

ZEB NICKEL CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2024

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)

| | June 30, 2024 | March 31, 2024 |
|--|--------------------------|---------------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 8,782 | \$ 9,363 |
| Commodity tax receivable | 7,032 | 3,989 |
| Prepaid | 20,138 | 32,540 |
| | 35,952 | 45,892 |
| Exploration and evaluation assets (Notes 3 and 7) | 59,179 | - |
| | \$ 95,131 | \$ 45,892 |
| LIABILITIES AND SHAREHOLDERS' DEFICIENCY | | |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 7) | \$ 699,990 | \$ 595,833 |
| Loans payable (Note 5 and 7) | 408,439 | 366,017 |
| Promissory note payable (Note 4) | 812,460 | 812,460 |
| | 1,920,889 | 1,774,310 |
| SHAREHOLDERS' DEFICIENCY | | |
| Share capital (Note 6) | 7,498,154 | 7,498,154 |
| Contributed surplus (Note 6) | 838,134 | 838,134 |
| Accumulated other comprehensive income | 72,341 | 87,953 |
| Deficit | (10,234,387) | (10,152,659) |
| | (1,825,758) | (1,728,418) |
| | \$ 95,131 | \$ 45,892 |

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 | |
|---|-----------------------------------|---------------------|
| | June 30, | |
| | 2024 | 2023 |
| EXPENSES | | |
| Advertising and promotion | \$ 7,000 | \$ - |
| Bank fees | 512 | 677 |
| Consulting fees (Note 7) | 6,000 | 18,920 |
| Filing and regulatory fees | 802 | 9,623 |
| Management fees (Note 7) | 20,480 | 26,948 |
| Office | 5,739 | 21,213 |
| Professional fees (Note 7) | 32,061 | 61,115 |
| Share-based compensation (Notes 6 and 7) | - | 64,781 |
| Loss before other items | (72,594) | (203,277) |
| OTHER ITEMS | | |
| Accretion of promissory note payable (Note 4) | - | (45,713) |
| Foreign exchange | (1,426) | (3,976) |
| Write-off of commodity tax receivable | (7,708) | - |
| NET LOSS FOR THE PERIOD | (81,728) | (252,966) |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD | | |
| Item that will be reclassified subsequently to profit or loss | | |
| Currency translation difference | (15,612) | - |
| Loss and comprehensive loss for the period | \$ (97,340) | \$ (252,966) |
| Basic and diluted loss per common share | \$ (0.00) | \$ (0.00) |
| Weighted average number of common shares outstanding | 55,653,930 | 55,653,930 |

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 (DEFICIENCY)

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

| | Number of shares | Share Capital | Contributed Surplus | Accumulated Other Comprehensive Income | Deficit | Total |
|--------------------------|---------------------|------------------|------------------------|---|-----------------|----------------|
| March 31, 2023 | 55,653,930 | \$ 7,498,154 | \$ 716,940 | \$ 53,870 | \$ (3,435,858) | \$ 4,833,106 |
| Share-based compensation | - | - | 64,781 | - | - | 64,781 |
| Loss for the period | - | - | - | - | (252,966) | (252,966) |
| June 30, 2023 | 55,653,930 | 7,498,154 | 781,721 | 53,870 | (3,688,824) | 4,644,921 |
| Share-based compensation | - | - | 56,413 | - | - | 56,413 |
| Loss for the period | - | - | - | 34,083 | (6,463,835) | (6,429,752) |
| March 31, 2024 | 55,653,930 | 7,498,154 | 838,134 | 87,953 | (10,152,659) | (1,728,418) |
| Loss for the period | - | - | - | (15,612) | (81,728) | (97,340) |
| June 30, 2024 | 55,653,930 | \$ 7,498,154 | \$ 838,134 | \$ 72,341 | \$ (10,234,387) | \$ (1,825,758) |

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 three months ended June 30, 2024 | For the three months ended June 30, 2023 |
|--|---|---|
| Cash provided by (used in): | | |
| OPERATING ACTIVITIES | | |
| Net loss for the period | \$ (81,728) | \$ (252,966) |
| Item not affecting cash: | | |
| Accretion of long-term payable | - | 49,690 |
| Share-based compensation | - | 64,781 |
| Unrealized foreign exchange loss | - | (3,976) |
| Changes in non-working capital items: | | |
| Commodity tax receivable | (3,043) | (35,028) |
| Prepaid | 12,402 | 20,388 |
| Accounts payable and accrued liabilities | 29,366 | 216,263 |
| Loans payable | 42,422 | - |
| Net cash provided by (used in) operating activities | (581) | 59,152 |
| INVESTING ACTIVITIES | | |
| Exploration and evaluation costs | - | (232,967) |
| Net cash used in investing activities | - | (232,967) |
| FINANCING ACTIVITIES | | |
| Loans received | - | 64,000 |
| Net cash provided by financing activities | - | 64,000 |
| Change in cash for the period | (581) | (109,815) |
| Cash, beginning of period | 9,363 | 116,497 |
| Cash, end of period | \$ 8,782 | \$ 6,682 |
| Supplemental cash flow disclosures | | |
| Exploration and evaluation expenditures in accounts payable and accrued liabilities) | \$ 285,923 | \$ 130,790 |

