



**NICKEL 28 CAPITAL CORP.**

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED  
JULY 31, 2024 AND 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 July 31, 2024	As at January 31, 2024
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	\$ 7,345,145	\$ 7,833,594
Amounts receivable and other assets (Note 5)	489,771	3,264,415
Marketable securities	21,725	29,857
	<b>7,856,641</b>	11,127,866
<b>Non-Current Assets</b>		
Investment in Ramu Nickel Mine (Note 6)	108,493,415	105,034,171
Royalty contracts (Note 7)	25,495,893	25,495,893
Right-of-use assets	33,800	50,192
Property, plant and equipment	25,097	28,749
	<b>\$ 141,904,846</b>	<b>\$ 141,736,871</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 259,390	\$ 473,753
Lease liability	29,522	32,345
Non-recourse debt (Note 8)	9,000,000	9,000,000
	<b>9,288,912</b>	9,506,098
<b>Non-Current Liabilities</b>		
Lease liability	7,215	20,252
Non-recourse debt (Note 8)	36,219,966	35,094,791
Deferred tax liabilities	10,516,500	10,516,500
	<b>56,032,593</b>	55,137,641
<b>Shareholders' Equity</b>		
Share capital (Note 10)	68,866,361	71,780,711
Reserves	1,025,730	1,494,836
Retained earnings	15,980,162	13,323,683
	<b>85,872,253</b>	86,599,230
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 141,904,846</b>	<b>\$ 141,736,871</b>

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

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
<b>Operating Expenses</b>				
General and administrative	\$ 306,710	\$ 409,562	\$ 403,704	\$ 752,050
Salaries and fees (Note 12)	441,489	466,232	1,066,130	2,210,169
Marketing and promotion	36,852	91,854	62,114	242,655
Professional fees (Note 12)	945,374	2,025,818	1,682,069	2,366,017
Regulatory fees	10,626	182,228	29,865	229,613
Share based compensation (recovery) (Notes 11(a)(b) and 12)	(624,595)	694,203	(469,106)	1,393,824
Change in share award liability (Notes 11(c) and 12)	-	2,204	-	11,134
<b>Operating Loss</b>	<b>(1,116,456)</b>	<b>(3,872,101)</b>	<b>(2,774,776)</b>	<b>(7,205,462)</b>
<b>Other Income (Expenses)</b>				
Interest income	115,307	88,537	214,720	111,593
Recovery of expenses (Note 10(b)(ii))	631,557	-	631,557	-
Share of operating profit from Ramu Nickel Mine (Note 6(ii))	2,184,955	5,096,265	3,459,244	9,634,976
Unrealized gain (loss) on marketable securities	(7,374)	34,487	(8,132)	23,062
Financing costs (Note 6)	(566,131)	(716,632)	(1,125,175)	(1,424,293)
Foreign exchange loss	(12,342)	(2,270)	(23,752)	(12,092)
<b>Net and Comprehensive Income for the Period</b>	<b>\$ 1,229,516</b>	<b>\$ 628,286</b>	<b>\$ 373,686</b>	<b>\$ 1,127,784</b>
<b>Basic Income per Share</b> (Note 9)	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.00</b>	<b>\$ 0.01</b>
<b>Diluted Income per Share</b> (Note 9)	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.00</b>	<b>\$ 0.01</b>
<b>Weighted Average Number of Common Shares Outstanding - Basic</b> (Note 9)	<b>94,407,337</b>	<b>92,122,850</b>	<b>94,754,285</b>	<b>91,935,209</b>
<b>Weighted Average Number of Common Shares Outstanding - Diluted</b> (Note 9)	<b>95,214,578</b>	<b>92,887,918</b>	<b>95,551,680</b>	<b>92,574,080</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)**

