



**PREMIUM NICKEL
RESOURCES LTD.**

| principled mining

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

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

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NOTICE TO READER OF THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, Premium Nickel Resources Ltd. (the "**Company**" or "**PNRL**") discloses that the unaudited condensed interim consolidated financial statements have not been reviewed or audited by independent auditors.

The unaudited condensed interim consolidated financial statements of the Company for the three-month period ended March 31, 2024 (the "**Financial Statements**") have been prepared by management. The Financial Statements should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company for the fiscal year ended December 31, 2023, which are available electronically on SEDAR (www.sedar.com) under the name Premium Nickel Resources Ltd. The Financial Statements are stated in Canadian dollars, unless otherwise indicated, and are prepared in accordance with International Financial Reporting Standards ("**IFRS**").

"signed"
Keith Morrison
Chief Executive Officer

"signed"
Peter Rawlins
Chief Financial Officer

May 27, 2024

Unaudited Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	Notes	As at March 31, 2024	As at December 31, 2023
ASSETS			
CURRENT ASSETS			
Cash		9,366,821	19,245,628
Prepaid expenses		1,379,734	900,310
Other receivables	3	710,073	532,835
TOTAL CURRENT ASSETS		11,456,628	20,678,773
NON-CURRENT ASSETS			
Exploration and evaluation assets	4,9	54,536,402	48,120,084
Property, plant and equipment	5	7,207,412	7,571,832
TOTAL NON-CURRENT ASSETS		61,743,814	55,691,916
TOTAL ASSETS		73,200,442	76,370,689
LIABILITIES			
CURRENT LIABILITIES			
Trade payables and accrued liabilities	6	4,555,846	4,280,146
Current portion of lease liabilities	8	1,319,863	1,611,143
TOTAL CURRENT LIABILITIES		5,875,709	5,891,289
NON-CURRENT LIABILITIES			
Vehicle financing		211,284	236,124
Provision for leave and severance		633,304	510,202
Term loan	7	18,297,218	18,064,448
Deferred share units liability	10	939,128	884,481
TOTAL NON-CURRENT LIABILITIES		20,080,934	19,695,255
TOTAL LIABILITIES		25,956,643	25,586,544
SHAREHOLDERS' EQUITY			
Share capital – common	10	126,941,399	126,428,421
Share capital – preferred		31,516	31,516
Reserve		17,626,812	17,888,409
Deficit		(93,578,653)	(90,323,459)
Foreign currency translation reserve		(3,777,275)	(3,240,742)
TOTAL SHAREHOLDERS' EQUITY		47,243,799	50,784,145
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		73,200,442	76,370,689

Nature of Operations and Going Concern (Note 1)

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

Approved by the Board of Directors on May 27, 2024.

"signed"
Keith Morrison
Director

"signed"
Jason LeBlanc
Director

Unaudited Condensed Interim Consolidated Statements of Comprehensive Loss

(Expressed in Canadian dollars)

		Three months ended	Three months ended
	Notes	March 31, 2024	March 31, 2023
EXPENSES			
General and administration expenses	16	1,865,253	1,857,412
Depreciation	5	102,571	45,762
General exploration expenses		48,033	43,929
Interest and bank charges		94,617	49,939
Share-based payment	10	389,612	-
Deferred share units granted	10	281,249	173,292
Fair value movement of deferred shares units	10	(226,602)	(16,000)
Net foreign exchange loss		66,014	30,416
		2,620,747	2,184,750
OTHER ITEMS			
Interest expenses		20,702	200,834
Interest expense on Term loan	7	519,206	-
Accretion and transaction fee of Term loan	7	232,770	-
NET LOSS FOR THE PERIOD		3,393,425	2,385,584
OTHER COMPREHENSIVE LOSS			
Exchange differences on translation of foreign operations		536,533	750,880
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		3,929,958	3,136,464
Basic and diluted loss per share		0.03	0.03
Weighted average number of common shares outstanding – basic and diluted		149,373,068	118,246,915

