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**POWER NICKEL INC.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE MONTHS ENDED MARCH 31, 2024**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

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**NOTICE TO READER**

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

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**Power Nickel Inc.****Condensed Consolidated Interim Statements of Financial Position****(Expressed in Canadian Dollars)****(Unaudited)**

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<b>As at,</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>ASSETS</b>		
<i>Current</i>		
Cash	\$ 736,177	\$ 216,365
Amounts receivable	778,814	1,212,976
Subscription receivable (note 6)	-	2,000,000
Prepaid expenses	118,726	298,493
<b>Total current assets</b>	<b>1,633,717</b>	<b>3,727,834</b>
<b>Non-current assets</b>		
Equipment (note 3)	5,841	6,315
<b>Total assets</b>	<b>\$ 1,639,558</b>	<b>\$ 3,734,149</b>
<b>LIABILITIES</b>		
<i>Current</i>		
Accounts payable and accrued liabilities (notes 10 and 12)	\$ 3,281,919	\$ 2,145,469
Due to related parties (note 10)	23,877	40,168
Flow-through liability (note 12)	2,977,727	4,032,096
Advances from shareholders (note 10)	7,000	7,000
<b>Total current liabilities</b>	<b>6,290,523</b>	<b>6,224,733</b>
<b>Non-current liabilities</b>		
Other liabilities (note 5)	55,464	55,464
<b>Total liabilities</b>	<b>6,345,987</b>	<b>6,280,197</b>
<b>SHAREHOLDERS' DEFICIENCY</b>		
Issued capital (note 6)	77,545,725	77,376,535
Contributed surplus (note 7)	2,577,739	2,648,929
Warrants (note 8)	3,304,353	3,304,353
Deficit	(88,134,246)	(85,875,865)
<b>Total shareholders' deficiency</b>	<b>(4,706,429)</b>	<b>(2,546,048)</b>
<b>Total liabilities and shareholders' deficiency</b>	<b>\$ 1,639,558</b>	<b>\$ 3,734,149</b>

**Nature of operations and going concern** (note 1)**Commitments and contingencies** (notes 4 and 12)**Subsequent events** (note 13)

The notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

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**Power Nickel Inc.****Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Operating expenses</b>		
Administration fees (note 10)	\$ 87,500	\$ 112,745
Amortization (note 3)	474	676
Accretion, bank and interest (income) fees	1,889	1,657
Exploration expenditures (note 4)	2,374,413	1,347,109
Foreign exchange loss (gain)	7,906	134,249
Investor relations	711,796	659,985
Office and miscellaneous	30,554	9,990
Professional fees (note 10)	68,823	48,893
Share-based payments (note 7)	-	56,045
Transfer and regulatory	29,395	11,843
Travel, promotion and mining shows	-	11,449
<b>Total expenses before other items</b>	<b>(3,312,750)</b>	<b>(2,394,641)</b>
<b>Other items</b>		
Flow-through liability amortization	1,054,369	648,263
<b>Net loss and comprehensive loss for the year</b>	<b>\$ (2,258,381)</b>	<b>\$ (1,746,378)</b>
<b>Net loss and comprehensive loss per share</b>		
<b>- basic and diluted (note 9)</b>	<b>\$ 0.02</b>	<b>\$ 0.01</b>
<b>Weighted average number of common shares outstanding</b>		
<b>- basic and diluted (note 9)</b>	<b>150,357,858</b>	<b>120,185,665</b>

The notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

# Power Nickel Inc.

## Condensed Consolidated Interim Statements of Cash Flows (Expressed in Canadian Dollars) (Unaudited)

	Three months ended March 31,	
	2024	2023
<b>Operating activities</b>		
Loss for the period	\$ (2,258,381)	\$ (1,746,378)
<i>Items not affecting cash:</i>		
Amortization	474	676
Share-based payments	-	56,045
Flow-through liability amortization	(1,054,369)	(648,263)
<i>Changes in non-cash working capital items:</i>		
Amounts receivable	434,162	(200,902)
Prepaid expenses	179,767	18,941
Accounts payable and accrued liabilities	1,136,450	761,876
Due to related parties	(16,291)	79,425
<b>Net cash used in operating activities</b>	<b>(1,578,188)</b>	<b>(1,678,580)</b>
<b>Financing activities</b>		
Proceeds from private placements	-	1,709,000
Subscription receipts	2,000,000	(103,500)
Advance from shareholder	-	274,120
Exercise of options	98,000	-
<b>Net cash provided by financing activities</b>	<b>2,098,000</b>	<b>1,879,620</b>
<b>(Decrease) increase in cash</b>	<b>519,812</b>	<b>201,040</b>
<b>Cash, beginning of period</b>	<b>216,365</b>	<b>1,275,104</b>
<b>Cash, end of period</b>	<b>\$ 736,177</b>	<b>\$ 1,476,144</b>

The notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

# Power Nickel Inc.

## Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian Dollars)

(Unaudited)

	Common Shares		Contributed			
	Number	Amount	Surplus	Warrants	Deficit	Total
<b>Balance, December 31, 2022</b>	<b>120,147,687</b>	<b>\$ 70,990,710</b>	<b>\$ 1,974,028</b>	<b>\$ 2,212,080</b>	<b>\$ (75,989,295)</b>	<b>\$ (812,477)</b>
Private placement	3,418,000	1,341,710	-	367,290	-	1,709,000
Flow-through liability	-	(521,390)	-	-	-	(521,390)
Share issuance costs	-	(103,500)	-	-	-	(103,500)
Broker warrants	-	(21,250)	-	21,250	-	-
Share based compensation	-	-	56,045	-	-	56,045
Option expiry	-	-	(200,248)	-	200,248	-
Net loss for the period	-	-	-	-	(1,746,378)	(1,746,378)
<b>Balance, March 31, 2023</b>	<b>123,565,687</b>	<b>\$ 71,686,280</b>	<b>\$ 1,829,825</b>	<b>\$ 2,600,620</b>	<b>\$ (77,535,425)</b>	<b>\$ (1,418,700)</b>
<b>Balance, December 31, 2023</b>	<b>149,873,243</b>	<b>\$ 77,376,535</b>	<b>\$ 2,648,929</b>	<b>\$ 3,304,353</b>	<b>\$ (85,875,865)</b>	<b>\$ (2,546,048)</b>
Exercise of options	700,000	169,190	(71,190)	-	-	98,000
Net loss for the period	-	-	-	-	(2,258,381)	(2,258,381)
<b>Balance, March 31, 2024</b>	<b>150,573,243</b>	<b>\$ 77,545,725</b>	<b>\$ 2,577,739</b>	<b>\$ 3,304,353</b>	<b>\$ (88,134,246)</b>	<b>\$ (4,706,429)</b>

The notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

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# Power Nickel Inc.

## Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars)

(Unaudited)

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### 1. Nature of operations and going concern

Power Nickel Inc. (the "Company" or "Power Nickel") is a mineral exploration company and is in the business of acquiring and exploring mineral properties in Chile and Canada. On July 9, 2021, the Company changed its name from "Chilean Metals Inc." to "Power Nickel Inc."

The Company is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. The Company's shares are listed on the TSX Venture Exchange ("TSX-V"), and Santiago Stock Exchange, Venture Market. The head office and principal address of the Company are located at the Canadian Venture Building, 82 Richmond Street East, Suite 202, Toronto, Ontario, M5C 1P1. The Company's registered and records office address is at Suite 700 – 595 Burrard Street, PO Box 49290, Vancouver, British Columbia, Canada, V7X 1S8.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty. The Company's Chilean mineral property maintenance payments are in arrears (see note 12) and as a result, the Copiapó Court has been notified by the General Treasury of the Republic of Chile. The Copiapó Court may initiate the auction of the properties. If the Company's claims are put up for auction the Company, as concession holder, is not allowed to place bids on its claims under auction; however, the Company understands that the concession holder may remove a concession from auction by paying the penalty amount which is equal to double the patent amount outstanding. Accordingly, there is a risk that the Company will not be able to retain title to its mineral claims in Chile.