	Six Months Ended July 31,	
	2024	2023
<b>Operating Activities</b>		
Net income for the period	\$ 373,686	\$ 1,127,784
Adjustments for:		
Recovery of expenses	(631,557)	-
Share of operating profit from Ramu Nickel Mine	(3,459,244)	(9,634,976)
Unrealized (gain) loss on marketable securities	8,132	(23,062)
Share based compensation (recovery)	(469,106)	1,393,824
Change in share award liability	-	11,134
Financing costs	1,125,175	1,424,293
Other	21,934	22,136
Change in non-cash working capital items:		
Amounts receivable and other assets	(187,879)	(371,493)
Accounts payable and accrued liabilities	(214,363)	150,548
<b>Net Cash and Cash Equivalents Used in Operating Activities</b>	<b>(3,433,222)</b>	<b>(5,899,812)</b>
<b>Investing Activity</b>		
Investment in Ramu Nickel Mine	2,962,523	9,730,444
<b>Net Cash and Cash Equivalents Provided by Investing Activity</b>	<b>2,962,523</b>	<b>9,730,444</b>
<b>Financing Activities</b>		
Common shares issued for cash	-	271,954
Repayment of lease liability	(17,750)	(17,750)
<b>Net Cash and Cash Equivalents (Used in) Provided by Financing Activities</b>	<b>(17,750)</b>	<b>254,204</b>
<b>Net change in Cash and Cash Equivalents</b>	<b>(488,449)</b>	<b>4,084,836</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>7,833,594</b>	<b>2,368,289</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 7,345,145</b>	<b>\$ 6,453,125</b>
<b>Supplemental Information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Repayment of non-recourse debt through deemed distributions	\$ -	\$ -

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, 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))	650,000	372,543	(100,589)	-	271,954
Share based compensation (Notes 11(b)(c) and 12)	-	-	1,393,824	-	1,393,824
Net and comprehensive income for the period	-	-	-	1,127,784	1,127,784
<b>Balance, July 31, 2023</b>	<b>92,377,198</b>	<b>\$ 70,026,380</b>	<b>\$ 2,879,582</b>	<b>\$ 20,635,702</b>	<b>\$ 93,541,664</b>
<b>Balance, January 31, 2024</b>	<b>95,108,944</b>	<b>\$ 71,780,711</b>	<b>\$ 1,494,836</b>	<b>\$ 13,323,683</b>	<b>\$ 86,599,230</b>
Shares returned to treasury (Note 10(b)(ii))	(4,965,222)	(2,914,350)	-	2,282,793	(631,557)
Share based compensation (recovery) (Notes 11(b)(c) and 12)	-	-	(469,106)	-	(469,106)
Net and comprehensive income for the period	-	-	-	373,686	373,686
<b>Balance, July 31, 2024</b>	<b>90,143,722</b>	<b>\$ 68,866,361</b>	<b>\$ 1,025,730</b>	<b>\$ 15,980,162</b>	<b>\$ 85,872,253</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 and Six Months Ended July 31, 2024 and 2023**

**(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 and registered office of the Company is 666 Burrard Street, Suite 1700, Vancouver, British Columbia, Canada, V6C 2X8.

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 in projects in Canada, Australia and Papua New Guinea, including a 1.75% NSR royalty in the Dumont nickel project in Quebec and a 2.0% NSR royalty in the Turnagain nickel project in British Columbia.

These condensed interim consolidated financial statements of the Company for the three and six months ended July 31, 2024 were approved and authorized for issue by the Board of Directors on September 26, 2024.

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

##### Statement of compliance

The Company applies IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB"). 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, 2024.

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, 2024.

##### **New accounting standards and interpretations**

The Company considered the adoption of 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, 2024 or later periods.

##### Amendments to IAS 1 - Presentation of Financial Statements

In October 2022, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* titled *Non-current liabilities with covenants*. These amendments sought to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 override but incorporate the previous amendments, *Classification of liabilities as current or non-current*, issued in January 2020, which clarified that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments are effective for annual periods beginning on or after January 1, 2024. The amendments did not have a material impact on the Company's condensed interim consolidated financial statements.

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## NICKEL 28 CAPITAL CORP.

### Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended July 31, 2024 and 2023

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

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### 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.

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 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.



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**NICKEL 28 CAPITAL CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Six Months Ended July 31, 2024 and 2023****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)**

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**4. Cash and Cash Equivalents**

	As at July 31, 2024	As at January 31, 2024
Cash	\$ 7,121,294	\$ 7,614,897
Short-term bank deposit	223,851	218,697
	<b>\$ 7,345,145</b>	<b>\$ 7,833,594</b>

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**5. Amounts Receivable and Other Assets**

	As at July 31, 2024	As at January 31, 2024
Other receivables <sup>(1)</sup>	\$ -	\$ 2,962,523
Harmonized sales tax receivable	323,351	102,750
Prepaid expenses	20,083	64,778
Sundry receivables	146,337	134,364
	<b>\$ 489,771</b>	<b>\$ 3,264,415</b>

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<sup>(1)</sup> Other receivables represent cash receipts anticipated from MCC Ramu NiCo Limited. In April 2024, the Company received a cash distribution of \$2,962,523 from MCC Ramu NiCo Limited for its distribution of the mine's operating surpluses for the second half of the 2023 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 year based on the financial information of Ramu for the three and six months ended June 30, 2024, which is within one month of the Company's reporting period. Any significant transactions for July 2024 have been adjusted.

