PREMIUM NICKEL RESOURCES LTD. | principled mining

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

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

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

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

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

"signed"
Keith Morrison
Chief Executive Officer

"signed"
Peter Rawlins
Chief Financial Officer

May 27, 2024

Unaudited Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

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

Nature of Operations and Going Concern (Note 1)

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

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

"signed"
Keith Morrison
Director

"signed"
Jason LeBlanc
Director

Unaudited Condensed Interim Consolidated Statements of Comprehensive Loss

(Expressed in Canadian dollars)

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

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

PREMIUM NICKEL RESOURCES LTD. | principled mining

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

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

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

Unaudited Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

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

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

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2024
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

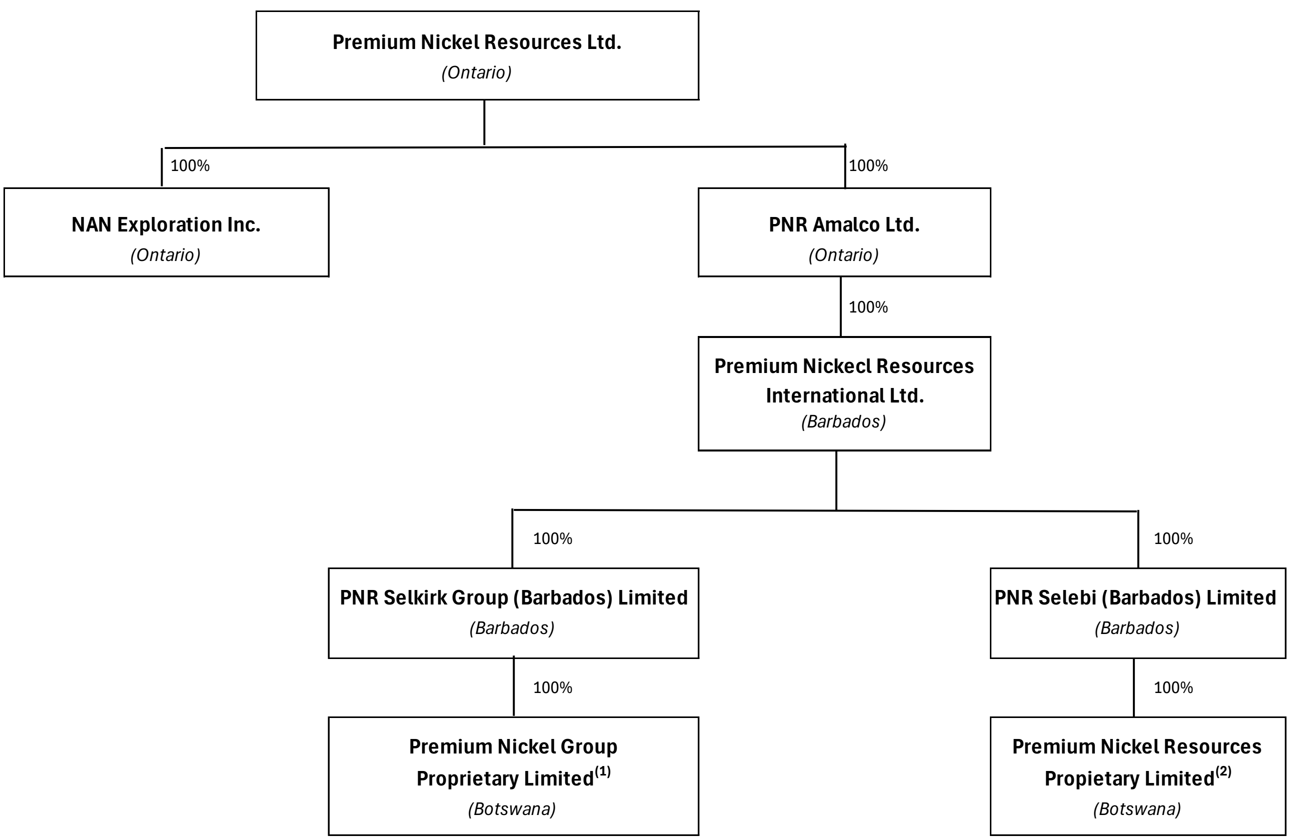
Premium Nickel Resources Ltd. (TSXV: PNRL) (the "**Company**" or "**PNRL**") was founded upon the closing of a reverse takeover transaction (the "**RTO**") whereby Premium Nickel Resources Corporation ("**PNRC**") and 1000178269 Ontario Inc. ("**NAN Subco**"), a wholly-owned subsidiary of North American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

