PREMIUM NICKEL RESOURCES LTD. | principled mining

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

In accordance with International Financial Reporting Standards and stated in Canadian dollars, unless otherwise indicated.

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MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements, and the notes thereto, of Premium Nickel Resources Ltd., formerly North American Nickel Inc., and its subsidiaries have been prepared by management in accordance with International Financial Reporting standards. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management, in discharging these responsibilities, maintains a system of internal controls designed to provide reasonable assurance that its assets are safeguarded, only valid and authorized transactions are executed and accurate, timely and comprehensive financial information is prepared. However, any system of internal controls over financial reporting, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all misstatements.

The Board of Directors, principally through the Audit Committee, is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities.

The consolidated financial statements have been audited by MNP LLP, Chartered Professional Accountants, Licensed Public Accountants, who were retained by the Company to audit the consolidated financial statements and provide an independent auditor's report thereon. The auditor's report outlines the scope of their examination and their opinion on the consolidated financial statements. MNP LLP has full and free access to the Board of Directors.

"signed"
Keith Morrison
Chief Executive Officer

"signed"
Peter Rawlins
Chief Financial Officer

April 29, 2024

Independent Auditor's Report

To the Shareholders of Premium Nickel Resources Ltd.:

Opinion

We have audited the consolidated financial statements of Premium Nickel Resources Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and December 31, 2022, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss from operations and had no source of operating cash flows. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

MNP LLP
800-1600 Carling Avenue, Ottawa ON, K1Z 1G3 T: 613.691.4200 F: 613.726.9009

Financing - Valuation of Complex Financial Instruments

Key Audit Matter Description

As described in Note 10, 12 and 13 to the consolidated financial statements, the Company closed a financing transaction on June 28, 2023, for aggregate proceeds of approximately $33,999,200. The financing transaction consists of three separate transactions issued concurrently, which comprised of an equity offering of units for $16,249,200, a three year term loan of $15,000,000 and an option payment of $2,750,000 to acquire a 0.5% net smelter returns royalty on the Company's Selebi Mines and Selkirk Mine in certain circumstances upon payment of further consideration. The Company exercised significant judgment when estimating the fair value of the individual transactions.

On December 14, 2023, the Company amended the term loan by $5,882,353 to $20,882,353. The modification has been accounted for as a modification of the existing term loan.

Audit procedures performed to evaluate the reasonableness of the estimates and assumptions used required a high degree of auditor judgment and an increased extent of audit effort, including the involvement of valuations specialists.

Audit Response

We responded to this matter by performing procedures in relation to assessing the accounting for the individual transactions. Our audit work in relation to this included, but was not restricted to, the following:

- Obtained and reviewed agreements entered into by the Company.
- Discussed key terms of the agreements with the Company's legal counsel.
- Confirmed key terms of the agreements with the appropriate parties.
- Obtained management's assessment of accounting for each of the individual transactions and obtained an understanding of the valuation methodology and inputs used by management and evaluated management's key assumptions.
- As part of those procedures, we assessed specific inputs including the Company's discount rates and its share price volatility.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Shawn Mincoff.

MNP LLP

Ottawa, Ontario — Chartered Professional Accountants

April 29, 2024 — Licensed Public Accountants

PREMIUM NICKEL RESOURCES LTD. | principled mining

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	Notes	As at December 31, 2023	As at December 31, 2022
ASSETS			
CURRENT ASSETS			
Cash		19,245,628	5,162,991
Prepaid expenses		900,310	470,725
Other receivables	5	532,835	804,630
TOTAL CURRENT ASSETS		**20,678,773**	**6,438,346**
NON-CURRENT ASSETS			
Exploration and evaluation assets	6,12	48,120,084	31,823,982
Property, plant and equipment	7	7,571,832	3,394,670
TOTAL NON-CURRENT ASSETS		**55,691,916**	**35,218,652**
TOTAL ASSETS		**76,370,689**	**41,656,998**
LIABILITIES			
CURRENT LIABILITIES			
Trade payables and accrued liabilities	8	4,280,146	4,025,716
Current portion of lease liability	11	1,611,143	1,365,697
Promissory Note	9	-	7,070,959
TOTAL CURRENT LIABILITIES		**5,891,289**	**12,462,372**
NON-CURRENT LIABILITIES			
Vehicle financing		236,124	164,644
Provision for leave and severance		510,202	177,941
Term Loan	10	18,064,448	-
Lease liability	11	-	1,365,697
Deferred share units liability	13	884,481	298,000
TOTAL NON-CURRENT LIABILITIES		**19,695,255**	**2,006,282**
TOTAL LIABILITIES		**25,586,544**	**14,468,654**
SHAREHOLDERS' EQUITY			
Share capital – common	13	126,428,421	91,144,268
Share capital – preferred		31,516	31,516
Reserve		17,888,409	15,257,140
Deficit		(90,323,459)	(78,092,605)
Foreign currency translation reserve		(3,240,742)	(1,151,975)
TOTAL SHAREHOLDERS' EQUITY		**50,784,145**	**27,188,344**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**76,370,689**	**41,656,998**

Nature of Operations and Going Concern (Note 1)

The accompanying notes are an integral part of these Consolidated Financial Statements.

Approved by the Board of Directors on April 29, 2024.

"signed"
Keith Morrison
Director

"signed"
Jason LeBlanc
Director

PREMIUM NICKEL RESOURCES LTD. | principled mining

Consolidated Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Notes	Year ended December 31, 2023	Year ended December 31, 2022
EXPENSES			
General and administration expenses	20	8,674,041	7,631,027
Depreciation	7	353,370	96,543
General exploration expenses		169,651	87,405
Interest and bank charges		40,390	93,937
Share-based payment		657,138	7,731,117
Deferred share units granted	13	798,122	298,000
Fair value movement of deferred shares units	13	(128,114)	-
Warrant fair value movement	4	-	(8,974,901)
Net foreign exchange loss (gain)		395,019	(143,777)
		10,959,617	**6,819,351**
OTHER ITEMS			
Interest expenses of Promissory Note	9	341,370	416,703
Accretion of Promissory Note	9	341,177	-
Interest expenses of Term Loan	10	793,392	-
Accretion of Term Loan	10	658,280	-
Other interest expense		181,997	-
Loss on loan modification	10	566,545	-
Acquisition loss on RTO		-	29,174,415
NET LOSS BEFORE TAX		**13,842,378**	**36,410,469**
Deferred tax recovery	19	(524,531)	-
NET LOSS FOR THE YEAR		**13,317,847**	**36,410,469**
OTHER COMPREHENSIVE LOSS			
Exchange differences on translation of foreign operations		2,088,767	1,103,069
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**15,406,614**	**37,513,538**
Basic and diluted loss per share		**0.12**	**0.34**
Weighted average number of common shares outstanding – basic and diluted		**128,509,525**	**109,661,379**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Notes	Number of Shares	Share Capital	Preferred shares	Reserve	Deficit	Foreign Currency Translation Reserve	Total Shareholders' Equity
BALANCE AS AT DECEMBER 31, 2021	13	**76,679,908**	**$ 7,952,675**	**$ -**	**$ 1,261,891**	**$ (13,482,624)**	**$ (48,906)**	**$ (4,316,964)**
Net loss for the year		-	-	-	-	(36,410,469)	-	(36,410,469)
Share capital issued through private placement		8,936,167	22,388,599	-	-	-	-	22,388,599
Share issue costs		-	(1,535,727)	-	-	-	-	(1,535,727)
Acquisition of NAN								
Cancelled PNRC shares held by NAN		(7,667,707)	(19,710,608)	-	-	-	-	(19,710,608)
Cancelled PNRC warrant held by NAN		-	-	-	-	(28,275,255)	-	(28,275,255)
PNRC shares exchanged		(77,948,368)	-	-	-	-	-	-
PNRC shares received in exchange		82,157,536	-	-	-	-	-	-
Outstanding shares of NAN acquired on RTO		31,748,399	77,431,152	31,516	9,665,577	-	-	87,128,245
Exercise of warrants		1,236,408	569,399	-	-	-	-	569,399
FV of warrants exercised		-	2,321,514	-	(2,321,514)	-	-	-
Exercise of options		1,379,000	723,076	-	-	-	-	723,076
FV of exercised options		-	1,004,188	-	(1,004,188)	-	-	-
Expired options		-	-	-	(75,743)	75,743	-	-
Share-based payment		-	-	-	7,731,117	-	-	7,731,117
Exchange differences on translation of foreign operations		-	-	-	-	-	(1,103,069)	(1,103,069)
BALANCE AS AT DECEMBER 31, 2022	13	**116,521,343**	**91,144,268**	**31,516**	**15,257,140**	**(78,092,605)**	**(1,151,975)**	**27,188,344**
Net loss for the year		-	-	-	-	(13,317,847)	-	(13,317,847)
Share capital issued through private placement		32,342,551	39,774,313	-	-	-	-	39,774,313
Share issue costs		-	(3,058,875)	-	-	-	-	(3,058,875)
Value allocated to warrants		-	(1,898,349)	-	1,898,349	-	-	-
FV of broker warrants		-	(167,939)	-	167,939	-	-	-
FV of lender warrants		-	-	-	1,979,370	-	-	1,979,370
Deferred tax liability on lender warrants					(524,531)			(524,531)
Exercise of options, net		337,026	364,310	-	(364,310)	-	-	-
Exercise of warrants		100,000	175,000	-	-	-	-	175,000
FV of warrants exercised		-	95,693	-	(95,693)	-	-	-
FV of expired warrants		-	-	-	(558,765)	558,765	-	-
FV of cancelled options		-	-	-	(528,228)	528,228	-	-
Share-based payment		-	-	-	657,138	-	-	657,138
Exchange differences on translation of foreign operations		-	-	-	-	-	(2,088,767)	(2,088,767)
BALANCE AS AT DECEMBER 31, 2023	13	**149,300,920**	**126,428,421**	**31,516**	**17,888,409**	**(90,323,459)**	**(3,240,742)**	**50,784,145**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	Year ended December 31, 2023	December 31, 2022
OPERATING ACTIVITIES			
Total net loss for the year		(13,317,847)	(36,410,469)
Items not affecting cash:			
Share-based payment		657,138	7,731,117
Deferred share units granted	13(d)	798,121	298,000
FV movement of deferred share units	13(d)	(128,114)	-
Depreciation	7	353,370	96,543
Provision for leave and severance		332,261	177,941
Accretion on loans		450,780	70,959
Loss on loan modification	10	566,545	-
Deferred tax recovery	19	(524,531)	-
Warrant fair value movement		-	(8,974,901)
Loss on acquisition		-	29,174,415
Changes in working capital and non-current liability			
Prepaid expenses and other receivables		(157,790)	(1,127,061)
Trade payables and accrued expenses		254,430	3,445,230
Deferred share units redemption	13(d)	(83,527)	-
Net cash used in operating activities		**(10,799,164)**	**(5,518,226)**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	7	(3,746,256)	(737,271)
Additions to expenditures on exploration and evaluation assets	6	(18,651,366)	(28,924,135)
Interest received		110,886	-
Cash received through RTO transaction		-	11,051,917
Net cash used in investing activities		**(22,286,736)**	**(18,609,489)**
FINANCING ACTIVITIES			
Proceeds from issuance of units		39,774,312	23,404,857
Share issue costs		(2,808,231)	(1,535,727)
Proceeds from exercise of options and warrants		175,000	-
Loan proceeds, net of fees		19,605,000	-
Interest payment on the Term Loan		(980,892)	-
NSR option		2,750,000	-
Promissory Note (repayment) financing		(7,637,329)	6,740,000
Vehicle loan financing		71,480	164,644
Lease payment		(2,241,906)	-
Net cash provided by financing activities		**48,707,434**	**28,773,774**
Impact of currency translation for the foreign operations		**(1,538,897)**	**(1,473,271)**
Change in cash for the year		14,082,637	3,172,788
Cash at the beginning of the year		5,162,991	1,990,203
Cash at the end of the year		**19,245,628**	**5,162,991**