These unaudited condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. These unaudited condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. During the three months ended March 31, 2024, the Company incurred a net loss of \$2,258,381 (three months ended March 31, 2023 - \$1,746,378). As at March 31, 2024, the Company has incurred significant losses since inception totaling \$88,134,246 (December 31, 2023 - \$85,875,865). As at March 31, 2024, the Company has a working capital deficiency of \$4,656,806 (December 31, 2023 - working capital deficiency of \$2,496,899); the continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that additional funds will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of material uncertainties that cast significant doubt as to the Company's ability to continue as a going concern and accordingly use accounting principles applicable to a going concern.

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# Power Nickel Inc.

## Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars)

(Unaudited)

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### 2. Basis of presentation

#### *Statement of compliance*

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The preparation of financial statements in accordance with International Accounting Standards (IAS) 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to these unaudited condensed consolidated interim financial statements were the same as those that applied to the Company's annual consolidated financial statements as at and for the year ended December 31, 2023, except as noted below.

The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2023. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2024 could result in restatement of these unaudited condensed consolidated interim financial statements.

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRS, which have been applied consistently to all periods presented. These unaudited condensed consolidated interim financial statements were issued and effective as of May 30, 2024, the date the Board of Directors approved the statements.

#### ***New standards adopted***

During the three months ended March 31, 2024, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

#### ***New standards not yet adopted***

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2025. Many are not applicable or do not have a significant impact to the Company and have been excluded.

# Power Nickel Inc.

## Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars)

(Unaudited)

### 3. Equipment

<i>Cost</i>	<i>Automobiles</i>	<i>Field Equipment</i>	<i>Furniture and office equipment</i>	<i>Total</i>
Balance, December 31, 2022, December 31, 2023 & March 31, 2024	\$ 16,342	\$ 83,278	\$ 126,697	\$ 226,317

<i>Accumulated amortization</i>	<i>Automobiles</i>	<i>Field Equipment</i>	<i>Furniture and office equipment</i>	<i>Total</i>
Balance, December 31, 2022	\$ 8,807	\$ 82,810	\$ 125,681	\$ 217,298
Additions	2,260	140	304	2,704
Balance, December 31, 2023	11,067	82,950	125,985	220,002
Additions	396	25	53	474
Balance, March 31, 2024	\$ 11,463	\$ 82,975	\$ 126,038	\$ 220,476

<i>Net book value</i>	<i>Automobiles</i>	<i>Field Equipment</i>	<i>Furniture and office equipment</i>	<i>Total</i>
Balance, December 31, 2023	\$ 5,275	\$ 328	\$ 712	\$ 6,315
Balance, March 31, 2024	\$ 4,879	\$ 303	\$ 659	\$ 5,841

### 4. Mineral exploration expenditures

Exploration and acquisition costs for the three months ended March 31, 2024 and March 31, 2023 are as follows:

	<i>Zulema</i>	<i>Nisk</i>	<i>Golden Ivan</i>	<i>Total</i>
Claim costs	\$ 2,002	\$ -	\$ -	\$ 2,002
Drilling	-	696,850	-	696,850
Field costs	3,003	204,405	-	207,408
Geological	25,337	415,512	-	440,849
Three months ended March 31, 2023	\$ 30,342	\$ 1,316,767	\$ -	\$ 1,347,109

	<i>Zulema</i>	<i>Nisk</i>	<i>Golden Ivan</i>	<i>Total</i>
Claim costs	\$ 1,709	\$ -	\$ -	\$ 1,709
Drilling	-	1,232,702	-	1,232,702
Field costs	93,354	141,184	-	234,538
Geophysics and geological	86,960	818,504	-	905,464
Three months ended March 31, 2024	\$ 182,023	\$ 2,192,390	\$ -	\$ 2,374,413

#### (a) Tierra de Oro, Chile

Tierra de Oro is an exploration project located in Region III on the eastern flank of Chile's Coastal Iron Oxide Copper Gold belt. The Company owns a 100% interest in exploration concessions in Region III, Chile. See Note 1 and 12 for status of claims in Chile.



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# Power Nickel Inc.

## Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars)

(Unaudited)

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### 4. Mineral exploration expenditures (continued)

#### *(b) Zulema also known as Chicharra Property, Chile*

The Company owns 100% of the rights to certain exploitation concessions and certain exploration concessions in Region III, Chile. See Note 1 and 12 for status of claims in Chile.