Prior to the RTO, PNRC was a private company existing under the OBCA. PNRC was incorporated to evaluate, acquire, improve and reopen, assuming economic feasibility, a combination of certain assets of BCL Limited ("**BCL**") and Tati Nickel Mining Company ("**TNMC**") that were in liquidation in Botswana.

In connection with the RTO, the Company was continued under the OBCA and changed its name from "North American Nickel Inc." to "Premium Nickel Resources Ltd."

Currently, the Company's principal business activity is the exploration and evaluation of mineral properties in Botswana through its wholly-owned subsidiaries.

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



Notes:

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

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

The principal assets of the Company are the Selebi and Selebi North nickel-copper-cobalt ("**Ni-Cu-Co**") mines (the "**Selebi Mines**") in Botswana and related infrastructure (together, the "**Selebi Assets**"), as well as the nickel, copper, cobalt, platinum-group elements ("**Ni-Cu-Co-PGE**") Selkirk mine (the "**Selkirk Mine**") in Botswana, together with associated infrastructure and four surrounding prospecting licenses (collectively, the "**Selkirk Assets**").

Going Concern

The Company, being in the exploration stage, is subject to risks and challenges similar to companies in a comparable stage of exploration and development. These risks include the challenges of securing adequate capital for exploration, development and operational risks inherent in the mining industry, and global economic and metal price volatility, and there is no assurance management will be successful in its endeavors. As at March 31, 2024, the Company had no source of operating cash flows, nor any credit line currently in place. The Company incurred a net loss of $3,255,194 for the three months ended March 31, 2024. The Company's committed cash obligations and expected level of expenses will vary depending on its operations.

These unaudited condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The ability of the Company to continue operations as a going concern is ultimately dependent upon achieving profitable operations and its ability to obtain adequate financing. To date the Company has not generated profitable operations from its resource activities and will need to invest additional funds in carrying out its planned evaluation, development and operational activities. It is not possible to predict whether financing efforts will be successful or if the Company will attain a profitable level of operations. These material uncertainties cast substantial doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities and the reported expenses and comprehensive loss that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

The properties in which the Company currently has an interest are in pre-revenue stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned development and cover administrative costs, the Company will use its existing working capital and raise additional amounts as needed. Although the Company has been successful in its past fundraising activities, there is no assurance as to the success of future fundraising efforts or as to the sufficiency of funds raised in the future. The Company will continue to assess new properties and seek to acquire interests in additional properties if there is sufficient geologic or economic potential and if adequate financial resources are available to do so.

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

2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICIES

(a) Statement of Compliance

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

(Expressed in Canadian dollars)

(b) Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared under the historical cost convention, modified by the revaluation of any financial assets and financial liabilities where applicable. The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

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

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

(c) Basis of consolidation

These unaudited condensed interim consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries as summarized in the table below. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Name of Entity	Place of Incorporation	Percentage Ownership	Functional Currency
Premium Nickel Resources Ltd.	Ontario, Canada		CAD
NAN Exploration Inc.	Ontario, Canada	100	CAD
PNR Amalco Ltd.	Ontario, Canada	100	CAD
Premium Nickel Resources International Ltd.	Barbados	100	USD
PNR Selkirk Group (Barbados) Limited	Barbados	100	USD
PNR Selebi (Barbados) Limited	Barbados	100	USD
Premium Nickel Group Proprietary Limited	Botswana	100	BWP
Premium Nickel Resources Proprietary Limited	Botswana	100	BWP

(d) Use of estimates and judgment

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

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

Judgement

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

(Expressed in Canadian dollars)

<u>Estimates</u>

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

(e) New standards and amendments effective this year

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a material impact to the Company and have been excluded.

