



NICKEL 28 CAPITAL CORP.

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED
OCTOBER 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 October 31, 2024	As at January 31, 2024
Assets		
Current Assets		
Cash and cash equivalents (Note 4)	\$ 9,347,925	\$ 7,833,594
Amounts receivable and other assets (Note 5)	507,118	3,264,415
Marketable securities	-	29,857
	9,855,043	11,127,866
Non-Current Assets		
Investment in Ramu Nickel Mine (Note 6)	100,711,734	105,034,171
Royalty contracts (Note 7)	25,495,893	25,495,893
Right-of-use assets	25,989	50,192
Property, plant and equipment	23,982	28,749
	\$ 136,112,641	\$ 141,736,871
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 84,465	\$ 473,753
Lease liability	29,522	32,345
Non-recourse debt (Note 8)	10,850,000	9,000,000
	10,963,987	9,506,098
Non-Current Liabilities		
Lease liability	-	20,252
Non-recourse debt (Note 8)	27,353,751	35,094,791
Deferred tax liabilities	10,516,500	10,516,500
	48,834,238	55,137,641
Shareholders' Equity		
Share capital (Note 10)	68,478,395	71,780,711
Reserves	855,106	1,494,836
Retained earnings	17,944,902	13,323,683
	87,278,403	86,599,230
Total Liabilities and Shareholders' Equity	\$ 136,112,641	\$ 141,736,871

Subsequent Events (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 October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Operating Expenses				
General and administrative	\$ 104,328	\$ 306,619	\$ 508,032	\$ 1,058,669
Salaries and fees (Note 12)	815,021	583,753	1,881,151	2,793,922
Marketing and promotion	72,467	85,734	134,581	328,389
Professional fees (Note 12)	384,580	286,037	2,066,649	2,652,054
Regulatory fees	17,086	14,898	46,951	244,511
Share based compensation (recovery) (Notes 11(a),(b) and 12)	(2,645)	701,392	(471,751)	2,095,216
Change in share award liability (Notes 11(c) and 12)	-	1,262	-	12,396
Operating Loss	(1,390,837)	(1,979,695)	(4,165,613)	(9,185,157)
Other Income (Expenses)				
Interest income	92,061	82,056	306,781	193,649
Recovery of expenses (Note 10(b)(ii))	-	-	631,557	-
Share of operating profit from Ramu Nickel Mine (Note 6(ii))	3,748,330	3,665,537	7,207,574	13,300,513
Unrealized gain on marketable securities	54,856	1,326	46,724	24,388
Realized loss on marketable securities	(61,991)	-	(61,991)	-
Financing costs (Note 6(iv))	(478,292)	(613,152)	(1,603,467)	(2,037,445)
Foreign exchange loss	613	(34,685)	(23,139)	(46,777)
Net and Comprehensive Income for the Period	\$ 1,964,740	\$ 1,121,387	\$ 2,338,426	\$ 2,249,171
Basic Income per Share (Note 9)	\$ 0.02	\$ 0.01	\$ 0.03	\$ 0.02
Diluted Income per Share (Note 9)	\$ 0.02	\$ 0.01	\$ 0.02	\$ 0.02
Weighted Average Number of Common Shares Outstanding - Basic (Note 9)	89,817,945	92,377,198	93,096,828	92,084,158
Weighted Average Number of Common Shares Outstanding - Diluted (Note 9)	90,447,826	99,092,714	93,716,449	98,924,291

