AMENDED AND RESTATED

PREMIUM NICKEL RESOURCES LTD. | principled mining

Formerly "North American Nickel Inc."

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2022

(Stated in Canadian dollars, unless otherwise indicated)

INDEX

Unaudited Condensed Interim Consolidated Financial Statements

- Condensed Interim Consolidated Statements of Financial Position
- Condensed Interim Consolidated Statements of Comprehensive Loss
- Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
- Condensed Interim Consolidated Statements of Cash Flows
- Notes to the Condensed Interim Consolidated Financial Statements

NOTICE TO READER OF THE UNAUDITED AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2022

The unaudited condensed interim consolidated financial statements for the three months and nine months ended September 30, 2022, together with the accompanying notes thereto, (the "Q3 2022 Financial Statements") originally filed on November 29, 2022 under Sedar and with Canadian and US securities regulatory authorities, are hereby amended and restated (the "**Amended and Restated Q3 2022 Financial Statements**"). The Amended and Restated Q3 2022 Financial Statements have been prepared as a result of a revision to assumptions made by management of Premium Nickel Resources Ltd. (the "**Company**" or "**PNRL**") under International Financial Reporting Standards ("**IFRS**") for calculating the fair value of consideration transferred, including fair value of the shares, warrants and options associated with the RTO as well as adjustments of right-of-use asset, lease liability and overstated costs. (the "**Amendments**"). The effect of the Amendments does not impact the Company's ongoing operations or cash position. Further detail regarding the Amendments can be seen under "Note 14 – Restatement" of the Amended and Restated Q3 2022 Financial Statements.

In accordance with National Instrument 51-102 – *Continuous Disclosure Obligations*, of the Canadian Securities Administrators, the Company discloses that the Financial Statements (as defined herein) have not been reviewed or audited by independent auditors.

The Amended and Restated Q3 2022 Financial Statements have been prepared by management. The Amended and Restated Q3 2022 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, 2021, which are included in the Form 3D2 (*Information Required in a Filing Statement for a Reverse Takeover or Change of Business*) (the "**Filing Statement**") prepared in accordance with the policies of the TSX Venture Exchange. A copy of the Filing Statement is available electronically on SEDAR (www.sedar.com) under PNRL's issuer profile. The Amended and Restated Q3 2022 Financial Statements are stated in Canadian dollars, unless otherwise indicated, and are prepared in accordance with IFRS.

PREMIUM NICKEL RESOURCES LTD. | principled mining

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars, unaudited)

	Notes	As at September 30, 2022 (Restated – Note 14)	As at December 31, 2021
ASSETS			
CURRENT ASSETS			
Cash		5,756,642	1,990,203
Prepaid expenses		279,332	8,664
Other receivables	5	778,147	139,630
TOTAL CURRENT ASSETS		**6,814,121**	**2,138,497**
NON-CURRENT ASSETS			
Exploration and evaluation assets	6	24,990,182	3,099,926
Property, plant and equipment	7	3,532,390	-
TOTAL NON-CURRENT ASSETS		**28,522,572**	**3,099,926**
TOTAL ASSETS		**35,336,693**	**5,238,423**
LIABILITIES			
CURRENT LIABILITIES			
Trade payables and accrued liabilities	8	3,348,244	580,486
Current portion of lease liability	9	1,331,660	
TOTAL CURRENT LIABILITIES		**4,679,904**	**580,486**
NON-CURRENT LIABILITIES			
Vehicle financing		172,800	-
Leave and severance pay provision		114,698	-
Lease liability	9	1,331,660	-
Financial liability – warrant	10 (c)	-	8,974,901
TOTAL NON-CURRENT LIABILITIES		**1,619,158**	**8,974,901**
TOTAL LIABILITIES		**6,299,062**	**9,555,387**
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital – common	10	90,333,058	7,952,675
Share capital – preferred	10	31,516	-
Reserve		15,538,017	1,261,891
Deficit		(75,342,728)	(13,482,624)
Foreign currency translation reserve		(1,522,232)	(48,906)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		**29,037,631**	**(4,316,964)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		**35,336,693**	**5,238,423**

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 15)
The accompanying notes are an integral part of these Amended and Restated Q3 2022 Financial Statements.

Approved by the Board of Directors on July 24, 2023.

"signed"	*"signed"*
Keith Morrison	Jason LeBlanc
Chief Executive Officer	Audit Committee Chair

PREMIUM NICKEL RESOURCES LTD. | principled mining

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

(Expressed in Canadian dollars, unaudited)

	Notes	Three months ended September 30, 2022 (Restated – Note 14)	Three months ended September 30, 2021	Nine months ended September 30, 2022 (Restated – Note 14)	Nine months ended September 30, 2021
EXPENSES					
Corporate and administration expenses		(2,022,206)	(97,421)	(2,855,559)	(265,732)
Management fees	11	(625,905)	(173,175)	(1,701,211)	(436,626)
Due diligence BCL		(979)	(32,286)	(5,014)	(86,649)
General exploration expense		(25,379)	-	(25,379)	-
Advisory and consultancy		(521,075)	(69,433)	(1,015,101)	(110,744)
Depreciation	6	(882)	-	(882)	-
Interest and bank charges		(7,302)	(801)	(15,851)	(2,543)
Share-based payment	10	(5,138,022)	-	(7,731,117)	(761,480)
Warrant fair value movement	10	28,275,255	-	8,974,901	-
Net foreign exchange gain (loss)		(33,343)	(3,961)	127,449	(7,209)
		19,900,162	**(377,077)**	**(4,247,764)**	**(1,670,983)**
OTHER ITEMS					
Interest income (expenses) and other income		(26,630)	1,847	(113,764)	1,596
Acquisition loss on RTO	4	(29,174,415)	-	(29,174,415)	-
NET PROFIT (LOSS) FOR THE PERIOD		**(9,300,883)**	**(375,230)**	**(33,535,943)**	**(1,669,387)**
OTHER COMPREHENSIVE LOSS					
Exchange differences on translation of foreign operations		(201,969)	(1,069)	(1,473,326)	(2,607)
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD		**(9,502,852)**	**(376,299)**	**(35,009,269)**	**(1,671,994)**
Basic income (loss) per share		**(0.09)**	**(0.00)**	**(0.37)**	**(0.02)**
Weighted average number of common shares outstanding - basic		**105,842,672**	**77,529,213**	**92,836,780**	**74,581,558**

The accompanying notes are an integral part of these Amended and Restated Q3 2022 Financial Statements.

PREMIUM NICKEL RESOURCES LTD. | principled mining

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian dollars, unaudited)

	Notes	Number of Shares	Share Capital	Preferred shares	Reserve	Deficit	Foreign Currency Translation Reserve	Total Shareholders' Equity (Deficiency)
BALANCE AS AT DECEMBER 31, 2020	10	**67,083,487**	**1,468,174**	**-**	-	**(4,123,019)**	**-**	**(2,654,845)**
Net Loss for the period		-	-		-	(1,669,387)	-	(1,669,387)
Share capital issued through private placement		12,051,360	6,771,729		-	-		6,771,729
Share issue costs			(287,228)		-	-		(287,228)
Share-based payment					1,261,891			1,261,891
Exchange differences on translation of foreign operations							(2,607)	(2,607)
BALANCE AS AT SEPTEMBER 30, 2021		**76,134,847**	**7,952,675**	**-**	**1,261,891**	**(5,792,406)**	**(2,607)**	**(3,419,553)**
BALANCE AS AT DECEMBER 31, 2021	10	**76,679,908**	**7,952,675**	**-**	**1,261,891**	**(13,482,624)**	**(48,906)**	**(4,316,964)**
Net loss for the period						(33,535,943)		(33,535,943)
Share capital issued through private placement		8,936,167	22,388,599					22,388,599
Share issue costs			(1,535,727)					(1,535,727)
Acquisition of NAN	4							
Cancel PNRC shares held by NAN		(7,667,707)	(19,710,608)					(19,710,608)
Cancel PNRC warrant held by NAN						(28,275,255)		(28,275,255)
PNRC shares exchange		(77,948,368)						-
PNRL shares received in exchange		82,157,536						-
Outstanding shares of NAN acquired in RTO		31,748,399	77,431,152	31,516	9,665,577			87,128,245
Exercise of warrants		1,236,408	569,399					569,399
FV of exercised warrants			3,019,037		(3,019,037)			-
Exercise of options		300,000	117,000					117,000
FV of exercised options			101,531		(101,531)			-
Share-based payment					7,731,117			7,731,117
Exchange differences on translation of foreign operations						(48,906)	(1,473,326)	(1,522,232)
BALANCE AS AT SEPTEMBER 30, 2022 (Restated – Note 14)	10	**115,442,343**	**90,333,058**	**31,516**	**15,538,017**	**(75,342,728)**	**(1,522,232)**	**29,037,631**

The accompanying notes are an integral part of these Amended and Restated Q3 2022 Financial Statements.