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

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

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

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

3. OTHER RECEIVABLES

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

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

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

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

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

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

Botswana Assets - Selebi and Selkirk

On September 28, 2021, the Company executed the Selebi Asset Purchase Agreement ("the "**Selebi APA**") with the BCL liquidator to acquire the Selebi Assets formerly operated by BCL. On January 31, 2022, the Company closed the transaction and ownership of the Selebi Assets transferred to the Company.

Pursuant to the Selebi APA, the aggregate purchase price payable to the seller for the Selebi Assets shall be the sum of $76,862,200 (USD 56,750,000) which amount shall be paid in three instalments:

- $2,086,830 (USD 1,750,000) payable on the closing date. This payment has been made.
- $33,860,000 (USD 25,000,000) upon the earlier of: (a) approval by the Ministry of Mineral Resources, Green Technology and Energy Security ("**MMRGTES**") of the Company's Section 42 and Section 43 Applications (further extension of the mining license and conversion of the mining license into an operating license, respectively), and (b) on the expiry date of the study phase, January 31, 2025, which can be extended for one year with written notice.
- The third instalment of $40,632,000 (USD 30,000,000) is payable on the completion of mine construction and production start-up (commissioning) by the Company on or before January 31, 2030, but not later than four years after the approval by the Minister of MMRGTES of the Company's Section 42 and Section 43 Applications.
- Payment of care and maintenance funding contribution in respect of the Selebi Assets for a total of $6,164,688 (USD 5,178,747) from March 22, 2021 to the closing date. This payment has been made.

The total acquisition cost of the Selebi Assets included the first instalment of $2,086,830 (USD 1,750,000) and the payment of the care and maintenance funding contribution of $6,164,688 (USD 5,178,747) for the assets. As per the terms and conditions of the Selebi APA, the Company has the option to cancel the second and third payments and give back the Selebi Assets to the liquidator in the event where the Company determines that the Selebi Assets are not economical. The Company also has an option to pay in advance the second and third payments in the event where the Company determines that the Selebi Assets are economical. The Company's accounting policy, as permitted by IAS 16 – *Property, Plant and Equipment*, is to measure and record contingent consideration when the conditions associated with the contingency are met. As of December 31, 2023, none of the conditions of the second and third instalment are met, hence these amounts are not accrued in the consolidated financial statements.

In addition to the Selebi APA, the purchase of the Selebi Assets is also subject to a contingent compensation agreement as well as a royalty agreement with the liquidator.

PNRC also negotiated a separate asset purchase agreement (the "**Selkirk APA**") with the liquidator of TNMC to acquire the Selkirk deposit and related infrastructure formerly operated by TNMC on January 20, 2022. The transaction closed on August 22, 2022.

The Selkirk APA does not provide for a purchase price or initial payment for the purchase of the assets. The acquisition cost of the Selkirk Mine of $327,109 (USD 244,954) was the care and maintenance funding contribution from April 1, 2021 to the closing date of the Selkirk APA. The Selkirk APA provides that if the Company elects to develop the Selkirk Mine first, the payment of the second Selebi instalment of $33,860,000 (USD 25,000,000) would be upon the approval by the Minister of MMRGTES of the Company's Section 42 and Section 43 Applications (further extension of the Selkirk mining license and conversion of the Selkirk mining license into an operating license, respectively). For the third Selebi instalment of $40,632,000 (USD 30,000,000), if the Selkirk Mine were to be commissioned earlier than the Selebi Mines, the payment would trigger on the Selkirk Mine's commission date.