The accompanying notes are an integral part of these Consolidated Financial Statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

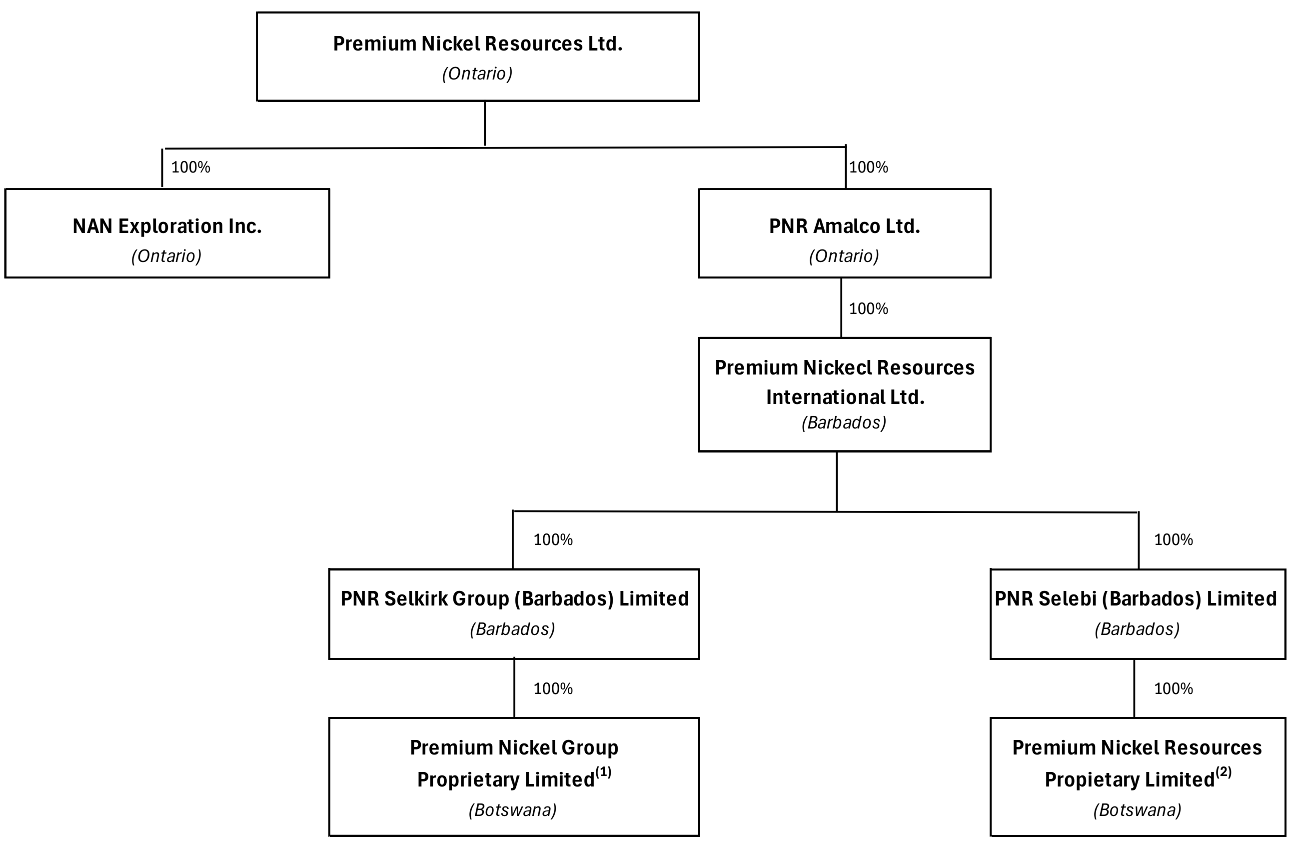
Premium Nickel Resources Ltd. (TSXV: PNRL) (the "**Company**" or "**PNRL**") was founded upon the closing of a reverse takeover transaction (the "**RTO**") whereby Premium Nickel Resources Corporation ("**PNRC**") and 1000178269 Ontario Inc. ("**NAN Subco**"), a wholly-owned subsidiary of North American Nickel Inc. ("**NAN**"), amalgamated by way of a triangular amalgamation (the "**Amalgamation**") under the *Business Corporations Act* (Ontario) (the "**OBCA**") on August 3, 2022 (Note 4). The common shares of PNRL are now listed and posted for trading on the TSX Venture Exchange (the "**TSXV**") under the symbol "PNRL".

Prior to the RTO, PNRC was a private company existing under the OBCA. PNRC was incorporated to evaluate, acquire, improve and reopen, assuming economic feasibility, a combination of certain assets of BCL Limited ("**BCL**") and Tati Nickel Mining Company ("**TNMC**") that were in liquidation in Botswana.

In connection with the RTO, the Company was continued under the OBCA and changed its name from "North American Nickel Inc." to "Premium Nickel Resources Ltd."

Currently, the Company's principal business activity is the exploration and evaluation of mineral properties in Botswana through its wholly-owned subsidiaries.

The following corporate structure chart sets out details of the direct and indirect ownership of the principal subsidiaries of the Company:



Notes:

(1) Premium Nickel Group Proprietary Limited owns the Selkirk Assets (as defined below).
(2) Premium Nickel Resources Proprietary Limited owns the Selebi Assets (as defined below).

The Company has its head and registered office at One First Canadian Place, 100 King Street West, Suite 3400, Toronto, Ontario, Canada M5X 1A4.

The principal assets of the Company are the Selebi and Selebi North nickel-copper-cobalt ("**Ni-Cu-Co**") mines (the "**Selebi Mines**") in Botswana and related infrastructure (together, the "**Selebi Assets**") , as well as the nickel, copper, cobalt, platinum-group elements ("**Ni-Cu-Co-PGE**") Selkirk mine (the "**Selkirk Mine**") in Botswana, together with associated infrastructure and four surrounding prospecting licenses (collectively, the "**Selkirk Assets**").

Going Concern

The Company, being in the exploration stage, is subject to risks and challenges similar to companies in a comparable stage of exploration and development. These risks include the challenges of securing adequate capital for exploration, development and operational risks inherent in the mining industry, and global economic and metal price volatility and there is no assurance management will be successful in its endeavors. As at December 31, 2023, the Company had no source of operating cash flows, nor any credit line currently in place. The Company incurred a net loss of $13,317,847 for the year ended December 31, 2023, and $36,410,469 for the year ended December 31, 2022. The Company's committed cash obligations and expected level of expenses will vary depending on its operations.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The ability of the Company to continue operations as a going concern is ultimately dependent upon achieving profitable operations and its ability to obtain adequate financing. To date the Company has not generated profitable operations from its resource activities and will need to invest additional funds in carrying out its planned evaluation, development and operational activities. It is not possible to predict whether financing efforts will be successful or if the Company will attain a profitable level of operations. These material uncertainties cast substantial doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities and the reported expenses and comprehensive loss that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

The properties in which the Company currently has an interest are in pre-revenue stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned development and cover administrative costs, the Company will use its existing working capital and raise additional amounts as needed. Although the Company has been successful in its past fundraising activities, there is no assurance as to the success of future fundraising efforts or as to the sufficiency of funds raised in the future. The Company will continue to assess new properties and seek to acquire interests in additional properties if there is sufficient geologic or economic potential and if adequate financial resources are available to do so.

The consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on April 29, 2024. The discussion in the notes to the consolidated financial statements is stated in Canadian dollars.

2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICIES

(a) Statement of Compliance

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board (the "**IASB**") and Interpretations of the International Financial Reporting Interpretations Committed ("**IRIC**").

(b) Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, modified by the revaluation of any financial assets and financial liabilities where applicable. The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. These areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

(Expressed in Canadian dollars)

Operating segments are reported in a manner consistent with the internal reporting used for the consolidated financial statements. The Company determined that it has three operating segments, which are Canada, Barbados and Botswana (Note 17).

(c) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries. The chart below summarizes the entities included in the consolidated financial statements as at December 31, 2023 and 2022. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Name of Entity	Place of Incorporation	Percentage Ownership	Functional Currency
Premium Nickel Resources Ltd.	Ontario, Canada		CAD
NAN Exploration Inc.	Ontario, Canada	100	CAD
PNR Amalco Ltd.	Ontario, Canada	100	CAD
Premium Nickel Resources International Ltd.	Barbados	100	USD
PNR Selkirk Group (Barbados) Limited	Barbados	100	USD
PNR Selebi (Barbados) Limited	Barbados	100	USD
Premium Nickel Group Proprietary Limited	Botswana	100	BWP
Premium Nickel Resources Proprietary Limited	Botswana	100	BWP

Effective August 3, 2022, NAN completed the 100% acquisition of the outstanding shares of PNRC (Note 4). As the shareholders of PNRC obtained control of the Company through the exchange of their shares of PNRC for shares of NAN, the acquisition of PNRC has been accounted for in these consolidated financial statements as a reverse takeover. Consequently, the consolidated statements of loss and cash flows for the year ended December 31, 2023 reflect the results from the operations and cash flows of PNRL, the combined company post RTO, and the consolidated statements of loss and cash flow for the year ended December 31, 2022 reflect the results from the operations and cash flows of PNRC, the legal subsidiary of the Company, combined with NAN, the legal parent of PNRC, from the acquisition on August 3, 2022 to December 31, 2022, in accordance with the treatment of a "reverse takeover" under IFRS.

(d) Foreign currency translation

The Company's functional and presentation currency is the Canadian dollar. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the year in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

(e) Foreign operations

In the Company's consolidated financial statements, all assets, liabilities and transactions of the Company's entities with a functional currency other than the Canadian dollar are translated into Canadian dollars upon consolidation. The functional currency of the Company's subsidiaries in Barbados is the US dollar, and the Botswana Pula (BWP) for the subsidiaries in Botswana during the reporting period. On consolidation, assets and liabilities have been translated into Canadian dollars at the closing rate on the reporting date. Fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Canadian dollars at the closing rate on the reporting date. Income and expenses have been translated into Canadian dollars at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive loss and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

(f) Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("**FVTPL**"), at fair value through other comprehensive income (loss) ("**FVTOC**I") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The following table shows the classification of the Company's financial assets and liabilities:

Financial asset/ liability	**Classification**
Cash	FVTPL
Trade payables and accrued liabilities	Amortized cost
Lease liability	Amortized cost
Promissory Note	Amortized cost
Vehicle financing	Amortized cost
NSR liability	Amortized cost
Deferred share unit liability	FVTPL

Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the year in which they arise.

Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies that requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another party. Gains and losses on derecognition are generally recognized in the statements of comprehensive loss.

Financial liabilities

Financial liabilities are derecognized when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of comprehensive loss.

(g) Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity less accumulated impairment losses and the fair value (at acquisition date) of exploration and evaluation assets acquired in asset acquisitions. Exploration and evaluation expenditures are initially capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are generally recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

The Company may sell the net smelter returns royalty on its projects pursuant to the term of an option agreement. Due to the fact that the options are exercisable entirely at the discretion of the option holder, the consideration received in cash from the acquirer is recorded as a reduction of the book value of the exploration and evaluation assets.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts, events and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation asset is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the consolidated statement of comprehensive loss.

(h) Impairment of assets

Non-financial assets, including exploration and evaluation assets and property, plant and equipment, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs and for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to the profit or loss, except to the extent the loss reverses gains previously recognized in other comprehensive loss.

(i) Leases

At commencement of a contract, the Company assesses whether a contract is, or contains, a lease by determining whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A right-of-use (the "**ROU**") asset and lease liability are recognized at the lease commencement date. The lease liability is initially measured at the present value of all future lease payments that have not been paid as of the commencement date of the lease, discounted using the Company's incremental borrowing rate, unless the rate implicit in the lease is readily determinable. The ROU asset is initially measured at cost, which is calculated as the initial amount of the lease liability, with an adjustment for any initial direct costs incurred, plus adjustments for any lease payments made in advance of the commencement date, and less any lease incentives received. Subsequent to initial recognition, the ROU asset is depreciated on a straight-line basis over the term of the lease or the estimated useful life, with inclusion for any options to extend that the Company reasonably expects to exercise.

ROU assets are tested for impairment in accordance with IAS 36 Impairment of Assets. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. These adjustments are recorded through profit or loss.

(j) Property, plant and equipment

Property, Plant and Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of a significant replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive loss during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is calculated on a straight-line method to charge the cost, less residual value, of the assets to their residual values over their estimated useful lives. The depreciation rate applicable to each category of property, plant and equipment is as follows:

Equipment	Estimated useful life (years)
Exploration equipment	5
Computer and software	2
Generator	5
Vehicles	4
Furniture and fixtures	10
Buildings	25

(k) Share capital

The Company's common shares and share warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares, warrants or options are shown in equity as a deduction from the proceeds.

Unit placements

The Company has adopted the pro-rata basis method for the measurement of shares and warrants issued as private placement units. The pro-rata basis method requires that gross proceeds and related share issuance costs be allocated to the common shares and the warrants based on the relative fair value of the component.

The fair value of common shares is based on the closing price on the closing date of the transaction and the fair value of warrants is determined using the Black-Scholes Option Pricing Model.

The fair value attributed to warrants is recorded as reserves. If a warrant is exercised, the value attributed to the warrant is transferred to share capital. If the warrant expires unexercised, the value is transferred to deficit. Warrants, issued as part of private placement units, that have their term of expiries extended, are not subsequently revalued.

(l) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is recognized over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these non-vesting and market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also recognized over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods and services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in share-based payments reserve, until exercised. Upon exercise shares are issued from the treasury and the amount reflected in share-based payments reserve is credited to share capital along with any consideration paid.

*(m) Deferred Share Units ("**DSU**s")*

In the year ended December 31, 2022, the Company approved the adoption of a DSU plan. In accordance with IFRS 2 Share Based Payments, this plan is a cash-settled share-based compensation program whereby the Company records the fair value of the liability at the date upon which it is incurred and adjusts the liability to the fair value at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

The DSU Plan enables the Company upon approval by the Directors to grant DSU's to eligible non-management directors. Upon granting DSU's, the Company records stock-based compensation based on the number of units granted multiplied by the volume weighted average price of the Company's common shares for the last five trading days ("**5-day-VWAP**") immediately preceding the date of the grant.

The DSUs credited to the account of a director may only be redeemed following the date upon which the holder ceases to be a director. Depending upon the country of residence of a director, the DSUs may be redeemed at any time prior to December 15 in the calendar year following the year in which the holder ceases to be a director, and may be redeemed in as many as four installments. Upon redemption, the holder is entitled to a cash payment equal to the number of units redeemed multiplied by the 5-day-VWAP of the Company's common shares on that date. The Company may elect, in its sole discretion, to settle the value of the DSUs redeemed in the Company's common shares on a one-for-one basis, provided shareholder approval has been obtained on or prior to the relevant redemption date.

(n) Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per common share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Basic loss per common share is calculated using the weighted average number of common shares outstanding during the period and does not include outstanding options and warrants. Dilutive loss per common share is not presented differently from basic loss per share as the conversion of outstanding stock options and warrants into common shares would be anti-dilutive.

(o) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net loss except to the extent that it arises in a business combination, or from items recognized directly in equity or other comprehensive loss.

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current tax relating to items recognized directly in other comprehensive losses equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is calculated using the asset and liability method of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. We have not recognized any deferred tax asset as at December 31, 2023 as there are currently no sources of taxable profit currently available to the Company. We will continue to reassess whether the tax attributes meet the criteria for recognition as a deferred tax asset.

(p) New standards and amendments effective this year

IAS 1 – In February 2021, the IASB issued "Disclosure of Accounting Policies" with amendments that are intended to help preparers in deciding which accounting policies to disclose in their consolidated financial statements. The amendments are effective for year ends beginning on or after January 1, 2023. The impact of adopting this amendment on the Company's consolidated financial statements was not material.

IAS 8 – In February 2021, the IASB issued "Definition of Accounting Estimates" to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023. The impact of adopting this amendment on the Company's consolidated financial statements was not material.

(q) Accounting standards and amendments issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a material impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements ("**IAS 1**") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that can affect reported amounts of assets, liabilities, revenue and expenses and the accompanying disclosures. Estimates and assumptions are continuously evaluated and are based on management's historical experience and on other assumptions believed to be reasonable under the circumstances. However, different judgments, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The area involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

Critical Accounting Judgements:

(a) RTO – fair value

Fair value considerations for the RTO transactions are assessed in accordance with IFRS. These considerations are based on various factors such as the fair value of the assets acquired or liabilities assumed, the fair value of equity instruments issued, and any related acquisition costs.

The assumptions and estimates used in arriving at fair value figures are based on management's judgments and relevant market data. The fair value of the equity instruments issued is determined based on market prices or valuation techniques that take into account factors such as expected share price volatility.

(b) Recoverability of exploration and evaluation assets

The ultimate recoverability of the exploration and evaluation assets with a carrying value of $51,639,969 at December 31, 2023, is dependent upon the Company's ability to obtain the necessary financing to complete the exploration and development and commence profitable production at its projects, or alternatively, upon the Company's ability to dispose of its interests therein on an advantageous basis. A review of the indicators of potential impairment is at minimum carried out at each period end.

Management undertakes a periodic review of these assets to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount of the assets is made. An impairment loss is recognized when the carrying value of the assets is higher than the recoverable amount and when mineral license tenements are relinquished or have lapsed. In undertaking this review, management of the Company is required to make significant estimates of, among other things, discount rates, commodity prices, availability of financing, future operating and capital costs and all aspects of project advancement. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the assets.

(c) Restoration provisions

Management's best estimates regarding the restoration provisions are based on the current economic environment. Changes in estimates of contamination, restoration standards and restoration activities result in changes to provisions from period to period. Actual restoration provisions will ultimately depend on future market prices for future restoration obligations. Management has determined that the Company has no restoration obligations at December 31, 2023.

(d) Going concern

Consolidated financial statements are prepared on a going concern basis unless management either intends to liquidate the Company or has no realistic alternative to do so. Assessment of the Company's ability to continue as a going concern requires the consideration of all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This information includes estimates of future cash flows and other factors, the outcome of which is uncertain. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast substantial doubt upon the Company's ability to continue as a going concern those uncertainties are disclosed.

Critical Accounting Estimates

(a) Valuation of share-based compensation and warrants

The Company estimates the fair value of warrants and options using the Black-Scholes Option Pricing Model which requires significant estimation around assumptions and inputs such as expected term to maturity, expected volatility and expected forfeiture rates. Note 13 of the consolidated financial statements contains further details of significant assumptions applied to these areas of estimation.

(b) Deferred tax

Tax benefits from uncertain tax positions may be recognized when it is probable that the Company will be able to use deductible temporary differences against taxable profit: (i) whether a tax position, based solely on its technical merits, is probable to be sustained upon examination, and (ii) measuring the tax benefit as the expected value or most likely amount taking into consideration which method better predicts the realized amounts upon ultimate settlement.

Furthermore, the Corporation uses the asset and liability method in accounting for deferred taxes and mining duties. Under this method, deferred taxes are recognized for future income tax. In preparing these estimates, management is required to interpret substantially enacted legislation as well as economic and business conditions along with management's tax and corporate structure plans which may impact taxable income in future periods.

(c) Estimated useful lives and depreciation of property, plant and equipment

Depreciation of property, plant and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

4. AMALGAMATION

On April 26, 2022, PNRC and NAN entered into a definitive amalgamation agreement (the "**Amalgamation Agreement**") in respect of their previously-announced RTO transaction, pursuant to which PNRC would "go-public" by way of a reverse takeover of NAN.

Transaction Particulars

Pursuant to the Amalgamation Agreement:

(a) NAN's subsidiary, 1000178269 Ontario Inc. ("**NAN Subco**"), amalgamated with PNRC under Section 174 of the OBCA to form one corporation;

(b) Holders of PNRC shares exchanged their shares at a rate of 1.054 shares of NAN for each share of PNRC "the "**Exchange Ratio**"), after giving effect to a 5-to-1 share consolidation for each outstanding share of NAN; and

(c) the transactions resulted in an RTO of the Company in accordance with the policies of the TSXV, all in the manner contemplated by, and pursuant to, the terms and conditions of the Amalgamation Agreement.

In connection with the RTO, NAN, among other things: (a) changed its name to "Premium Nickel Resources Ltd."; (b) changed its stock exchange ticker symbol to "PNRL"; and (c) reconstituted the board of directors and management of the Company. The outstanding options of PNRC immediately prior to the effective time of the RTO were exchanged and adjusted pursuant to the terms of the Amalgamation Agreement such that holders thereof were entitled to acquire, following the closing of the RTO, options of the Company after giving effect to the Exchange Ratio, as applicable.

Pursuant to the Amalgamation Agreement, the Company issued 82,157,536 common shares of the Company (on a post-consolidation basis) in exchange for 77,948,368 outstanding shares of PNRC immediately prior to the effective time of the RTO. Immediately after giving effect to the RTO Transaction, the Company was owned approximately 72.1% by persons who were shareholders of PNRC prior to the RTO and 27.9% by persons who were shareholders of NAN prior to the RTO.

Prior to this exchange, NAN had 31,748,399 shares outstanding (on a post-consolidation basis). Taking into account the composition of the board and senior management and the relative ownership percentages of NAN and PNRC shareholders in the newly combined enterprise, from an accounting perspective PNRC is considered to have acquired NAN, and hence the transaction has been recorded as a reverse takeover.