PREMIUM NICKEL RESOURCES LTD. | principled mining

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars, unaudited)

	Notes	Three months ended		Nine months ended	
		September 30, 2022 (Restated – Note 14)	September 30, 2021	September 30, 2022 (Restated – Note 14)	September 30, 2021
OPERATING ACTIVITIES					
Net loss for the period		(9,300,883)	(375,732)	(33,535,943)	(1,669,387)
Items not affecting cash:					
Share-based payment		5,138,022	-	7,731,117	761,480
Depreciation		882	-	882	-
Provision for leave and severance		114,698	-	114,698	-
Warrant fair value movement		(28,275,255)	-	(8,974,901)	-
Loss on acquisition	4	29,174,415	-	29,174,415	-
Changes in working capital			-		
Prepaid expenses and other receivables		664,891	(94,127)	(458,664)	(207,584)
Trade payables and accrued expenses		(1,134,084)	28,463	1,464,695	356,038
Net cash used in operating activities		**(3,617,314)**	**(442,396)**	**(4,483,701)**	**(759,453)**
INVESTING ACTIVITIES					
Additions to property, plant and equipment		(635,532)	-	(901,644)	-
Additions to expenditures on exploration and evaluation assets		(4,545,706)	(742,813)	(21,828,296)	(2,093,913)
Cash received though RTO transaction	4	11,051,917	-	11,051,917	-
Net cash used in investing activities		**5,870,679**	**(742,813)**	**(11,678,023)**	**(2,093,913)**
FINANCING ACTIVITIES					
Proceeds from issuance of common shares		(355,672)	2,481,814	22,032,927	6,252,986
Share issue cost		415,748	-	(1,535,727)	(287,228)
Vehicle loan financing		172,800	-	172,800	-
Proceeds from exercise of warrants and options		686,399	-	686,399	-
Net cash provided by financing activities		**919,275**	**2,481,814**	**21,356,399**	**5,965,758**
Impact of currency translation for the foreign operation		**(156,879)**	**(1,069)**	**(1,428,236)**	**(2,607)**
Change in cash for the period		3,015,761	1,296,536	3,766,439	3,109,785
Cash at the beginning of the period		2,740,881	1,922,102	1,990,203	108,853
Cash at the end of the period		**5,756,642**	**3,218,638**	**5,756,642**	**3,218,638**

The accompanying notes are an integral part of these Amended and Restated Q3 2022 Financial Statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

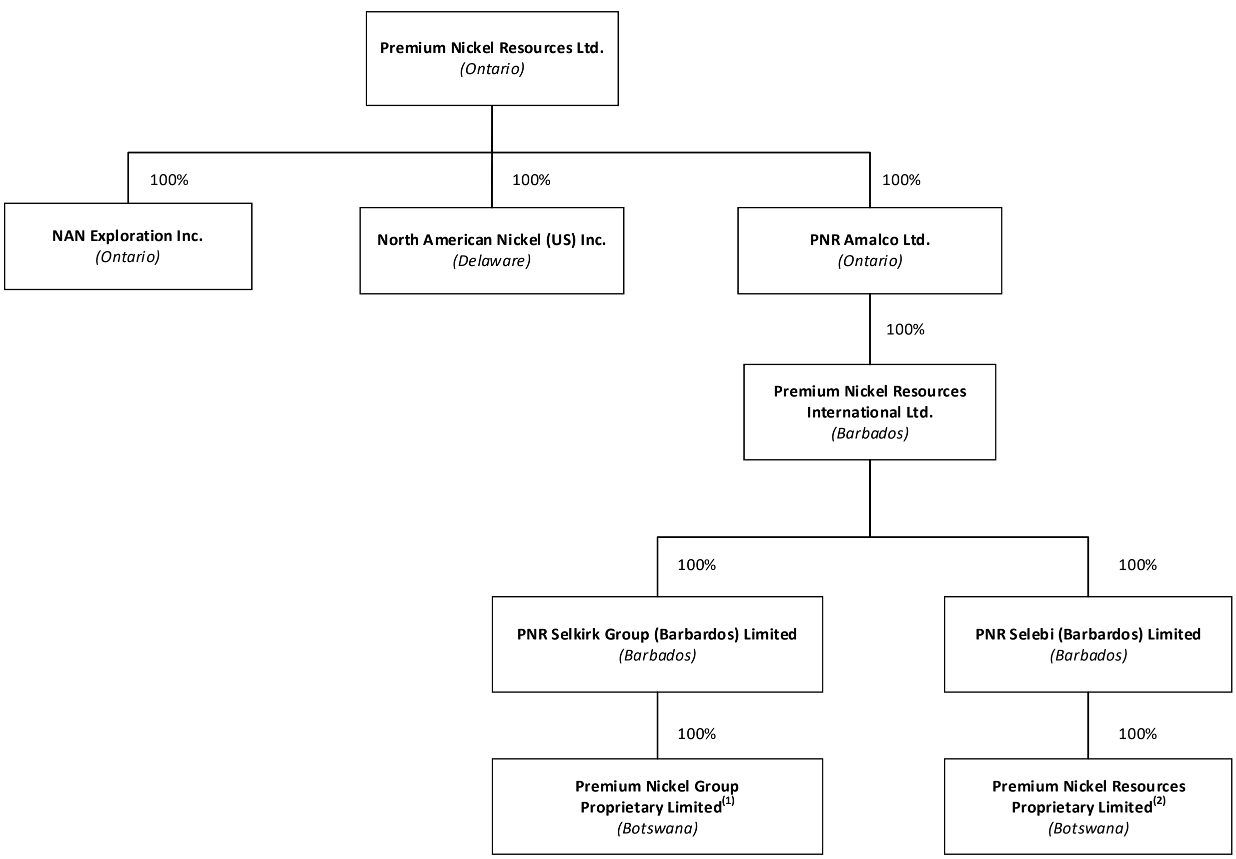
Premium Nickel Resources Ltd. (TSXV: PNRL) (formerly, North American Nickel Inc.) (the "**Company**" or "**PNRL**") is the continuing company after giving effect to the reverse takeover transaction (the "**RTO**") whereby Premium Nickel Resources Corporation ("**PNRC**") and 1000178269 Ontario Inc., 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**") effective August 3, 2022. (Note 4). Prior to the RTO, the common shares of NAN were listed and posted for trading on the TSX Venture Exchange (the "**TSXV**") under the symbol "NAN".

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. The initial investors of PNRC included NAN, several resource investors, and local Namibian and Botswana mine operators.

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 development of mineral properties in Botswana through its wholly-owned subsidiaries.

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



Notes:

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

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

PNRC submitted its indicative offer to the BCL and TNMC liquidators in June 2020 to acquire assets of the former-producing BCL Mining Complex and TNMC operations located in north-eastern Botswana. On February 10, 2021, PNRC was selected as the preferred bidder and on March 22, 2021, PNRC entered into a Memorandum of Understanding providing for a six-month exclusivity period to complete additional work and negotiate the asset purchase agreements.