On August 16, 2023, the Company entered into a binding commitment letter with the Liquidator of BCL Limited, which is subject to customary final documentation, to acquire a 100% interest in two additional deposits ("**Phikwe South**" and the "**Southeast Extension**") located adjacent to and immediately north of the Selebi North mine. The impact is to extend the northern boundary of the Selebi Mining License by 3.7 kilometres and increase the Selebi Mining License area from 115.0 square kilometres to 153.7 square kilometres. While the remaining historic resources at Phikwe South and the Southeast Extension occur within the expanded Selebi Mining License, the amended license intentionally does not include the historic mine workings and infrastructure at these previously-producing properties, and the Company has no liability for historic environmental issues at those sites.

The upfront cost to the Company to acquire these additional mineral properties is USD1,000,000. In addition, the Company agreed to additional work commitments of USD5,000,000 in the aggregate over the next four years. As a result of the extension of the Selebi Mining License, the remaining asset purchase obligations of the Company outlined in the original Selebi Mines asset purchase agreement with the Liquidator will each increase by 10%, $7,436,000 (USD 5,500,000) in total, while the trigger events remain unchanged. The existing 2% net smelter royalty ("**NSR**") held by the Liquidator with respect to production from the Selebi Mining License will also apply to production from these additional deposits, subject to the Company's existing buy-back right for 50% of the NSR (Note 9). The acquisition of the Phikwe South and the Southeast Extension deposits has not yet closed as at March 31, 2024. As at December 31, 2023, the Company paid a care and maintenance funding contribution in respect of the additional properties for a total of $483,883.

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

(Expressed in Canadian dollars)

5. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

During the three months ended March 31, 2024, the depreciation of exploration equipment of $211,657 (Q1 2023 – Nil) was capitalized in Exploration and Evaluation Assets (Note 4). Additions to property, plant and equipment during the year ended December 31, 2023 included the purchase of drilling equipment for $2,735,000 through a lease agreement with a drilling company (Note 8) as well as vehicles financed through a local Botswana bank.

(Expressed in Canadian dollars)

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

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

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

6. TRADE PAYABLES AND ACCRUED LIABILITIES

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

7. TERM LOAN

On June 28, 2023, the Company closed a financing with Cymbria Corporation ("**Cymbria**"), EdgePoint Investment Group Inc. and certain other entities managed by it ("**EdgePoint**") for aggregate gross proceeds to PNRL of $33,999,200. The financing included three concurrent and inter-conditional transactions (collectively the "**Financing Transactions**") comprised of an equity offering of units for $16,249,200 (the "**Equity Financing**"), a three year term loan of $15,000,000 (the "**Term Loan**") and option payments of $2,750,000 (the "**Option Payment**") to acquire a 0.5% net smelter returns royalty on the Company's Selebi Mines and Selkirk Mine in certain circumstances upon payment of further consideration (Note 9).

The Term Loan has a principal amount of $15,000,000 and bears interest at a rate of 10% per annum payable quarterly in arrears. The principal amount of the Term Loan will mature and be payable on the third anniversary of the date of issue. The obligations of the Company pursuant to the Term Loan are fully and unconditionally guaranteed by each of the Company's existing and future subsidiaries. The Term Loan is secured by a pledge of all the shares of the Company's subsidiaries as well as by way of a general security agreement at the parent level and debentures and hypothecations at the subsidiary level. The Term Loan is subject to certain covenants and provisions on events of default, repayments and mandatory prepayments, including:

- increase in the interest rate payable on the Term Loan to 15% per annum upon the occurrence of an event of default;
- the Company may prepay all or any portion of the principal amount outstanding with a minimum repayment amount of $500,000 and in an integral multiple of $100,000, together with all accrued and unpaid interest on the principal amount being repaid;
- if prepayment occurs within one year of the closing date, a prepayment fee in an amount equal to 10% of the principal amount of the Term Loan being prepaid less interest paid or payable on or prior to the date of prepayment attributable to the portion of the Term Loan ("**Prepayment Fee**");
- mandatory prepayment shall be made when the Company has non-ordinary course asset sales or other dispositions of property or the Company receives cash from the issuance of indebtedness for borrowed money and all of the net cash proceeds from assets sales or new loans shall be applied to repay the principal amount of the Term Loan together with all accrued and unpaid interest on the principal amount being repaid as well as the Prepayment Fee if such mandatory prepayment occurs within one year of the closing date; and
- in the event of change of control, the Company shall repay the Term Loan in full plus a fee equal to 10% of the then-outstanding principal amount of the Term Loan.