#### *(c) Other Properties, Chile*

During the year ended December 31, 2020, the Government of Chile, released the Company from paying for a number of claims which had taxes owing (note 12). These claims related to non-core properties, and properties where the Company had ceased its exploration programs. See Note 1 and 12 for status of claims in Chile.

#### *(d) Nisk Property, Quebec, Canada*

On December 22, 2020 (the "Effective Date") the Company entered into an option agreement with Critical Elements Limited ("Critical") to acquire a 50% interest in the Nisk property (the "First Option"). Upon completion of the terms of the First Option the Company also has a Second Option to increase its interest from 50% to 80% by incurring or funding additional work in the amount of \$2,200,000 including a Resource Estimate for a period of four years from the effective date of completion of the First Option. On February 24, 2021 ("Closing Date") the Company closed the option acquisition transaction.

Under the terms of the agreement the requirements to exercise the First Option are:

- (1) Make cash payments totaling \$500,000 to Critical on or before the dates set out below:
  - (i) A non-refundable amount of \$25,000 on the date of execution of the agreement; (paid)
  - (ii) An amount of \$225,000 within five (5) Business Days following the Effective Date; and (paid)
  - (iii) An amount \$250,000 within six (6) months from the Effective Date; (paid)
- (2) issue 12,051,770 Shares within five (5) Business Days following the Effective Date. (issued)
- (3) incur an aggregate of \$2,800,000 of exploration expenditures on the Property on or before the dates set out below:
  - (i) \$500,000 in exploration expenditures on or before the date that is one (1) year from the Closing Date; (completed)
  - (ii) \$800,000 in exploration expenditures on or before the date that is two (2) years from the Closing Date; (completed)
  - (iii) \$1,500,000 in exploration expenditures on or before the date that is three (3) years from Closing Date;

Following the exercise of the First Option Critical will receive a 2% net smelter return from the extraction and production of lithium products, of which the Company may, following the payment of \$2,000,000 in cash, reduce to 1%.

In connection with closing of the Nisk property agreement, the Company issued to Paradox Equity Partners Ltd a finders fee of 668,377 shares on February 24, 2021.

The 12,720,147 common shares issued during the year ended December 31, 2021 in connection with this property option agreement were valued at \$3,943,246 based on the trading price of the Company's shares on the date of issuance.

On August 2, 2023, the Company entered into a piloting and engineering study, with CVMR Corporation to coordinate the production of advanced bench scale, piloting and engineering studies on the Nisk to determine project feasibility. Under the terms of the contract the Company will make payments totaling \$7,500,000 as various milestones are met.

On July 31, 2023, the Company announced that it has exercised its option to acquire 50% of the Nisk project. In addition, the Company has notified Critical Elements Lithium Corp. that it intends to exercise its second option to acquire an additional 30% interest to bring ownership in the project to 80% (note 13).

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# Power Nickel Inc.

## Notes to Condensed Consolidated Interim Financial Statements Three Months Ended March 31, 2024 (Expressed in Canadian Dollars) (Unaudited)

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### 4. Mineral exploration expenditures (continued)

#### (e) *Golden Ivan, British Columbia, Canada*

On January 14, 2021, the Company announced it finalized an option agreement dated October 7, 2020, to acquire 100% of the Golden Ivan property via a series of option payments and work commitments. On June 29, 2021, the agreement was revised to eliminate the cash payments and work commitment and expedite the payment by shares while reducing the overall quantity of shares by 1,000,000 shares from the original agreement. The revised terms are as follows:

- (i) 3,900,000 common shares within five Business Days after receipt of the TSXV Approval. These common shares were valued at \$1,209,000 based on the trading price of the Company's shares on the date of issuance.
- (ii) 6,500,000 common shares on or before June 29, 2021 subject to TSXV Approval. These common shares were valued at \$620,100 based on the trading price of the Company's shares on the date of issuance.

The Company has completed all option payments and has acquired a 100% interest subject only to a 2.5% NSR royalty. The Company retains the option to purchase 40% of this royalty for a one-time payment of \$1,000,000.