On September 28, 2021, PNRC executed a definitive asset purchase agreement (the "**Selebi APA**") with the liquidator of BCL to acquire the Selebi and Selebi North (together, the "**Selebi Assets**") nickel-copper-cobalt ("**Ni-Cu-Co**") deposits and related infrastructure formerly operated by BCL. On January 31, 2022, PNRC closed the transaction and ownership of the assets was transferred.

PNRC also negotiated a separate asset purchase agreement to finalize terms for any prioritized assets formerly operated by TNMC. On August 22, 2022, the Company announced the completion of its acquisition of the nickel, copper, cobalt, platinum-group elements ("**Ni-Cu-Co-PGE**") Selkirk mine in Botswana, together with associated infrastructure and four surrounding prospecting licenses (collectively, the "**Selkirk Assets**"). The acquisition was completed pursuant to PNRC's previously-announced asset purchase agreement with the liquidator of TNMC on January 20, 2022. With the acquisition now complete, ownership of the Selkirk mine was transferred to PNRC.

The Company continues to monitor the global COVID-19 developments and is committed to working with health and safety as a priority and in full respect of all government and local COVID-19 protocol requirements. PNRL has developed COVID-19 travel, living and working protocols and is ensuring integration of those protocols with the currently applicable protocols of the Government of Botswana and surrounding communities. The impact of COVID-19 on the Company’s operations was mainly the increase in travelling costs due to travel restrictions as well as inflated material costs for exploration and drilling work.

Going Concern

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. As at September 30, 2022, the Company had no source of operating cash flows, nor any credit line currently in place. The Company incurred a net loss of $33,535,943 for the nine months ended September 30, 2022. 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 exploration, 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 operation. These material uncertainties cast substantial doubt about the Company's ability to continue as a going concern. These unaudited condensed interim 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 evaluation properties in which the Company currently has an interest are in pre-revenue exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration 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 Amended and Restated Q3 2022 Financial Statements were approved and authorized for issuance by the Board of Directors of the Company on July 24, 2023. The discussion in the notes to the Amended and Restated Q3 2022 Financial Statements is stated in Canadian dollars.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These unaudited condensed interim consolidated financial statements were prepared in accordance with International Accounting Standards ("**IAS 34**"), *Interim Financial Reporting*, using the accounting policies of the Company outlined in its December 31, 2021 audited annual consolidated financial statements. The accounting policies are in line with IFRS guidelines. These Amended and Restated Q3 2022 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.

(b) Basis of Preparation

These Amended and Restated Q3 2022 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 unaudited condensed interim consolidated financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. These areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these Amended and Restated Q3 2022 Financial Statements, are disclosed in note 3.

Effective August 3, 2022, in connection with the closing of the RTO, the Company completed a consolidation of its common shares on a 5:1 basis, whereby one (1) post-consolidation common share was exchange for every five (5) pre-consolidation common shares (the "**Consolidation**").

All references to share capital, warrants, options and weighted average number of shares outstanding have been adjusted in these Amended and Restated Q3 2022 Financial Statements to give effect to the RTO and the Consolidation, as if such alterations occurred at the beginning of the earliest period presented herein.

(c) Basis of Consolidation

These Amended and Restated Q3 2022 Financial Statements are presented on a consolidated basis of the Company and its wholly-owned subsidiaries. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Effective August 3, 2022, NAN completed the 100% acquisition of the outstanding shares of PNRC (Note 4). As the shareholders of PNRC obtained control of the Company, through the exchange of their shares of PNRC for shares of NAN, the acquisition of PNRC has been accounted for in these Amended and Restated Q3 2022 Financial Statements as a "reverse takeover". Consequently, the unaudited condensed interim consolidated statements of loss and cash flows reflect the results from the operations and cash flows of PNRC, the legal subsidiary of the Company, for the quarter ended September 30, 2022 and 2021, combined with NAN, the legal parent of PNRC, from the acquisition on August 3, 2022 to September 30, 2022, in accordance with the treatment of a "reverse takeover" under IFRS.

(d) Accounting standard and amendments issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

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

IAS 1 – In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 8 – In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after beginning on or after January 1, 2023.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these Amended and Restated Q3 2022 Financial Statements in accordance with IAS 34 requires management to make judgments, estimates and assumptions that can affect reported amounts of assets, liabilities, revenue and expenses and the accompanying disclosures. Estimates and assumptions are continuously evaluated and are based on management's historical experience and on other assumptions believed to be reasonable under the circumstances. However, different judgments, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Going Concern

The area involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to these Amended and Restated Q3 2022 Financial Statements, is going concern.

These Amended and Restated Q3 2022 Financial Statements are prepared on a going concern basis unless management either intends to liquidate the Company or has no realistic alternative to do so. Assessment of the Company's ability to continue as a going concern requires the consideration of all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This information includes estimates of future cash flows and other factors, the outcome of which is uncertain. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast substantial doubt upon the Company's ability to continue as a going concern those uncertainties are disclosed.

4. AMALGAMATION

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

Transaction Particulars

Pursuant to the Amalgamation Agreement:

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

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

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

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

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

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

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

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

(Expressed in Canadian dollars)

The costs of the acquisition have been allocated as follows (Restated – Note 14)

FV of shares transferred	$	77,431,152
FV of options, warrants and agent warrants		9,665,577
FV of preferred shares		31,516
Settlement of pre-existing relationship – 15% warrant and shares*		(47,985,862)
Total FV of consideration transferred	$	39,142,383
Cash	$	11,051,917
Trade and other receivables		450,522
Property, plant and equipment		14,111
Trade payables and accrued liabilities		(1,548,582)
Net assets acquired		9,967,968
Loss on acquisition		29,174,415
	$	39,142,383

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

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

Pursuant to the RTO, an aggregate of 8,827,250 options to purchase common shares of the Company ("**Replacement Options**") were issued (on a 5:1 consolidation basis) to the former holders of options to purchase common shares of PNRC (prior to the RTO) ("**PNRC Options**") in exchange for 8,375,000 PNRC Options. The Replacement Options issued to the former holders of PNRC Options were on the same terms and conditions as those exchanged by PNRC holders except all the previously unvested options vested immediately. Immediately prior to the completion of the RTO, PNRC had 2,383,333 unvested options outstanding which re-evaluated at a FV of $ 5,138,022 upon the completion of the RTO according to IFRS2. See Note 10 (d) for details.

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

(Expressed in Canadian dollars)

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

As of August 3, 2022	**Warrants**	**Options**
Expected dividend yield	0%	0%
Share price of last financing	$0.48	$0.48
Expected share price volatility	64.91% -113.22%	133.15% - 143.3%
Risk free interest rate	3.18%	2.85% - 3.08%
Remaining life of warrants & options	0.03 - 2 years	2.56 – 4.23 years

For purposes of determining the fair value of the share consideration exchanged on the RTO, the shares of PNRC were valued at USD 2.00 per share, the offering price for the PNRC shares on the last PNRC equity financing prior to the RTO.

The RTO resulted in a loss of $29,174,415 with respect to the fair value of the consideration transferred over the fair value of identifiable net assets, which has been recorded as a loss during the year in other income.

5. OTHER RECEIVABLES

A summary of the receivables and other current assets as at September 30, 2022 and December 31, 2021 is detailed in the table below:

	September 30, 2022	**December 31, 2021**
HST paid on purchases	529,656	84,563
VAT paid on purchases	246,777	55,067
Other receivables	1,714	-
	778,147	**139,630**

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (Restated – Note 14)

	Botswana		
	Selebi (Restated – Note 14)	**Selkirk**	**Total**
Acquisition			
Balance, December 31, 2021	-		-
Acquisition costs	8,045,866	-	8,045,866
Balance, September 30, 2022	8,045,866	-	8,045,866
Exploration			
Balance, December 31, 2021	3,099,926	-	3,099,926
Site administration	722,414	-	722,414
Care & Maintenance	4,239,329	-	4,239,329
Geology	1,249,691	78,376	1,328,067
Drilling	4,915,069	-	4,915,069
Geophysics	1,229,569	-	1,229,569
Engineering	978,367	-	978,367
ESG	152,999	28,117	181,116
Health and safety	70,944	-	70,944
Utilities - Electricity	179,515	-	179,515
Balance, September 30, 2022	16,837,823	106,493	16,944,316
Total, September 30, 2022	**24,883,689**	**106,493**	**24,990,182**
Total, December 31, 2021	**3,099,926**	**-**	**3,099,926**

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

Botswana Assets - Selebi and Selkirk

On September 28, 2021, the Company executed the Selebi APA with the BCL liquidator to acquire the Selebi assets and related infrastructure 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 licence and conversion of the mining licence into an operating licence, 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 Mines 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 exploration program determines that the Selebi Assets are not economical. PNRL also has an option to pay in advance the second and third payments in the event where the exploration program 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 September 30, 2022, none of the conditions of the second and third instalment are met, hence, these amounts are not accrued in the unaudited condensed interim 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 and closed the transaction on August 22, 2022.