In connection with the Term Loan, the Company issued an aggregate of 2,000,000, non-transferable common share purchase warrants (the "**Non-Transferable Warrants**") to Cymbria. Each Non-Transferable Warrant is excisable by Cymbria to purchase one common share upon payment of the cash purchase price of $1.4375 per common share for a period of three years from the issuance thereof.

Further, on December 14, 2023, in accordance with the terms of a second amended and restated commitment letter dated December 3, 2023 (the "**Second A&R Commitment Letter**"), the Company and Cymbria closed an amendment to the terms of their existing Term Loan pursuant to which the Company increased the principal amount of the Term Loan by $5,882,353 (the "**Additional Principal Amount**") from $15,000,000 to $20,882,353. The Additional Principal Amount was subject to an original issue discount of approximately 15% and was advanced by the lender to the Company as a single advance of $5,000,000. The Additional Principal Amount forms a part of the Term Loan and, except as otherwise set out in the Second A&R Commitment Letter, is on the same terms and conditions applicable to the Term Loan. For certainty, the Additional Principal Amount bears interest at a rate of 10% per annum calculated and payable quarterly in arrears and will mature and be payable on June 28, 2026, which, in each case, is consistent with the terms and conditions applicable to the Term Loan. As consideration for entering into the Amended Term Loan, the Company issued an additional 700,000 non-transferable common share purchase warrants (collectively, the "**Additional Warrants**") to the lender, with each Additional Warrant entitling the lender to acquire one common share at a price of $1.4375 per common share until June 28, 2026. The shares issued for exercise of the Additional Warrants are subject to a hold period of four months plus a day from the date of issue and the resale rules of applicable securities legislation and policies of the Exchange.

(Expressed in Canadian dollars)

The Company evaluated the amendment of the Term Loan and determined that it qualified as a non-substantial modification under IFRS 9. For the non-substantial debt modification, the Company assessed the impact on the carrying amount of the Term Loan as the present value of cash flows under the original terms. The difference of $566,544 was recognized as loss on debt modification and adjustment to the carrying amount of the Term Loan for the year ended December 31, 2023.

The fair value of the Non-Transferable Warrants was estimated at $1,587,232 and $275,961 respectively, using the Black-Scholes Option Pricing Model and recorded in reserves.

The fair value of the Non-Transferable Warrants was calculated using the following assumptions:

	June 28, 2023	**December 14, 2023**
Expected dividend yield	0%	0%
Stock price	$1.35	$1.14
Expected share price volatility	92.06%	63.54%
Risk free interest rate	4.13%	3.73%
Expected life of warrant	3 years	2.54 years

The Company used $7,637,329 of the proceeds from the Term Loan to prepay all principal, interest and fees owing by the Company pursuant to the amended and restated promissory note dated March 17, 2023 in favour of Pinnacle Island LP.

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

The following is a continuity of the Term Loan:

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

Fort Capital Partners acted as financial advisor to PNRL on the debt portion of the Financing Transactions and was paid cash fees of $375,000 and $147,059 by PNRL, equal to 2.5% of the original principal amount and the Additional Principal Amount, respectively. Legal fees related to the Financing Transactions totaled $736,067, of which $495,471 was allocated to the original Term Loan. Legal fees of $72,153 associated with the Second A&R Commitment Letter were recorded and amortized over the remaining terms of the loan.

(Expressed in Canadian dollars)

8. LEASE LIABILITIES

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

Syringa Lodge

On July 9, 2022, the Company executed a sales agreement (the "**Lodge Agreement**") with Tuli Tourism Pty Ltd. (the "**Seller**") for the Syringa Lodge (the "**Lodge**") in Botswana.

As per the Lodge Agreement, the aggregate purchase price payable to the Seller shall be the sum of $3,213,404 (BWP 30,720,000). A deposit of $482,011 (BWP 4,608,000) was paid on August 17, 2022. The balance is payable in two installments of $1,365,697 (BWP 13,056,000) on each of July 1, 2023 and August 1, 2024. The payment due on July 1, 2023 was made to the Seller.

