



NICKEL 28 CAPITAL CORP.

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED
OCTOBER 31, 2022 AND
THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2021**

**(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 October 31, 2022	As at January 31, 2022
Assets		
Current Assets		
Cash and cash equivalents (Note 4)	\$ 3,536,305	\$ 3,961,614
Amounts receivable and other assets (Note 5)	2,512,955	3,705,622
Marketable securities (Note 6)	25,643	114,003
	6,074,903	7,781,239
Non-Current Assets		
Investment in Ramu Nickel Mine (Note 7)	136,331,644	126,789,429
Royalty contracts (Note 8)	25,495,893	25,495,893
Right-of-use assets	97,012	23,165
Property, plant and equipment	83,486	37,060
	\$ 168,082,938	\$ 160,126,786
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 620,434	\$ 318,680
Lease liability	60,487	24,987
Non-recourse debt (Note 9)	12,861,000	12,861,000
	13,541,921	13,204,667
Non-Current Liabilities		
Lease liability	37,350	-
Non-recourse debt (Note 9)	60,101,825	60,537,024
Share award liability	75,901	28,134
Deferred tax liabilities	2,738,670	2,738,835
	76,495,667	76,508,660
Shareholders' Equity		
Share capital (Note 10)	68,416,752	69,149,540
Reserves	1,980,992	1,071,486
Retained earnings	21,189,527	13,397,100
	91,587,271	83,618,126
Total Liabilities and Shareholders' Equity	\$ 168,082,938	\$ 160,126,786

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

	Three Months Ended		Nine Months Ended	
	October 31, 2022	September 30, 2021	October 31, 2022	September 30, 2021
Operating Expenses				
General and administrative	\$ 101,461	\$ 150,224	\$ 599,248	\$ 870,220
Salaries and fees	517,549	390,929	1,313,284	1,248,989
Marketing and promotion	342,152	71,632	693,512	290,047
Professional fees	137,455	21,661	209,968	123,472
Consulting fees	-	-	-	16,226
Regulatory fees	19,784	21,357	94,830	40,413
Share based compensation (Notes 11(a) and (b))	300,594	112,287	918,267	616,341
Change in share award liability (Note 11(c))	5,654	16,647	47,767	70,583
Operating Loss	(1,424,649)	(784,737)	(3,876,876)	(3,276,291)
Other Income (Expenses)				
Interest income	20,694	16,223	50,064	52,572
Carbon offset	-	-	-	(57,750)
Share of operating profit from Ramu Nickel Mine (Note 7(ii))	9,972,008	7,743,727	14,498,452	22,625,480
Unrealized loss on marketable securities (Note 6)	(1,650)	24,284	(88,360)	(100)
Financing costs (Note 7(iv))	(913,453)	(1,112,792)	(2,786,355)	(3,450,813)
Foreign exchange gain	(35,239)	(76,759)	(4,498)	20,487
Net and Comprehensive Income for the Period	\$ 7,617,711	\$ 5,809,946	\$ 7,792,427	\$ 15,913,585
Basic Income per Share	\$ 0.08	\$ 0.07	\$ 0.09	\$ 0.19
Diluted Income per Share	\$ 0.08	\$ 0.07	\$ 0.09	\$ 0.19
Weighted Average Number of Common Shares Outstanding - Basic	90,052,145	85,704,730	90,371,257	85,641,278
Weighted Average Number of Common Shares Outstanding - Diluted	90,621,420	85,704,730	91,319,556	85,641,278

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)**

	Nine Months Ended October 31, 2022	Nine Months Ended September 30, 2021
Operating Activities		
Net income for the period	\$ 7,792,427	\$ 15,913,585
Adjustments for:		
Share of operating profit from Ramu Nickel Mine	(14,498,452)	(22,625,480)
Unrealized loss on marketable securities	88,360	100
Share based compensation (Notes 11(a) and (b))	918,267	616,341
Change in share award liability (Note 11(c))	47,767	70,583
Financing costs	2,786,355	3,450,813
Other	26,022	30,639
Non-cash working capital items:		
Amounts receivable and other assets	(535,226)	(57,488)
Accounts payable and accrued liabilities	301,754	127,000
Net Cash and Cash Equivalents Used in Operating Activities	(3,072,726)	(2,473,907)
Investing Activities		
Cash distributions from Ramu Nickel Mine	3,462,576	-
Purchase of property, plant and equipment	(51,019)	(3,703)
Net Cash and Cash Equivalents Provided by (Used in) Investing Activities	3,411,557	(3,703)
Financing Activities		
Common shares issued for cash (Note 10(b))	108,911	168,754
Repayment of lease liabilities	(22,591)	(28,000)
Repurchase of shares (Note 10(b))	(850,460)	(193,559)
Net Cash and Cash Equivalents Used in Financing Activities	(764,140)	(52,805)
Net change in Cash and Cash Equivalents	(425,309)	(2,530,415)
Cash and Cash Equivalents, Beginning of Period	3,961,614	6,373,796
Cash and Cash Equivalents, End of Period	\$ 3,536,305	\$ 3,843,381
Supplemental Information		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Repayment of non-recourse debt through deemed distributions	\$ 3,211,554	\$ 31,549,173