The substance of the transaction was a reverse acquisition of a public company. The transaction did not constitute a business acquisition as NAN did not meet the definition of a business under IFRS 3 as it had no inputs or processes. As a result, the transaction was accounted for as a capital transaction with NAN being identified as the accounting acquiree and the equity consideration being measured at fair value ("**FV**").

(Expressed in Canadian dollars)

The purchase price was determined based on the number of shares that PNRC would have had to issue on the date of closing to give the owners of NAN the same percentage equity (27.9%) of the combined entity as they held subsequent to the reverse takeover.

The costs of the acquisition have been allocated as follows:

FV of shares transferred	$	77,431,152
FV of options, warrants and agent warrants		9,665,577
FV of preferred shares		31,516
Settlement of pre-existing relationship – 15% warrant and shares*		(47,985,863)
Total FV of consideration transferred	$	39,142,383
Cash	$	11,051,917
Trade and other receivables		450,522
Property, plant and equipment		14,111
Trade payables and accrued liabilities		(1,548,582)
Net assets acquired		9,967,968
Loss on acquisition		29,174,415
	$	39,142,383

**Pre-existing relationship*
*Before the closing of the RTO, NAN owned 7,667,707 common shares of PNRC and a 15% warrant which entitled NAN to purchase common shares of PNRC for up to 15% of the then outstanding capital of PNRC upon payment of USD 10,000,000 prior to the fifth anniversary of the date of issue (the "**15% Warrant**"). Prior to the date that the Amalgamation became effective, the PNRC shares and the 15% Warrant held by NAN were contributed to NAN Subco, as part of the securities contribution, resulting in such securities being cancelled at law by operation of the triangular amalgamation.*

Prior to the RTO, the fair value of the 15% Warrant and the shares held by NAN were $28,275,255 and $19,710,608, respectively. The fair value of the shares was calculated based on the last offer price of PNRC's financing prior to the RTO, and the fair value of the warrants was calculated using the Black-Sholes Model with the following assumptions: expected life of 2.57 years, expected dividend yield of 0%, a risk free rate of 3.14% and an expected volatility of 141.63%. As they were the securities contributed by NAN on the closing of the RTO, the fair value of the warrants and shares were included as part of the consideration on the acquisition date.

Pursuant to the RTO, an aggregate of 8,827,250 options to purchase common shares of the Company ("**Replacement Options**") were issued (on a post 5:1 consolidation basis) to the former holders of options to purchase common shares of PNRC (prior to the RTO) ("**PNRC Options**") in exchange for 8,375,000 PNRC Options. The Replacement Options issued to the former holders of PNRC Options were on the same terms and conditions as those exchanged by PNRC holders except all the previously unvested options vested immediately. Immediately prior to the completion of the RTO, PNRC had 2,383,333 unvested options outstanding which re-evaluated at a fair value of $5,138,022 upon the completion of the RTO according to IFRS 2.

(Expressed in Canadian dollars)

Given that the RTO has been accounted for as a reverse takeover of NAN by PNRC, from an accounting perspective, PNRC was deemed to have issued options and warrants to the former security holders of NAN. Immediately prior to the closing of the RTO, NAN had 2,995,794 options and 2,228,340 warrants outstanding, respectively, as well as 118,186 preferred shares that could be converted to 13,131 common shares of NAN (on a post-consolidation basis). The aggregate fair value of such 2,995,794 options, 2,228,340 warrants and 118,186 preferred shares of NAN was $9,665,577, and this amount was included as a component of the purchase price. Costs related to the transaction were $2,327,125 and were expensed as incurred.

The fair value of NAN's options and warrants as at August 3, 2022 was calculated using the following assumptions:

As of August 3, 2022	**Warrants**	**Options**
Expected dividend yield	0%	0%
Share price of last financing	$0.48	$0.48
Expected share price volatility	64.91% -113.22%	133.15% - 143.3%
Risk free interest rate	3.18%	2.85% - 3.08%
Remaining life of warrants & options	–.03 - 2 years	2.56 – 4.23 years

For purposes of determining the fair value of the share consideration exchanged on the RTO, the shares of PNRC were valued at USD 2.00 per share, the offering price for the PNRC shares on the last PNRC equity financing prior to the RTO. The RTO resulted in a loss of $29,174,415 with respect to the fair value of the consideration transferred over the fair value of identifiable net assets, which has been recorded as a loss during the year ended December 31, 2022 in other income.

5. OTHER RECEIVABLES

A summary of the other receivables as at December 31, 2023 and December 31, 2022 is detailed in the table below:

	December 31, 2023	**December 31, 2022**
HST paid on purchases	301,618	445,128
VAT paid on purchases	223,776	359,502
Other receivables	7,441	-
	532,835	**804,630**

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

	Botswana		
	Selebi	**Selkirk**	**Total**
Acquisitions			
Balance, December 31, 2022	8,251,518	327,109	8,578,627
Addition costs	483,883	-	483,883
Balance, December 31, 2023	8,735,401	327,109	9,062,510
Exploration and Evaluation			
Balance, December 31, 2022	22,895,154	350,201	23,245,355
Site operations & administration	834,097	276,474	1,110,571
Care and maintenance	2,571,210	-	2,571,210
Geology	2,972,748	151,587	3,124,335
Drilling	4,719,820	6,631	4,726,451
Geophysics	1,816,580	134,626	1,951,206
Engineering	4,994,772	41,480	5,036,252
Environmental, social and governance	407,151	-	407,151
Metallurgy and processing	78,862	181,860	260,722
Technical studies	24,676	7,650	32,326
Health and safety	314,971	989	315,960
Water treatment project	137,224	-	137,224
Mine re-development	389,086	63,058	452,144
Cash received for NSR option (Note 12)	(2,500,000)	(250,000)	(2,750,000)
Impact of foreign currency translation	(1,509,565)	(53,768)	(1,563,333)
Balance, December 31, 2023	38,146,786	910,788	39,057,574
Total, December 31, 2023	**46,882,187**	**1,237,897**	**48,120,084**
Total, December 31, 2022	**31,146,672**	**677,310**	**31,823,982**

Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

	Botswana		
	Selebi	**Selkirk**	**Total**
Acquisitions			
Balance, December 31, 2021	-		-
Acquisition costs	8,251,518	327,109	8,578,627
Balance, December 31, 2022	8,251,518	327,109	8,578,627
Exploration			
Balance, December 31, 2021	3,099,926	-	3,099,926
Site operations & administration	1,601,381	46,100	1,647,481
Care & Maintenance	5,177,677	-	5,177,677
Geology	1,573,182	163,812	1,736,994
Drilling	7,202,715	8,613	7,211,328
Geophysics	1,659,814	12,651	1,672,465
Engineering	1,968,618	66,761	2,035,379
ESG	197,675	35,262	232,937
Metallurgy & MP	75,955	4,800	80,755
Technical studies	46,762	12,202	58,964
Health and safety	277,284	-	277,284
Infrastructure – water studies	14,165	-	14,165
Balance, December 31, 2022	22,895,154	350,201	23,245,355
Total, December 31, 2022	**31,146,672**	**677,310**	**31,823,982**
Total, December 31, 2021	**3,099,926**	**-**	**3,099,926**

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

Botswana Assets - Selebi and Selkirk

On September 28, 2021, the Company executed the Selebi Asset Purchase Agreement ("the "**Selebi APA**") with the BCL liquidator to acquire the Selebi Assets formerly operated by BCL. On January 31, 2022, the Company closed the transaction and ownership of the Selebi Assets transferred to the Company.

Pursuant to the Selebi APA, the aggregate purchase price payable to the seller for the Selebi Assets shall be the sum of $76,862,200 (USD 56,750,000) which amount shall be paid in three instalments:

- $2,086,830 (USD 1,750,000) payable on the closing date. This payment has been made.
- $33,860,000 (USD 25,000,000) upon the earlier of: (a) approval by the Ministry of Mineral Resources, Green Technology and Energy Security ("**MMRGTES**") of the Company's Section 42 and Section 43 Applications (further extension of the mining license and conversion of the mining license into an operating license, respectively), and (b) on the expiry date of the study phase, January 31, 2025, which can be extended for one year with written notice.
- The third instalment of $40,632,000 (USD 30,000,000) is payable on the completion of mine construction and production start-up (commissioning) by the Company on or before January 31, 2030, but not later than four years after the approval by the Minister of MMRGTES of the Company's Section 42 and Section 43 Applications.
- Payment of care and maintenance funding contribution in respect of the Selebi Assets for a total of $6,164,688 (USD 5,178,747) from March 22, 2021 to the closing date. This payment has been made.

The total acquisition cost of the Selebi Assets included the first instalment of $2,086,830 (USD 1,750,000) and the payment of the care and maintenance funding contribution of $6,164,688 (USD 5,178,747) for the assets. As per the terms and conditions of the Selebi APA, the Company has the option to cancel the second and third payments and give back the Selebi Assets to the liquidator in the event where the Company determines that the Selebi Assets are not economical. The Company also has an option to pay in advance the second and third payments in the event where the Company determines that the Selebi Assets are economical. The Company's accounting policy, as permitted by IAS 16 – *Property, Plant and Equipment*, is to measure and record contingent consideration when the conditions associated with the contingency are met. As of December 31, 2023, none of the conditions of the second and third instalment are met, hence these amounts are not accrued in the consolidated financial statements.

In addition to the Selebi APA, the purchase of the Selebi Assets is also subject to a contingent compensation agreement as well as a royalty agreement with the liquidator.

PNRC also negotiated a separate asset purchase agreement (the "**Selkirk APA**") with the liquidator of TNMC to acquire the Selkirk deposit and related infrastructure formerly operated by TNMC on January 20, 2022. The transaction closed on August 22, 2022.

The Selkirk APA does not provide for a purchase price or initial payment for the purchase of the assets. The acquisition cost of the Selkirk Mine of $327,109 (USD 244,954) was the care and maintenance funding contribution from April 1, 2021 to the closing date of the Selkirk APA. The Selkirk APA provides that if the Company elects to develop the Selkirk Mine first, the payment of the second Selebi instalment of $33,860,000 (USD 25,000,000) would be upon the approval by the Minister of MMRGTES of the Company's Section 42 and Section 43 Applications (further extension of the Selkirk mining license and conversion of the Selkirk mining license into an operating license, respectively). For the third Selebi instalment of $40,632,000 (USD 30,000,000), if the Selkirk Mine were to be commissioned earlier than the Selebi Mines, the payment would trigger on the Selkirk Mine's commission date.

On August 16, 2023, the Company entered into a binding commitment letter with the Liquidator of BCL Limited, which is subject to customary final documentation, to acquire a 100% interest in two additional deposits ("**Phikwe South**" and the "**Southeast Extension**") located adjacent to and immediately north of the Selebi North mine. The impact is to extend the northern boundary of the Selebi Mining License by 3.7 kilometres and increase the Selebi Mining License area from 115.0 square kilometres to 153.7 square kilometres. While the remaining historic resources at Phikwe South and Southeast Extension occur within the expanded Selebi Mining License, the amended license intentionally does not include the historic mine workings and infrastructure at these previously-producing properties, and the Company has no liability for historic environmental issues at those sites.