**NICKEL 28 CAPITAL CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Six Months Ended July 31, 2024 and 2023****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)****6. Investment in Ramu Nickel Mine (Continued)**

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

	As at July 31, 2024	As at January 31, 2024
Opening balance	\$ 105,034,171	\$ 116,732,025
Share of operating profit from Ramu Nickel Mine	3,459,244	10,426,179
Distributions from MCC Ramu NiCo Limited	-	(22,124,033)
<b>Closing balance</b>	<b>\$ 108,493,415</b>	<b>\$ 105,034,171</b>

## (ii) Interest in Ramu Nickel Mine

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Share of revenue	\$ 10,906,777	\$ 15,745,545	\$ 21,367,146	\$ 30,196,372
Share of production costs	(5,626,690)	(7,275,435)	(11,639,274)	(13,638,387)
Share of other costs	(973,215)	(1,250,824)	(2,024,793)	(2,676,968)
Depreciation and amortization	(2,121,917)	(2,123,021)	(4,243,835)	(4,246,041)
<b>Share of operating profit from Ramu Nickel Mine</b>	<b>\$ 2,184,955</b>	<b>\$ 5,096,265</b>	<b>\$ 3,459,244</b>	<b>\$ 9,634,976</b>

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

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Share of Ramu Nickel Mine's MHP Product (Wet Metric Tonnes)	4,382	5,322	9,534	10,018
Revenue from Sales of MHP Products	\$ 10,906,777	\$ 15,745,545	\$ 21,367,146	\$ 30,196,372

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

	As at July 31, 2024	As at January 31, 2024
Opening balance	\$ 44,094,791	\$ 55,817,051
Interest accrued	1,125,175	2,658,369
Loan repayments	-	(14,380,629)
<b>Closing balance</b>	<b>\$ 45,219,966</b>	<b>\$ 44,094,791</b>

On initial acquisition, 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 was recognized. 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 and Six Months Ended July 31, 2024 and 2023

(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 July 31, 2024 and January 31, 2024, the Company's royalty contracts consisted of the following:

Royalty Name	Owner	Property Location	Stage	Primary Metal(s), Royalty Type and %	July 31, 2024 Carrying amount	January 31, 2024 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 Deeps 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.

(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 and Six Months Ended July 31, 2024 and 2023

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

#### 8. Non-Recourse Debt

	As at July 31, 2024	As at January 31, 2024
Loan from MCC Ramu NiCo Limited - current	\$ 9,000,000	\$ 9,000,000
Loan from MCC Ramu NiCo Limited - non-current	36,219,966	35,094,791
	<b>\$ 45,219,966</b>	<b>\$ 44,094,791</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. The Company now receives 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 six months ended July 31, 2024, the Company made repayments on the non-recourse debt of \$nil (year ended January 31, 2024 - \$14,380,629) from the Ramu Mine's operating surpluses.

#### 9. Income per share

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Income	\$ 1,229,516	\$ 628,286	\$ 373,686	\$ 1,127,784
Weighted average number of common shares - basic	94,407,337	92,122,850	94,754,285	91,935,209
Dilutive effect of stock options and RSUs	807,241	765,068	797,395	638,871
Weighted average number of common shares - diluted	95,214,578	92,887,918	95,551,680	92,574,080
Basic income per share	\$ 0.01	\$ 0.01	\$ 0.00	\$ 0.01
Diluted income per share	\$ 0.01	\$ 0.01	\$ 0.00	\$ 0.01

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## NICKEL 28 CAPITAL CORP.

### Notes to the Condensed Interim Consolidated Financial Statements

#### For the Three and Six Months Ended July 31, 2024 and 2023

(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 six months ended July 31, 2023, 650,000 stock options were exercised at a weighted average exercise price of CAD\$0.56 per share. The fair value of the exercised options totaled \$100,589. The weighted average market price at the date of exercise was CAD\$1.33.

(ii) On June 18, 2024, the Company entered into a settlement agreement with Black Vulcan Resources LLC and its principal, Anthony Milewski, the former Chief Executive Officer, ("Milewski", and collectively with Black Vulcan, the "Milewski Parties") in connection with various matters.