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			
Balance, December 31, 2020	84,901,844	\$ 66,440,479	\$ 383,513	\$ 2,222,555	\$ 69,046,547
Restricted Share Units converted to common shares (Note 10(b)(i))	800,000	411,840	(411,840)	-	-
Issuance of common shares on exercise of options (Note 10(b)(ii))	500,000	182,444	(13,690)	-	168,754
Share repurchase (Note 10(b)(iv))	(234,500)	(193,559)	-	-	(193,559)
Share based compensation (Note 11(b))	-	-	616,341	-	616,341
Net income for the period	-	-	-	15,913,585	15,913,585
Balance, September 30, 2021	85,967,344	\$ 66,841,204	\$ 574,324	\$ 18,136,140	\$ 85,551,668
Balance, January 31, 2022	90,552,145	\$ 69,149,540	\$ 1,071,486	\$ 13,397,100	\$ 83,618,126
Issuance of common shares on exercise of options (Note 10(b)(iii))	320,000	117,672	(8,761)	-	108,911
Share repurchase (Note 10(b)(iv))	(820,000)	(850,460)	-	-	(850,460)
Share based compensation (Notes 11(b) and (c))	-	-	918,267	-	918,267
Net income for the period	-	-	-	7,792,427	7,792,427
Balance, October 31, 2022	90,052,145	\$ 68,416,752	\$ 1,980,992	\$ 21,189,527	\$ 91,587,271

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

NICKEL 28 CAPITAL CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended October 31, 2022 and September 30, 2021

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

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 as "Nickel 28 Capital Corp." and changed its name to "Conic Metals Corp." on October 21, 2019 and then back to "Nickel 28 Capital Corp." on March 10, 2021. 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 2500, 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 development and exploration projects in Canada, Australia and Papua New Guinea.

These condensed interim consolidated financial statements of the Company for the three and nine months ended October 31, 2022 were approved and authorized for issue by the Board of Directors on December 14, 2022.

Commencing in March 2020, the outbreak of the novel strain of coronavirus known as "Covid19" has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. In addition, at the Company's joint-venture Ramu mine, MCC Ramu NiCo Limited has implemented several measures to limit the potential spread of Covid19. The duration and impact of the Covid19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

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 thirteen months ended January 31, 2022.

The same accounting policies and methods of computation are followed in these condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the thirteen months ended January 31, 2022.

NICKEL 28 CAPITAL CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended October 31, 2022 and September 30, 2021

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

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 revenues and expenses 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:

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. The assessment requires estimates and assumptions such as discount rates, exchange rates, commodity prices, operating costs, capital costs and production rates.

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. Actual results may vary.

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.

Impairment of royalty contracts

Assessment of the royalty contracts for indicators of impairment at the end of each reporting period requires the use of judgments, assumptions and estimates when assessing whether there are any indicators that give rise to the requirement to conduct a formal impairment test on the Company's royalty contracts. Indicators which could trigger an impairment test 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.

NICKEL 28 CAPITAL CORP.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended October 31, 2022 and September 30, 2021****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)**

4. Cash and Cash Equivalents

	As at October 31, 2022	As at January 31, 2022
Cash	\$ 3,302,592	\$ 3,723,634
Short-term bank deposit	233,713	237,980
	\$ 3,536,305	\$ 3,961,614

5. Amounts Receivable and Other Assets

	As at October 31, 2022	As at January 31, 2022
Other receivables ⁽¹⁾	\$ 1,734,683	\$ 3,462,576
Harmonized sales tax receivable	49,310	50,630
Prepaid expenses	17,663	81,308
Sundry receivables	711,299	111,108
	\$ 2,512,955	\$ 3,705,622

⁽¹⁾ Other receivables represent cash receipts anticipated from MCC Ramu NiCo Limited and/or amounts to be applied against the non-recourse debt to MCC Ramu NiCo Limited. In November 2022, the Company received a cash distribution of \$1,734,683 from MCC Ramu NiCo Limited for its share of the mine's operating surpluses.