### 5. Other liabilities

As at March 31, 2024, the Company has \$55,464 (March 31, 2023 - \$55,464) of accounts payable (the "Statute-barred Claims") to non-current liabilities on the basis that any claims in respect of the Statute-barred Claims were statute-barred under the Limitations Act (British Columbia). The Statute-barred Claims related to expenses billed by and third party liabilities incurred prior to December 2015. However, for accounting purposes under IFRS, a debt can only be removed from the Company's statement of financial position when it is extinguished meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation but it does not formally extinguish the debt for accounting purposes. It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors. The Statute-barred Claims are required to be reflected on the Company's statement of financial position as a result of the current interpretation of IFRS, but they are classified as long-term liabilities since the Company has no intention or obligation to pay these Statute-barred Claims and the creditors cannot enforce payment of the Statute-barred Claims. While inclusion of these items is intended solely to comply with the requirements of IFRS, the Company in no way acknowledges any of the Statute-barred Claims.

### 6. Issued capital

#### a) Authorized share capital

At March 31, 2024, the authorized share capital consisted of an unlimited number of common shares, non-voting Class A preference shares with a par value of \$4.00 and Class B preference shares with a par value of \$20.00. The common shares do not have a par value. No Class A or Class B preference shares have been issued.

#### b) Common shares issued

	Number of Shares	Amount
<b>Balance, December 31, 2022</b>	<b>120,147,687</b>	<b>\$ 70,990,710</b>
Private placement	3,418,000	1,341,710
Flow-through liability	-	(521,390)
Share issuance costs	-	(103,500)
Broker warrants	-	(21,250)
<b>Balance, March 31, 2023</b>	<b>123,565,687</b>	<b>\$ 71,686,280</b>

# Power Nickel Inc.

## Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars)

(Unaudited)

### 6. Issued capital (continued)

#### b) Common shares issued (continued)

	Number of Shares	Amount
<b>Balance, December 31, 2023</b>	<b>149,873,243</b>	<b>\$ 77,376,535</b>
Exercise of options (i)	700,000	169,190
<b>Balance, March 31, 2024</b>	<b>150,573,243</b>	<b>\$ 77,545,725</b>

(i) During the three months ended March 31, 2024, officers and directors exercised 700,000 stock options with a weighted average exercise price of \$0.27 and a black scholes value of \$71,190.

(ii) On March 30, 2023, the Company closed the 1st tranche of a private placement of 3,418,000 flow-through units of the Company, at a price of \$0.50 per flow-through units ("FT Unit") for aggregate gross proceeds of \$1,790,000. The Company had share issuance costs including finder's fees of \$103,500 and issued 205,080 non-transferable finder's warrants. Each unit will be composed of one flow-through share, and one-half of one transferable non-flow-through common share purchase warrant. Each warrant will be exercisable into one non-flow-through common share at exercise price of \$0.50 per share for a period of five years from the date of issuance. Each finders warrant is exercisable into one non-flow-through common share at exercise price of \$0.50 per share for a period of one and a half years. The warrants and broker warrants were valued at \$367,290 and \$21,250 respectively using the relative fair value approach and the Black-Scholes option-pricing model. The following weighted average assumptions were used: share price - \$0.24; risk free interest rate - 3.06% - 3.79%; expected volatility - 131% - 155% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 1.5 - 5 years.

### 7. Stock options

The Company has implemented a stock option plan ("the Plan") to be administered by the Board of Directors. Pursuant to the Plan the Board of Director's has discretion to grant options for up to a maximum of 10% of the issued and outstanding common shares of the Company at the date the options are granted. The option price under each option shall be not less than, the discounted market price on the grant date. The expiry date of an option shall be set by the Board of Directors at the time the option is awarded, and shall not be more than ten years after the grant date. Options granted to directors, employees and consultants, other than consultants engaged in investor relations activities, will vest immediately upon granting, unless otherwise approved by the relevant regulatory authorities. Options granted to employees and consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

The following table reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price (\$)
<b>Balance, December 31, 2022</b>	<b>9,450,000</b>	<b>0.24</b>
Expired	(800,000)	0.31
Granted (i)	250,000	0.34
<b>Balance, March 31, 2023</b>	<b>8,900,000</b>	<b>0.24</b>
<b>Balance, December 31, 2023</b>	<b>12,475,000</b>	<b>0.25</b>
Exercised (note 6(b)(i))	(700,000)	0.14
<b>Balance, March 31, 2024</b>	<b>11,775,000</b>	<b>0.25</b>