Pursuant to the settlement, the Milewski Parties returned to the Company 4,965,222 common shares of Nickel 28 for nil consideration; no compensation or other amounts will be paid by the Company to the Milewski Parties. On receipt of the shares the Company cancelled the shares resulting in a decrease in the Company's issued and outstanding common shares. In connection with the settlement, Milewski has resigned from the Board with immediate effect.

(iii) On July 24, 2024, the TSX-V accepted the Company's notice to implement a normal course issuer bid ("NCIB") to purchase, for cancellation, up to 7,153,629 of its common shares, representing approximately 7.9% of Nickel 28's issued and outstanding common shares over a twelve month period commencing on July 26, 2024. The NCIB will expire no later than July 25, 2025. Nickel 28 has appointed Haywood Securities Inc. to administer the proposed NCIB on behalf of the Company. 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.

**NICKEL 28 CAPITAL CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Six Months Ended July 31, 2024 and 2023****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)****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. 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 July 31, 2024 and 2023:

	Number of stock options	Weighted average exercise price (CAD\$)
<b>Balance, January 31, 2023</b>	<b>2,620,000</b>	<b>0.75</b>
Exercised (Note 10(b)(i))	(650,000)	0.56
<b>Balance, July 31, 2023</b>	<b>1,970,000</b>	<b>0.81</b>
<b>Balance, January 31, 2024</b>	<b>1,970,000</b>	<b>0.81</b>
Expired/Forfeited	(850,000)	0.87
<b>Balance, July 31, 2024</b>	<b>1,120,000</b>	<b>0.76</b>

The following table reflects the Company's stock options outstanding and exercisable as at July 31, 2024:

Options outstanding	Options exercisable	Grant date fair value (\$)	Weighted average exercise price (CAD\$)	Weighted average remaining contractual life (years)	Expiry date
270,000	270,000	7,392	0.43	0.38	December 16, 2024
850,000	850,000	317,354	0.87	2.36	December 8, 2026
1,120,000	1,120,000	324,746	0.76	1.88	

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**NICKEL 28 CAPITAL CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Six Months Ended July 31, 2024 and 2023****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)**

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**11. Stock Options, Restricted Share Units and Share Awards (Continued)****(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. 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 RSU Plan, together with the Company's Stock Option Plan was not to exceed a combined total of 10% of the Company's issued and outstanding shares. In addition, the RSU Plan set 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, 2023 and July 31, 2023</b>	<b>6,256,663</b>
<b>Balance, January 31, 2024</b>	<b>2,249,997</b>
Cancelled	(1,549,999)
<b>Balance, July 31, 2024</b>	<b>699,998</b>
<b>Vested, July 31, 2024</b>	<b>nil</b>

For the three and six months ended July 31, 2024, the Company recorded share-based compensation expense (recovery) for these RSU's of \$(624,595) and \$(469,106), respectively (three and six months ended July 31, 2023 - \$694,203 and \$1,393,824, respectively).

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**NICKEL 28 CAPITAL CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Six Months Ended July 31, 2024 and 2023****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)**

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**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 current and former executive officers and members of the Board of Directors.

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

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Salaries and fees <sup>(1)(2)</sup>	\$ 361,782	\$ 349,737	\$ 891,782	\$ 1,990,332
Share based compensation (recovery)	(559,559)	688,084	(419,903)	1,374,356
Change in share award liability	-	2,204	-	11,134
	\$ (197,777)	\$ 1,040,025	\$ 471,879	\$ 3,375,822

(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 \$80,662 as at July 31, 2024 (January 31, 2024 - \$74,917).

During the six months ended July 31, 2024, the Company reimbursed Pelham Investment Partners, LP, a company controlled by a director of Nickel 28, \$639,095 for legal and professional expenses incurred on Nickel 28's behalf.

On May 6, 2024, the Company announced that Mr. Anthony Milewski, former Chief Executive Officer of the Company, Mr. Justin Cochrane, former President of the Company, and Mr. Conor Kearns, former Chief Financial Officer of the Company, were terminated for cause with immediate effect (Note 10(b)(ii)).

In connection with the termination of the officers, the Company cancelled 850,000 stock options with an exercise price of \$0.87 and 1,549,999 RSUs.