6. Marketable Securities

The Company holds 1,000,000 common shares of Minerva Intelligence Inc. ("Minerva"), which were acquired at a cost of \$76,581. As at October 31, 2022, the investment in Minerva was valued at \$25,643 (January 31, 2022 - \$114,003) based on the closing share price.

7. 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 project debt is repaid to the project manager and joint venture partner MCC (note 9). 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 and nine months based on the financial information of Ramu for the three and nine months ended September 30, 2022, which is within one month of the Company's reporting period. Any significant transactions for October 2022 have been adjusted.

NICKEL 28 CAPITAL CORP.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended October 31, 2022 and September 30, 2021****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)****7. Investment in Ramu Nickel Mine (Continued)**

(i) Continuity of investment in Ramu Nickel Mine

	Nine Months Ended October 31, 2022	Thirteen Months Ended January 31, 2022
Opening balance	\$ 126,789,429	\$ 128,524,144
Share of operating profit (loss) from Ramu Nickel Mine	14,498,452	27,475,384
Distributions from MCC Ramu NiCo Limited	(4,956,237)	(29,210,099)
Closing balance	\$ 136,331,644	\$ 126,789,429

(ii) Interest in Ramu Nickel Mine

	Three Months Ended		Nine Months Ended	
	October 31, 2022	September 30, 2021	October 31, 2022	September 30, 2021
Share of revenue	\$ 22,586,500	\$ 15,411,599	\$ 48,396,496	\$ 48,077,684
Share of production costs	(8,714,522)	(4,824,416)	(24,208,989)	(16,702,529)
Share of other costs	(1,879,296)	(797,918)	(3,627,034)	(2,613,059)
Depreciation and amortization	(2,020,674)	(2,045,538)	(6,062,021)	(6,136,616)
Share of operating profit from Ramu Nickel Mine	\$ 9,972,008	\$ 7,743,727	\$ 14,498,452	\$ 22,625,480

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

	Three Months Ended		Nine Months Ended	
	October 31, 2022	September 30, 2021	October 31, 2022	September 30, 2021
Share of Ramu Nickel Mine's MHP Product (Wet Metric Tonnes)	7,753	4,709	13,563	15,800
Revenue from Sales of MHP Products	\$ 22,586,500	\$ 15,411,599	\$ 48,396,496	\$ 48,077,684

(iv) Non-recourse debt (Note 9)

	Nine Months Ended October 31, 2022	Thirteen Months Ended January 31, 2022
Opening balance	\$ 73,398,024	\$ 107,053,427
Interest accrued	2,786,355	4,324,512
Loan repayments	(3,221,554)	(37,979,915)
Closing balance	\$ 72,962,825	\$ 73,398,024

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 its share of operating surpluses less ongoing capital expenditure requirements (Note 9).

NICKEL 28 CAPITAL CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended October 31, 2022 and September 30, 2021

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

8. 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 October 31, 2022 and January 31, 2022, the Company's Royalty Contracts consisted of the following:

Royalty Name	Owner	Property Location	Stage	Primary Metal(s), Royalty Type and %	October 31, 2022 Carrying value	January 31, 2022 Carrying value
Dumont Project ⁽¹⁾	Waterton Global Res. Mgmt.	Québec	Advanced / Development	Ni-Co 1.75% NSR	\$15,263,086	\$15,263,086
Turnagain Project ⁽²⁾	Giga Metals Corporation	British Columbia	Exploration	Ni-Co 2% NSR	\$7,241,392	\$7,241,392
Flemington Project ⁽³⁾	Australian Mines Ltd.	Australia	Exploration	Ni-Co-Sc 1.5% GRR	\$1,943,514	\$1,943,514
Nyngan Project ⁽⁴⁾	Scandium International Mining Corp.	Australia	Advanced / Development	Sc- Ni-Co 1.7% GRR	\$971,757	\$971,757
North Canol Properties ⁽⁵⁾	Golden Ridge Resources Ltd.	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	Pure Minerals	Papua New Guinea	Exploration	Ni-Co 5% FOB GRR	\$nil	nil
Professor & Waldman Properties ⁽⁵⁾⁽⁶⁾	70% Golden Deeps 30% New Found Gold Corp.	Ontario	Exploration	Co-Ag 2% Co NSR	\$nil	\$nil
Triangle Property ⁽⁶⁾⁽⁷⁾	New Found Gold Corp.	Ontario	Exploration	Co-Ag 2% Co NSR	\$nil	\$nil
Rusty Lake Property ⁽⁶⁾	iCobalt Ltd.	Ontario	Exploration	Co-Ag 2% Co NSR	\$nil	\$nil
Total Royalty Contracts					\$25,495,893	\$25,495,893

NICKEL 28 CAPITAL CORP.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended October 31, 2022 and September 30, 2021****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)**

8. Royalty Contracts (Continued)

- (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 has a onetime 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 on 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.

