

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this document. Any representation to the contrary is an offence. The Offering (as defined herein) may not be suitable for you and you should only invest in it if you are willing to risk the loss of your entire investment. In making this investment decision, you should seek the advice of a registered dealer.

The securities being offered under the Offering have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States, and may not be offered or sold except in compliance with an available exemption or exclusion from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This offering document (this "Offering Document") does not constitute an offer to sell, or the solicitation of an offer to buy, any of these securities in the United States. "United States" has the meaning ascribed thereto in Regulation S under the U.S. Securities Act.

Premium Nickel Resources Ltd. (the "Company" or "Premium Nickel") is conducting a listed issuer financing under section 5A.2 of National Instrument 45-106 *Prospectus Exemptions* ("NI 45-106"). In connection with the LIFE Offering (as defined herein), the Company represents the following is true:

- The Company has active operations, and its principal asset is not cash, cash equivalents or its exchange listing.
- The Company has filed all periodic and timely disclosure documents that it is required to have filed.
- The total dollar amount of the LIFE Offering, in combination with the dollar amount of all other offerings made under the listed issuer financing exemption in the 12 months immediately before the date of this Offering Document, will not exceed \$10,000,000.
- The Company will not close the LIFE Offering unless the Company reasonably believes it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.
- The Company will not allocate the Available Funds (as defined herein) from the LIFE Offering to an acquisition that is a significant acquisition or restructuring transaction under securities law or to any other transaction for which the Company seeks security holder approval.

December 3, 2023

OFFERING DOCUMENT UNDER THE LISTED ISSUER FINANCING EXEMPTION



PREMIUM NICKEL RESOURCES LTD.

SUMMARY OF OFFERING

What are we offering?

**Type and
Number of
Securities
Offered:**

Premium Nickel currently anticipates offering on a "best efforts" brokered private placement basis of 11,765,000 common shares of the Company (the "**Common Shares**") at a price of \$1.20 per Common Share for aggregate gross proceeds of \$14,118,000. In connection with the Offering (as defined herein), the Common Shares will be offered for sale: (i) in each of the provinces and territories of Canada, other than Québec, in reliance on the "listed issuer financing exemption" from the prospectus requirements (the "**LIFE Exemption**") available under Part 5A of NI 45-106 (the "**LIFE Offering**"), for gross proceeds of up to approximately \$10,000,000 (or up to 8,333,333 Common Shares); and (ii) (A) in each of the provinces and

territories of Canada pursuant to available exemptions from the prospectus requirements under NI 45-106 (other than the LIFE Exemption), (B) in the United States pursuant to available exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws, and (C) in such other jurisdictions provided it is understood that no prospectus filing or comparable obligation, ongoing reporting requirement or requisite regulatory or governmental approval arises in such other jurisdictions (the "**Non-LIFE Offering**", and together with the LIFE Offering, the "**Offering**").

- Offering Price:** The Common Shares will be offered at a price of \$1.20 per Common Share.
- Minimum Offering Size:** The Offering (comprising both the LIFE Offering and the Non-LIFE Offering) is subject to a minimum Offering size of \$14,118,000 (being 11,765,000 Common Shares). All amounts included herein are presented in Canadian dollars unless otherwise indicated.
- Closing Date:** The Offering is expected to close on or about December 14, 2023, or such other date as the Company and the Agents (as defined herein) may agree.
- Exchange:** The Common Shares are listed for trading on the TSX Venture Exchange (the "**Exchange**") under the trading symbol "PNRL" and on the OTCQX Best Market (the "**OTCQX**") under the trading symbol "PNRLF". On December 1, 2023, being the last trading day before the date of this Offering Document, the closing price of the Common Shares on the Exchange was \$1.42 per Common Share and the closing price of the Common Shares on the OTCQX was US\$1.05 per Common Share.

SUMMARY DESCRIPTION OF BUSINESS

What is our business?

Premium Nickel is a mineral exploration company that is focused on the redevelopment of previously producing nickel, copper and cobalt mines owned by the Company in the Republic of Botswana. The Company's principal activity is the development of its flagship asset, the Selebi nickel-copper-cobalt sulphide mine in Botswana (the "**Selebi Mine**") and the Company's Selkirk nickel-copper-cobalt-platinum group elements sulphide mine, also located in Botswana (the "**Selkirk Mine**"). Each of the Selebi Mine and the Selkirk Mine are permitted with 10-year mining licences and benefit from significant local infrastructure. The Selebi Mine includes two operational shafts, the Selebi and the Selebi north shaft ("**Selebi North**"), and related infrastructure such as rail, power and roads.