In regards to the Selkirk Assets, 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 licence (years) and conversion of the Selkirk mining licence into an operating licence, 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.

During the nine months ended September 30, 2022, the Company incurred $21,783,763 and $106,493 in acquisition and exploration expenditures on the Selebi Assets and Selkirk Assets, respectively (December 31, 2021 - $3,099,926).

Greenland – Maniitsoq Property

The Company's Maniitsoq property in Greenland was owned by NAN prior to the RTO. The Maniitsoq property is subject to a 2.5% net smelter returns ("**NSR**") royalty. The Company can reduce the NSR to 1% by paying $2,000,000 on or before 60 days from the decision to commence commercial production.

At the expiration of the first license period, the Company may apply for a second license period (years 6-10), and the Company may apply for a further 3-year license for years 11 to 13. Thereafter, the Company may apply for additional 3-year licenses for years 14 to 16, 17 to 19 and 20 to 22. The Company will be required to pay additional license fees and will be obligated to incur minimum eligible exploration expenses for such years.

The Company may terminate the licenses at any time, however any unfulfilled obligations according to the licenses will remain in force, regardless of the termination.

Future required minimum exploration expenditures will be adjusted each year on the basis of the change to the Danish Consumer Price Index.

Prior to the closing of the RTO on August 3, 2022, the Maniitsoq property had a book value of $36,692,516. As the transaction is accounted for as a capital transaction with NAN being identified as the accounting acquiree, the net assets of NAN should be measured at fair value at the acquisition date. Upon the completion of the RTO, the Company has switched its focus to development of the Botswana assets with the result that limited resources (management time, capital etc.) have since been allocated or will be allocated to the Greenland assets. Management believes that facts and circumstances exist to suggest that the carrying amount of the Maniitsoq property at August 3, 2022 exceeds its fair value. As a result, the carrying value of the Greenland assets has been reduced to $16,348,722 on the unaudited condensed interim consolidated financial statements originally filed on November 29, 2022 and subsequently further reduced to $Nil on these Amended and Restated Q3 2022 Financial Statements (Note 14).

From August 3, 2022 to September 30, 2022, the Company spent an additional $12,520 in acquisition and exploration expenditures on the Maniitsoq property, which is comprised of the Sulussugut, Ininngui, Carbonatite and 2020/05 Licenses. These expenditures were recorded as general expense in the condensed interim consolidated statements of comprehensive loss.

The Sulussugut License (2011/54), which was first granted on August 15, 2011 by the Bureau of Minerals and Petroleum ("**BMP**") of Greenland, has been renewed and is valid until December 31, 2022. The Company has available credits of

DKK 285,866,733 (approximately $57,026,697) at the end of December 31, 2021. The credits available from each year may be carried forward for three years plus a two-year extension and expire between December 31, 2022 and December 31, 2024.

The Ininngui License (2012/28) was first granted by BMP on March 4, 2012 and currently in the second license period. During the year ended December 31, 2021, the Company received a license extension, which provides for a renewal period until December 31, 2023. Total cumulative surplus credit as at December 31, 2021 was DKK 30,515,237 (approximately $6,087,393) and is expected to expire between December 31, 2022 and December 31, 2024.

Carbonatite License (2018/21) was granted on May 4, 2018 for exclusive exploration rights of an area located near Maniitsoq in West Greenland. The license is valid for five years until December 31, 2022 and during the year ended December 31, 2021, the Company received a license extension, which provides for renewal until December 31, 2024. The Company has a total surplus credit of DKK 10,577,191 (approximately $2,110,012) which is expected to expire between December 31, 2023 and December 31, 2024.

On February 18, 2020, the Company was granted new prospective license No. 2020/05, by the BMP of Greenland for a period of five years ending December 31, 2024.

Canada – Post Creek, Halcyon and Quetico Property

NAN acquired the rights to the Post Creek, Halcyon and Quetico properties within the Sudbury Mining District of Ontario in 2013, 2015, and 2018, respectively. The Company is obligated to pay advances on a NSR royalty of $10,000 per annum for the Post Creek property and $8,000 per annum for the Halcyon property. The total of the advances will be deducted from any payments to be made under the NSR.

The work commitment to hold all 809 claim cells of Quetico was $323,600, with claims due in April and May of 2022. NAN renewed 49 high priority claims for two years for the Quetico East Block and renewed 46 claims for one year and four high priority claims for two years for the West Block. All other claims expired.

Prior to the closing of the RTO on August 3, 2022, total book value of the Canadian assets was $2,535,873 which has been written off effective as at August 3, 2022, the closing date of the RTO as the Company has switched its focus to development of the Botswana assets with the result that limited resources (management time, capital etc.) have since been allocated or will be allocated to the Canada assets.

During the period from August 3, 2022 to September 30, 2022, the Company incurred additional $2,649 in exploration and license related expenditures for the Canadian properties and the expenditures were recorded as general expense in the condensed interim consolidated statements of comprehensive loss.

High Atlas Project in Morocco

In 2018, the Company's geologists identified a project opportunity in the high Atlas Mountains of Morocco. There is no modern geophysical coverage and no drilling on the property.

In 2019, the Company signed a memorandum of understanding (the "**MOU**") with Office National des Hydrocarbons et des Mines ("**ONHYM**"), a government entity and the single largest current permit holder in Morocco. Through this alliance, the Company was given access to confidential exploration data to develop nickel projects in the High Atlas Region of Morocco. In November and December 2021, the Company lodged applications for five permits in Morocco. In December, four of the five permits were awarded to the Company. An application for a fifth permit was submitted and awarded in February 2022. Work plans were submitted in May 2022. The work obligations are approximately $65,000 per permit over a three-year period with work commencing within six months.

In October 2022, the Company and ONHYM decided not to pursue the joint venture discussions that initially set out the general framework of a joint venture for the exploration and consolidation of permits owned by ONHYM in the Imilchil area. The Company intends to continue its work on the five permits it acquired in 2021 in the same region.

(Expressed in Canadian dollars)

The exploration and license related expenditures for the project are recorded as property investigation expense in the condensed interim consolidated statements of comprehensive loss. The Company has spent $nil on the project during the period from August 3, 2022 to September 30, 2022.

7. PROPERTY, PLANT AND EQUIPMENT (Restated – Note 14)

The table below sets out costs and accumulated amortization as at September 30, 2022:

Cost	**Land (ROU Assets)**	**Buildings (ROU Assets)**	**Furniture and Fixtures**	**Vehicles**	**Generator**	**Exploration Equipment**	**Computer Equipment and Software**	**Total**
Balance – December 31, 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Purchases	214,753	2,915,394	124,008	234,407	30,787	-	-	3,519,161
Deemed acquisition from NAN	-	-	-	-	-	11,973	1,950	13,229
Balance – September 30, 2022	**214,753**	**2,915,394**	**124,008**	**234,407**	**30,787**	**11,973**	**1,950**	**3,532,390**

Accumulated Depreciation	**Land (ROU Assets)**	**Buildings (ROU Assets)**	**Furniture and Fixtures**	**Vehicles**	**Generator**	**Exploration Equipment**	**Computer Equipment and Software**	**Total**
Balance – December 31, 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation during the period	-	-	-	-	188	694	-	882
Balance – September 30, 2022	**-**	**-**	**-**	**-**	**188**	**694**	**-**	**882**

(Expressed in Canadian dollars)

Carrying Value	Land (ROU Assets)	Buildings (ROU Assets)	Furniture and Fixtures	Vehicles	Generator	Exploration Equipment	Computer Equipment and Software	Total
Cost								
Balance – December 31, 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance – September 30, 2022	**214,753**	**2,915,394**	**124,008**	**234,407**	**30,599**	**11,279**	**1,950**	**3,532,390**

8. TRADE PAYABLES AND ACCRUED LIABILITIES

	September 30, 2022	December 31, 2021
Amounts due to related parties (Note 10)	32,860	225,904
Trade payables (Restated – Note 14)	1,635,747	218,456
Accrued liabilities	1,679,637	136,126
	3,348,244	**580,486**

9. LEASE LIABILITY

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 30,720,000.00). 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 13,056,000.00) on July 1, 2023 and August 1, 2024.