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,	
	2024	2023
Operating Activities		
Net income for the period	\$ 2,338,426	\$ 2,249,171
Adjustments for:		
Recovery of expenses	(631,557)	-
Share of operating profit from Ramu Nickel Mine	(7,207,574)	(13,300,513)
Unrealized gain on marketable securities	(46,724)	(24,388)
Realized loss on marketable securities	61,991	-
Share based compensation (recovery)	(471,751)	2,095,216
Change in share award liability	-	12,396
Financing costs	1,603,467	2,037,445
Other	32,519	32,970
Change in non-cash working capital items:		
Amounts receivable and other assets	(205,226)	(267,902)
Accounts payable and accrued liabilities	(389,288)	(154,089)
Net Cash and Cash Equivalents Used in Operating Activities	(4,915,717)	(7,319,694)
Investing Activities		
Investment in Ramu Nickel Mine	6,998,027	14,511,324
Proceeds from the sale of marketable securities	14,591	-
Net Cash and Cash Equivalents Provided by Investing Activities	7,012,618	14,511,324
Financing Activities		
Common shares issued for cash	-	271,954
Repurchase of treasury shares	(555,945)	-
Repayment of lease liability	(26,625)	(26,625)
Net Cash and Cash Equivalents (Used in) Provided by Financing Activities	(582,570)	245,329
Net change in Cash and Cash Equivalents	1,514,331	7,436,959
Cash and Cash Equivalents, Beginning of Period	7,833,594	2,368,289
Cash and Cash Equivalents, End of Period	\$ 9,347,925	\$ 9,805,248
Supplemental Information		
Interest paid (received)	\$ (306,781)	\$ (193,649)
Income taxes paid	\$ -	\$ -
Repayment of non-recourse debt through deemed distributions	\$ 7,494,507	\$ 8,878,803

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)**

	<u>Share Capital</u>		<u>Reserves</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>Number</u>	<u>Amount</u>			
Balance, January 31, 2023	91,727,198	\$ 69,653,837	\$ 1,586,347	\$ 19,507,918	\$ 90,748,102
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)	-	-	2,095,216	-	2,095,216
Net and comprehensive income for the period	-	-	-	2,249,171	2,249,171
Balance, October 31, 2023	92,377,198	\$ 70,026,380	\$ 3,580,974	\$ 21,757,089	\$ 95,364,443
Balance, January 31, 2024	95,108,944	\$ 71,780,711	\$ 1,494,836	\$ 13,323,683	\$ 86,599,230
Shares returned to treasury (Note 10(b)(ii))	(4,965,222)	(2,914,350)	-	2,282,793	(631,557)
Repurchase of treasury shares (Note 10(b)(iii))	-	-	(555,945)	-	(555,945)
Treasury shares cancelled (Note 10(b)(iii))	(732,000)	(387,966)	387,966	-	-
Share based compensation (recovery) (Notes 11(b)(c) and 12)	-	-	(471,751)	-	(471,751)
Net and comprehensive income for the period	-	-	-	2,338,426	2,338,426
Balance, October 31, 2024	89,411,722	\$ 68,478,395	\$ 855,106	\$ 17,944,902	\$ 87,278,403

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 Six Months Ended October 31, 2024 and 2023

(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. 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 nine months ended October 31, 2024 were approved and authorized for issue by the Board of Directors on December 17, 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.

NICKEL 28 CAPITAL CORP.

Notes to the Condensed Interim Consolidated Financial Statements

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

(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 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 estimated 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.

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

4. Cash and Cash Equivalents

	As at October 31, 2024	As at January 31, 2024
Cash	\$ 9,120,565	\$ 7,614,897
Short-term bank deposit	227,360	218,697
	\$ 9,347,925	\$ 7,833,594

5. Amounts Receivable and Other Assets

	As at October 31, 2024	As at January 31, 2024
Other receivables ⁽¹⁾	\$ -	\$ 2,962,523
Harmonized sales tax receivable	301,156	102,750
Prepaid expenses	56,617	64,778
Sundry receivables	149,344	134,364
	\$ 507,117	\$ 3,264,415

⁽¹⁾ 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. In October 2024, the Company received a cash distribution of \$4,035,504 from MCC Ramu NiCo Limited for its distribution of the mine's operating surpluses for the first half of the 2024 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 period based on the financial information of Ramu for the three and nine months ended September 30, 2024, which is within one month of the Company's reporting period. Any significant transactions for October 2024 have been adjusted.