The Company is currently undertaking additional exploration activities at the Selebi Mine with the aim of establishing a maiden mineral resource estimate prepared in accordance with the requirements of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). For additional information in respect of the Selebi Mine, please refer to the technical report entitled "*Technical Report on the Selebi Mines, Central District, Republic of Botswana, Report for NI 43-101*" dated June 16, 2022 (with an effective date of March 1, 2022) prepared for the Company by SLR Consulting (Canada) Ltd. (the "**Selebi Technical Report**"). In addition, the Company continues to conduct exploration activities at the Selkirk Mine and its surrounding prospecting licences, including drilling, geoscience and metallurgical work, the results of which the Company aims to use to establish a mineral resource estimate for the Selkirk Mine in accordance with the requirements of NI 43-101. For additional information in respect of the Selkirk Mine, please refer to the technical report entitled "*NI 43-101 Technical Report, Selkirk Nickel Project,*

North East District, Republic of Botswana" dated April 12, 2023 (with an effective date of March 31, 2023) prepared for the Company by G Mining Services Inc. (the "**Selkirk Technical Report**").

Further information regarding the business of the Company, the Selebi Mine and the Selkirk Mine can be found in the Company's most recent management discussion and analysis, the Selebi Technical Report and the Selkirk Technical Report, copies of which are available on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile.

Recent Developments

On December 3, 2023, the Company and Cymbria Corporation (the "**Lender**") entered into a second amended and restated commitment letter (the "**Second A&R Commitment Letter**") to amend the terms of their existing term loan (the "**Term Loan**") to, *inter alia*, increase the principal amount of the loan by \$5,882,353 (the "**Additional Principal Amount**") from \$15,000,000 to \$20,882,353. The Additional Principal Amount will be subject to an original issue discount of approximately 15% and will be made available by the Lender to the Company as a single advance in an amount equal to \$5,000,000 on closing of the Amended Term Loan.

The Additional Principal Amount will form part of the Term Loan and, except as otherwise set out in the Second A&R Commitment Letter, will be on the same terms and conditions applicable to the Term Loan. For certainty, the Additional Principal Amount will bear 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 Term Loan Amendment, on closing of the Amended Term Loan, the Company will issue an additional 700,000 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 closing of the Amended Term Loan, including the issuance of the Additional Warrants, is expected to occur concurrently with closing of the Offering on or about December 14, 2023, or such other date as the Company and the Lender may agree, and remains subject to: (i) closing of the Offering; and (ii) the satisfaction of certain customary closing conditions, including the receipt of all necessary approvals, including the approval of the TSX Venture Exchange.

The Company expects to use the proceeds of the Amended Term Loan, together with the net proceeds of the Offering, to advance the Company's business objectives. For more information, see the table in the section "*How will we use the Available Funds?*" below.

On November 27, 2023, the Company announced additional assay results from its 2023 drill program at the Selebi Mine. These additional assay results were highlighted by (i) 10.75 meters of 1.90% NiEq (comprised of 1.15% nickel, 1.40% copper, and 0.06% cobalt) and 13.50 meters of 1.86% NiEq (comprised of 1.34% nickel, 0.84% copper, and 0.07% cobalt) in hole SNUG-23-028, and (ii) 22.00 meters of 1.74% NiEq (comprised of 1.22% nickel, 0.89% copper, and 0.06% cobalt), including 13.45 meters of 2.19% NiEq (comprised of 1.52% nickel, 1.17% copper, and 0.07% cobalt). For more information relating to such assay results, including key assumptions and quality control procedures relating thereto, please refer to the Company's news release dated November 27, 2023 entitled "*Premium Nickel Reports Assays from Selebi North Underground Drilling*" available on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile.

On November 14, 2023, the Company announced initial assay results from its 2023 drill program at the Selebi Mine. Initial assay results were highlighted by (i) 9.25 meters of 1.78% NiEq (comprised of 1.35% nickel, 0.67% copper, and 0.07% cobalt) in hole SNUG 23-025, and (ii) 985 meters of 1.28% NiEq (comprised of 0.77% nickel, 0.95% copper, 0.04% cobalt), including 5.6 meters of 1.06% NiEq (comprised

of 0.50% nickel, 1.13% copper; 0.03% cobalt) and 2.45 meters of 2.24% NiEq (comprised of 1.75% nickel, 0.72% copper and 0.09% cobalt). For more information relating to such assay results, including key assumptions and quality control procedures relating thereto, please refer to the Company's news release dated November 14, 2023 entitled "*Premium Nickel Resources Ltd. Reports Initial Assays from Selebi North Underground Drilling in Botswana*" available on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile.