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

Unaudited Condensed Interim 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, 2022	10	116,521,343	91,144,268	31,516	15,257,140	(78,092,605)	(1,151,975)	27,188,344
Net loss for the period		-	-	-	-	(2,385,584)	-	(2,385,584)
Share capital issued through private placement		4,437,184	7,765,072	-	-	-	-	7,765,072
Share issue costs		-	(606,547)	-	-	-	-	(606,547)
Fair value of broker warrants		-	(167,939)	-	167,939	-	-	-
Fair value of lender warrants		-	-	-	116,177	-	-	116,177
Exchange differences on translation of foreign operations		-	-	-	-	-	(750,880)	(750,880)
BALANCE AS AT MARCH 31, 2023	10	120,958,527	98,134,854	31,516	15,541,256	(80,478,189)	(1,902,855)	31,326,582
BALANCE AS AT DECEMBER 31, 2023		149,300,920	126,428,421	31,516	17,888,409	(90,323,459)	(3,240,742)	50,784,145
Net loss for the period		-	-	-	-	(3,393,425)	-	(3,393,425)
Exercise of options, net		126,259	512,978	-	(512,978)	-	-	-
Fair value of expired options		-	-	-	(22,054)	22,054	-	-
Fair value of expired warrants		-	-	-	(116,177)	116,177	-	-
Share-based payment		-	-	-	389,612	-	-	389,612
Exchange differences on translation of foreign operations		-	-	-	-	-	(536,533)	(536,533)
BALANCE AS AT MARCH 31, 2024	10	149,427,179	126,941,399	31,516	17,626,812	(93,578,653)	(3,777,275)	47,243,799

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

Unaudited Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	Three months Ended	
		March 31, 2024	March 31, 2023
OPERATING ACTIVITIES			
Total net loss for the period		(3,393,425)	(2,385,584)
Items not affecting cash:			
Deferred share units granted	10(d)	281,249	157,292
Fair value movement of deferred share units	10(d)	(226,602)	-
Depreciation	5	102,571	45,762
Provision for leave and severance		123,102	86,496
Accrued interests and accretion on loans	7	751,976	200,834
Share-based payment	10	389,612	-
Changes in working capital and non-current liability			
Prepaid expenses and other receivables		(656,662)	100,518
Trade payables and accrued expenses		275,700	17,581
Net cash used in operating activities		(2,352,479)	(1,777,101)
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	5	(85,096)	-
Additions to expenditures on exploration and evaluation assets	4	(6,152,842)	(4,508,429)
Net cash used in investing activities		(6,237,938)	(4,508,429)
FINANCING ACTIVITIES			
Proceeds from issuance of units		-	7,765,072
Share issue costs		-	(473,383)
Interest payment on term loan		(519,206)	-
Vehicle loan payment		(24,840)	(13,044)
Lease payment		(291,280)	(40,030)
Net cash provided by/(used in) financing activities		(835,326)	7,238,615
Impact of currency translation for the foreign operations		(453,064)	(801,829)
Change in cash for the period		(9,878,807)	151,256
Cash at the beginning of the period		19,245,628	5,162,991
Cash at the end of the period		9,366,821	5,314,247