9. Non-Recourse Debt

	As at October 31, 2022	As at January 31, 2022
Loan from MCC Ramu NiCo Limited - current	\$ 12,861,000	\$ 12,861,000
Loan from MCC Ramu NiCo Limited - non-current	60,101,825	60,537,024
	\$ 72,962,825	\$ 73,398,024

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 third party 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 operating surpluses on a monthly basis.

The amount 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 nine months ended October 31, 2022, the Company made repayments on the non-recourse debt of \$3,221,554 (thirteen months ended January 31, 2022 - \$37,979,915) from the Ramu Mine's operating surpluses.

NICKEL 28 CAPITAL CORP.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended October 31, 2022 and September 30, 2021****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)**

10. Share Capital

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

(b) Common shares issued:

(i) During the nine months ended September 30, 2021, 800,000 RSUs with a fair value of \$411,840 were converted into common shares.

(ii) During the nine months ended September 30, 2021, 500,000 stock options were exercised at an exercise price of CAD\$0.43 per share. The fair value of the exercised options totaled \$13,690. The weighted average market price at the date of exercise was CAD\$0.97.

(iii) During the nine months ended October 31, 2022, 320,000 stock options were exercised at an exercise price of CAD\$0.43 per share. The fair value of the exercised options totaled \$8,761. The weighted average market price at the date of exercise was CAD\$1.50.

(iv) On May 27, 2021, the Company announced a normal course issuer bid ("NCIB") to repurchase its common shares, which was approved by the TSX-V on July 2, 2021. During the nine months ended October 31, 2022, the Company repurchased 820,000 common shares (nine months ended September 30, 2021 - 234,500 common shares) for a total cost of \$850,460 (nine months ended September 30, 2021 - \$193,559).

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 September 16, 2021. 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 October 31, 2022 and September 30, 2021:

	Number of stock options	Weighted average exercise price (CAD\$)
Balance, December 31, 2020	4,190,000	0.43
Exercised (Note 10(b)(vi))	(500,000)	0.43
Balance, September 30, 2021	3,690,000	0.43
Balance, January 31, 2022	2,940,000	0.71
Exercised	(320,000)	0.43
Balance, October 31, 2022	2,620,000	0.75

NICKEL 28 CAPITAL CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended October 31, 2022 and September 30, 2021

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

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

The following table reflects the Company's stock options outstanding and exercisable as at October 31, 2022:

Options outstanding	Options exercisable	Grant date fair value (\$)	Weighted average exercise price (CAD\$)	Weighted average remaining contractual life (years)	Expiry date
620,000	620,000	16,975	0.43	2.13	December 16, 2024
100,000	100,000	16,335	0.40	3.15	December 23, 2025
1,900,000	1,900,000	709,381	0.87	4.11	December 8, 2026
2,620,000	2,620,000	742,691	0.75	3.60	

(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 September 16, 2021. 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. The Company granted RSU's before the Plan was approved by the shareholders and TSX-V and these RSUs were valued at the stock price at the end of each reporting period. When the Plan was originally approved on June 19, 2020, the expense related to these granted RSUs was adjusted to the fair value per share as of June 19, 2020.

	Number of RSUs
Balance, December 31, 2020	4,153,333
Converted into common shares	(800,000)
Balance, September 30, 2021	3,353,333
Balance, January 31, 2022 and October 31, 2022	4,063,330

For the three and nine months ended October 31, 2022, the Company recorded share based compensation expense for these RSU's of \$300,594 and \$918,267, respectively (three and nine months ended September 30, 2021 - \$112,287 and \$616,341, respectively).

(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.

For the three and nine months ended October 31, 2022, the Company recorded share based compensation expense for these share awards of \$5,654 and \$47,767, respectively (three and nine months ended September 30, 2021 - \$16,647 and \$70,583, respectively). 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.

As at October 31, 2022, there were 80,000 (January 31, 2022 - 80,000) share awards outstanding.

