ZEB NICKEL CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountant of Canada for a review of interim financial statements by an entity auditor.

ZEB NICKEL CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian Dollars
(Unaudited – Prepared by Management)

	December 31, 2023	December 31, 2022
ASSETS		
Current		
Cash	$ 8,168	$ 424,380
Commodity tax receivable	19,807	53,485
Prepaid	44,942	74,124
	72,917	551,989
Exploration and evaluation assets (Notes 3 and 6)	6,032,438	5,500,277
	$ 6,105,355	$ 6,052,266
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	$ 521,681	$ 242,414
Loans payable (Note 6)	296,829	-
Promissory note payable (Note 4)	896,853	802,901
	1,715,363	1,045,315
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	7,498,154	7,327,047
Contributed surplus (Note 5)	833,155	631,634
Accumulated other comprehensive income	53,870	53,870
Deficit	(3,995,187)	(3,005,600)
	4,389,992	5,006,951
	$ 6,105,355	$ 6,052,266

On behalf of the Board:

"John Zorbas" Director   *"Richard Montjoie"* Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ZEB NICKEL CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Expressed in Canadian Dollars
(Unaudited – Prepared by Management)

	For the three months ended December 31, 2023	For the three months ended December 31, 2022	For the twelve months ended December 31, 2023	For the twelve months ended December 31, 2022
EXPENSES				
Advertising and promotion	$ 31	$ -	$ 200,610	$ -
Bank fees	680	1,003	3,550	2,802
Consulting fees (Note 6)	20,483	9,491	74,976	29,507
Filling and regulatory fees	475	550	45,813	28,417
Management fees (Note 6)	21,253	15,000	85,132	60,000
Office	17,158	25,424	98,383	116,055
Professional fees (Note 6)	15,001	29,768	212,374	127,711
Share-based compensation (Notes 5 and 6)	17,066	13,271	201,521	340,841
Transfer agent fees	-	1,176	9,909	9,183
Loss before other items	(92,147)	(95,683)	(932,268)	(714,516)
OTHER ITEMS				
Accretion of promissory note payable (Note 4)	798	(27,387)	(97,101)	(175,878)
Foreign exchange	2,794	(3,304)	11,446	(36,005)
Gain on debt settlement (Note 5)	-	-	28,336	-
Write-off of commodity tax receivable	-	(57,336)	-	(57,336)
NET LOSS FOR THE PERIOD	(88,555)	(183,710)	(989,587)	(983,785)
OTHER COMPREHENSIVE LOSS				
Items that will be reclassified subsequently to profit or loss				
Currency translation differences	-	-	-	-
Loss and comprehensive loss for the period	$ (88,555)	$ (183,710)	$ (989,587)	$ (983,785)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)	$ (0.02)	$ (0.02)
Weighted average number of common shares outstanding	55,653,930	54,909,986	55,547,652	54,904,877

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ZEB NICKEL CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Expressed in Canadian Dollars
(Unaudited – Prepared by Management)

	Number of shares		Share Capital		Contributed Surplus		Accumulated Other Comprehensive Income		Deficit		Total
December 31, 2021	54,884,786	$	7,310,586	$	301,458	$	53,870	$	(2,021,865)	$	5,644,049
Exercise of warrants	25,200		16,461		(10,665)		-		-		5,796
Share-based compensation	-		-		340,841		-		-		340,841
Loss for the period	-		-		-		-		(983,735)		(983,735)
December 31, 2022	54,909,986		7,327,047		631,634		53,870		(3,005,600)		5,006,951
Shares issued for debt settlement	743,944		171,107		-		-		-		171,107
Share-based compensation	-		-		201,521		-		-		201,521
Loss for the period	-		-		-		-		(989,587)		(989,587)
December 31, 2023	55,653,930	$	7,498,154	$	833,155	$	53,870	$	(3,995,187)	$	4,389,992

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ZEB NICKEL CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
Expressed in Canadian Dollars
(Unaudited – Prepared by Management)