On August 16, 2023, the Company entered into a binding commitment letter, which remains subject to customary final documentation, to acquire a 100% interest in two additional deposits, known as Phikwe South and the Southeast Extension, located adjacent to and immediately north of Selebi North.

On August 8, 2023, the Company announced certain changes to its senior management team and board by appointing Peter Rawlins as Senior Vice President and Chief Financial Officer of the Company, Sean Whiteford as President of Premium Nickel Resources International Ltd., an indirect wholly-owned subsidiary of the Company, and Keith Morrison, as chair of the board of directors of the Company, in addition to his current role as Chief Executive Officer of the Company.

On June 28, 2023, the Company completed a financing transaction with the Lender, EdgePoint Investment Group Inc. ("**EdgePoint**") and certain other entities managed by EdgePoint, for aggregate gross proceeds to the Company of approximately \$34,000,000 (the "**Financing Transaction**"). The Financing Transaction included three concurrent and inter-conditional transactions, comprised of an equity offering of units, the Term Loan (as defined herein) and options to acquire a 0.5% net smelter returns royalty on the Selebi Mine and Selkirk Mine in certain circumstances and upon payment of future consideration. For more information in respect of the Financing Transaction, please refer to the Company's news release dated June 13, 2023 entitled "*Premium Nickel Resources Ltd. Announces Financing Transactions Totaling Approximately CAD\$34 Million*" available on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile.

On February 24, 2023, the Company completed a "best efforts" brokered private placement offering pursuant to which the Company issued an aggregate 4,437,184 Common Shares at a price of \$1.75 per Common Share for aggregate gross proceeds of \$7,765,072 (the "**2023 Private Placement**").

Material facts

There are no material facts about the securities being distributed that have not been disclosed in this Offering Document or in any other document filed by the Company in the 12 months preceding the date of this Offering Document.

What are the business objectives that we expect to accomplish using the Available Funds?

The Company intends to use the net funds from the Offering (approximately \$12,970,920), along with the net proceeds of the Amended Term Loan (approximately \$5,000,000) (collectively, the "**Available Funds**") for (i) development, exploration, care and maintenance of the Selebi and Selkirk properties, and (ii) for general corporate and working capital purposes. More particularly, the Company intends to use the Available Funds to complete its current underground drilling program at Selebi North prior to the end of Q1 2024 and to complete a mineral resource estimate for Selebi North in accordance with the requirements of NI 43-101 (the "**Selebi North MRE**"). The Company anticipates that the Selebi North MRE will be completed in the second quarter of 2024.

As at November 30, 2023, the Company had completed approximately 16,000 meters of underground drilling at Selebi North in 41 holes. Additional information in respect of recent assay results from the Company's current drilling program is included above under the heading "*Recent Developments*" and can

also be found on the Company's website (www.premiumnickelresources.ca) and on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile. The Company anticipates completing an additional 10,000 meters of underground drilling at Selebi North prior to the end of Q1 2024. For more details regarding the breakdown of budgeted expenses related to the proposed drilling and ongoing site activity, see Note 3 to the table under the heading "Use of Available Funds – How will we use the Available Funds?".

The Company reasonably believes that the Available Funds will be sufficient to fund the foregoing objectives and to meet the Company's liquidity needs for a period of 12 months following the closing date of the Offering. Results of the budgeted drilling program will also form the basis of future development and operational plans for the Selebi North mine. No amounts are currently budgeted or projected for mine development or operations at Selebi North or elsewhere at Selebi or Selkirk other than as disclosed herein. The pace and timing of additional mine development or operations at these sites will be dependent on the ability of the Company to raise additional capital in future. The Company, being in the exploration and redevelopment 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.

USE OF AVAILABLE FUNDS

What will our Available Funds be upon the closing of the offering?