The upfront cost to the Company to acquire these additional mineral properties is USD1,000,000. In addition, the Company agreed to additional work commitments of USD5,000,000 in the aggregate over the next four years. As a result of the extension of the Selebi Mining License, the remaining asset purchase obligations of the Company outlined in the original Selebi Mines asset purchase agreement with the Liquidator will each increase by 10%, $7,436,000 (USD 5,500,000) in total, while the trigger events remain unchanged. The existing 2% net smelter royalty ("**NSR**") held by the Liquidator with respect to production from the Selebi Mining License will also apply to production from these additional deposits, subject to the Company's existing buy-back right for 50% of the NSR (Note 12). The acquisition of the Phikwe South and Southeast Extension deposits has not yet closed as at December 31, 2023. As at December 31, 2023, The Company paid care and maintenance funding contribution in respect of the additional properties for a total of $483,883.

During the year ended December 31, 2023, the Company incurred $19,046,102 in acquisition, exploration and evaluation expenditures on the Selebi Assets and Selkirk Assets (December 31, 2022 - $28,724,056), including the depreciation of the exploration equipment of $308,080 (December 31, 2022 – Nil).

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7. PROPERTY, PLANT AND EQUIPMENT

The tables below set out costs and accumulated amortization as at December 31, 2023 and December 31, 2022.

Cost	Land and Buildings (ROU Assets)	Exploration Equipment (ROU Assets)	Exploration Equipment	Furniture and Fixtures	Generator	Vehicles	Computer and software	Total
Balance – December 31, 2022	**3,077,421**	**-**	**11,973**	**126,605**	**31,381**	**241,884**	**1,950**	**3,491,214**
Additions	-	1,023,615	3,190,484	65,998	8,557	187,310	585,561	5,061,525
Impact of FX translation	(167,783)	-	-	(704)	(1,711)	(31,162)	(20,104)	(221,464)
Balance – December 31, 2023	**2,909,638**	**1,023,615**	**3,202,457**	**191,899**	**38,227**	**398,032**	**567,407**	**8,331,275**

Accumulated Depreciation	Land and Building (ROU Assets)	Exploration Equipment (ROU Assets)	Exploration Equipment	Furniture and Fixtures	Generator	Vehicles	Computer and software	Total
Balance – December 31, 2022	**51,124**	**-**	**1,447**	**1,872**	**562**	**39,589**	**1,950**	**96,544**
Depreciation during the year	119,133	85,301	222,779	14,030	6,212	69,997	143,998	661,450
Impact of FX translation	-	-	-	3,177	1,775	(3,503)	-	1,449
Balance – December 31, 2023	**170,257**	**85,301**	**224,226**	**19,079**	**8,549**	**106,083**	**145,948**	**759,443**

Carrying Value	Land (ROU Assets)	Exploration Equipment (ROU Assets)	Exploration Equipment	Furniture and Fixtures	Generator	Vehicles	Computer and Software	Total
Balance – December 31, 2022	**3,026,297**	**-**	**10,526**	**124,733**	**30,819**	**202,295**	**-**	**3,394,670**
Balance – December 31, 2023	**2,739,381**	**938,314**	**2,978,231**	**172,820**	**29,678**	**291,949**	**421,459**	**7,571,832**

Additions to property, plant and equipment during the year ended December 31, 2023 included the purchase of drilling equipment for $2,735,000 through a lease agreement with a drilling company (Note 11) as well as vehicles financed through a local Botswana bank. The depreciation of exploration equipment of $308,080 was capitalized in Exploration and Evaluation Assets (Note 6).

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Cost	Land and Buildings (ROU Assets)	Furniture and Fixtures	Exploration Equipment	Generator	Vehicles	Computer and software	Total
Balance – December 31, 2021	-	-	-	-	-	-	-
Additions	3,077,421	126,605	11,973	31,381	241,884	1,950	3,491,214
Balance – December 31, 2022	**3,077,421**	**126,605**	**11,973**	**31,381**	**241,884**	**1,950**	**3,491,214**

Accumulated Depreciation	Buildings (ROU Assets)	Furniture and Fixtures	Exploration Equipment	Generator	Vehicles	Computer and software	Total
Balance – December 31, 2021	-	-	-	-	-	-	-
Depreciation during the year	51,124	1,872	1,447	562	39,589	1,950	96,543
Balance – December 31, 2022	**51,124**	**1,872**	**1,447**	**562**	**39,589**	**1,950**	**96,543**

Carrying Value	Buildings (ROU Assets)	Furniture and Fixtures	Exploration Equipment	Generator	Vehicles	Computer and Software	Total
Balance – December 31, 2021	-	-	-	-	-	-	-
Balance – December 31, 2022	**3,026,297**	**124,733**	**10,526**	**30,819**	**202,295**	-	**3,394,670**

8. TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31, 2023	December 31, 2022
Amounts due to related parties (Note 14)	93,795	43,235
Trade payables	2,383,196	3,660,519
Accrued liabilities	1,803,155	321,962
	4,280,146	**4,025,716**

(Expressed in Canadian dollars)

9. PROMISSORY NOTE

On November 21, 2022, the Company announced a $7,000,000 bridge loan (the "**Bridge Loan**") financing from Pinnacle Island LP (the "**Lender**"). The Bridge Loan financing closed on November 25, 2022 and net proceeds of $6,740,000 were received by the Company (after deducting the commitment fee of $260,000). The Bridge Loan was evidenced by the issuance of a Promissory Note by the Company to the Lender (the "**Promissory Note**"). The Promissory Note had a principal amount of $7 million and bore interest at a rate of 10% per annum, calculated monthly and initially payable on February 22, 2023, being the maturity date of the Promissory Note, with a right of the Company to extend the maturity date to March 22, 2023 by providing written notice to the Lender by February 15, 2023. The Company extended the maturity to March 22, 2023.

On March 17, 2023, the Company entered into an amended and restated Promissory Note (the "**A&R Promissory Note**") extending the maturity of the Promissory Note from March 22, 2023 to November 24, 2023 (the "**Extension**"). All other terms of the Promissory Note remained the same. In connection with the Extension and entry into of the A&R Promissory Note, the Company agreed to pay an amendment and restatement fee of $225,000 and issued 350,000 non-transferable common share purchase warrants to the Lender (the "**Lender Warrants**"). Each Lender Warrant is exercisable to acquire one common share of the Company at a price of $1.75 per common share for a period of one year from the date of the A&R Promissory Note. In connection with the Extension and issuance of the Lender Warrants, the 119,229 common share purchase warrants previously issued to the Lender in connection with the initial issuance of the Promissory Note were cancelled concurrently with the Extension.

In connection with the A&R Promissory Note, $341,370 of interest was paid to the Lender as at December 31, 2023 (December 31, 2022 - $70,959). Accretion of the warrant value and transaction fee for a total of $341,117 (December 31, 2022 – Nil) were recorded in the consolidated statements of comprehensive loss.

The fair value of the liability of the Lender Warrants was estimated at $116,177 using the Black-Scholes Option Pricing Model. The fair value of the Lender Warrants and the amendment and restatement fee of $225,000 was added to the liability of the A&R Promissory Note and amortized over the remaining life of the A&R Promissory Note.

On June 28, 2023, the Company repaid the Promissory Note in full including accrued interest of $412,329, and restatement fee of $225,000 for an aggregate amount of $7,637,329.

The fair value of the Lender warrants was calculated using the following assumptions:

	March 31, 2023
Expected dividend yield	0%
Stock price	$1.40
Expected share price volatility	77.2%
Risk free interest rate	3.49%
Expected life of warrant	1 year

The volatility was determined by calculating the historical volatility of stock prices of the Company over one year using daily closing prices. The formula used to compute historical volatility is the standard deviation of the logarithmic returns.

10. TERM LOAN

On June 28, 2023, the Company closed a financing with Cymbria Corporation ("**Cymbria**"), EdgePoint Investment Group Inc. and certain other entities managed by it ("**EdgePoint**") for aggregate gross proceeds to PNRL of $33,999,200. The financing included three concurrent and inter-conditional transactions (collectively the "**Financing Transactions**") comprised of an equity offering of units for $16,249,200 (the "**Equity Financing**"), a three year term loan of $15,000,000 (the "**Term Loan**") and option payments of $2,750,000 (the "**Option Payment**") to acquire a 0.5% net smelter returns royalty on the Company's Selebi Mines and Selkirk Mine in certain circumstances upon payment of further consideration (Note 12).

The Term Loan has a principal amount of $15,000,000 and bears interest at a rate of 10% per annum payable quarterly in arrears. The principal amount of the Term Loan will mature and be payable on the third anniversary of the date of issue. The obligations of the Company pursuant to the Term Loan are fully and unconditionally guaranteed by each of the Company's existing and future subsidiaries. The Term Loan is secured by a pledge of all the shares of the Company's subsidiaries as well as by way of a general security agreement at the parent level and debentures and hypothecations at the subsidiary level. The Term Loan is subject to certain covenants and provisions on events of default, repayments and mandatory prepayments including:

- increase in the interest rate payable on the Term Loan to 15% per annum upon the occurrence of an event of default;
- the Company may prepay all or any portion of the principal amount outstanding with a minimum repayment amount of $500,000 and in an integral multiple of $100,000, together with all accrued and unpaid interest on the principal amount being repaid;
- if prepayment occurs within one year of the closing date, a prepayment fee in an amount equal to 10% of the principal amount of the Term Loan being prepaid less interest paid or payable on or prior to the date of prepayment attributable to the portion of the Term Loan ("**Prepayment Fee**");
- mandatory prepayment shall be made when the Company has non-ordinary course asset sales or other dispositions of property or the Company receives cash from the issuance of indebtedness for borrowed money and all of the net cash proceeds from assets sales or new loans shall be applied to repay the principal amount of the Term Loan together with all accrued and unpaid interest on the principal amount being repaid as well as the Prepayment Fee if such mandatory prepayment occurs within one year of the closing date; and
- in the event of change of control, the Company shall repay the Term Loan in full plus a fee equal to 10% of the then-outstanding principal amount of the Term Loan.

In connection with the Term Loan, the Company issued an aggregate of 2,000,000, non-transferable common share purchase warrants (the "**Non-Transferable Warrants**") to Cymbria. Each Non-Transferable Warrant is excisable by Cymbria to purchase one common share upon payment of the cash purchase price of $1.4375 per common share for a period of three years from the issuance thereof.

Further, on December 14, 2023, in accordance with the terms of a second amended and restated commitment letter dated December 3, 2023 (the "**Second A&R Commitment Letter**"), the Company and Cymbria closed an amendment to the terms of their existing Term Loan pursuant to which the Company increased the principal amount of the Term Loan by $5,882,353 (the "**Additional Principal Amount**") from $15,000,000 to $20,882,353. The Additional Principal Amount was subject to an original issue discount of approximately 15% and was advanced by the Lender to the Company as a single advance of $5,000,000. The Additional Principal Amount forms a part of the Term Loan and, except as otherwise set out in the Second A&R Commitment Letter, is on the same terms and conditions applicable to the Term Loan. For certainty, the Additional Principal Amount bears interest at a rate of 10% per annum calculated and payable quarterly in arrears and will mature and be payable on June 28, 2026, which, in each case, is consistent with the terms and conditions applicable to the Term Loan. As consideration for entering into the Amended Term Loan, the Company issued an additional 700,000 non-transferable common share purchase warrants (collectively, the "**Additional Warrants**") to the Lender, with each Additional Warrant entitling the Lender to acquire one common share at a price of $1.4375 per common share until June 28, 2026. The shares issued for exercise of the Additional Warrants are subject to a hold period of four months plus a day from the date of issue and the resale rules of applicable securities legislation and policies of the Exchange.