NICKEL 28 CAPITAL CORP.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Six Months Ended October 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 October 31, 2024	As at January 31, 2024
Opening balance	\$ 105,034,171	\$ 116,732,025
Share of operating profit from Ramu Nickel Mine	7,207,574	10,426,179
Distributions from MCC Ramu NiCo Limited	(11,530,011)	(22,124,033)
Closing balance	\$ 100,711,734	\$ 105,034,171

(ii) Interest in Ramu Nickel Mine

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Share of revenue	\$ 12,877,954	\$ 13,392,738	\$ 34,245,100	\$ 43,589,110
Share of production costs	(5,861,652)	(6,571,013)	(17,500,926)	(20,209,400)
Share of other costs	(1,146,054)	(1,033,168)	(3,170,847)	(3,710,136)
Depreciation and amortization	(2,121,918)	(2,123,020)	(6,365,753)	(6,369,061)
Share of operating profit from Ramu Nickel Mine	\$ 3,748,330	\$ 3,665,537	\$ 7,207,574	\$ 13,300,513

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

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Share of Ramu Nickel Mine's MHP Product (Wet Metric Tonnes)	5,060	5,354	14,594	15,372
Revenue from Sales of MHP Products	\$ 12,877,954	\$ 13,392,738	\$ 34,245,100	\$ 43,589,110

(iv) Non-recourse debt (Note 8)

	As at October 31, 2024	As at January 31, 2024
Opening balance	\$ 44,094,791	\$ 55,817,051
Interest accrued	1,603,467	2,658,369
Loan repayments	(7,494,507)	(14,380,629)
Closing balance	\$ 38,203,751	\$ 44,094,791

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 distributions received (Note 8).

NICKEL 28 CAPITAL CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended October 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 October 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 %	October 31, 2024 Carrying amount	January 31, 2024 Carrying amount
Dumont Project ⁽¹⁾	Waterton Global Res. Mgmt.	Québec	Advanced / Development	Ni-Co 1.75% NSR	\$15,263,086	\$15,263,086
Turnagain Project ⁽²⁾	85% Giga Metals Corporation 15% Mitsubishi Corporation	British Columbia	Pre-Feasibility	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⁾	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 ⁽⁵⁾	70% Golden Deepes 30% New Found Gold Corp.	Ontario	Exploration	Co-Ag 2% Co NSR	\$nil	\$nil
Total Royalty Contracts					\$25,495,893	\$25,495,893

(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 October 31, 2024 and 2023

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

8. Non-Recourse Debt

	As at October 31, 2024	As at January 31, 2024
Loan from MCC Ramu NiCo Limited - current	\$ 10,850,000	\$ 9,000,000
Loan from MCC Ramu NiCo Limited - non-current	27,353,751	35,094,791
	\$ 38,203,751	\$ 44,094,791

Non-recourse debt relates to the Company's interest, held in its 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 semi-annual basis equivalent to 35% of its distributions received, 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 nine months ended October 31, 2024, the Company made repayments on the non-recourse debt of \$7,494,507 (year ended January 31, 2024 - \$14,380,629) from distributions received from the Ramu Mine.

9. Income per share

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Income	\$ 1,964,740	\$ 1,121,387	\$ 2,338,426	\$ 2,249,171
Weighted average number of common shares - basic	89,817,945	92,377,198	93,096,828	92,084,158
Dilutive effect of stock options and RSUs	629,881	6,715,516	619,621	6,840,133
Weighted average number of common shares - diluted	90,447,826	99,092,714	93,716,449	98,924,291
Basic income per share	\$ 0.02	\$ 0.01	\$ 0.03	\$ 0.02
Diluted income per share	\$ 0.02	\$ 0.01	\$ 0.02	\$ 0.02

NICKEL 28 CAPITAL CORP.

Notes to the Condensed Interim Consolidated Financial Statements

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

(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 October 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 resigned from the Board.

(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 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.

During the nine months ended October 31, 2024, the Company repurchased 1,035,500 treasury shares for aggregate cost of \$555,945. Of the 1,035,500 treasury shares repurchased, 732,000 were cancelled as at October 31, 2024 and the remainder were cancelled subsequently.