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

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

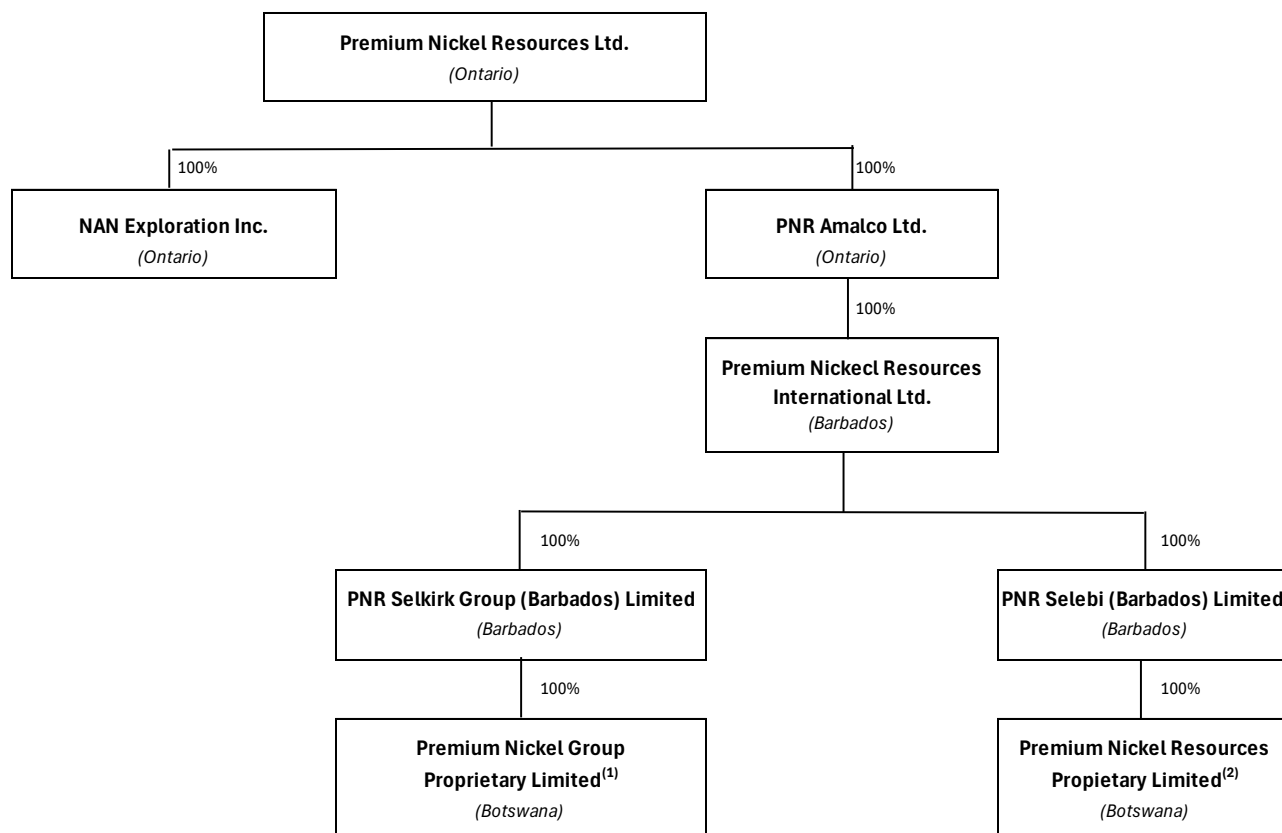
Premium Nickel Resources Ltd. (TSXV: PNRL) (the "**Company**" or "**PNRL**") was founded upon the closing of a reverse takeover transaction (the "**RTO**") whereby Premium Nickel Resources Corporation ("**PNRC**") and 1000178269 Ontario Inc. ("**NAN Subco**"), a wholly-owned subsidiary of North American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

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024

(Expressed in Canadian dollars)

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 March 31, 2024, the Company had no source of operating cash flows, nor any credit line currently in place. The Company incurred a net loss of \$3,255,194 for the three months ended March 31, 2024. The Company's committed cash obligations and expected level of expenses will vary depending on its operations.

These unaudited condensed interim 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 unaudited condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on May 27, 2024. The discussion in the notes to the unaudited condensed interim financial statements is stated in Canadian dollars.

2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICIES

(a) Statement of Compliance

These unaudited condensed interim consolidated financial statements were prepared in accordance with International Accounting Standards 34 ("**IAS 34**"), *Interim Financial Reporting*, utilizing the accounting policies of the Company outlined in its December 31, 2023 audited annual consolidated financial statements. The accounting policies are in line with IFRS guidelines. These unaudited condensed interim consolidated financial statements do not include all the information and disclosures required in the audited annual consolidated financial statements and therefore should be read in conjunction with the Company's audited annual consolidated financial statements.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024

(Expressed in Canadian dollars)

(b) Basis of preparation

These unaudited condensed interim 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.

The significant accounting policies used in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those used in the preparation of the audited annual consolidated financial statements for the year ended December 31, 2023.

Operating segments are reported in a manner consistent with the internal reporting used for the audited annual consolidated financial statements. The Company determined that it has three operating segments, which are Canada, Barbados and Botswana (Note 14).