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The Company evaluated the amendment of the Term Loan and determined that it qualified as a non-substantial modification under IFRS 9. For the non-substantial debt modification, the Company assessed the impact on the carrying amount of the Term Loan as the present value of cash flows under the original terms. The difference of $566,544 was recognized as loss on debt modification and adjustment to the carrying amount of the Term Loan for the year ended December 31, 2023.

The fair value of the Non-Transferable Warrants was estimated at $1,587,232 and $275,961 respectively, using the Black-Scholes Option Pricing Model and recorded in reserves.

The fair value of the Non-Transferable Warrants was calculated using the following assumptions:

	June 28, 2023	**December 14, 2023**
Expected dividend yield	0%	0%
Stock price	$1.35	$1.14
Expected share price volatility	92.06%	63.54%
Risk free interest rate	4.13%	3.73%
Expected life of warrant	3 years	2.54 years

The Company used $7,637,329 of the proceeds from the Term Loan to prepay all principal, interest and fees owing by the Company pursuant to the A&R Promissory Note dated March 17, 2023 in favour of Pinnacle Island LP (Note 9).

For the year ended December 31, 2023, The Company paid $793,392 of interest costs to Cymbria.

The following is a continuity of the Term Loan

	$
Principal amount of the Term Loan	15,000,000
Fair value of the attached warrants	(1,587,232)
Term Loan at fair value on issuance, Jun 28, 2023	13,412,768
Transaction costs	(870,471)
Accretion of warrant value and transaction costs	409,645
Loss on debt modification	566,544
Fair value of modified loan as of Dec 14, 2023	13,518,486
Additional principal amount of loan on Dec 14, 2023	5,882,353
Loan issue discount	(882,353)
Fair value of the attached warrants	(275,961)
Transaction fee for modification	(219,212)
Accretion of warrant value and transaction costs	41,135
	18,064,448

Fort Capital Partners acted as financial advisor to PNRL on the Financing Transactions and was paid cash fees of $375,000 and $147,059 by PNRL, equal to 2.5% of the original principal amount and the Additional Principal Amount, respectively. Legal fees related to the Financing Transactions totaled $736,067, of which $495,471 was allocated to the original Term Loan. Legal fees of $72,153 associated with the Second A&R Commitment Letter were recorded and amortized over the remaining terms of the loan.

(Expressed in Canadian dollars)

11. LEASE LIABILITY

	December 31, 2023	December 31, 2022
Lease liabilities, beginning of the year	2,731,394	-
Lease additions	1,035,000	3,213,404
Lease payments	(2,241,906)	(550,295)
Interest expense on lease liabilities	301,098	68,285
Impact of FX translation	(214,443)	-
IFRS 16 lease liabilities, end of the year	**1,611,143**	**2,731,394**
Current portion of lease liability (less than one year)	1,611,143	1,365,697
Long-term lease liability (one to five years)	-	1,365,697

Syringa Lodge

On July 9, 2022, the Company executed a sales agreement (the "**Lodge Agreement**") with Tuli Tourism Pty Ltd. (the "**Seller**") for the Syringa Lodge (the "**Lodge**") in Botswana.

As per the Lodge Agreement, the aggregate purchase price payable to the Seller shall be the sum of $3,213,404 (BWP 30,720,000). A deposit of $482,011 (BWP 4,608,000) was paid on August 17, 2022. The balance is payable in two installments of $1,365,697 (BWP 13,056,000) on each of July 1, 2023 and August 1, 2024. The payment due on July 1, 2023 was made to the Seller.

In addition to the above purchase price, the Company is required to pay to the Seller an agreed interest amount in twelve equal monthly instalments of $13,657 (BWP 130,560) followed by twelve equal monthly instalments of $6,828 (BWP 65,280).

Drilling Equipment

On March 14, 2023, the Company entered into a drilling equipment supply agreement (the "**Equipment Agreement**") with Forage Fusion Drilling Ltd. ("**Forage**") to purchase specific drilling equipment on a "rent to own" basis with the purchase price to be paid in monthly payments.

As per the Equipment Agreement, the aggregate purchase price payable to Forage is $2,942,000. A deposit of $1,700,000 was paid in March 2023. The balance is payable in twelve equal monthly instalments of $103,500. The equipment arrived at the site in July 2023. Based on the stated equipment purchase price of $2,735,000 and monthly installments, the implied interest rate for the arrangement is 35%.

12. NSR OPTION

Concurrently with the closings of the Equity Financing and the Term Loan on June 28, 2023, Cymbria paid an aggregate of $2,750,000 ("**Option Payment**") to two subsidiaries of PNRL to acquire a right to participate with such subsidiaries in the exercise of certain contractual rights, as and when the same may be exercised by such subsidiaries. The Option Payment was allocated to PNRP and PNGP (defined below) for $2,500,000 and $250,000, respectively.

As the NSR options are exercisable entirely at the discretion of Cymbria and the underlying projects are in the exploration stage, the fair value of the call and put on the option as at December 31, 2023 is Nil. The Option payment received in cash was recorded as a reduction of the book value of the exploration and evaluation assets (Note 6).

PNRL's indirect wholly-owned subsidiary Premium Nickel Resources Proprietary Limited ("**PNRP**") acquired the Selebi Mines in January 2022 out of liquidation. Pursuant to the acquisition agreement, the liquidator retained a 2% net smelter returns royalty on the Selebi Mines (the "**Selebi NSR**"). PNRP has a contractual right to repurchase one-half of the Selebi NSR at a future time on payment by PNRP to the liquidator of USD 20,000,000.

PNRL's indirect wholly-owned subsidiary Premium Nickel Group Proprietary Limited ("**PNGP**") acquired the Selkirk Mine in August 2022 out of liquidation. Pursuant to the acquisition agreement, the liquidator retained a 1% net smelter returns royalty on the Selkirk Mine (the "**Selkirk NSR**" and together with the Selebi NSR, the "**NSRs**"). PNGP has a contractual right to repurchase the entirety of the Selkirk NSR at a future time on payment by PNGP to the liquidator of USD 2,000,000.

Each of PNRP and PNGP has agreed to grant Cymbria, in exchange for the Option Payment, an option to participate in any such repurchase of the applicable portion of its NSR from the relevant liquidator. Cymbria will, following the exercise of its option to participate in any such repurchase, acquire a 0.5% net smelter returns royalty on the applicable property by paying an amount equal to one half of the repurchase price payable by PNRP or PNGP pursuant to the applicable NSR, less the Option Payment paid at closing pursuant to the relevant option agreement among Cymbria and PNRP or PNGP, as applicable. Cymbria has the right to put its options back to PNRP and PNGP in certain circumstances in return for the reimbursement of the applicable portion of the Option Payment.

Under the NSR option purchase agreements, Cymbria could acquire a 0.5% net smelter returns royalty on the Company's Selebi Mines and Selkirk Mine upon payment of $10,675,231 (USD 8,102,500) and $1,067,523 (USD 810,250), respectively.

13. SHARE CAPITAL, WARRANTS AND OPTIONS

The authorized capital of the Company comprises an unlimited number of common shares without par value and 100,000,000 Series 1 convertible preferred shares without par value.

a) *Common Shares Issued and Outstanding*

During the year ended December 31, 2023, the Company completed the following financing transactions:

On February 24, 2023, the Company issued 4,437,184 common shares at a price of $1.75 per share for gross proceeds of $7,765,072 upon the closing of a brokered private placement (the "**Offering**"). In connection with the Offering, the Company: (a) paid to the agents a cash commission of $473,383, equal to 6% of the gross proceeds (other than on certain president's list purchasers on which a cash commission of 3% was paid); and (b) issued to the agents that number of non-transferable broker warrants of the Company (the "**Broker Warrants**") as is equal to 6% of the number of common Shares sold under the Offering (other than on common shares issued to president's list purchasers on which Broker Warrants equal to 3% were issued). Each Broker Warrant is exercisable to acquire one common share at an exercise price of $1.75 per common share until February 24, 2025. A total of 221,448 broker warrants were issued to the agents under the Private Placement. The fair value of the warrants was estimated at $167,939 using the Black-Scholes Option Pricing Model. Legal fees related to the Offering of $133,164 were also recorded as a share issuance cost.

On June 28, 2023, the Company issued 14,772,000 units at a price of $1.10 per unit to EdgePoint for aggregate gross proceeds of $16,249,200 upon the closing of the Financing Transactions. Each unit comprises one common share of PNRL and 22.5% of one whole common share purchase warrant (each a "**Transferable Warrant**" and together the "**Transferable Warrants**"). The total whole number of Transferable Warrants issuable in the Equity Financing is 3,324,000. Each Transferable Warrant may be exercisable by the holder thereof to purchase one common share at an exercise price of $1.4375 per common share for a period of three years. The fair value of the Transferable Warrants was estimated at $1,898,349 using a proportionate allocation method based on the fair value of each component (shares and warrants). The fair value of the warrants is calculated using the Black-Scholes Option Pricing Model while the fair value of the shares is determined by the stock price on the closing date of the Equity Financing times the total number of shares issued.

Fort Capital Partners acted as financial advisor to PNRL on the Financing Transactions and was paid cash fees of $812,460 by PNRL, equal to 5.0% of the gross proceeds of the equity portion of the Financing Transactions. Legal fees related to the Financing Transactions (Note 10) totaled $736,067, of which $240,596 was recorded as share issuance cost.

(Expressed in Canadian dollars)

The fair value of the warrants in connection with the above two financing transactions were calculated using the following assumptions:

	February 24, 2023	**June 28, 2023**
Expected dividend yield	0%	0%
Stock price	$1.73	$1.35
Expected share price volatility	77.52%	92.06%
Risk free interest rate	4.28%	4.13%
Expected life of warrant	2 years	3 years

The volatility was determined by calculating the historical volatility of stock prices of the Company over a period as the expected life of warrants using daily closing prices. The formula used to compute historical volatility is the standard deviation of the logarithmic returns.

On December 14, 2023, the company closed an equity and debt financing package of approximately $21.6 million, comprised of a broker private placement (the "**Private Placement**") and amended Term Loan (Note 10). The Private Placement was completed in accordance with the terms of an agency agreement dated December 14, 2023 and entered into by the Company with Cormark Securities Inc. and BMO Capital Markets, as co-lead agents, and Canaccord Genuity Corp., Fort Capital Securities Ltd. and Paradigm Capital Inc. (collectively, the "**Agents**"). Under the offering of the Private Placement, the Company issued an aggregate of 13,133,367 common shares at a price of $1.20 per common share for aggregate gross proceeds of $15,760,040. In consideration for the services provided by the Agents under the offering, the Company paid to the Agents an aggregate cash commission of $796,983, representing 6% of the gross proceeds of the offering (other than in respect of subscribers included on a president's list formed by the Company, for which a reduced commission of 3% of the gross proceeds was paid). In connection with the Private Placement, EdgePoint exercised its participation right in respect of the offering (the "**Participation Right**") and subscribed for an aggregate 1,265,800 common shares. EdgePoint was granted the Participation Right pursuant to the terms of a subscription agreement between the Company and EdgePoint dated June 28, 2023.