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**Power Nickel Inc.****Notes to Condensed Consolidated Interim Financial Statements****Three Months Ended March 31, 2024****(Expressed in Canadian Dollars)****(Unaudited)**

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**7. Stock options (continued)**

(i) During the three months ended March 31, 2023, the Company granted stock options to consultants of the Company for the purchase of a total of 250,000 common shares, exercisable for 2 years from grant. The options have an exercise price of \$0.34, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.35; risk free interest rate - 4.17%; expected volatility - 123.9% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 2 years. During the three months ended March 31, 2024, the Company recorded share based compensation of \$nil (2023 - \$56,045) related to the grant in the unaudited condensed consolidated interim statement of loss.

The following table reflects the stock options issued and outstanding as of March 31, 2024:

<b>Expiry Date</b>	<b>Exercise Price (\$)</b>	<b>Remaining Contractual Life (years)</b>	<b>Number of Options Outstanding</b>	<b>Number of Options Vested (Exercisable)</b>
November 23, 2024	0.195	0.65	750,000	750,000
November 28, 2024	0.20	0.66	600,000	600,000
February 15, 2025	0.34	0.88	250,000	250,000
November 28, 2027	0.20	3.66	450,000	450,000
October 9, 2025	0.14	1.53	900,000	900,000
February 24, 2026	0.31	1.90	4,450,000	4,450,000
February 1, 2027	0.14	2.84	800,000	800,000
May 15, 2028	0.27	4.13	1,975,000	1,850,000
June 15, 2028	0.25	4.21	1,600,000	1,600,000
	<b>0.25</b>	<b>2.66</b>	<b>11,775,000</b>	<b>11,650,000</b>

**8. Warrants**

The following table reflects the continuity of warrants for the periods presented:

	<b>Number of warrants</b>	<b>Weighted average exercise price (\$)</b>
<b>Balance, December 31, 2022</b>	<b>33,951,050</b>	<b>0.24</b>
Granted (note 6(b))	1,914,080	0.50
<b>Balance, March 31, 2023</b>	<b>35,865,130</b>	<b>0.24</b>
<b>Balance, December 31, 2023 and March 31, 2024</b>	<b>40,590,030</b>	<b>0.28</b>

# Power Nickel Inc.

## Notes to Condensed Consolidated Interim Financial Statements Three Months Ended March 31, 2024 (Expressed in Canadian Dollars) (Unaudited)

### 8. Warrants (continued)

The following table reflects the warrants issued as of March 31, 2024:

Expiry Date	Exercise Price (\$)	Remaining Contractual Life (years)	Number of Warrants Outstanding	Grant date Fair Value (\$)
September 30, 2024	0.25	0.50	205,080	21,250
October 25, 2024	0.50	0.57	315,200	31,518
November 4, 2024	0.50	0.60	258,000	28,480
December 29, 2025	0.50	1.75	2,228,000	152,270
October 23, 2026	0.50	2.56	2,000,000	249,850
November 2, 2026	0.50	2.59	100,000	11,560
November 14, 2026	0.50	2.62	1,310,000	180,700
November 22, 2027	0.20	3.65	28,563,750	1,468,515
March 30, 2028	0.50	4.00	1,709,000	367,290
April 25, 2028	0.50	4.07	2,585,000	576,905
May 4, 2028	0.50	4.10	516,000	120,015
August 14, 2028	0.25	4.38	800,000	96,000
	<b>0.28</b>	<b>3.36</b>	<b>40,590,030</b>	<b>3,304,353</b>

### 9. Net loss per share

The calculation of basic and diluted loss per share for the three months ended March 31, 2024 was based on the loss attributable to common shareholders of \$2,258,381 (three months ended March 31, 2023 - \$1,746,378) and the weighted average number of common shares outstanding of 150,357,858 (three months ended March 31, 2023 - 120,185,665). Diluted loss per share did not include the effect of 11,775,000 options outstanding (three months ended March 31, 2023 - 8,900,000 options outstanding) or the effect of 40,590,030 warrants outstanding (three months ended March 31, 2023 - 35,865,130 warrants outstanding) as they are anti-dilutive.

