
Financing costs	-	(930,757)	-	(930,757)
Unrealized loss on marketable securities	-	-	(67,099)	(67,099)
Foreign exchange gain	-	4,408	21,829	26,237
<b>Net loss</b>	<b>\$ -</b>	<b>\$ (1,701,829)</b>	<b>\$ (1,104,680)</b>	<b>\$ (2,806,509)</b>

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**NICKEL 28 CAPITAL CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the Three Months Ended April 30, 2023 and 2022****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)**

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**13. Segmented Information (Continued)**

The Company has an administrative office in Canada and joint venture and royalty interests in the Asia Pacific region, predominantly Papua New Guinea. Geographical information is as follows:

<b>As at April 30, 2023</b>	<b>Canada</b>	<b>Asia Pacific</b>	<b>Total</b>
Current assets	\$ 10,675,875	\$ 335,364	\$ 11,011,239
Non-current assets	25,495,893	121,376,694	146,872,587
<b>Total assets</b>	<b>\$ 36,171,768</b>	<b>\$ 121,712,058</b>	<b>\$ 157,883,826</b>

<b>As at January 31, 2023</b>	<b>Canada</b>	<b>Asia Pacific</b>	<b>Total</b>
Current assets	\$ 2,172,371	\$ 10,204,037	\$ 12,376,408
Non-current assets	25,495,893	116,847,438	142,343,331
<b>Total assets</b>	<b>\$ 27,668,264</b>	<b>\$ 127,051,475</b>	<b>\$ 154,719,739</b>

**14. Contingent Liabilities**

(i) On August 24, 2019, the Ramu Nickel Joint Venture ("RNJV") was involved in an environmental incident that resulted in an investigation by the PNG authorities. The investigation has been completed, however the final investigation report is yet to be released. Ramu NiCo Management (MCC) Limited ("RNML"), the Joint Venture Manager, has implemented effective control measures to prevent similar incidents from occurring and compensated local residents approximately PGK 300,000. However, RNML is unable to estimate any possible further compensation amount until the final investigation report is released.

On February 5, 2020, the Madang Provincial government and 13 landowner plaintiffs sued RNML, the Joint Venture Manager, for alleged breach of various environmental laws and commitment of public and private nuisance and negligence by continuously dumping tailings and waste into the Astrolabe and Basamuk Bays. On March 23, 2020, RNML filed its defence. On September 8, 2020, the plaintiffs had then filed a Notice of Motions intending to stop the normal operation of the Ramu project. Subsequently, the Joint Venture Manager filed 51 affidavits to defend and a motion seeking to transfer the case to a commercial court. In October 2020, the State of Papua New Guinea through the Conservation and Environment Protection Authority (CEPA) also filed an application to be a second defendant in this case delivering support to the Ramu project. This application was granted by the court. As of the date of signing these financial statements, the case is still in the pre-trial stage. The onus is on the plaintiffs to prosecute the case, but they have not showed any intention to do so in the period ended April 30, 2023. Management is confident about successfully defending the case and does not have the intention to settle the case out of court. However, management is unable to reliably estimate the possible compensation amount until the case is closed.

No provisions were recognized in the unaudited condensed interim consolidated financial statements in relation to these two matters.

(ii) Accounts payable and accrued liabilities contain amounts which are held on behalf of former shareholders of Highlands Pacific Limited, which have not yet been claimed by shareholders following the purchase and subsequent delisting of Highlands Pacific Limited from the Australian Securities Exchange ("ASX").



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**NICKEL 28 CAPITAL CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the Three Months Ended April 30, 2023 and 2022****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)**

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**15. Subsequent Events**

On May 9, 2023, the TSX-V granted approval of the Company's application to implement a normal course issuer bid (the "NCIB") to purchase, for cancellation, up to 7,224,516 of its common shares, representing approximately 7.9% of the common shares (calculated in accordance with the rules of the TSX-V as of May 4, 2023) over a twelve month period commencing on May 11, 2023. All purchases made pursuant to the NCIB will be made through the facilities of the TSX-V or alternative Canadian trading systems, in open market transactions or by such other means as may be permitted under applicable securities laws. The price that the Company will pay for common shares in open market transactions will be equal to the market price at the time of purchase. The actual number of common shares which may be purchased, and the timing of such purchases, will be determined by Nickel 28 based on market conditions, share price, best use of available cash, and other factors. The Company commenced the NCIB because in the opinion of management and the Board of Directors at the time of the application for the NCIB, the common shares have during periods traded in a price range that represents a substantial discount to the Company's net asset value and which does not reflect the underlying value of the Company. The Company may elect in the future to implement further NCIBs to purchase its shares, any of which NCIBs would be on substantially the same terms and conditions. As of the date hereof, the Company has not made any purchases of common shares under the NCIB.

On June 12, 2023, the Company announced that at its annual general and special meeting of shareholders (the "Meeting") management's recommended slate of directors was duly re-elected as directors of the Company in accordance with applicable corporate law; however, each of the directors received less than majority support from shareholders at the Meeting.

On June 16, 2023, the Company announced that following due consideration of the application of the Company's Majority Voting Policy (the "Policy") to the Meeting, and having taken advice from its legal advisors, the Board had determined that the principles underlying the Policy were engaged and that the Policy would apply with respect to the Meeting. As such, each of the members of the Board tendered his resignation for consideration in accordance with the Policy. The resignations will be effective if and when accepted and the determination with respect to the acceptance of the resignations will be announced via press release as contemplated by the Policy. The Board stated that it did not anticipate that the acceptance of any of the resignations will constitute a "change of control" for purposes of the Company's employment and consulting agreements. Given the circumstances, the Board stated that it believed that the offers of resignation should be considered in accordance with the principles of the Policy with the benefit of independent perspective and judgment. Accordingly, the Board announced the appointment of C. Ian Ross to the Board to serve as a new independent director. Mr. Ross was appointed to serve as a member of the Nominating and Corporate Governance Committee and Compensation Committee and it is expected that Mr. Ross will, with the benefit of advice from independent counsel, consider whether the resignations should be accepted and make recommendations in accordance with the Policy. Mr. Ross is an experienced corporate director with no prior relationships with any of the existing members of the Board or management and is independent within the meaning of National Instrument 52-110 – Audit Committees.