For the twelve months December 31,	2023	2022
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	$ (989,587)	$ (983,735)
Item not affecting cash:		
Accretion of long-term payable	97,101	175,878
Gain on debt settlement	(28,336)	-
Share-based compensation	201,521	340,841
Unrealized foreign exchange gain	(3,373)	3,636
Write-off of commodity tax receivable	-	57,336
Changes in non-working capital items:		
Commodity tax receivable	33,678	(78,697)
Prepaid	29,182	(19,035)
Accounts payable and accrued liabilities	451,755	19,118
Net cash used in operating activities	(208,059)	(484,658)
INVESTING ACTIVITIES		
Exploration and evaluation costs	(505,206)	(1,018,456)
Net cash used in investing activities	(505,206)	(1,018,456)
FINANCING ACTIVITIES		
Loan from related parties	297,053	-
Proceeds from exercise of warrants	-	5,796
Net cash provided by financing activities	297,053	5,796
Effect of foreign currency translation on cash	-	(487)
Change in cash for the period	(416,212)	(1,497,805)
Cash, beginning of period	424,380	1,922,185
Cash, end of period	$ 8,168	$ 424,380
Supplemental cash flow disclosures		
Exploration and evaluation expenditures in accounts payable and accrued liabilities	$ 158,399	$ 131,444
Reclassification of long-term prepaid asset to exploration and evaluation assets	$ -	$ 27,133

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE OF BUSINESS AND GOING CONCERN

ZEB Nickel Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on February 6, 2019. The Company's principal business activity is the acquisition, exploration and development of mineral properties located in South Africa.

The Company's head office is Suite 507 – 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6, Canada. The Company's registered and records office is located at 2200 – 885 West Georgia Street, Vancouver, British Columbia V6C 3E8, Canada. The Company's shares trade on the TSX Venture Exchange (the "Exchange") under the ticker symbol "ZBNI".

The Company's condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Realization values may be substantially different from the carrying values shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company's continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing. The Company has not achieved profitable operations and has accumulated losses since inception. During the period ended December 31, 2023, the Company incurred a net loss of $989,587 (2022 - $983,785) and as of that date has an accumulated deficit of $3,995,187 (December 31, 2022 - $3,005,600). The Company will need to raise additional capital resources to fund its exploration programs and administrative expenses beyond the next twelve months. The above conditions may cast significant doubt about the Company's ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance and basis of presentation

The condensed interim consolidated financial statements are prepared in accordance with IAS 34 Interim Financial Reporting ("IAS34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all financial information required for full annual financial statements and should be read in conjunction with the audited Financial Statements of the Company for the year ended December 31, 2022.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on February 29, 2024. Any subsequent changes to IFRS that are given effect in our annual consolidated financial statements for the year ending March 31, 2024 could result in restatements of these condensed interim consolidated financial statements. None of these standards are expected to have a significant effect on the condensed interim consolidated financial statements.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, or fair value through other comprehensive loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted which is also the Company's and its subsidiaries functional currency (see below).

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries:

Name of Subsidiary	Place of Domicile	Percentage Ownership
Zebediela Nickel Company (PTY) Ltd. ("Zebediela")	South Africa	100%
Umnex Minerals Limpopo (Pty) Ltd. ("Umnex") - inactive	South Africa	74%
Lesego Platinum Uitloop (Pty) Ltd. ("Lesego") – inactive	South Africa	67%

All material intercompany balances and transactions have been eliminated upon consolidation. Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. Umnex and Lesego are inactive and solely own interests in the Company's exploration property.

Estimates, judgments and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

<u>Significant Judgments</u>

- Going concern - The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

- Asset acquisition versus business combination - Management had to apply judgment with respect to whether an acquisition is an asset acquisition or business combination. The assessments require management to assess the inputs, processes, and outputs of the companies acquired at the time of acquisition. Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions.

- Determination of the acquirer in the reverse takeover transaction – Management had to apply judgment to determine which party obtains control of the combining entities. Management applies judgment in determining control by assessing the following three factors: whether the Company has power over an entity; whether the Company has exposure or rights to variable returns from its involvement; and whether the Company has the ability to use its powers over the entity to affect the amount of its returns.