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), would not exceed a combined total of 10% of the Company's issued and outstanding shares. The exercise price was determined by the Board of Directors provided the minimum exercise price was set at the Company's closing share price on the day before the grant date. The options were granted for a maximum term of ten years and vesting terms were determined by the Board of Directors at the date of grant.

On October 31, 2024, the Company adopted and announced a Fixed Stock Option Plan. The maximum number of shares that may be issued under the stock option plan is fixed at 8,932,230 shares. The option exercise price per share that is subject of any option shall be fixed by the Board when any such option is granted. The exercise price shall not be less than the market price on the date of grant. Options shall not be granted for a term exceeding five years.

NICKEL 28 CAPITAL CORP.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three and Six Months Ended October 31, 2024 and 2023****(Expressed in United States Dollars, unless otherwise indicated) (Unaudited)****11. Stock Options, Restricted Share Units and Share Awards (Continued)**

The following table reflects the continuity of stock options for the periods ended October 31, 2024 and 2023:

	Number of stock options	Weighted average exercise price (CAD\$)
Balance, January 31, 2023	2,620,000	0.75
Exercised (Note 10(b)(i))	(650,000)	0.56
Balance, October 31, 2023	1,970,000	0.81
Balance, January 31, 2024	1,970,000	0.81
Granted (i)	500,000	0.82
Expired/Forfeited	(1,000,000)	0.87
Balance, October 31, 2024	1,470,000	0.77

(i) On October 30, 2024, a total of 500,000 stock options were issued to an officer and director of the Company. The stock options are exercisable at a price of CAD\$0.82 per share, expire on October 30, 2029 and vested one third on the date of grant and one third on each of the first and second anniversaries from the date of grant. The fair value of the stock options was estimated to be \$167,074 using the Black-Scholes option pricing model and the following assumptions: exercise price of CAD\$0.82, share price of CAD\$0.80, risk free interest rate of 3.02%, an expected life of 5 years and an expected volatility of 68%. These options were granted under the Fixed Stock Option Plan adopted and announced by the Company on October 31, 2024.

During the three and nine months ended October 31, 2024, share based compensation expense for these stock options of \$55,691 (three and nine months ended October 31, 2023 - \$nil) was recorded in profit or loss.

The following table reflects the Company's stock options outstanding and exercisable as at October 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	0.13	December 16, 2024
700,000	700,000	261,350	0.87	2.10	December 8, 2026
500,000	166,667	167,074	0.82	5.00	October 30, 2029
1,470,000	1,136,667	435,816	0.77	2.73	

NICKEL 28 CAPITAL CORP.

Notes to the Condensed Interim Consolidated Financial Statements

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

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

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.

	Number of RSUs
Balance, January 31, 2023 and October 31, 2023	6,256,663
Balance, January 31, 2024	2,249,997
Cancelled	(1,733,332)
Balance, October 31, 2024	516,665
Vested, October 31, 2024	nil

For the three and nine months ended October 31, 2024, the Company recorded share-based compensation expense (recovery) for these RSU's of \$(58,336) and \$(527,442), respectively (three and nine months ended October 31, 2023 - \$701,392 and \$2,095,216, respectively).

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 October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Salaries and fees ⁽¹⁾⁽²⁾	\$ 749,602	\$ 517,663	\$ 1,641,384	\$ 2,507,995
Share based compensation (recovery)	3,774	691,605	(416,129)	2,065,961
Change in share award liability	-	1,262	-	12,396
	\$ 753,376	\$ 1,210,530	\$ 1,225,255	\$ 4,586,352

(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 \$55,316 as at October 31, 2024 (January 31, 2024 - \$74,917).

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

12. Related Party Transactions (Continued)

During the nine months ended October 31, 2024, the Company reimbursed Pelham Investment Partners, LP, a company controlled by a director of Nickel 28, \$711,127 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.