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

ZEB NICKEL CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

FOR THE THREE MONTHS ENDED JUNE 30, 2024

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 #250 – 750 West Pender St. Vancouver, BC, V6C 2T7, 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 IFRS Accounting 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 condensed interim 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 June 30, 2024, the Company incurred a net loss of \$81,728 (2023 - \$252,966) and as of that date has an accumulated deficit of \$10,234,387 (March 31, 2024 - \$10,152,659). 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. MATERIAL 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 fifteen months ended March 31, 2024.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 26, 2024. Any subsequent changes to IFRS that are given effect in our annual consolidated financial statements for the year ending March 31, 2025 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 condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements are presented in Canadian dollars unless otherwise noted which is also the Company’s and its subsidiaries functional currency (see below).

ZEB NICKEL CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

FOR THE THREE MONTHS ENDED JUNE 30, 2024

2. MATERIAL ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)**Change in financial year-end**

On November 29, 2023, the Company approved a change in its fiscal year end from December 31 to March 31 in an effort to improve alignment between management, corporate, exploration and administrative activities (including financial reporting). The Company is reporting a one-time, fifteen month transition period covering January 1, 2023 to March 31, 2024. The information presented in these condensed interim consolidated financial statements is for the fifteen month period ended March 31, 2024, which is not entirely comparable to the amounts presented for the year ended March 31, 2024.

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 |
|--|-------------------|----------------------|
| Zeb Nickel Corp. (the “Company”) | Canada | N/A |
| 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.

Functional and presentation currency

These consolidated financial statements have been presented in Canadian dollars. Functional currency is determined for each of the Company’s subsidiaries, and items included in the financial statements of the subsidiary are measured using that functional currency.

Transactions denominated in foreign currencies are translated into the entity’s functional currency as follows:

- Monetary assets and liabilities are translated at the rates of exchange at the consolidated statement of financial position date;
- Non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date;
- Income and expenses are translated at the exchange rate at the date of the transaction, except depreciation, depletion and amortization, which are translated at the rates of exchange applicable to
- the related assets, and
- Exchange gains and losses on translation are included in earnings.

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 condensed interim 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:

ZEB NICKEL CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Unaudited – Prepared by Management)

FOR THE THREE MONTHS ENDED JUNE 30, 2024

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

Estimates, judgments and assumptions (continued)

Significant Judgments

- 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.
- 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.
- 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.
- 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.

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FOR THE THREE MONTHS ENDED JUNE 30, 2024

2. MATERIAL 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.

ZEB NICKEL CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

FOR THE THREE MONTHS ENDED JUNE 30, 2024

2. MATERIAL 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.

ZEB NICKEL CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

FOR THE THREE MONTHS ENDED JUNE 30, 2024

2. MATERIAL 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.

ZEB NICKEL CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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FOR THE THREE MONTHS ENDED JUNE 30, 2024

2. MATERIAL 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.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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FOR THE THREE MONTHS ENDED JUNE 30, 2024

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

Adoption of new accounting standards, interpretations and amendments

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

These amendments are effective for reporting periods beginning on or after January 1, 2025.

Amendments to IAS 21 - Lack of Exchangeability

The amendments to IAS 21 clarifies that entities must estimate the spot exchange rate when it is determined that a currency lacks exchangeability and introduces targeted disclosure requirements.

These amendments are effective for reporting periods beginning on or after January 1, 2024

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

The Company adopted the following accounting standards in 2023:

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures. The implementation of these amendments reduced disclosures in the notes to the consolidated financial statements.

Amendments to IAS 8 – Definition of Accounting Estimates

These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. Further, the amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. There were no significant impact to the consolidated financial statements as a result of the implementation of these amendments.

Amendment to IAS 1 – Presentation of Financial Statements

The amendment replaced the requirement to disclose “significant” accounting policies with a requirement to disclose “material” accounting policies.

ZEB NICKEL CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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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.

During the fifteen month period ended March 31, 2024, the Company impaired the Zebediela Nickel Project to \$Nil due to lack of a substantial exploration budget, which resulted in the impairment of exploration and evaluation assets of \$6,114,356.

| | | |
|---|-----------|---------------|
| Balance, March 31, 2024 | \$ | - |
| Additions | | |
| Project management, administration and other (Note 7) | | 59,179 |
| Balance, June 30, 2024 | \$ | 59,179 |

4. PROMISSORY NOTE

Upon completion of the Transaction, \$812,640 (US\$600,000) of accounts payable due to a company controlled by a director of the Company 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.

As of March 31, 2024, the note has yet to be repaid, and is considered payable on demand and has no specific terms of repayment.