### 10. Related party balances and transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

As at March 31, 2024, the directors and/or officers of the Company collectively control 12,701,249 (December 31, 2023 - 12,701,249) common shares of the Company or approximately 8.4% (December 31, 2023 - 9.4%) of the total common shares outstanding and one insiders of the Company control 3,650,790 (December 31, 2023 - 16,650,790) common shares of the Company or approximately 2.4% (December 31, 2023 - two insiders control 12%) of the total common shares outstanding. To the knowledge of directors and officers of the Company, the remainder of the outstanding common shares are held by diverse shareholders. These holdings can change at any time at the discretion of the owner.

(a) The Company entered into the following transactions with related parties:

	Notes	Three months ended March 31,	
		2024	2023
Administration expense	(i)/(iii)	\$ 87,500	\$ 87,500
Accounting expense	(ii)	\$ 21,704	\$ 15,662

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# Power Nickel Inc.

## Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars)

(Unaudited)

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### 10. Related party balances and transactions (continued)

(i) For the three months ended March 31, 2024, the Company incurred consulting fees from companies controlled by an officer and a director of \$56,250 (March 31, 2023 - \$56,250) recorded in administration fees.

(ii) For the three months ended March 31, 2024, the Company incurred accounting expenses from companies related to an officer of \$21,704 (March 31, 2023 - \$15,662) recorded in professional fees.

(iii) For the three months ended March 31, 2024, the Company incurred directors fees of \$31,250 (three months ended March 31, 2023 - \$31,250) recorded in administration fees.

(iv) As at March 31, 2024, the Company has \$23,877 (December 31, 2023 - \$40,168) outstanding to an officer and director. This amount is unsecured, non-interest bearing and due on demand.

(v) As at March 31, 2024, included in accounts payable and accrued liabilities is \$42,000 (December 31, 2023 - \$133,059) due to directors and key management, these amounts are unsecured, non-interest bearing, and due on demand.

(vi) During the three months ended March 31, 2023, the Company recieved an advance of \$274,120 from a family member of an officer and director of the Company. Subsequent to the period ended the family member subscribed to a private placement, which the advance was used to offset the funds in the private placement. As at March 31, 2024, the Company has a balance outstanding to shareholders of \$7,000 (December 31, 2023 - \$7,000). This amount is unsecured, due on demand, and non-interest bearing.

(vii) See note 12.

Payments to directors and key management personnel of the Company include certain transactions with related parties in above, noted transactions are in the normal course of business and approved by the Board of Directors.

### 11. Segmented information

The Company operates in one industry segment, namely exploration of mineral resources in two geographic regions, Canada and Chile. Geographical segmentation of the Company's non-current assets is as follows:

<b>March 31, 2024</b>	<b>Canada</b>	<b>Chile</b>	<b>Total</b>
Equipment	\$ -	\$ 5,841	\$ 5,841

  

<b>December 31, 2023</b>	<b>Canada</b>	<b>Chile</b>	<b>Total</b>
Equipment	\$ -	\$ 6,315	\$ 6,315

# Power Nickel Inc.

## Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars)

(Unaudited)

### 11. Segmented information (continued)

Three months ended March 31, 2024	Canada	Chile	Total
<b>Operating expenses</b>			
Administration fees	\$ 87,500	\$ -	\$ 87,500
Amortization	-	474	474
Accretion, bank and interest (income) fees	1,732	157	1,889
Exploration expenditures	2,192,390	182,023	2,374,413
Foreign exchange loss (gain)	8,275	(369)	7,906
Investor relations	711,796	-	711,796
Office and miscellaneous	8,651	21,903	30,554
Professional fees	65,288	3,535	68,823
Transfer and regulatory	29,395	-	29,395
<b>Total expenses before other items</b>	<b>(3,105,027)</b>	<b>(207,723)</b>	<b>(3,312,750)</b>
<b>Other items</b>			
Flow-through liability amortization	1,054,369	-	1,054,369
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (2,050,658)</b>	<b>\$ (207,723)</b>	<b>\$ (2,258,381)</b>
Three months ended March 31, 2023	Canada	Chile	Total
<b>Operating expenses</b>			
Administration fees	\$ 112,745	\$ -	\$ 112,745
Amortization	-	676	676
Accretion, bank and interest (income) fees	1,480	177	1,657
Exploration expenditures (note 4)	1,316,767	30,342	1,347,109
Foreign exchange loss (gain)	(21,528)	155,777	134,249
Investor relations	659,985	-	659,985
Office and miscellaneous	-	9,990	9,990
Professional fees (note 10)	45,163	3,730	48,893
Share-based payments	56,045	-	56,045
Transfer and regulatory	11,843	-	11,843
Travel, promotion and mining shows	11,449	-	11,449
<b>Total expenses before other items</b>	<b>(2,193,949)</b>	<b>(200,692)</b>	<b>(2,394,641)</b>
<b>Other items</b>			
Flow-through liability amortization	648,263	-	648,263
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (1,545,686)</b>	<b>\$ (200,692)</b>	<b>\$ (1,746,378)</b>