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 October 31, 2024	Royalties	Ramu Nickel		Total
		Mine	Corporate	
Share of operating profit from Ramu Nickel Mine	\$ -	\$ 3,748,330	\$ -	\$ 3,748,330
Operating expenses	-	(640,023)	(750,814)	(1,390,837)
Financing costs	-	(478,292)	-	(478,292)
Unrealized gain on marketable securities	-	-	54,856	54,856
Realized loss on marketable securities	-	-	(61,991)	(61,991)
Interest income	-	5,589	86,472	92,061
Foreign exchange gain (loss)	-	11,977	(11,364)	613
Net income (loss)	\$ -	\$ 2,647,581	\$ (682,841)	\$ 1,964,740

Three Months Ended October 31, 2023	Royalties	Ramu Nickel		Total
		Mine	Corporate	
Share of operating profit from Ramu Nickel Mine	\$ -	\$ 3,665,537	\$ -	\$ 3,665,537
Operating expenses	-	(378,635)	(1,601,060)	(1,979,695)
Financing costs	-	(613,152)	-	(613,152)
Unrealized gain on marketable securities	-	-	1,326	1,326
Interest income	-	5,319	76,737	82,056
Foreign exchange gain (loss)	-	3,152	(37,837)	(34,685)
Net income (loss)	\$ -	\$ 2,682,221	\$ (1,560,834)	\$ 1,121,387

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

Nine Months Ended October 31, 2024	Royalties	Ramu Nickel		Total
		Mine	Corporate	
Share of operating profit from Ramu Nickel Mine	\$ -	\$ 7,207,574	\$ -	\$ 7,207,574
Operating expenses	-	(1,191,515)	(2,342,541)	(3,534,056)
Financing costs	-	(1,603,467)	-	(1,603,467)
Unrealized gain on marketable securities	-	-	46,724	46,724
Realized loss on marketable securities	-	-	(61,991)	(61,991)
Interest income	-	16,441	290,340	306,781
Foreign exchange gain (loss)	-	15,368	(38,507)	(23,139)
Net income (loss)	\$ -	\$ 4,444,401	\$ (2,105,975)	\$ 2,338,426

Nine Months Ended October 31, 2023	Royalties	Ramu Nickel		Total
		Mine	Corporate	
Share of operating profit from Ramu Nickel Mine	\$ -	\$ 13,300,513	\$ -	\$ 13,300,513
Operating expenses	-	(1,437,852)	(7,747,305)	(9,185,157)
Financing costs	-	(2,037,445)	-	(2,037,445)
Unrealized gain on marketable securities	-	-	24,388	24,388
Interest income	-	13,316	180,333	193,649
Foreign exchange (loss)	-	(3,399)	(43,378)	(46,777)
Net income (loss)	\$ -	\$ 9,835,133	\$ (7,585,962)	\$ 2,249,171

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:

As at October 31, 2024	Canada	Asia Pacific	Total
Current assets	\$ 9,293,097	\$ 561,946	\$ 9,855,043
Non-current assets	25,495,893	100,761,705	126,257,598
Total assets	\$ 34,788,990	\$ 101,323,651	\$ 136,112,641

As at January 31, 2024	Canada	Asia Pacific	Total
Current assets	\$ 7,462,194	\$ 3,665,672	\$ 11,127,866
Non-current assets	25,495,893	105,113,112	130,609,005
Total assets	\$ 32,958,087	\$ 108,778,784	\$ 141,736,871

NICKEL 28 CAPITAL CORP.

Notes to the Condensed Interim Consolidated Financial Statements

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

(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 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 October 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").

15. Subsequent Events

(i) On November 13, 2024, the Company became aware of an action commenced by Justin Cochrane against the Company and two of its directors. The Company believes that the action (a claim for \$30 million) has no merit and will vigorously defend it. No provision has been made for the claim.

The Company has subsequently become aware that Conor Kearns will also commence an action against the Company and two of its directors.

(ii) Subsequent to October 31, 2024, 270,000 stock options with an exercise price of \$0.43 expired unexercised.