The following table discloses what the Available Funds will be after the Offering:

		Assuming 100% of Offering
A	Amount to be raised by the Offering	\$14,118,000
B	Selling commissions and fees ⁽¹⁾	\$847,080
C	Estimated offering costs (e.g., legal, accounting, audit)	\$300,000
D	Net proceeds of offering: D = A - (B+C)	\$12,970,920
E	Working capital as at November 30, 2023	–
F	Additional sources of funding ⁽²⁾	\$5,000,000
G	Total Available Funds G=D+E+F	\$17,970,920

Note:

- (1) Assumes that no sales are made to President's List Purchasers (as defined herein) for which a reduced commission would be payable.
- (2) Represents the gross advance payable to the Company on closing of the Amended Term Loan.

How will we use the Available Funds?

The following table provides a detailed breakdown of how the Company intends to use the Available Funds:

Description of intended use of Available Funds listed in order of priority ⁽¹⁾	Assuming 100% of Offering ⁽¹⁾⁽²⁾
Activities related to the Selebi Mine ⁽³⁾	\$10,880,000

Activities related to the Selkirk Mine ⁽⁴⁾	\$400,000
General corporate and working capital ⁽⁵⁾	\$6,690,920
Total	\$17,970,920

Note:

- (1) Each of these items are currently anticipated to be funded under the Company's current budget and, accordingly, no order of priority should be assumed based on the order in which such items are listed.
- (2) Assumes that no sales are made to President's List Purchasers for which a reduced commission would be payable.
- (3) Represents approximately (i) \$5,380,000 in drilling (including assaying and downhole surveying), mining and underground development, and engineering related to Selebi North, (ii) \$3,600,000 in care and maintenance related to the Selebi Mine infrastructure, and (iii) \$1,900,000 in local management, consulting, accounting, finance, human resources, and health/safety/environmental/security.
- (4) Principally represents care and maintenance related to the Selkirk Mine and adjacent property prospecting licences.
- (5) Represents approximately (i) \$2,080,000 allocated to the payment of interest on the Company's outstanding term loan and (ii) \$4,610,920 allocated to general corporate expenses.

The Company's most recently filed audited annual financial statements and interim financial report each include a going concern note. The Company is an exploration stage mining company and has not yet generated positive cash flows from its operating activities, which may cast doubt on the Company's ability to continue as a going concern. Among other things, the Offering is intended to permit the Company to advance the Selebi Mine and the Selkirk Mine towards the identification of mineral resource estimates. It is not expected to affect the decision to include a going concern note in the next annual financial statements of the Company.

The Company intends to spend the funds available to it as stated above. However, there may be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary. The actual amount that the Company spends in connection with each of the intended uses of proceeds will depend on a number of factors, including the Company's ability to execute on its business plan and financing objectives. See the "*Cautionary Note Regarding Forward-Looking Information*" section below.

How have we used the other funds we have raised in the past 12 months?

The Company has used the funds it has raised over the past 12 months as follows:

- On February 24, 2023, the Company completed the 2023 Private Placement, pursuant to which the Company issued an aggregate 4,437,184 Common Shares at a price of \$1.75 per Common Share for aggregate gross proceeds of \$7,765,072. The net proceeds of the 2023 Private Placement were intended to be used to support the ongoing redevelopment work at the Selebi Mine and Selkirk Mine. As of the date of this Offering Document, all of the net proceeds of the 2023 Private Placement have been used to support the ongoing redevelopment work at the Selebi Mine and Selkirk Mine.
- On June 28, 2023, the Company completed the Financing Transaction, pursuant to which the Company raised approximately \$34,000,000 in aggregate gross proceeds. Approximately \$7,360,000 of the net proceeds of the Financing Transaction were intended to be used to prepay all principal and interest owing by the Company under a promissory note in favour of Pinnacle Island LP (the "**Promissory Note**") and the balance of the net proceeds of the Financing Transaction were intended to be used to advance exploration and resource development at the Selebi Mine and Selkirk Mine. As at September 30, 2023, the Company has used approximately \$7,637,000 of the net proceeds of the Financing Transaction to prepay all principal and interest owing by the Company under the Promissory Note, approximately \$9,769,000 to advance exploration and resource development at the Selebi Mine and Selkirk Mine, approximately \$2,244,000 for general

corporate purposes, and approximately \$2,467,000 to settle outstanding indebtedness related to the completion of the Company's reverse take-over transaction that closed on August 2, 2022. The variance in the use of the net proceeds of the Financing Transaction is not expected to have any material impact on the Company's ability to achieve its business objectives and milestones.

FEES AND COMMISSIONS

Who are the dealers or finders that we have engaged in connection with the Offering, if any, and what are their fees?