**NICKEL 28 CAPITAL CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Six Months Ended July 31, 2024 and 2023****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)****13. Segmented Information**

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

<b>Three Months Ended July 31, 2024</b>	<b>Royalties</b>	<b>Ramu Nickel</b>		<b>Total</b>
		<b>Mine</b>	<b>Corporate</b>	
Share of operating profit from Ramu Nickel Mine	\$ -	\$ 2,184,955	\$ -	\$ 2,184,955
Operating expenses	-	(288,689)	(196,210)	(484,899)
Financing costs	-	(566,131)	-	(566,131)
Unrealized loss marketable securities	-	-	(7,374)	(7,374)
Interest income	-	5,820	109,487	115,307
Foreign exchange gain (loss)	-	9,900	(22,242)	(12,342)
<b>Net income (loss)</b>	<b>\$ -</b>	<b>\$ 1,345,855</b>	<b>\$ (116,339)</b>	<b>\$ 1,229,516</b>

<b>Three Months Ended July 31, 2023</b>	<b>Royalties</b>	<b>Ramu Nickel</b>		<b>Total</b>
		<b>Mine</b>	<b>Corporate</b>	
Share of operating profit from Ramu Nickel Mine	\$ -	\$ 5,096,265	\$ -	\$ 5,096,265
Operating expenses	-	(264,531)	(3,607,570)	(3,872,101)
Financing costs	-	(716,632)	-	(716,632)
Unrealized gain on marketable securities	-	-	34,487	34,487
Interest income	-	4,914	83,623	88,537
Foreign exchange gain (loss)	-	(5,316)	3,046	(2,270)
<b>Net income (loss)</b>	<b>\$ -</b>	<b>\$ 4,114,700</b>	<b>\$ (3,486,414)</b>	<b>\$ 628,286</b>

<b>Six Months Ended July 31, 2024</b>	<b>Royalties</b>	<b>Ramu Nickel</b>		<b>Total</b>
		<b>Mine</b>	<b>Corporate</b>	
Share of operating profit from Ramu Nickel Mine	\$ -	\$ 3,459,244	\$ -	\$ 3,459,244
Operating expenses	-	(551,492)	(1,591,727)	(2,143,219)
Financing costs	-	(1,125,175)	-	(1,125,175)
Unrealized loss on marketable securities	-	-	(8,132)	(8,132)
Interest income	-	10,852	203,868	214,720
Foreign exchange gain (loss)	-	3,391	(27,143)	(23,752)
<b>Net income (loss)</b>	<b>\$ -</b>	<b>\$ 1,796,820</b>	<b>\$ (1,423,134)</b>	<b>\$ 373,686</b>

<b>Six Months Ended July 31, 2023</b>	<b>Royalties</b>	<b>Ramu Nickel</b>		<b>Total</b>
		<b>Mine</b>	<b>Corporate</b>	
Share of operating profit from Ramu Nickel Mine	\$ -	\$ 9,634,976	\$ -	\$ 9,634,976
Operating expenses	-	(1,059,217)	(6,146,245)	(7,205,462)
Financing costs	-	(1,424,293)	-	(1,424,293)
Unrealized gain on marketable securities	-	-	23,062	23,062
Interest income	-	7,997	103,596	111,593
Foreign exchange (loss)	-	(6,551)	(5,541)	(12,092)
<b>Net income (loss)</b>	<b>\$ -</b>	<b>\$ 7,152,912</b>	<b>\$ (6,025,128)</b>	<b>\$ 1,127,784</b>

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**NICKEL 28 CAPITAL CORP.****Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Six Months Ended July 31, 2024 and 2023****(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 July 31, 2024</b>	<b>Canada</b>	<b>Asia Pacific</b>	<b>Total</b>
Current assets	\$ 7,193,064	\$ 663,577	\$ 7,856,641
Non-current assets	25,495,893	108,552,312	134,048,205
<b>Total assets</b>	<b>\$ 32,688,957</b>	<b>\$ 109,215,889</b>	<b>\$ 141,904,846</b>

<b>As at January 31, 2024</b>	<b>Canada</b>	<b>Asia Pacific</b>	<b>Total</b>
Current assets	\$ 7,462,194	\$ 3,665,672	\$ 11,127,866
Non-current assets	25,495,893	105,113,112	130,609,005
<b>Total assets</b>	<b>\$ 32,958,087</b>	<b>\$ 108,778,784</b>	<b>\$ 141,736,871</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 Motion 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) filed an application to be added as a second defendant to support the Ramu project. This application was granted by the court. As of the date of these financial statements, the case remains in the pre-trial stage and the plaintiffs have taken no steps to advance their claim as of July 31, 2024. 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 claim is resolved.

No provisions were recognized in the condensed interim 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").