- The determination of the Company and its subsidiaries' functional currency - The Company applied judgment in determining its functional currency and the functional currency of its subsidiaries. The functional currency was determined based on the currency in which funds are sourced and the currency of the main economic environment in which the Company and its subsidiaries operate.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Estimates, judgments and assumptions (continued)

Significant Judgments (continued)

- Indicators of impairment of property and equipment and exploration and evaluation assets - Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

  Significant judgment is required when determining whether facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The retention of regulatory permits and licenses, the Company's ability to obtain financing for exploration and development activities and its future plans on the exploration and evaluation assets, current and future metal prices, and market sentiment are all factors considered by the Company.

Significant Estimates

- Share-based compensation - The fair value of stock options granted are measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free rate. The Company estimates volatility based on historical share price of comparable companies, excluding specific time frames in which volatility was affected by specific transactions that are not considered to be indicative of the entities' expected share price volatility. The expected life of the options is based on historical experience and general option holder behaviour. Dividends were not taken into consideration as the Company does not expect to pay dividends.

- Fair value of consideration in reverse takeover transaction - The fair value of consideration to acquire the Company in the reverse takeover transaction comprised common shares. Common shares were valued on the date of issuance. The Company applied IFRS 2 Share-based Payment in accounting for the Transaction.

- Discount rate applied to promissory note – The Company estimates the appropriate discount rate utilized in calculating the present value of the future cash flows for the promissory note.

Exploration and Evaluation Assets

Exploration costs incurred prior to the Company obtaining an exploration license are expensed as incurred.

Once the right to explore a property has been acquired, all costs related to the acquisition, exploration, and evaluation of mineral properties are capitalized by property. These expenditures include costs for consulting geologists, surveying, geophysics, sampling, drilling, assaying and depreciation on equipment during the exploration phase.

Option payments to acquire an exploration and evaluation asset, made at the sole discretion of the Company under an option agreement, are capitalized at the time of payment. Option payments received are treated as a reduction of the carrying value of the related acquisition cost for the exploration and evaluation assets until the payments are in excess of acquisition costs, at which time they are then credited to profit or loss. Option payments are at the discretion of the optionee and, accordingly, are accounted for when payment is made or receipt is reasonably assured.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Exploration and Evaluation Assets (continued)

The Company is in the exploration stage and is in the process of determining whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of amounts recorded as exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, maintenance of the Company's legal interests in its mineral claims, obtaining further financing for exploration and development of its mineral claims and commencement of future profitable production, or receiving proceeds from the sale of all or an interest in its mineral properties. Management reviews the carrying value of exploration and evaluation assets on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for exploration and evaluation assets represent costs incurred, net of write-downs and recoveries, and are not intended to represent present or future values.

Capitalized exploration and evaluation costs are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work being carried out by the Company or its partners on a property, when a property is abandoned or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount. The recoverability of the carrying amount of mineral properties is dependent on the successful development and commercial exploitation or the sale of the respective areas of interest.

Impairment

At each reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell ("FVLCS") and value in use ("VIU"). FVLCS is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is established to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss for the period.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Financial instruments

The Company classifies all financial instruments as fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income ("FVTOCI"), or financial assets/liabilities at amortized cost. Management determines the classification of its financial assets and liabilities at initial recognition.

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. The Company classifies cash as FVTPL.

Financial assets at amortized cost are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets carried at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the financial asset.

In relation to the impairment of financial assets, IFRS 9, *Financial Instruments,* requires an expected credit loss model. The expected credit loss model requires the Company to account for expected credit losses ("ECL") and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on de-recognition of financial assets classified as FVTPL or amortized cost are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. The Company classifies accounts payable and accrued liabilities and note payable as measured at amortized cost.

Financial instruments that are measured at fair value use inputs, which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3	Inputs that are not based on observable market data.

Their carrying values of the Company's cash, accounts payable and accrued liabilities and note payable approximate fair value due to their short-term maturity.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share Capital

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Shares issued as consideration for goods or services provided to those other than employees or others providing similar services are measured at the fair value of the goods or services received, except when the fair value cannot be measured reliably, in which case they are measured at the fair value of the equity instrument granted.

Warrants issued by the Company typically accompany an issuance of shares in the Company (a "unit") and entitle the warrant holder to exercise the warrants for a stated price and a stated number of common shares in the Company. The fair value of units issued is measured using the residual value approach, with the allocation of proceeds first to shares based on the fair value of the shares on the date of issuance and the remainder to warrants.