(c) Basis of consolidation

These unaudited condensed interim consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries as summarized in the table below. 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

(d) Use of estimates and judgment

The preparation of the unaudited condensed interim consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the implementation of the accounting policies and the recorded amount of assets and liabilities, income, expenses, and disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgement

Information about judgements made in applying accounting policies that have most significant effect on the amounts recognized in these consolidated financial statements are the same as disclosed in Note 3 of the consolidated financial statements for the year ended December 31, 2023.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024

(Expressed in Canadian dollars)

Estimates

Information about assumptions and estimates uncertainties as at March 31, 2024, that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial year are the same as disclosed in Note 3 of the consolidated financial statement for the year ended December 31, 2023.

(e) New standards and amendments effective this year

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.

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 Company adopted the amendments on January 1, 2024.

The impact of adopting this amendment on the Company's consolidated financial statements was not material.

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

IFRS 18 — Presentation and Disclosure in Financial Statements ("**IFRS 18**") was issued on April 9, 2024 and is effective for periods beginning on or after January 1, 2027. IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.

3. OTHER RECEIVABLES

A summary of the other receivables as at March 31, 2024 and December 31, 2023 is detailed in the table below:

	March 31, 2024	December 31, 2023
HST paid on purchases	398,819	301,618
VAT paid on purchases	303,813	223,776
Other receivables	7,441	7,441
	710,073	532,835

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

	Botswana		Total
	Selebi	Selkirk	
Acquisitions			
Balance, March 31, 2024 and December 31, 2023	8,735,401	327,109	9,062,510
Exploration and Evaluation			
Balance, December 31, 2023	40,646,786	1,160,788	41,807,574
Site operations and administration	251,159	12,379	263,538
Care and maintenance	669,895	-	669,895
Geology	874,953	9,556	884,509
Drilling	2,636,059	-	2,636,059
Geophysics	330,737	2,208	332,945
Engineering	1,971,275	7,537	1,978,812
Environmental, social and governance	59,287	-	59,287
Metallurgy and processing	-	24,630	24,630
Technical studies	5,177	-	5,177
Health and safety	40,850	-	40,850
Mine re-development	18,757	25,040	43,797
Impact of foreign currency translation	(478,067)	(45,114)	(523,181)
Balance, March 31, 2024	47,026,868	1,197,024	48,223,892
Cash received from NSR Options (Note 9)	(2,500,000)	(250,000)	(2,750,000)
Total, March 31, 2024	53,262,269	1,274,133	54,536,402
Total, December 31, 2023	46,882,187	1,237,897	48,120,084

	Botswana		Total
	Selebi	Selkirk	
Acquisitions			
Balance, March 31, 2023 and December 31, 2022	8,735,401	327,109	9,062,510
Exploration and Evaluation			
Balance, December 31, 2022	22,411,271	350,201	22,761,472
Site operations and administration	252,724	17,775	270,499
Care and Maintenance	613,132	-	613,132
Geology	658,622	24,217	682,839
Drilling	1,869,629	-	1,869,629
Geophysics	455,742	10,924	466,666
Engineering	878,139	-	878,139
Environmental, social and governance	13,314	-	13,314
Metallurgy and processing	-	148,229	148,229
Technical studies	6,215	150	6,365
Health and safety	96,099	-	96,099
Impact of foreign currency translation	(525,064)	(11,418)	s(536,482)
Balance, March 31, 2023	26,729,823	540,078	27,269,901
Total, March 31, 2023	35,465,224	867,187	36,332,411

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024

(Expressed in Canadian dollars)

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 the Southeast Extension occur within the expanded Selebi Mining License, the amended license intentionally does not include the historic

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024

(Expressed in Canadian dollars)

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 9). The acquisition of the Phikwe South and the Southeast Extension deposits has not yet closed as at March 31, 2024. As at December 31, 2023, the Company paid a care and maintenance funding contribution in respect of the additional properties for a total of \$483,883.

During the three months ended March 31, 2024, the Company incurred \$6,416,318 in exploration and evaluation expenditures on the Selebi Assets and the Selkirk Assets (March 31, 2023 - \$4,508,429), including the depreciation of the exploration equipment of \$211,657 (March 31, 2023 – Nil).