As at December 31, 2023, the Company had 149,300,920 common shares issued and outstanding (December 31, 2022 – 116,521,343).

2022

In April 2022, PNRC completed a non-brokered private placement of 8,936,167 shares at a price of USD 2.00 per share for gross proceeds of $22,388,599 (USD 17,731,238). In connection with the private placement, PNRC paid to eligible finders ("**Finders**"): (a) a cash commission equal to 6% of the gross proceeds raised from subscribers introduced to the Company by such Finders, being an aggregate of $1,535,727; and (b) that number of common shares equal to 6% of the units attributable to the Finders under the private placement, being an aggregate of 70,548 shares with a total value of $176,398 at the offer price of the private placement.

On August 3, 2022, PNRC combined with NAN in a reverse takeover transaction whereby shareholders of PNRC exchanged their shares at a rate of 1.054 shares of NAN for each share of PNRC, after giving effect to a 5-to-1 share consolidation for each outstanding share of NAN (Note 4). As a result, a total of 82,157,536 common shares of NAN were issued in exchange for 77,948,368 shares of PNRC. These shares were added to the current NAN shares outstanding balance of 31,748,399 for total shares outstanding of 113,905,935 upon closing of the RTO.

Effective August 3, 2022, in connection with the closing of the RTO, the Company completed a share consolidation of the Company's issued and outstanding common shares and preferred shares, in each case exchanging one (1) post-consolidation share without par value for every five (5) pre-consolidation shares issued and outstanding.

(Expressed in Canadian dollars)

b) Warrants

The following summarizes common share purchase warrant activity for the year ended December 31, 2023:

	December 31, 2023		December 31, 2022	
	Number Outstanding	**Weighted Average Exercise Price ($)**	**Number Outstanding**	**Weighted Average Exercise Price ($)**
Outstanding, beginning of the year	1,098,786	1.96	-	-
Adjustment pursuant to the RTO			2,228,340	1.11
Issued	6,595,448	1.46	119,229	2.04
Exercised	(100,000)	1.75	(1,236,408)	0.46
Cancelled/expired	(703,135)	1.80	(12,375)	0.45
Outstanding, end of the year	**6,891,099**	**1.50**	**1,098,786**	**1.96**

At December 31, 2023, the Company had outstanding common share purchase warrants exercisable to acquire common shares of the Company as follows:

Warrants Outstanding	Expiry Date	Exercise Price ($)	Weighted Average remaining contractual life (years)
295,651	August 3, 2024	2.40	0.02
221,448	February 24, 2025	1.75	0.04
350,000	March 17, 2024	1.75	0.01
5,324,000	June 28, 2026	1.44	1.93
700,000	June 28, 2026	1.44	0.25
6,891,099			2.25

At December 31, 2022, the Company had outstanding common share purchase warrants exercisable to acquire common shares of the Company as follows:

Warrants Outstanding	Expiry Date	Exercise Price ($)	Weighted Average remaining contractual life (years)
683,905	April 16, 2023	1.75	0.18
295,652	August 3, 2024	2.40	0.43
119,229	November 25, 2023	2.04	0.10
1,098,786			0.71

c) Stock Options

The Company adopted a Stock Option Plan (the "**Plan**") providing the authority to grant options to directors, officers, employees and consultants enabling them to acquire up to 27,100,000 common shares of the Company. Under the Plan, the exercise price of each option typically equals the last closing price per share on the trading day immediately preceding the day on which the Company announces the grant of the option, less applicable discount, if any, permitted by the policies of the Exchange and approved by the Board. The options can be granted for a maximum term of ten years.

(Expressed in Canadian dollars)

A summary of option activity under the Plan during the year ended December 31, 2023 is as follows:

	December 31, 2023		December 31, 2022	
	Number Outstanding	**Weighted Average Exercise Price ($)**	**Number Outstanding**	**Weighted Average Exercise Price ($)**
Outstanding, beginning of the year	10,407,044	1.10	2,995,794	1.33
Issued	3,833,277	1.75	8,827,250	1.16
Exercised	(488,900)	0.49	(1,416,000)	0.46
Cancelled	(263,500)	2.40	-	-
Outstanding, end of the year	**13,487,921**	**1.39**	**10,407,044**	**1.10**

During the year ended December 31, 2023, the Company granted an aggregate total of 3,833,277 stock options to employees, directors, officers and consultants with a term of five years. The options have an exercise price of $1.75 per share and vest annually in equal thirds beginning on the first anniversary of the date of grant. As at December 31, 2023, none of the options granted were vested. A total of $657,138 was recorded as a share-based payment expense and credit to reserve, including $115,601 from revaluation of the previous grant options due to extension of the expiry date of those options.

During the year ended December 31, 2022, prior to the RTO, PNRC granted an aggregate total of 2,600,000 stock options to employees, directors, officers and consultants with a maximum term of five years. The options are exercisable at USD 2.00 per share (C$2.49/share) with 1/3 vesting on the date of grant, 1/3 on the first anniversary and 1/3 on the second anniversary following the close of the USD 20,000,000 private placement. Upon the closing of the RTO, all PNRC options were exchanged for options of the Company at a rate of 1.054 and vested in full immediately. The fair value of all options, including those granted during the nine months ended December 31, 2022 as well as the ones granted but not vested during the year ended December 2021, amounted to $7,731,117 and was recorded as a share-based payment expense.

The fair value of stock options granted during the year ended December 31, 2023 and December 31, 2022 were calculated using the following assumptions:

	December 31, 2023	**December 31, 2022**
Expected dividend yield	0%	0%
Expected share price volatility	87.92%	125.83%-129.48%
Risk free interest rate	4.28-4.68%	0.42%-2.85%
Expected life of options	3-4 years	4.16-5 years

Details of options outstanding as at December 31, 2023 are as follows:

Options Outstanding	**Options Exercisable**	**Expiry Date**	**Exercise Price ($)**	**Weighted average remaining contractual life (years)**
780,000	780,000	February 24, 2025	0.80	0.07
240,000	240,000	August 19, 2025	0.45	0.03
3,320,100	3,320,000	January 26, 2026	0.39	0.50
495,000	495,000	February 25, 2026	1.60	0.08
1,343,850	1,343,850	September 29, 2026	0.91	0.27
998,794	998,794	October 25, 2026	2.00	0.20
2,476,900	2,476,900	January 20, 2027	2.40	0.56
3,833,277	-	August 8, 2028	1.75	1.31
13,487,921	**9,654,544**			**3.04**

(Expressed in Canadian dollars)

Details of options outstanding as at December 31, 2022 are as follows:

Options Outstanding	Options Exercisable	Expiry Date	Exercise Price ($)	Weighted average remaining contractual life (years)
900,000	900,000	February 24, 2025	0.80	0.19
240,000	240,000	August 19, 2025	0.45	0.06
3,689,000	3,689,000	January 26, 2026	0.39	1.09
495,000	495,000	February 25, 2026	1.60	0.15
1,343,850	1,343,850	September 29, 2026	0.91	0.48
998,794	998,794	October 25, 2026	2.00	0.37
2,740,400	2,740,400	January 20, 2027	2.62	1.07
10,407,044	10,407,044			**3.41**

d) DSU Plan

Effective December 2022, the Company approved a Deferred Share Unit Plan ("**DSU Plan**") that enables the Company upon approval by the Directors to grant DSUs to eligible non-management directors. The DSUs credited to the account of a director may only be redeemed following the date upon which the holder ceases to be a director. Depending upon the country of residence of a director, the DSUs may be redeemed at any time prior to December 15 in the calendar year following the year in which the holder ceases to be a director and may be redeemed in as many as four installments. Upon redemption, the holder is entitled to a cash payment equal to the number of units redeemed multiplied by the five-day VWAP of the Company's common shares on that date. The Company may elect, in its sole discretion, to settle the value of the DSUs redeemed in the Company's common shares on a one-for-one basis, provided shareholder approval has been obtained on or prior to the relevant redemption date.

During the year ended December 31, 2023, DSUs have been granted as follows:

	Number Outstanding	Market Price [1] ($)	Fair Value ($)
DSUs outstanding at December 31, 2022	200,000	1.49	298,000
DSUs granted during the year[2]	600,951	1.33	798,122
DSUs redeemed during the year	(69,976)	1.19	(83,527)
Fair value adjustment	-		(128,114)
DSUs outstanding at December 31, 2023	730,975	1.21	884,481

1. *According to the DSU plan, Market Price is the volume weighted average price on the TSXV for the last five trading days immediately preceding the grant date.*
2. *DSUs were granted on March 31, Jun 30, Sept 30 and December 31, 2023. The market price of $1.33 represented the weighted average price for those grants.*

During the year ended December 31, 2022, DSUs have been granted as followings:

	Number Outstanding	Market Price ($)	Fair Value ($)
DSUs outstanding at December 31, 2021	-	-	-
DSUs granted during the year	200,000	1.49	298,000
DSUs outstanding at December 31, 2022	200,000	1.49	298,000

During the year ended December 31, 2023, the DSU compensation totaled $798,122 and was recorded as share based compensation (December 31, 2022 - $298,000).

(Expressed in Canadian dollars)

The DSUs were classified as a derivative financial liability that should be measured at fair value, with changes in value recorded in profit or loss. The fair value of the DSUs was determined by the volume weighted average price on the TSXV for the last five trading days of each reporting period. As at December 31, 2023, the Company reassessed the fair value of the DSUs at $884,481 and recorded the amount as a DSUs liability (December 31, 2022 - $298,000).

e) Reserve

The reserve records items recognized as stock-based compensation expense and warrants until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. Amounts recorded for forfeited or expired unexercised options and warrants are transferred to deficit. During the year ended December 31, 2023, the Company recorded $657,138 (December 31, 2022 - $7,731,117) of share-based payments to reserves, a net of $2,498,662 (December 31, 2022 – $3,325,702) of fair value of warrants and options and a deferred tax liability of $524,531 (December 31, 2022 – Nil) to reserves.

14. RELATED PARTY TRANSACTIONS

The following amounts due to related parties are included in trade payables and accrued liabilities (Note 8).

	December 31, 2023	December 31, 2022
Directors and officers of the Company	93,795	43,235
	93,795	**43,235**

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

(a) Related party transactions

As a result of the Financing Transactions on June 28, 2023 and December 14, 2023, Cymbria and certain other funds managed by EdgePoint (the "**Financing Parties**") have acquired a total of 16,037,800 common shares of the Company, representing approximately 10.7% of the Company's issued and outstanding shares. The Financing Parties also acquired on closing an aggregate of 6,024,000 warrants with a three-year term and an exercise price of $1.4375 which, if exercised, together with the shares acquired at closing would result in the Financing Parties holding approximately 14.2% of the shares in the aggregate (calculated on a partially-diluted basis). As the result of the closing of the Financing Transactions, the Financing Parties are now related parties of PNRL. During the year ended December 31, 2023, the Company paid interest of $793,392 to the Financing Parties (December 31, 2022 – Nil).