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).

The details of the lease liabilities are as follows:

	September 31, 2022
Lease liabilities as of December 31, 2021	-
Lease additions from acquisitions	3,133,317
Lease payments	(496,630)
Interest expense on lease liabilities	26,633
IFRS 16 lease liabilities as of September 31, 2022	2,663,320
Current portion of lease liability (less than one year)	1,331,660
Long-term lease liability (one to five year)	1,331,660

(Expressed in Canadian dollars)

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.

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

All references to share capital, warrants, options and weighted average number of shares outstanding have been adjusted in these financial statements and retrospectively to reflect the Company's RTO share exchange and 5-for-1 share consolidation as if it occurred at the beginning of the earliest period presented.

a) Common Shares Issued and Outstanding

On August 3, 2022, PNRC combined with NAN in a reverse takeover transaction whereby shareholders of PNRC exchanged their shares at a rate of 1.054 shares of NAN for each share of PNRC, after giving effect to a 5-to-1 share consolidation for each outstanding share of NAN (Note 4). The following table provides a continuity of share capital presented in these Amended and Restated Q3 2022 Financial Statements:

	PNRC common share		**Company common share**	
	Number (Restated – Note 14)	**Amount (Restated – Note 14)**	**Number (Restated – Note 14)**	**Amount (Restated – Note 14)**
December 31, 2020	64,083,487	$ 1,468,174	-	-
Share capital issued through private placement (net of issue costs)	12,596,421	6,484,501	-	-
December 31, 2021	76,679,908	7,952,675	-	-
Share capital issued through private placement (net of issue costs)	8,936,167	20,852,872	-	-
Cancel PNRC shares held by NAN	(7,667,707)	-	-	(19,710,608)
Shares exchanged on the RTO	(77,948,368)	(28,805,547)	82,157,536	28,805,547
Share capital of the Company immediately post RTO			31,748,399	77,431,152
Shares issued for exercised warrants			1,236,408	3,588,436
Shares issued for exercised options			300,000	218,531
Balance as at September 30, 2022	-	**$ -**	**115,442,343**	**$ 90,333,058**

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

On August 3, 2022, the date of the RTO, a total of 82,157,536 common shares of NAN were issued in exchange for 77,948,368 shares of PNRC. These shares were added to the current NAN shares outstanding balance of 31,748,399 for total shares outstanding of 113,905,935 upon closing of the RTO.

Before the closing of the RTO, NAN owned 7,667,707 common shares of PNRC and the 15% Warrant which entitled NAN to purchase common shares of PNRC, for up to 15% of the capital of PNRC at the time of such purchase, upon payment of US $10,000,000 prior to the fifth anniversary of the date of issue. Prior to the date that the Amalgamation became effective, the PNRC shares and the 15% Warrant held by NAN were contributed to NAN Subco, as part of the securities contribution, resulting in such securities being cancelled by operation of the triangular amalgamation.

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

Post RTO, during the period from August 3, 2022 to September 30, 2022, a total of 1,236,408 common shares of the Company were issued upon the exercise of warrants at prices between $0.45 and $1.75 per warrant for total cash proceeds of $569,399. As a result of these exercises, $3,019,037 was transferred from reserve to share capital.

Post RTO, during the period from August 3, 2022 to September 30, 2022, a total of 300,000 common shares of the Company were issued upon the exercise of options at prices of $0.39 per option for total cash proceeds of $117,000. As a result of these exercises, $101,531 was transferred from reserve to share capital.

As at September 30, 2022, the Company has 115,442,343 common shares issued and outstanding (December 31, 2021 – 80,820,623 on a post-RTO and post -consolidation basis).

b) Preferred shares issued and outstanding

As at September 30, 2022 and September 30, 2021 there are 118,186 series 1 preferred shares outstanding (on a post-Consolidation basis).

The rights and restrictions of the preferred shares are as follows:

i) dividends shall be paid at the discretion of the directors;
ii) the holders of the preferred shares are not entitled to vote except at meetings of the holders of the preferred shares, where they are entitled to one vote for each preferred share held;
iii) the shares are convertible at any time after six months from the date of issuance, upon the holder serving the Company with 10 days written notice; and
iv) the number of the common shares to be received on conversion of each preferred share is to be determined by dividing the conversion value of the share, $1 per share, by $9.00. The 118,186 outstanding preferred shares could be converted into 13,131 common shares.

c) Warrants

On February 26, 2021, PNRC issued to NAN a non-transferable share purchase warrant, which entitled NAN to purchase common shares of PNRC up to 15% of the then outstanding capital of PNRC, upon payment of USD 10,000,000 prior to the fifth anniversary of the date of issue.

The 15% Warrant was classified as a derivative financial liability that should be measured at fair value, with changes in value recorded in profit or loss. Prior to the RTO, on Jun 30, 2022, the Company reassessed the fair value of the warrant at $28,275,256 and recorded the amount as a long-term financial liability. The fair value of the 15% Warrant did not change up to the date of the RTO as the underlying assumptions remained the same.

(Expressed in Canadian dollars)

The fair value of the liability of the 15% Warrant was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	August 3, 2022	December 31, 2021
Expected dividend yield	0%	0%
Latest private placement price	$2.49	$0.95
Expected share price volatility	141.63%	144.13%
Risk free interest rate	3.14%	1.02%
Remaining life of warrants	2.66 years	3.16 years

Volatility assumptions for the valuation of the 15% Warrant were derived by reference to the volatility of NAN as the stock price of NAN was highly correlated to the advancement of the BCL assets acquisition following its investment in PNRC.

Prior to the date that the Amalgamation became effective, the PNRC shares and the 15% Warrant held by NAN were contributed to NAN Subco, as part of the securities contribution, resulting in such securities being cancelled by operation of the triangular amalgamation. The fair value of the Warrant was written off upon the closing of the RTO. PNRC had no other issued and outstanding warrants prior to the RTO.

The outstanding warrants of NAN prior to the completion of the RTO were as follows:

North American Nickel	Number Outstanding (Post-consolidation basis)	Weighted Average Exercise Price ($)
December 31, 2021	3,216,565	0.75
Issued	295,652	2.40
Exercised	(1,283,877)	0.56
Cancelled / expired	-	-
Balance as at August 3, 2022 prior to business combination with PNRC	2,228,340	1.11

Subsequent to the RTO, the outstanding warrants of the Company were as follows:

Premium Nickel Resources Ltd.	Number Outstanding (Post-consolidation basis)	Weighted Average Exercise Price ($)
Balance as at August 3, 2022 prior to business combination with PNRC	2,228,340	1.11
Issued	-	-
Exercised	(1,236,408)	0.46
Cancelled / expired	(12,375)	-
Balance as at September 30, 2022	979,557	1.94

At September 30, 2022, the Company had outstanding common share purchase warrants exercisable to acquire common shares of the Company as follows:

Warrants Outstanding	Expiry Date	Exercise Price ($)	Weighted Average remaining contractual life (years)
683,905	April 16, 2023	1.75	0.38
295,652	August 3, 2024	2.40	0.55
979,557			0.93

(Expressed in Canadian dollars)

d) 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 20% of the issued and outstanding 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 Exchanges and approved by the Board. The options can be granted for a maximum term of ten years.