In addition to the above purchase price, the Company is required to pay to the Seller an agreed interest amount in twelve equal monthly instalments of $13,657 (BWP 130,560) followed by twelve equal monthly instalments of $6,828 (BWP 65,280).

Drilling Equipment

On March 14, 2023, the Company entered into a drilling equipment supply agreement (the "**Equipment Agreement**") with Forage Fusion Drilling Ltd. ("**Forage**") to purchase specific drilling equipment on a "rent to own" basis with the purchase price to be paid in monthly payments.

As per the Equipment Agreement, the aggregate purchase price payable to Forage is $2,942,000. A deposit of $1,700,000 was paid in March 2023. The balance is payable in twelve equal monthly instalments of $103,500. The equipment arrived at the site in July 2023. Based on the stated equipment purchase price of $2,735,000 and monthly installments, the implied interest rate for the arrangement is 35%.

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

9. NSR OPTION

Concurrently with the closings of the Equity Financing and the Term Loan on June 28, 2023, Cymbria paid an aggregate of $2,750,000 ("**Option Payment**") to two subsidiaries of PNRL to acquire a right to participate with such subsidiaries in the exercise of certain contractual rights, as and when the same may be exercised by such subsidiaries. The Option Payment was allocated to PNRP and PNGP (defined below) for $2,500,000 and $250,000, respectively.

As the NSR options are exercisable entirely at the discretion of Cymbria and the underlying projects are in the exploration stage, the fair value of the call and put on the option as at March 31, 2024 and December 31, 2023 is Nil. The Option payment received in cash was recorded as a reduction of the book value of the exploration and evaluation assets.

PNRL's indirect wholly-owned subsidiary Premium Nickel Resources Proprietary Limited ("**PNRP**") acquired the Selebi Mines in January 2022 out of liquidation. Pursuant to the acquisition agreement, the liquidator retained a 2% net smelter returns royalty on the Selebi Mines (the "**Selebi NSR**"). PNRP has a contractual right to repurchase one-half of the Selebi NSR at a future time on payment by PNRP to the liquidator of USD 20,000,000.

PNRL's indirect wholly-owned subsidiary Premium Nickel Group Proprietary Limited ("**PNGP**") acquired the Selkirk Mine in August 2022 out of liquidation. Pursuant to the acquisition agreement, the liquidator retained a 1% net smelter returns royalty on the Selkirk Mine (the "**Selkirk NSR**" and together with the Selebi NSR, the "**NSRs**"). PNGP has a contractual right to repurchase the entirety of the Selkirk NSR at a future time on payment by PNGP to the liquidator of USD 2,000,000.

Each of PNRP and PNGP has agreed to grant Cymbria, in exchange for the Option Payment, an option to participate in any such repurchase of the applicable portion of its NSR from the relevant liquidator. Cymbria will, following the exercise of its option to participate in any such repurchase, acquire a 0.5% net smelter returns royalty on the applicable property by paying an amount equal to one half of the repurchase price payable by PNRP or PNGP pursuant to the applicable NSR, less the Option Payment paid at closing pursuant to the relevant option agreement among Cymbria and PNRP or PNGP, as applicable. Cymbria has the right to put its options back to PNRP and PNGP in certain circumstances in return for the reimbursement of the applicable portion of the Option Payment.

Under the NSR option purchase agreements, Cymbria could acquire a 0.5% net smelter returns royalty on the Company's Selebi Mines and Selkirk Mine upon payment of $10,675,231 (USD 8,102,500) and $1,067,523 (USD 810,250), respectively.