During the year ended December 31, 2022, ThreeD Capital Inc. subscribed for a further 1,279,069 common shares of PNRC, for a further investment of $3,064,582 (USD 2,427,076) (2021 - $374,123). As of December 31, 2023, ThreeD Capital Inc. beneficially owned 5,906,622 (December 31, 2022 – 8,662,347 shares), constituting approximately 3.96% (December 31, 2022– 7.5%) of the issued and outstanding shares of the Company.

Between March 2 and March 3, 2022, PNRC issued Promissory Notes to its officers and directors as well as its shareholders as below:

Directors and officers of the Company	35,000
ThreeD Capital Inc.	762,180
NAN	1,270,000
	2,067,180

On April 30, 2022, all amounts owing in respect of the above Promissory Notes were repaid in full by payment of cash in an amount of $2,018,568, including interest and fees, and by issuing 326,740 PNRC Shares.

(Expressed in Canadian dollars)

(b) Key management personnel is defined as members of the Board of Directors and senior officers.

Key management compensation was related to the following:

	December 31, 2023	December 31, 2022
Management fees	3,122,689	2,418,984
Corporate and administration expenses	467,637	102,884
Share base payment	657,138	4,623,089
	4,247,464	**7,144,957**

15. FINANCIAL INSTRUMENTS

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include interest rate risk, credit risk, liquidity risk, market risk and currency risk. The carrying value of cash and trade payables and accrued liabilities, lease liability and option liability approximate their fair value due to their short-term nature. The fair value of the Promissory Note, Term Loan, vehicle financing and lease liability are based upon discounted future cash flows using discounted rates, adjusted for the Company's own credit risk that reflect current market conditions. Such fair value estimates are not necessarily indicative of the amounts the Company might pay or receive in actual market transactions. The fair value of the DSUs is the closing price of the Company's common shares at the end of each reporting period. Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

On December 31, 2023 and December 31, 2022, the fair value of cash and DSUs is based on Level 1 measurements.

16. RISK MANAGEMENT

The Company's exposure to market risk includes, but is not limited to, the following risks:

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not subject to significant changes in interest rates.

Foreign Currency Exchange Rate Risk

Currency risk is risk that the fair value of future cash flows will fluctuate because of changes in foreign currency exchange rates. In addition, the value of cash and other financial assets and liabilities denominated in foreign currencies can fluctuate with changes in currency exchange rates.

The Company primarily operates in Canada, Barbados and Botswana and undertakes transactions denominated in foreign currencies such as US dollar and Botswana Pula, and consequently is exposed to exchange rate risks. Exchange risks are managed by matching levels of foreign currency balances and related obligations and by maintaining operating cash accounts in non-Canadian dollar currencies.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The amount shown are those reported and translated into CAD at the closing rate.

	Short-term exposure		Long-term exposure
	USD	**BWP**	**BWP**
December 31, 2023			
Financial assets	2,576,180	755,386	54,082,922
Financial liabilities	(501,458)	(4,851,201)	(3,508,714)
Total exposure	**2,074,722**	**(4,095,815)**	**50,574,208**

	Short-term exposure		Long-term exposure
	USD	**BWP**	**BWP**
December 31, 2022			
Financial assets	2,834,303	473,980	32,058,793
Financial liabilities	(1,246,825)	(2,176,110)	(1,530,341)
Total exposure	**1,587,478**	**(1,702,130)**	**30,528,452**

The following table illustrates the sensitivity of net loss in relation to the Company's financial assets and financial liabilities and the USD/CAD exchange rate and BWP/CAD exchange rate, all other things being equal. It assumes a +/- 5% change of the USD/CAD and BWP/CAD exchange rates for the year ended December 31, 2023 and the year ended December 31, 2022, respectively.

If the CAD strengthened against the USD and BWP by 5%, respectively (December 31, 2022 – 5 %), it would have had the following impact:

	Profit for the year			Long-term exposure profit for the year
	USD	**BWP**	**Total**	**BWP**
December 31, 2023	103,736	(204,791)	(101,055)	2,528,710
December 31, 2022	79,374	(85,106)	(5,732)	1,526,423

If the CAD weakened against the USD and BWP by 5%, respectively (December 31, 2022 – 5 %), it would have had the following impact:

	Profit for the year			Long-term exposure profit for the year
	USD	**BWP**	**Total**	**BWP**
December 31, 2023	(103,736)	204,791	101,055	(2,528,710)
December 31, 2022	(79,374)	85,106	5,732	(1,526,423)

The higher foreign currency exchange rate sensitivity in profit at December 31, 2023 compared with December 31, 2022 is attributable to increased balances in financial assets and liabilities and fluctuations in foreign exchange rates, BWP and USD in relation to CAD.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk is primarily associated with liquid financial assets. The Company limits exposure to credit risk on liquid financial assets by holding cash at highly-rated financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages the liquidity risk inherent in these financial obligations by regularly monitoring actual cash flows to annual budget which forecast cash and expected cash availability to meet future obligations.

The Company will defer discretionary expenditures, as required, in order to manage and conserve cash required for current liabilities.

The following table shows the Company's contractual obligations as at December 31, 2023:

	Less than 1 year	**1 - 2 years**	**2 - 5 years**	**Total**
Trade payables and accrued liabilities	4,280,146	-	-	4,280,146
Vehicle financing	95,054	95,054	46,016	236,124
Term Loan	-	-	18,064,448	18,064,448
Lease liability	1,611,143		-	1,611,143
	5,986,343	**95,054**	**18,110,464**	**24,191,861**

Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern, so that adequate funds are available or are scheduled to be raised to meet its ongoing administrative and operating costs and obligations. This is achieved by the Board of Directors' review and ultimate approval of budgets that are achievable within existing resources, and the timely matching and release of the next stage of expenditures with the resources made available from capital raises and debt funding from related or other parties. In doing so, the Company may issue new shares, restructure or issue new debt.

The Company is not subject to any externally imposed capital requirements imposed by a regulator or a lending institution.

In the management of capital, the Company includes the components of equity and debt (vehicle financing, lease liability, Term Loan and Promissory Note), net of cash.

(Expressed in Canadian dollars)

	December 31, 2023	December 31, 2022
Shareholder's equity	50,784,145	27,188,344
Vehicle financing	236,124	164,644
Lease liability	1,611,143	2,731,394
Promissory Note	-	7,070,959
Term Loan	18,064,448	-
	70,695,860	37,155,341
Cash	(19,245,628)	(5,162,991)
	51,450,232	**31,992,350**

17. SEGMENTED INFORMATION

The Company operates in one reportable operating segment being that of the acquisition, exploration and evaluation of mineral properties in three geographic segments being Botswana, Greenland and Canada. The Company's geographic segments are as follows:

	December 31, 2023	December 31, 2022
Current assets		
Canada	15,894,177	3,198,344
Barbados	104,024	493,552
Botswana	4,680,572	2,746,450
Total	**20,678,773**	**6,438,346**

	December 31, 2023	December 31, 2022
Property, plant and equipment		
Canada	8,726	10,714
Botswana	7,563,106	3,383,956
Total	**7,571,832**	**3,394,670**

	December 31, 2023	December 31, 2022
Exploration and evaluation assets		
Botswana	48,120,084	31,823,982

18. CONTINGENT LIABILITIES

There are no environmental liabilities associated with the Selebi Assets and the Selkirk Assets as at the acquisition dates as all liabilities prior to the acquisitions are the responsibility of the sellers, BCL and TNMC, respectively. The Company has an obligation for the rehabilitation costs arising subsequent to the acquisitions. As of December 31, 2023, management is not aware of or anticipating any contingent liabilities that could impact the financial position or performance of the Company related to its exploration and evaluation assets.

The Company's exploration and evaluation assets are affected by the laws and environmental regulations that exist in the various jurisdictions in which the Company operates. It is not possible to estimate the future contingent liabilities and the impact on the Company's operating results due to future changes in Company's exploration and development of its projects or future changes in such laws and environmental regulations.

(Expressed in Canadian dollars)

19. INCOME TAXES

The reported recovery of income taxes differs from amounts computed by applying the statutory income tax rates to the reported loss before income taxes as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Loss before income taxes	$ (13,842,378)	$ (36,410,469)
Statutory tax rate	26.50%	26.50%
Expected income tax recovery at the statutory tax rate	(3,668,230)	(9,648,774)
Permanent differences and other	(25,642)	7,227
Stock based payment	351,695	(2,378,349)
Fair value adjustment on warrants		2,127,716
Change in estimates and other	31,343	(520,103)
Differences in foreign tax rates	510,308	360,345
Acquisition loss on RTO	-	7,731,220
Change in deferred tax assets not recognized	2,275,995	2,320,718
Income tax recovery	$ (524,531)	$ -

As at December 31, 2023, the Company has the following deferred tax assets (liabilities):

	Year ended December 31, 2023	Year ended December 31, 2022
Deferred tax asset	$	$
Non-capital losses available for carry forward	1,362,834	94,260
Right-of-use asset	354,451	600,907
Deferred tax liabilities		
Term Loan	(512,921)	
Right of use asset	(1,204,364)	(695,166)
Net deferred tax asset (liability)	$ -	$ -

Deferred tax assets in excess of deferred tax liabilities have not been recognized in respect of the following attributes because it is not probable that future taxable profit will be available against which the Company can use the benefits:

	Year ended December 31, 2023	Year ended December 31, 2022
Exploration and evaluation assets	$ 4,312,654	$ 1,243,480
Loss carry forwards	20,894,974	10,066,250
Share issuance costs	5,067,311	2,124,869
Equipment	2,633,800	3,397
Total unrecognized deductible temporary differences	$ 32,908,739	$ 13,437,996

(Expressed in Canadian dollars)

The tax losses that have not been recognized expire as follows:

		Losses
2029	$	1,317,415
2030		1,768,436
2038		101,573
2039		351,131
2040		942,144
2041		1,390,127
2042		1,891,361
2043		8,429,181
Indefinite		4,703,606
	$	20,894,974

The company has Canadian non-capital losses of approximately $13,105,517 which expire between 2038 and 2043. The Company also has Barbados losses of $3,085,851 which expire between 2029 and 2030. Botswana losses of approximately $4,703,606 may be carried forward indefinitely.

20. GENERAL AND ADMINISTRATIVE EXPENSES

Details of the general and administrative expenses by nature are presented in the following table:

	December 31, 2023	**December 31, 2022**
Management fee	3,122,689	2,418,984
Advisory and consultancy	512,909	1,895,004
Consulting fees	1,017,842	455,228
General office expenses	1,119,026	735,518
Filing fees	285,205	109,701
Investor relationships	581,903	375,632
Professional fees	945,623	1,155,306
Salaries and benefits	367,267	115,367
Insurance	721,577	370,287
Total	**8,674,041**	**7,631,027**

21. SUBSEQUENT EVENTS

Subsequent to the balance sheet date, there have been no material events or transactions that would require adjustment to or disclosure in the financial statements.