The outstanding options of each company prior to the completion of the RTO were as follows:

North American Nickel	**Number Outstanding (post-consolidation basis)**	**Weighted Average Exercise Price ($)**
December 31, 2021	3,010,919	1.35
Cancelled/expired	(15,125)	6.00
Balance as at August 3, 2022 prior to business combination with PNRC	**2,995,794**	**1.33**

Premium Nickel Resources Corporation	**Number Outstanding**	**Weighted Average Exercise Price ($)**
December 31, 2021	5,775,000	0.52
Issued	2,600,000	2.49
Balance as at August 3, 2022 prior to business combination with NAN	**8,375,000**	**1.13**

Subsequent to the RTO, the outstanding options of the Company were as follows:

Premium Nickel Resources Ltd.	**Number Outstanding**	**Weighted Average Exercise Price ($)**
Balance as at August 3, 2022 prior to business combination with PNRC	2,995,794	1.33
Issued pursuant to RTO in exchange for options of PNRC	8,827,250	1.16
Options exercised	(300,000)	
Balance as at September 30, 2022	**11,523,044**	**1.21**

During the nine months ended September 30, 2022, prior to RTO, PNRC granted an aggregate total of 2,600,000 stock options to employees, directors and consultants with a maximum term of five years. The options are exercisable at USD 2.00 per share (C$2.49/share) with 1/3 vesting on the date of grant, 1/3 on the first anniversary and 1/3 on the second anniversary following the close of the USD 20,000,000 private placement.

Upon the closing of the RTO, all PNRC options were exchanged for options of the Company at a rate of 1.054 and vested in full immediately. Prior to the RTO, PNRC had granted 2,512,033 unvested options (Post RTO, Post-consolidation basis). These options were considered as replacement options awarded under the former plan and modification accounting under IFRS 2 Share based payments was applied. When modification accounting is applied, the Company revalued those stock options using the Black-Scholes Option Pricing Model (Restated – Note 14).

The fair value of all options, including those granted during the nine months ended September 30, 2022 as well as the ones granted but not vested during the year ended December 2021, amounted to $7,731,117 and was recorded as a share-based payment expense. The weighted average fair value of options granted is $1.41 per option.

(Expressed in Canadian dollars)

The fair value of stock options granted and vested during the nine months ended September 30, 2022 was calculated using the following assumptions:

	September 30, 2022	December 31, 2021
Expected dividend yield	0%	0%
Latest private placement price	$2.53	$0.95
Expected share price volatility	126.68-129.48%	125.18%-127.03%
Risk free interest rate	2.85%	0.42% - 1.11%
Expected life of options	4.16-4.47 years	5 years

Volatility assumptions for the valuation of options were derived by reference to the volatility of NAN as the stock price of NAN was highly correlated to the advancement of the BCL assets acquisition following its investment in PNRC.
Details of options outstanding as at September 30, 2022 are as follows:

Options Outstanding	Options Exercisable	Expiry Date	Exercise Price ($)	Weighted average remaining contractual life (years)
1,160,000	1,160,000	February 24, 2025	0.80	0.24
240,000	240,000	August 19, 2025	0.45	0.06
4,443,000	4,443,000	January 26, 2026	0.39	1.34
597,000	597,000	February 25, 2026	1.60	0.17
1,343,850	1,343,850	September 29, 2026	0.91	0.45
998,794	998,794	October 25, 2026	2.00	0.34
2,740,400	2,740,400	January 20, 2027	2.62	1.00
11,523,044	**11,523,044**			**3.60**

e) Reserve

The reserve records items recognized as stock-based compensation expense and other share-based payments 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 period ended September 30, 2022, the Company recorded $7,731,117 (December 31, 2021 - $1,261,891) of share-based payments to reserves and transferred $3,120,568 to share capital for exercised warrants and options (December 31, 2021 – Nil).

11. RELATED PARTY TRANSACTIONS

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

	September 30, 2022	December 31, 2021
Directors and Officers of the Company	32,860	26,759
NAN	-	199,145
	32,860	**225,904**

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

(Expressed in Canadian dollars)

(a) Related-party transactions

During the nine months ended September 30, 2022, ThreeD Capital subscribed for a further 1,213,538 common shares of PNRC (1,279,069 shares on a post RTO and post-Consolidation basis), for a further investment of $3,064,582 (USD 2,427,076) (2021 - $374,123). As of September 30, 2022, ThreeD Capital beneficially owns 8,662,347 shares (2021 - 7,383,278 shares) in both cases on a post RTO and post-Consolidation basis, constituting approximately 7.5% (2021 - 9.14%) of the issued and outstanding shares of the Company.

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

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

On April 30, 2022, all amounts owing in respect of the above promissory notes were repaid in full by payment of cash in an amount of $2,018,568, including interest and fees, and by issuing 310,000 PNRC Shares (326,740 shares of the Company) on a post-RTO and post-consolidation basis).

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

Key management compensation was related to the following:

	September 30, 2022	**September 30, 2021**
Management fees	1,701,211	436,626
Due diligence BCL	-	90,000
Corporate and administration expenses	40,884	96,555
	1,742,095	**623,181**

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 approximate their fair value due to their short-term nature. The fair value of the vehicle financing and lease liability are equal to their carrying values as all these amounts carry a fix interest rate. 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 September 30, 2022, the fair value of the Company's warrant liabilities are based on Level 3 measurements and the fair value of cash is based on Level 1 measurements.

(Expressed in Canadian dollars)

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 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**
September 30, 2022			
Financial assets	146,610	533,567	24,186,254
Financial liabilities	(705,747)	(2,347,473)	(1,619,158)
Total exposure	**559,137**	**(1,813,906)**	**22,567,096**

	Short -term exposure		Long-term exposure
	USD	**BWP**	**BWP**
December 31, 2021			
Financial assets	244,154	155,548	739,767
Financial liabilities	(34,231)	(130,270)	-
Total exposure	**209,924**	**25,278**	**739,767**

The following table illustrates the sensitivity of profit in relating 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 rate for the periods ended September 31, 2022 and 2021, respectively.

If the CAD strengthened against the USD and BWP by 5%, respectively, (2021 – 5 %), it would have had the following impact:

	Profit for the year			Long-term exposure profit for the year
	USD	**BWP**	**Total**	**BWP**
September 31, 2022	(27,967)	(90,695)	(118,652)	1,128,355
December 31, 2021	10,496	1,264	11,760	36,988

(Expressed in Canadian dollars)

If the CAD weakened against the USD and BWP by 5% respectively, (2021 – 5 %), it would have had the following impact:

	Profit for the year			Long-term exposure profit for the year
	USD	**BWP**	**Total**	**BWP**
December 31, 2022	27,967	90,695	118,652	(1,128,355)
December 31, 2021	(10,496)	(1,264)	(11,760)	(36,988)

The higher foreign currency exchange rate sensitivity in profit in 2022 compared with 2021 is attributable to an increase in activities of foreign operations in Botswana and Barbados.

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 September 30, 2022:

September 30, 2022	Less than 1 year	1 - 2 years	2 - 5 years	Total
Trade payables and accrued liabilities (Restated – Note 14)	3,348,244	-	-	3,348,244
Vehicle financing	12,259	49,038	111,503	172,800
Lease liability (Restated – Note 14)	1,331,660	1,331,660		2,663,320
	4,692,163	**1,380,698**	**111,503**	**6,184,364**

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 raisings 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.

(Expressed in Canadian dollars)

In the management of capital, the Company includes the components of equity deficiency, loans and borrowings, other current liabilities, net of cash.