NICKEL 28 CAPITAL CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended October 31, 2022 and September 30, 2021

(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. Related party transactions are recorded at the exchange amount, being the amount agreed to between the 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		Nine Months Ended	
	October 31, 2022	September 30, 2021	October 31, 2022	September 30, 2021
Salaries and fees ⁽¹⁾⁽²⁾	\$ 303,804	\$ 339,853	\$ 916,265	\$ 856,080
Share based compensation	300,594	112,287	918,267	616,341
Change in share award liability	5,654	9,512	47,767	40,333
	\$ 610,052	\$ 461,652	\$ 1,882,299	\$ 1,512,754

(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 \$35,744 as at October 31, 2022 (January 31, 2022 - \$26,667).

13. Segmented Information

The Company operates in three reportable operating segments, being the royalty interests, Ramu Nickel Mine and corporate activities. Operating segment information is as follows:

Three Months Ended October 31, 2022	Royalties	Ramu Nickel		Total
		Mine	Corporate	
Share of operating profit from Ramu Nickel Mine	\$ -	\$ 9,972,008	\$ -	\$ 9,972,008
Operating expenses	-	(360,652)	(1,043,303)	(1,403,955)
Financing costs	-	(913,453)	-	(913,453)
Unrealized gain on marketable securities	-	-	(1,650)	(1,650)
Foreign exchange loss	-	(5,240)	(29,999)	(35,239)
Net income (loss)	\$ -	\$ 8,692,663	\$ (1,074,952)	\$ 7,617,711

Three Months Ended September 30, 2021	Royalties	Ramu Nickel		Total
		Mine	Corporate	
Share of operating profit from Ramu Nickel Mine	\$ -	\$ 7,743,727	\$ -	\$ 7,743,727
Operating expenses	-	(252,391)	(516,123)	(768,514)
Financing costs	-	(1,112,792)	-	(1,112,792)
Unrealized gain on marketable securities	-	-	24,284	24,284
Foreign exchange gain	-	(5,221)	(71,538)	(76,759)
Net income (loss)	\$ -	\$ 6,373,323	\$ (563,377)	\$ 5,809,946

NICKEL 28 CAPITAL CORP.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended October 31, 2022 and September 30, 2021****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)****13. Segmented Information (Continued)**

Nine Months Ended October 31, 2022	Royalties	Ramu Nickel		Total
		Mine	Corporate	
Share of operating profit from Ramu Nickel Mine	\$ -	\$ 14,498,452	\$ -	\$ 14,498,452
Operating expenses	-	(802,198)	(3,024,614)	(3,826,812)
Financing costs	-	(2,786,355)	-	(2,786,355)
Unrealized loss on marketable securities	-	-	(88,360)	(88,360)
Foreign exchange gain	-	(12,511)	8,013	(4,498)
Net income (loss)	\$ -	\$ 10,897,388	\$ (3,104,961)	\$ 7,792,427

Nine Months Ended September 30, 2021	Royalties	Ramu Nickel		Total
		Mine	Corporate	
Share of operating profit from Ramu Nickel Mine	\$ -	\$ 22,625,480	\$ -	\$ 22,625,480
Operating expenses	-	(1,147,891)	(2,075,828)	(3,223,719)
Financing costs	-	(3,450,813)	-	(3,450,813)
Unrealized gain on marketable securities	-	-	(100)	(100)
Carbon offset	-	-	(57,750)	(57,750)
Foreign exchange gain (loss)	-	(6,191)	26,678	20,487
Net income (loss)	\$ -	\$ 18,020,585	\$ (2,107,000)	\$ 15,913,585

The Company has an administrative office in Canada and operations in Asia Pacific. Geographical information is as follows:

As at October 31, 2022	Canada	Asia Pacific	Total
Current assets	\$ 3,184,046	\$ 2,890,857	\$ 6,074,903
Non-current assets	25,495,893	136,512,142	162,008,035
Total assets	\$ 28,679,939	\$ 139,402,999	\$ 168,082,938

As at January 31, 2022	Canada	Asia Pacific	Total
Current assets	\$ 3,273,250	\$ 4,507,989	\$ 7,781,239
Non-current assets	25,495,893	126,849,654	152,345,547
Total assets	\$ 28,769,143	\$ 131,357,643	\$ 160,126,786

NICKEL 28 CAPITAL CORP.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended October 31, 2022 and September 30, 2021****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)**

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 October 31, 2022. 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 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").

15. Subsequent Event

Subsequent to the reporting period and in conjunction with the finalization of Ramu's audit for the half-year ended June 30, 2022, the Company's total attributable operating surplus for the 6-month period ended June 30, 2022, was \$4,956,237, with \$3,221,554 applied as a non-recourse debt repayment and the remaining \$1,734,683 received by the Company as a cash distribution on November 3, 2022.