Share-based compensation

The Company records all share-based compensation at fair value. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized through profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received.

When the value of goods or services received in exchange for the share-based compensation cannot be reliably estimated, the fair value is measured by use of a valuation model.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Share-based compensation (continued)

At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options, agent options and warrants, share capital is recorded for the consideration received and for the fair value amounts previously recorded to share-based payments reserve. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based compensation.

Options and warrants issued as consideration in connection with common share placements are recorded at their fair value on the date of issuance as share issuance costs.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Restoration, Rehabilitation and Environmental Obligations

An obligation to incur restoration, rehabilitation, and environmental costs arise when an environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, and amount or timing of the underlying cash flows needed to settle the obligation. Costs for the restoration of subsequent site damage, which is created on an ongoing basis during production, are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation, and environmental costs as the disturbance to date is minimal.

Expressed in Canadian Dollars

3. EXPLORATION AND EVALUATION ASSETS

The Company controls the rights to the Zebediela Nickel Project located in the Limpopo Province in the Republic of South Africa.

Balance December 31, 2021	$ 4,736,393
Additions	
Assays	221,820
Equipment and rental costs	36,319
Field crew, camp costs and supplies	33,414
Geological consulting	71,025
Project management, administration and other (Note 6)	401,306
Balance December 31, 2022	5,500,277
Additions	
Drilling	136,737
Field crew, camp costs and supplies	70,567
Project management, administration and other (Note 6)	324,857
Balance December 31, 2023	$ 6,032,438

4. PROMISSORY NOTE

Upon completion of the Transaction, $812,640 (US$600,000) of accounts payable due to a related party was converted into a non-interest bearing promissory note payable maturing January 30, 2023 (18 months from after the completion of the acquisition). The Company applied an effective interest rate of 20% to discount the promissory note to its fair value and recognized a gain of $182,145 during the year ended December 31, 2021. The note has not yet been repaid and continue to accrue interest during the period ended December 31, 2023, and is considered payable on demand.

Continuity of the promissory note is as follows:

Balance, December 31, 2021	$	623,874
Accretion		175,878
Foreign exchange translation		3,149
Balance, December 31, 2022		802,901
Accretion		97,101
Foreign exchange translation		(3,149)
Balance, December 31, 2023	**$**	**896,853**

5. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued and outstanding

During the period ended December 31, 2023, the Company:

- issued 743,944 common shares valued at $171,107 to settle payable of $199,443 and recorded $28,336 gain on debt settlement in profit and loss.

During the year ended December 31, 2022, the Company:

- issued 25,200 common shares pursuant to the exercise of warrants for gross proceeds of $5,796, and accordingly, reallocated $10,665 from contribution surplus to share capital.

Escrow shares

At December 31, 2023, the Company had 22,550,000 shares held in escrow, 6,150,000 shares vest January 29, 2024 and 16,400,000 shares vest on July 29, 2024.

Stock option plan

The Company has a stock option plan in place under which it is authorized to grant options to directors, senior officers, employees, management company employees, and consultants to acquire up to 10% of the issued and outstanding common shares. Under the plan, the maximum issuance in any 12-month period is limited for any consultant or person providing investor relations services to 2%, and 5% for any other participant. The exercise price of the shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange. The options can be granted for a maximum term of ten years. Options issued for investor relations services will be subject to a vesting schedule of at least 12 months whereby no more than 25% of the options granted may vest within any three-month period. All other vesting terms are determined by the Board of Directors.

Stock options

During the period ended December 31, 2023, the Company granted 1,200,000 stock options to directors of the Company, exercisable at a price of $0.25 and an expiry date of February 13, 2027. The options vest in equal tranches over a one-year period from the grant date. The options have a fair value of $206,500, calculated using the Black-Scholes option pricing model using the following inputs (i) Volatility of 150.00%; (ii) Term of 4 years; (iii) Discount rate of 3.42%; (iv) Dividend rate of Nil; and (v) market stock price of $0.20. The options vest 20% every 3 months starting February 13, 2023. During the period ended December 31, 2023, the Company recorded $201,521 of share-based compensation relating to the vesting period.