	September 30, 2022	December 31, 2021
Shareholder's equity (deficiency)	29,037,631	(4,316,964)
Current liabilities	4,679,904	580,486
	33,717,535	(3,736,478)
Cash	(5,756,642)	(1,990,203)
	27,960,893	**(5,726,681)**

14. RESTATEMENTS

The Company has restated the unaudited condensed interim consolidated financial statements as at September 30, 2022 and for the three and nine month periods then ended ("**Q3 2022 Unaudited Financial Statements**") mainly due to a revision to assumptions made by management for calculating the fair value of consideration transferred, including the fair value of the shares, warrants and options associated with the RTO, to properly account for the loss on the RTO, the fair value of vested options and Right-of-Use assets and lease liability associated with an asset purchase as well as to correct an overstatement on certain costs.

The principal factors affecting the proper accounting for the loss on the RTO are summarized as follows. Firstly, a further reduction in fair value of the Greenland and Canadian exploration and development properties of the Company in an amount of $18,875,760 in excess of the reduction reflected in the Q3 2022 Unaudited Financial Statements. Secondly, the calculation of the loss on the RTO reflected in the Q3 2022 Unaudited Financial Statements failed to take into account the impact of settlement of a pre-existing relationship (Note 4), which resulted in a reduction of the loss on acquisition by $47,985,862 from the amount previously reported. In addition, the fair value of options, warrants and preferred shares of NAN outstanding immediately prior to the effective time of the RTO, in the aggregate amount of $9,665,577, was added to the total fair value of consideration transferred on the RTO. Finally, the fair value of the shares exchanged on the RTO was revalued based on the latest offer price for the PNRC common shares pursuant to a financing prior to the RTO.

After giving effect to these adjustments, the loss on acquisition is reduced from $75,375,567 to $29,174,415. The impact of the restatements on the calculation of the loss is summarized below:

	As reported	Adjustment	As Amended
FV of shares transferred	92,070,357	(14,639,205)	77,431,152
FV of options, warrants and agent warrants	12,110,856	(2,445,278)	9,665,577
FV of preferred shares	38,082	(6,566)	31,516
Settlement of pre-existing relationship – 15% warrant and shares*	-	(47,985,862)	(47,985,862)
Total FV of consideration transferred	104,219,294	(65,076,911)	39,142,383
Cash	11,051,917	-	11,051,917
Trade and other receivables	450,522	-	450,522
Property, plant and equipment	14,111	-	14,111
Exploration and evaluation assets	18,875,760	(18,875,760)	-
Trade payable and accrued liabilities	(1,548,582)	-	(1,548,582)
Net assets acquired	28,843,728	(18,875,760)	9,967,968
Loss on acquisition	75,375,567	(46,201,152)	29,174,415

The Company also made the following amendments and restatements:

a) Corrected the fair value of PNRC options vested upon the RTO (Note 10)

Prior to the RTO, PNRC had granted but unvested options of 2,512,033 (Post RTO, Post-consolidation basis). These options were considered a replacement awarded under the former plan and modification accounting under IFRS 2 Share Based Payments was applied. The Company revalued those stock options at $5,138,022 using the Black-Scholes Option Pricing Model and made an adjustment of $954,365 to the reported amount of Share-based payment in the Q3 2022 Unaudited Financial Statements.

b) Recorded the purchase of Syringa Lodge as a Lease according to IFRS 16 Leases (Note 9)

In accordance with IFRS 16 Leases, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Based on this definition, the sales agreement for the Lodge is considered to be a lease and IFRS 16 Leases applies. The Company shall recognize a right-of-use ("Right-Of-Use") asset and a lease liability. The Right-of-Use assets and Lease liability on the Q3 2022 Unaudited Financial Statements has been increased by $2,635,311 accordingly.

c) Reversed double accrual on fees payable to an advisor and reclassified the acquisition cost of the Selebi assets to Advisory and Consultancy expense.

PNRC engaged an investment bank in June 2020 for advice on the assets acquisition in Botswana as well as financing solutions and agreed to pay a success fee of C$1,701,000 (USD 1,350,000) upon closing of the transaction and financing. The Company recorded the payment of 75% of success fee in March 2022 upon closing the proposed bridge financing and accrued the remaining balance of 25%, C$425,000 (USD 337,500). In August 2022, upon receiving an invoice from the bank for the remaining 25% of the success fee, C$443,475 (USD 337,500), the Company mistakenly recorded it again as acquisition cost of the Selebi Assets. Hence, an adjustment was made to reverse the double count of such payable as well as to reclassify the acquisition cost to Advisory and Consultancy expense.

The impact of the restatements as at September 30, 2022 and for the three and nine months then ended is summarized below:

Notes to the Unaudited Condensed Interim Consolidated Financial statements
For the Three and Nine Months Ended September 30, 2022
(Expressed in Canadian dollars)

Statement of financial position as at September 30, 2022:

	As reported	Adjustment	As Amended
ASSETS			
Non-current assets			
Exploration and evaluation assets	44,333,421	(19,343,239)	24,990,182
Property, plant and equipment	897,079	2,635,311	3,532,390
Total non-current assets	45,230,500	(16,707,928)	28,522,572
TOTAL ASSETS	52,044,621	(16,707,928)	35,336,693
LIABLITIES			
Current liabilities			
Trade payables and accrued liabilities	3,773,495	(425,251)	3,348,244
Current portion of lease liability	-	1,331,660	1,331,660
Total current liabilities	3,773,495	906,409	4,679,904
Non-current liability			
Lease liability	-	1,331,660	1,331,660
Total non-current liabilities	287,498	1,331,660	1,619,158
TOTAL LIABILITIES	4,060,993	2,238,069	6,299,062
SHAREHOLDER'S EQUITY			
Share Capital – common	124,257,621	(33,924,563)	90,333,058
Share Capital – preferred	38,082	(6,566)	31,516
Reserve	17,028,930	(1,490,913)	15,538,017
Deficit	(91,818,773)	16,476,045	(75,342,728)
TOTAL SHAREHOLDERS' EQUITY	47,983,628	(18,945,997)	29,037,631
TOTAL LIABILITIES AND SHAREHODLERS' EQUITY	52,044,621	(16,707,928)	35,336,693

Statement of operation and comprehensive loss for the three months ended September 30, 2022:

	As reported	Adjustment	As Amended
EXPENSES			
General exploration expenses	-	(25,379)	(25,379)
Advisory and consultancy	(77,600)	(443,475)	(521,075)
Share-based payment	(4,183,657)	(954,365)	(5,138,022)
TOTAL EXPENSES	21,323,381	(1,423,219)	19,900,162
OTHER ITEMS			
Interest Income (expense) and other income	3	(26,633)	(26,630)
Acquisition loss on RTO	(75,375,567)	46,201,152	(29,174,415)
NET LOSS FOR THE PERIOD	(54,052,183)	44,751,300	(9,300,883)
TOTAL COMPREHJENSIVE LOSS FOR THE PERIOD	(54,254,152)	44,751,300	(9,502,852)
Basic loss per share	(0.51)	0.42	(0.09)

(Expressed in Canadian dollars)

Statement of operation and comprehensive loss for the nine months ended September 30, 2022:

	As reported	Adjustment	As Amended
EXPENSES			
Corporate and administration expenses	-	(25,379)	(25,379)
Advisory and consultancy	(571,626)	(443,475)	(1,015,101)
Share-based payment	(6,776,752)	(954,365)	(7,731,117)
TOTAL EXPENSES	(2,824,545)	(1,423,219)	(4,247,764)
OTHER ITEMS			
Interest Income (expense) and other income	(87,131)	(26,633)	(113,764)
Acquisition loss on RTO	(75,375,567)	46,201,152	(29,174,415)
NET LOSS FOR THE PERIOD	(78,287,243)	44,751,300	(33,535,943)
TOTAL COMPREHJENSIVE LOSS FOR THE PERIOD	(79,760,569)	44,751,300	(35,009,269)
Basic loss per share	(0.86)	0.49	(0.37)

Statement of changes in equity for the nine months ended September 30, 2022:

	As reported	Adjustment	As Amended
Share Capital – common	124,257,621	(33,924,563)	90,333,058
Share Capital – preferred	38,082	(6,566)	31,516
Reserve	17,028,930	(1,490,913)	15,538,017
Deficit	(91,818,773)	16,476,045	(75,342,728)
TOTAL SHAREHOLDERS' EQUITY	47,983,628	(18,945,997)	29,037,631