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# Power Nickel Inc.

## Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars)

(Unaudited)

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### 12. Commitments and contingencies

#### Consulting

The Company has entered into four consulting agreements with a Director and companies controlled by Directors of the Company. The obligation under these agreements amounts to \$350,000 per year.

#### Flow-through

The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company has indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments. The Company does not have sufficient working capital to cover its flow-through commitment, and intends to cover its flow-through commitment through additional equity financing.

	<b>Flow-through Liability (\$)</b>	<b>Flow-through indemnification (\$)</b>
Balance, December 31, 2022	\$ 1,198,392	\$ 2,750,000
Recognition of flow-through liability	6,365,045	13,990,000
De-recognition of flow-through liability	(3,531,341)	(9,584,635)
Balance, December 31, 2023	4,032,096	7,155,365
De-recognition of flow-through liability	(1,054,369)	(2,275,271)
Balance, March 31, 2024	\$ 2,977,727	\$ 4,880,094

#### Flow-through indemnification

The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. Certain interpretations are required to assess the eligibility of flow-through expenditures that if changed, could result in the denial of renunciation. The Company indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments. The Company has not fully met all of its expenditure commitments for previous flow-through financings. If the Canadian Revenue Agency ("CRA") determined that the Company was not compliant with their flow-through expenditure commitments, the Company may be liable to indemnify subscribers for any related tax amounts. No provision has been recorded in these unaudited condensed consolidated interim financial statements related to this contingency as various triggering events have not taken place.

#### Environmental and legal

The Company's operations are subject to government environmental protection legislation. Environmental consequences are difficult to identify in terms of results, timetable and impact. At this time, to management's best knowledge, the Company's operations are in compliance with current laws and regulations.

The Company is subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, operations or liquidity.



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## **Power Nickel Inc.**

### **Notes to Condensed Consolidated Interim Financial Statements**

**Three Months Ended March 31, 2024**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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#### **12. Commitments and contingencies (continued)**

##### Property taxes

As at March 31, 2024, the Company has unpaid property tax for various mineral exploration property claims totaling approximately 249,731,160 Chilean Pesos (\$344,885) (December 31, 2023 - 249,731,160 Chilean Pesos (\$375,479)) which has been included in accounts payable and accrued liabilities as at March 31, 2024. In the event that the claims are put up for tax auction, the Company expects to have a notice period to make the payment for the portion of this amount required (note 1). The property tax commitment for 2024 fiscal year is 53,904,794 Chilean Pesos (\$81,048).

#### **13. Subsequent events**

On April 12, 2024, the Company announced that it has closed a private placement of common shares at \$0.20 per common share. The Company has issued 11,889,875 Common Shares for gross proceeds of \$2,377,975. The private placement is subject to final approval of the TSX Venture Exchange. In connection with the private placement, the Company paid finder's fees to two registered dealer firms in the amount of \$75,064 cash and 117,250 finder's warrants, which are exercisable for a period of 18 months from closing at an exercise price of \$0.20 per common share. All securities issued in connection with the private placement have a statutory hold period of four months and one day from the date of issuance.

On April 24, 2024, the Company announced it has completed the acquisition of an additional 30% of the Nisk Project from Critical Elements Lithium. The last remaining condition was the acceptance of the filing of an NI 43-101 Technical Report which was accomplished in Q1. This brings Power Nickels percentage to 80%. Power Nickel will continue to fund 100% of expenditures at Nisk until such time as a Bankable Feasibility Study is presented.