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024

(Expressed in Canadian dollars)

5. PROPERTY, PLANT AND EQUIPMENT

The tables below set out costs and accumulated amortization as at March 31, 2024 and March 31, 2023

Cost	Land and Buildings (ROU Assets)	Exploration Equipment (ROU Assets)	Exploration Equipment	Furniture and Fixtures	Generator	Vehicles	Computer and software	Total
Balance – December 31, 2023	2,909,638	1,023,615	3,202,457	191,899	38,227	398,032	567,407	8,331,275
Additions	-	-	85,096	-	-	-	-	85,096
Reclassified to E&E	-	-	-	(52,255)	-	-	-	(52,255)
Impact of FX translation	(33,538)	-	(52,257)	(2,211)	(440)	(4,588)	11,404	(81,630)
Balance – March 31, 2024	2,876,100	1,023,615	3,235,296	137,433	37,787	393,444	578,811	8,282,486

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, 2023	170,257	85,301	224,226	19,079	8,549	106,083	145,948	759,443
Depreciation during the period	26,689	-	211,657	3,441	1,889	24,578	45,538	313,792
Impact of FX translation	(5,709)	-	(7,213)	(219)	(97)	(1,210)	16,287	1,839
Balance – March 31, 2024	191,237	85,301	428,670	22,301	10,341	129,451	207,773	1,075,074

Carrying Value	Land (ROU Assets)	Exploration Equipment (ROU Assets)	Exploration Equipment	Furniture and Fixtures	Generator	Vehicles	Computer and Software	Total
Balance – December 31, 2023	2,739,381	938,314	2,978,231	172,820	29,678	291,949	421,459	7,571,832
Balance – March 31, 2024	2,684,863	938,314	2,806,626	115,132	27,446	263,993	371,038	7,207,412

During the three months ended March 31, 2024, the depreciation of exploration equipment of \$211,657 (Q1 2023 – Nil) was capitalized in Exploration and Evaluation Assets (Note 4). 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 8) as well as vehicles financed through a local Botswana bank.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

Cost	Land (ROU Assets)	Buildings (ROU Assets)	Furniture and Fixtures	Exploration Equipment	Generator	Vehicles	Computer and software	Total
Balance – December 31, 2022	220,242	2,857,179	126,605	11,973	31,381	241,884	1,950	3,491,214
Impact of FX translation	(4,032)	(52,308)	(2,318)	(219)	(575)	(4,428)	-	(63,880)
Balance – March 31, 2023	216,210	2,804,871	124,287	11,754	30,806	237,456	1,950	3,427,334

Accumulated Depreciation	Land (ROU Assets)	Buildings (ROU Assets)	Furniture and Fixtures	Exploration Equipment	Generator	Vehicles	Computer and software	Total
Balance – December 31, 2022	-	51,124	1,872	1,447	562	39,589	1,950	96,544
Depreciation during the period	-	40,111	1,783	535	441	2,892	-	45,762
Balance – March 31, 2023	-	91,235	3,655	1,982	1,003	42,481	1,950	142,306

Carrying Value	Land (ROU Assets)	Buildings (ROU Assets)	Furniture and Fixtures	Exploration Equipment	Generator	Vehicles	Computer and Software	Total
Balance – March 31, 2023	216,210	2,713,636	120,632	9,772	29,803	194,975	-	3,285,028

6. TRADE PAYABLES AND ACCRUED LIABILITIES

	March 31, 2024	December 31, 2023
Amounts due to related parties (Note 14)	160,475	93,795
Trade payables	2,656,408	2,383,196
Accrued liabilities	1,738,963	1,803,155
	4,555,846	4,280,146

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7. 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 9).

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 amended and restated promissory note dated March 17, 2023 in favour of Pinnacle Island LP.

For the three months ended March 31, 2024, the Company paid \$519,206 of interest costs to Cymbria (March 31, 2023 – Nil).

The following is a continuity of the Term Loan:

	\$
Term Loan balance, December 31, 2023	18,064,448
Accrued interest	519,206
Accretion of warrant value and transaction costs	232,770
Interest paid	<u>(519,206)</u>
Term Loan balance, March 31, 2024	<u>18,297,218</u>

Fort Capital Partners acted as financial advisor to PNRL on the debt portion of 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.