(Expressed in Canadian dollars)

Statement of cash flow for the three months ended September 30, 2022:

	As reported	**Adjustment**	**As Amended**
OPERATING ACTIVITES			
Net loss for the period	(54,052,183)	44,751,300	(9,300,883)
Items not affecting cash:			
Share-base payment	4,183,657	954,365	5,138,022
Unrealized foreign exchange loss	(250,875)	250,875	-
Loss on acquisition	75,375,567	(46,201,152)	29,174,415
Changes in working capital			
Trade payable and accrued expense	(677,611)	(456,473)	(1,134,084)
Net cash used in operating activities	(2,916,139)	(701,175)	(3,617,314)
INVESTING ACTIVITIES			
Additions to property, plant and equipment	(444,937)	(190,595)	(635,532)
Additions to expenditures on exploration and evaluation assets.	(5,075,145)	529,439	(4,545,706)
Net cash used in investing activities	5,531,835	338,844	5,870,679
FINNANCING ACTIVIIES			
Proceeds from issuance of common shares	(276,741)	(78,931)	(355,672)
Share issue costs	(9,502)	425,250	415,748
Vehicle loan financing	-	172,800	172,800
Net cash provided by financing activities	400,155	519,120	919,275
Impact of currency translation for the foreign operation	-	(156,879)	(156,879)

(Expressed in Canadian dollars)

Statement of cash flow for the nine months ended September 30, 2022:

	As reported	Adjustment	As Amended
OPERATING ACTIVITES			
Net loss for the period	(78,287,243)	44,751,300	(33,535,943)
Items not affecting cash:			
Share-base payment	6,776,752	954,365	7,731,117
Unrealized foreign exchange loss	(1,522,232)	1,522,232	-
Loss on acquisition	75,375,567	(46,201,152)	29,174,415
Changes in working capital			
Trade payable and accrued expense	1,921,168	(456,473)	1,464,695
Net cash used in operating activities	(5,053,973)	570,272	(4,483,701)
INVESTING ACTIVITIES			
Additions to property, plant and equipment	(711,049)	(190,595)	(901,644)
Additions to expenditures on exploration and evaluation assets.	(22,357,735)	529,439	(21,828,296)
Net cash used in investing activities	(12,016,867)	338,844	(11,678,023)
FINNANCING ACTIVIIES			
Proceeds from issuance of common shares	22,111,858	(78,931)	22,032,927
Share issue costs	(1,960,977)	425,250	(1,535,727)
Vehicle loan financing	-	172,800	172,800
Net cash provided by financing activities	20,837,279	519,120	21,356,399
Impact of currency translation for the foreign operation	-	(1,428,236)	(1,428,236)

15. SUBSEQUENT EVENT

a) Bridge loan financing

On November 21, 2022, the Company announced a $7 million bridge loan (the "**Bridge Loan**") financing from Pinnacle Island LP (the "**Lender**"). The Bridge Loan financing closed on November 25, 2022 and net proceeds of $6,740,000 were received by the Company (after deducting the commitment fee of $260,000). The Bridge Loan is evidenced by the issuance of a promissory note by the Company to the Lender (the "**Promissory Note**"). The Promissory Note has a principal amount of $7 million and bears interest at a rate of 10% per annum, calculated monthly and payable on February 22, 2023, being the maturity date of the Promissory Note, with a right of the Company to extend the maturity date to March 22, 2023 by providing written notice to the Lender by February 15, 2023. The Company extended the maturity to March 22, 2023 and negotiated a further extension (the "**Extension**") to November 24, 2023 by entering into an amended and restated promissory note (the **"A&R Promissory Note**") with the Lender on March 17, 2023. All other terms of the Promissory Note remain the same.

The obligations of the Company under the Promissory Note are fully and unconditionally guaranteed by each of its existing and future subsidiaries. No assets of the Company were pledged as collateral under the Promissory Notes. The Promissory Note is subject to certain covenants and provisions on events of default, repayments and mandatory prepayments that are customary for a loan of this nature. The Company intends to use the proceeds from the issuance of the Promissory Note to fund the ongoing redevelopment work programs on its Botswana assts and for general corporate purpose.

In connection with the initial issuance of the promissory note, the Company issued 119,229 common share purchase warrants to the Lender, which was subsequently cancelled concurrently with the Extension. In connection with the Extension and entry into of the A&R Promissory Note, the Company paid an amendment and restatement fee of $225,000 and issued 350,000 non-transferable common share purchase warrants (the "**Warrants**") to the Lender. Each Warrant is exercisable to acquire one common share of the Company (the "**Common Shares**") at a price of $1.75 per Common Share for a period of one year from date of the A&R Promissory Note. The Warrants and any Common Shares issuable on exercise of the Warrants are subject to a statutory four-month hold period under applicable Canadian securities laws from the date of issue.

b) Private placement financing

On February 24, 2023, the Company announced it had closed its previously-announced "best efforts" brokered private placement offering under which 4,437,184 common shares of the Company (the "**Common Shares**") were issued at a price of $1.75 per Common Share for gross proceeds of $7,765,072 (the "**Offering**") through a syndicate of agents. In connection with the Offering, the Company (i) paid to the agents a cash commission 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 (ii) 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 of the Private Placement.

c) Extension of warrant expiry date

On April 13, 2023, the Company extended to October 16, 2023 the expiry date of a total of 643,299 common share purchase warrants of the Company (collectively, the "**Subject Warrants**"), which were scheduled to expire on April 16, 2023. Each of the Subject Warrants entitles the holder thereof to purchase one common share of the Company at a price of $1.75 per share (on a post-consolidation basis). Other than the extension of the Subject Warrants from April 16, 2023 to October 16, 2023, all other terms and conditions of the Subject Warrants remain unchanged.

d) CYB and EdgePoint Financing

On June 13, 2023, the Company announced a financing with Cymbria Corporation (TSX: CYB) ("**Cymbria**" or "**CYB**"), EdgePoint Investment Group Inc. and certain 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**") and closed on June 28, 2023.

Equity Financing

PNRL and Cymbria entered into a binding term sheet providing for the issue and sale of 14,772,000 units at a subscription price of $1.10 per unit (the "**Issue Price**") for aggregate gross proceeds to PNRL of $16,249,200 (the "**Equity Financing**"). Each unit is comprised of one common share of PNRL (the "**Common Shares**") 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 issued in the Equity Financing is 3,324,000. Each Transferable Warrant may be exercisable by the holder thereof to purchase one Common Share at an exercise price of $1.4375 per Common Share for a period of three years.

Term Loan

PNRL and Cymbria (the "**Lender**"), an affiliate of EdgePoint, entered into a binding commitment letter pursuant to which the Lender advanced to PNRL on closing $15,000,000 for a three-year term (the "**Term Loan**"). The Term Loan 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 subject to certain covenants and provisions on events of default, repayments and mandatory prepayments that are customary for a loan of this nature and secured by a pledge of all the shares of the Company's subsidiaries and other security customary for a loan of this nature. 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 the Lender. Each Non-Transferable Warrant is excisable by the Lender 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.

Option Payment

Concurrently with the closings of the Equity Financing and the Term Loan, Cymbria also agreed to pay an aggregate of $2,750,000 to two subsidiaries of PNRL (the "**Option Payment**") 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 will be allocated by the PNRL subsidiaries having regard to the relative purchase prices payable in connection with the exercise of their respective contractual rights.

PNRL's indirect wholly-owned subsidiary Premium Nickel Resources Proprietary Limited ("**PNRP**") acquired the Selebi mine in January 2022 out of liquidation. Pursuant to the acquisition agreement, the liquidator retained a 2% net smelter returns royalty on the Selebi mine (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 to 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 (x) one half of the repurchase price payable by PNRP or PNGP pursuant to the applicable NSR, less (y) 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.

The Company used approximately $7,360,000 of the proceeds from the Financing Transactions to prepay all principal and interest owing by the Company under the A&R Promissory Note.