Expressed in Canadian Dollars

5. CAPITAL STOCK (CONTINUED)

Stock option (continued)

A summary of the Company's stock option activity is as follows:

	Options		Weighted Average Exercise Price
Balance, at December 31, 2021	2,785,000	$	0.25
Cancelled	(25,000)		0.25
Balance, at December 31, 2022	2,760,000		0.25
Granted	1,200,000		0.25
Cancelled	(210,000)		0.25
Balance, at December 31, 2023	3,750,000	$	0.25
Exercisable, December 31, 2023	3,510,000	$	0.25

Details of options outstanding as at December 31, 2023:

Exercise price	**Number of options outstanding**	**Expiry date**	**Number of options exercisable**
$0.25	2,550,000	November 9, 2025	2,550,000
$0.25	1,200,000	February 13, 2027	960,000
	3,750,000		3,510,000

The weighted average remaining contractual life of options outstanding as at December 31, 2023 is 2.26 years (December 31, 2022 – 2.86 years)

Warrants

A summary of the Company's warrant activity is as follows:

	Warrants		Weighted Average Exercise Price
Balance, at December 31, 2021	86,958	$	0.23
Exercised	(25,200)		0.23
Expired	(61,758)		0.23
Balance, December 31, 2022 and December 31, 2023	-	$	-

6. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel includes the Company's executive officers and Board of Director members.

During the period ended December 31, 2023, the Company paid or accrued:

i) $10,000 (2022 - $60,000) in management fees to the former CEO.
ii) $74,302 (2022 - $Nil) in management fees to a director of the Company.
iii) $90,000 (2022 - $87,500) in professional fees to an accounting firm in which the CFO has an interest.
iv) $24,000 (2022 - $24,000) in consulting fees to a director of the Company.
v) $146,177 (2022 - $469,540) in exploration expenditures, relating to project management, administration and other, to a corporation who has an officer who is also the interim CEO and director of the Company.
vi) $186,455 (2022 - $Nil) in share-based compensation to directors of the Company.

At December 31, 2023, the Company had:

i) $290,231 (December 31, 2022 - $120,823) in accounts payable and accrued liabilities relating to amounts owed to officers and directors of the Company.
ii) $296,829 (December 31, 2022 - $Nil) in loans payable due to related parties are unsecured, non-interest bearing and are due on demand.

7. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. There were no changes in the Company's approach to capital management during the period ended December 31, 2023. The Company is not subject to externally imposed capital requirements.

8. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with counterparty's inability to fulfil its obligations. The Company's credit risk is primarily attributable to its cash. The Company's management believes it has no significant credit risk as its cash is held with a major Canadian financial institution.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2023, the Company had a cash balance of $8,168 (December 31, 2022 - $424,380), and $1,715,363 (December 31, 2022 - $1,045,315) of current liabilities. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subjected to normal trade terms.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates prices. The Company is not exposed to any significant interest rate risk.

Expressed in Canadian Dollars

8. FINANCIAL RISK FACTORS (CONTINUED)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to fluctuations in foreign currencies through its operations in South Africa. The Company monitors this exposure but has no hedge positions. As at December 31, 2023 and December 31, 2022, the Company was exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	December 31, 2023		December 31, 2022	
	South African Rand ($CAD equivalent)	**US Dollars** ($CAD equivalent)	**South African Rand** ($CAD equivalent)	**US Dollars** ($CAD equivalent)
Cash	$ 2,961	$ -	$ 51,710	$ -
Commodity tax receivable	12,447	-	104,586	-
Accounts payable and accrued liabilities	(201,989)	-	(131,444)	-
Loans payable	(362)	(132,467)	-	-
Note payable	-	(896,853)	-	(802,901)
	$ (186,943)	**$ (1,029,320)**	**$ 24,852**	**$ (802,901)**

Based on the above net exposures at December 31, 2023, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in an increase or decrease of approximately $121,600 (December 31, 2022 - $77,800) in the Company's after-tax net loss, respectively.

9. SEGMENTED INFORMATION

The Company's operations comprise a single reporting segment. As the operations comprise a single reporting segment, amounts disclosed in the financial statements for expenses and loss for the period also represent segmented amounts.

All of the Company's exploration and evaluation assets are in South Africa.