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8. LEASE LIABILITIES

	March 31, 2024	December 31, 2023
Lease liabilities, beginning of the period	1,611,143	2,731,394
Lease additions	-	1,035,000
Lease payments	(329,635)	(2,241,906)
Interest expense on lease liabilities	69,700	301,098
Impact of FX translation	(31,345)	(214,443)
IFRS 16 lease liabilities, end of the period	1,319,863	1,611,143
Current portion of lease liabilities (less than one year)	1,319,863	1,611,143
Long-term lease liabilities (one to five years)	-	-

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%.

For the three months ended March 31, 2024, the Company incurred interest expense of \$69,700 on the lease liabilities (Q1 2023 - \$40,971).

9. 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 March 31, 2024 and 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.

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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.

10. 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 three months ended March 31, 2024, 126,259 common shares were issued as a result of net exercise of options.

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 exercised 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.

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Fort Capital Partners acted as financial advisor to PNRL on the equity portion of 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.

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 March 31, 2024, the Company had 149,427,179 common shares issued and outstanding (December 31, 2023 – 149,300,920).

b) Warrants

The following summarizes common share purchase warrant activity for the three months ended March 31, 2024:

	March 31, 2024		December 31, 2023	
	Number Outstanding	Weighted Average Exercise Price (\$)	Number Outstanding	Weighted Average Exercise Price (\$)
Outstanding, beginning of the period	6,891,099	1.50	1,098,786	1.96
Issued	-	-	6,595,448	1.46
Exercised	-	-	(100,000)	1.75
Cancelled/expired	(350,000)	1.75	(703,135)	1.80
Outstanding, end of the period	6,541,099		6,891,099	1.50

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At March 31, 2024, 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	0.01
221,448	February 24, 2025	1.75	0.03
5,324,000	June 28, 2026	1.44	1.83
700,000	June 28, 2026	1.44	0.24
6,541,099			2.11

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.

A summary of option activity under the Plan during the three months ended March 31, 2024 and the year ended December 31, 2023 is as follows:

	March 31, 2024		December 31, 2023	
	Number Outstanding	Weighted Average Exercise Price (\$)	Number Outstanding	Weighted Average Exercise Price (\$)
Outstanding, beginning of the period	13,487,921	1.39	10,407,044	1.10
Issued	-	-	3,833,277	1.75
Exercised	(278,100)	0.86	(488,900)	0.49
Cancelled	(150,000)	1.75	(263,500)	2.40
Outstanding, end of the period	13,059,821	1.39	13,487,921	1.39

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. During the three months ended March 31, 2024, a total of \$389,612 (Q1 2023 – Nil) was recorded as share-based payment expense and credit to reserves.

The fair value of stock options granted during the year ended December 31, 2023:

	December 31, 2023
Expected dividend yield	0%
Expected share price volatility	87.92%
Risk free interest rate	4.28-4.68%
Expected life of options	3-4 years

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Details of options outstanding as at March 31, 2024 are as follows:

Options Outstanding	Options Exercisable	Expiry Date	Exercise Price (\$)	Weighted average remaining contractual life (years)
660,000	660,000	February 24, 2025	0.80	0.05
240,000	240,000	August 19, 2025	0.45	0.03
3,320,100	3,320,000	January 26, 2026	0.39	0.07
495,000	495,000	February 25, 2026	1.60	0.19
1,185,750	1,185,750	September 29, 2026	0.91	0.46
998,794	998,794	October 25, 2026	2.00	0.22
2,476,900	2,476,900	January 20, 2027	2.40	0.53
3,683,277	-	August 8, 2028	1.75	1.23
13,059,821	9,376,444			2.78

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 three months ended March 31, 2024, DSUs have been granted as follows:

	Number Outstanding	Market Price ¹ (\$)	Fair Value (\$)
DSUs outstanding at December 31, 2023	730,975	1.21	884,481
DSUs granted during the period	312,499	0.90	281,249
Fair value adjustment	-		(226,602)
DSUs outstanding at March 31, 2024	1,043,474	0.90	939,128

^{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.

During the three months ended March 31, 2024, the DSU compensation totaled \$281,249 and was recorded as share based compensation (Q1 2023 - \$173,292).

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 March 31, 2024, the Company reassessed the fair value of the DSUs at \$939,128 and recorded the amount as a DSUs liability (December 31, 2023 - \$884,481).