Agents Cormark Securites Inc. and BMO Capital Markets, as co-lead agents and joint bookrunners, for and on behalf of a syndicate of agents that includes Fort Capital Securities Ltd., Paradigm Capital Inc. and Canaccord Genuity Corp. (collectively, the "**Agents**").

Commission In consideration for the services provided to the Company, the Company has agreed to pay the Agents a cash fee equal to 6.0% of the aggregate gross proceeds of the Offering (the "**Cash Commission**"); provided, however, that the Cash Commission payable by the Company shall be reduced to 3.0% in respect of the gross proceeds received from subscribers included on a president's list to be formed by the Company, which shall include, without limitation, any gross proceeds received from EdgePoint or any of the entities managed by it.

Do the Agents have a conflict of interest?

To the knowledge of the Company, it is not a "related issuer" or "connected issuer" of or to any Agent, as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*.

PURCHASER'S RIGHTS

Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this Offering Document, you have a right

- (a) to rescind your purchase of these securities with the Company, or**
- (b) to damages against the Company and may, in certain jurisdictions, have a statutory right to damages from other persons.**

These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in paragraph (a) or (b) above, you must do so within strict time limitations.

You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal adviser.

ADDITIONAL INFORMATION

Where can you find more information about us?

Prospective investors and security holders can access the Company's continuous disclosure under the Company's profile on SEDAR+ at www.sedarplus.ca and on the Company's website at www.premiumnickelresources.ca.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this Offering Document may be considered "forward-looking information" or "forward-looking statements" within the meaning of applicable securities laws. All statements, other than statements of historical fact, are forward-looking statements and based on expectations, estimates and projections as at the date of this Offering Document. These forward-looking statements, by their nature, require the Company to make certain assumptions and necessarily involve known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these forward-looking statements. Forward-looking statements are not guarantees of performance. Words such as "may", "will", "would", "could", "expect", "believe", "plan", "anticipate", "intend", "estimate", "continue", or the negative or comparable terminology, as well as terms usually used in the future and the conditional, are intended to identify forward-looking statements. In particular, this Offering Document contains forward-looking statements pertaining to the terms of the Offering; the business objectives of the Company and anticipated timelines, including the Company's ability to complete the Selebi North MRE; the use of proceeds of the Offering; the timing and ability of the Company to close the Offering; and certain fees and commissions payable under the Offering.

Information contained in forward-looking statements are based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perception of geology and mineralization; assumptions, limitations and qualifications in the Selkirk Technical Report and Selebi; the timing and ability of the Company to receive necessary regulatory approvals; planned exploration programs and expenditures; the Company's ability to establish a mineral resource estimate for each of the Selebi Mine and Selkirk Mine; the ability to the Company to expand mineral resources beyond current mineral resources estimates; the utility of any historical data in respect of the Selkirk Mine and Selebi Mine; the results of any testing; the ability of exploration activities (including drill results) to accurately predict mineralization; the significance of metallurgical results; current conditions and expected future developments; current information available to the management of the Company; mining activities and the business of mineral exploration; the general business and prospects of the Company; public disclosure from operators of the relevant mines, as well as other considerations that are believed to be appropriate in the circumstances. The Company considers its assumptions to be reasonable based on information currently available but cautions the reader that there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and the Company's assumptions, many of which are beyond the control of the Company, may ultimately prove to be incorrect since they are subject to risks and uncertainties that affect the Company and its businesses.

For additional information with respect to these and risks and other factors that may affect the assumptions and forward-looking statements made in this Offering Document concerning the Company, please refer to (i) the section entitled "*Risks and Uncertainties*" in the most recent management discussion and analysis of the Company, and (ii) the risk factors outlined in the filing statement of the Company dated July 22, 2022, both of which are available electronically on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile. Investors are cautioned not to put undue reliance on forward-looking statements.

The forward-looking statements contained in this Offering Document are made as of the date of such document only and, accordingly, are subject to change after such date. The Company disclaims any intent

or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

Qualified Person

All scientific and technical content in this Offering Document has been reviewed and approved by Sharon Taylor, Vice President Exploration of the Company, who is a "qualified person" for the purposes of NI 43-101.

CERTIFICATE

This Offering Document, together with any document filed under Canadian securities legislation on or after December 3, 2023, contains disclosure of all material facts about the securities being distributed and does not contain a misrepresentation.

Dated December 3, 2023.

(signed) "Keith Morrison"

Keith Morrison
Chief Executive Officer

(signed) "Peter Rawlins"

Peter Rawlins
Chief Financial Officer