Continuity of the promissory note is as follows:

| | | |
|--|-----------|----------------|
| Balance, December 31, 2022 | \$ | 802,901 |
| Accretion | | 12,708 |
| Foreign exchange translation | | (3,149) |
| Balance, March 31, 2024 and June 30, 2024 | \$ | 812,460 |

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5. LOANS PAYABLE

During the period ended June 30, 2024, the Company:

- i) received loans in the amount of \$42,422 from a corporation who has a common director. The amount is unsecured, non-interest bearing and has no specific terms of repayment.

During the fifteen-month period ended March 31, 2024, the Company:

- i) received a loan in the amount of \$50,000 from a corporation who has a common director. The amount is unsecured, non-interest bearing and has no specific terms of repayment. The Company made a repayment of \$1,000.
- ii) received a loan in the amount of \$26,607 (ZAR366,500) from a corporation who has a common director. The amount is unsecured, non-interest bearing and has no specific terms of repayment.
- iii) received a loan in the amount of \$235,410 from a corporation who has a common director. The amount is unsecured, non-interest bearing and has no specific terms of repayment.
- iv) received a loan in the amount of \$55,000 from an arm's length company. The amount is unsecured, non-interest bearing and has no specific terms of repayment.

6. SHARE CAPITAL**Authorized share capital**

Unlimited number of common shares without par value.

Issued and outstanding

During the period ended June 30, 2024, the Company had no share activity.

During the fifteen-month period ended March 31, 2024, 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.

Escrow shares

At June 30, 2024, the Company had 16,400,000 shares held in escrow, 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.

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6. CAPITAL STOCK (CONTINUED)**Stock options**

During the period ended June 30, 2024, the Company granted no stock options.

During the fifteen-month period ended March 31, 2024, 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 fifteen-month period ended March 31, 2024, the Company recorded \$206,500 of share-based compensation relating to the vesting period.

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

| | Options | Weighted Average Exercise Price |
|--------------------------------------|--------------------|------------------------------------|
| Balance, at December 31, 2022 | 2,760,000 | \$ 0.25 |
| Granted | 1,200,000 | 0.25 |
| Cancelled | <u>(210,000)</u> | 0.25 |
| Balance, at March 31, 2024 | 3,750,000 | 0.25 |
| Cancelled | <u>(1,050,000)</u> | 0.25 |
| Balance, at June 30, 2024 | 2,700,000 | \$ 0.25 |
| Exercisable, June 30, 2024 | 2,700,000 | \$ 0.25 |

Details of options outstanding as at March 31, 2024:

| Exercise price | Number of options outstanding | Expiry date | Number of options exercisable |
|----------------|-------------------------------------|-------------------|----------------------------------|
| \$0.25 | 1,500,000 | November 9, 2025 | 1,500,000 |
| \$0.25 | 1,200,000 | February 13, 2027 | 1,200,000 |
| | <u>2,700,000</u> | | <u>2,700,000</u> |

The weighted average remaining contractual life of options outstanding as at June 30, 2024 is 1.92 years (March 31, 2024 – 2.02 years)

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7. 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 three-month period ended June 30, 2024, the Company paid or accrued:

- i) \$6,855 (2023 - \$19,859) in management fees to a director of the Company.
- ii) \$22,500 (2023 - \$22,500) in professional fees to an accounting firm in which the CFO has an interest.
- iii) \$6,000 (2023 - \$6,000) in consulting fees to a director of the Company.
- iv) \$Nil (2023 - \$43,248) 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.
- v) \$Nil (2023 - \$64,781) in share-based compensation to directors of the Company.

At June 30, 2024, the Company had:

- i) \$171,988 (March 31, 2024 - \$158,425) in accounts payable and accrued liabilities relating to amounts owed to officers and directors of the Company.
- ii) \$312,017 (March 31, 2024 - \$312,017) in loans payable due to related parties are unsecured, non-interest bearing and are due on demand.

8. 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 June 30, 2024. The Company is not subject to externally imposed capital requirements.

9. 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 March 31, 2024, the Company had a cash balance of \$8,782 (March 31, 2024 - \$9,363), and \$1,920,889 (March 31, 2024 - \$1,774,310) 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.

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9. 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 March 31, 2024 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:

| | June 30, 2024 | | March 31, 2024 | |
|--|--|----------------------------------|--|----------------------------------|
| | South African Rand (\$CAD equivalent) | US Dollars (\$CAD equivalent) | South African Rand (\$CAD equivalent) | US Dollars (\$CAD equivalent) |
| Cash | \$ 7,048 | \$ - | \$ 6,814 | \$ - |
| Commodity tax receivable | - | - | 20,150 | - |
| Accounts payable and accrued liabilities | (373,263) | - | (271,241) | - |
| Loans payable | (27,888) | (6,195) | (26,607) | (6,133) |
| Note payable | - | (812,460) | - | (812,460) |
| | \$ (394,103) | \$ (818,655) | \$ (270,884) | \$ (818,593) |

Based on the above net exposures at June 30, 2024, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in an increase or decrease of approximately \$121,300 (March 31, 2024 - \$128,100) in the Company's after-tax net loss, respectively.

10. 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.