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 three months ended March 31, 2024, the Company recorded \$389,612 (Q1 2023 - Nil) of share-based payments to reserves, \$651,208 (Q1 2023 - \$284,116) of fair value of warrants and options to reserves.

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11. RELATED PARTY TRANSACTIONS

The following amounts due to related parties are included in trade payables and accrued liabilities (Note 6).

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Directors and officers of the Company	160,475	93,795
	<u>160,475</u>	<u>93,795</u>

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 an expiration date of June 28, 2026 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 three months ended March 31, 2024, the Company paid interest of \$590,473 to the Financing Parties (March 31, 2023 – Nil).

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

Key management compensation was related to the following:

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Management fees	777,809	802,074
Corporate and administration expenses	110,400	59,182
	<u>888,209</u>	<u>861,256</u>

12. 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 liabilities and option liability approximate their fair value due to their short-term nature. The fair value of the Term Loan, vehicle financing and lease liabilities 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 March 31, 2024 and December 31, 2023, the fair value of cash and DSUs is based on Level 1 measurements.

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13. 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 United States 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.

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
March 31, 2024			
Financial assets	257,507	1,422,059	60,851,427
Financial liabilities	(1,314,806)	(3,594,009)	(844,587)
Total exposure	1,057,299	(2,171,950)	60,006,840

	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

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 three months ended March 31, 2024 and the year ended December 31, 2023, respectively.

If the CAD strengthened against the USD and BWP by 5%, respectively (December 31, 2023 – 5%), it would have had the following impact:

	Profit for the period			Long-term exposure profit for the period
	USD	BWP	Total	BWP
March 31, 2024	(52,865)	(108,598)	(161,462)	3,000,342
December 31, 2023	103,736	(204,791)	(101,055)	2,528,710

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If the CAD weakened against the USD and BWP by 5%, respectively (December 31, 2023 – 5 %), it would have had the following impact:

	Profit for the period		Long-term exposure profit for the period	
	USD	BWP	Total	BWP
March 31, 2024	52,865	108,598	161,462	(3,000,342)
December 31, 2023	(103,736)	204,791	101,055	(2,528,710)

The higher foreign currency exchange rate sensitivity in profit at March 31, 2024 compared with December 31, 2023 is attributable to increased balances in financial assets and liabilities and fluctuations in foreign exchange rates, BWP and USD in relation to CAD.

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 March 31, 2024:

	Less than 1 year	1 - 2 years	2 - 5 years	Total
Trade payables and accrued liabilities	4,555,846	-	-	4,555,846
Vehicle financing	95,054	95,054	21,176	211,284
Term Loan	-	-	18,297,218	18,297,218
Lease liabilities	1,319,863	-	-	1,319,863
	5,970,763	95,054	18,318,394	24,384,211

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.

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(Expressed in Canadian dollars)

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

	March 31, 2024	December 31, 2023
Shareholder's equity	47,243,799	50,784,145
Vehicle financing	211,284	236,124
Lease liabilities	1,319,863	1,611,143
Term Loan	18,297,218	18,064,448
	67,072,164	70,695,860
Cash	(9,366,821)	(19,245,628)
	57,705,343	51,450,232

14. 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, Barbados and Canada. The Company's geographic segments are as follows:

	March 31, 2024	December 31, 2023
Current assets		
Canada	7,706,418	15,894,177
Barbados	2,090,445	104,024
Botswana	1,659,765	4,680,572
Total	11,465,628	20,678,773
	March 31, 2024	December 31, 2023
Property, plant and equipment		
Canada	8,291	8,726
Botswana	7,199,121	7,563,106
Total	7,207,412	7,571,832
	March 31, 2024	December 31, 2023
Exploration and evaluation assets		
Botswana	54,536,402	48,120,084

15. 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 March 31, 2024, 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

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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.

16. GENERAL AND ADMINISTRATIVE EXPENSES

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

	March 31, 2024	March 31, 2023
Management fee	777,809	802,074
Advisory and consultancy	27,134	4,585
Consulting fees	44,862	83,695
General office expenses	318,889	428,386
Filing fees	23,955	57,715
Investor relationships	137,704	105,109
Professional fees	210,969	152,607
Salaries and benefits	183,873	7,271
Insurance	140,058	215,970
Total	1,865,253	1,857,412

17. 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.