10. SHARE CAPITAL, WARRANTS AND OPTIONS

The authorized capital of the Company comprises an unlimited number of common shares without par value and 100,000,000 Series 1 convertible preferred shares without par value.

a) Common Shares Issued and Outstanding

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

During the year ended December 31, 2023, the Company completed the following financing transactions:

On February 24, 2023, the Company issued 4,437,184 common shares at a price of $1.75 per share for gross proceeds of $7,765,072 upon the closing of a brokered private placement (the "**Offering**"). In connection with the Offering, the Company: (a) paid to the agents a cash commission of $473,383, equal to 6% of the gross proceeds (other than on certain president's list purchasers on which a cash commission of 3% was paid); and (b) issued to the agents that number of non-transferable broker warrants of the Company (the "**Broker Warrants**") as is equal to 6% of the number of common Shares sold under the Offering (other than on common shares issued to president's list purchasers on which Broker Warrants equal to 3% were issued). Each Broker Warrant is exercisable to acquire one common share at an exercise price of $1.75 per common share until February 24, 2025. A total of 221,448 broker warrants were issued to the agents under the Private Placement. The fair value of the warrants was estimated at $167,939 using the Black-Scholes Option Pricing Model. Legal fees related to the Offering of $133,164 were also recorded as a share issuance cost.

On June 28, 2023, the Company issued 14,772,000 units at a price of $1.10 per unit to EdgePoint for aggregate gross proceeds of $16,249,200 upon the closing of the Financing Transactions. Each unit comprises one common share of PNRL and 22.5% of one whole common share purchase warrant (each a "**Transferable Warrant**" and together the "**Transferable Warrants**"). The total whole number of Transferable Warrants issuable in the Equity Financing is 3,324,000. Each Transferable Warrant may be exercised by the holder thereof to purchase one common share at an exercise price of $1.4375 per common share for a period of three years. The fair value of the Transferable Warrants was estimated at $1,898,349 using a proportionate allocation method based on the fair value of each component (shares and warrants). The fair value of the warrants is calculated using the Black-Scholes Option Pricing Model while the fair value of the shares is determined by the stock price on the closing date of the Equity Financing times the total number of shares issued.

(Expressed in Canadian dollars)

Fort Capital Partners acted as financial advisor to PNRL on the equity portion of the Financing Transactions and was paid cash fees of $812,460 by PNRL, equal to 5.0% of the gross proceeds of the equity portion of the Financing Transactions. Legal fees related to the Financing Transactions (Note 10) totaled $736,067, of which $240,596 was recorded as share issuance cost.

The fair value of the warrants in connection with the above two financing transactions were calculated using the following assumptions:

	February 24, 2023	June 28, 2023
Expected dividend yield	0%	0%
Stock price	$1.73	$1.35
Expected share price volatility	77.52%	92.06%
Risk free interest rate	4.28%	4.13%
Expected life of warrant	2 years	3 years

The volatility was determined by calculating the historical volatility of stock prices of the Company over a period as the expected life of warrants using daily closing prices. The formula used to compute historical volatility is the standard deviation of the logarithmic returns.

On December 14, 2023, the company closed an equity and debt financing package of approximately $21.6 million, comprised of a broker private placement (the "**Private Placement**") and amended Term Loan (Note 10). The Private Placement was completed in accordance with the terms of an agency agreement dated December 14, 2023 and entered into by the Company with Cormark Securities Inc. and BMO Capital Markets, as co-lead agents, and Canaccord Genuity Corp., Fort Capital Securities Ltd. and Paradigm Capital Inc. (collectively, the "**Agents**"). Under the offering of the Private Placement, the Company issued an aggregate of 13,133,367 common shares at a price of $1.20 per common share for aggregate gross proceeds of $15,760,040. In consideration for the services provided by the Agents under the offering, the Company paid to the Agents an aggregate cash commission of $796,983, representing 6% of the gross proceeds of the offering (other than in respect of subscribers included on a president's list formed by the Company, for which a reduced commission of 3% of the gross proceeds was paid). In connection with the Private Placement, EdgePoint exercised its participation right in respect of the offering (the "**Participation Right**") and subscribed for an aggregate 1,265,800 common shares. EdgePoint was granted the Participation Right pursuant to the terms of a subscription agreement between the Company and EdgePoint dated June 28, 2023.

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

b) Warrants

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

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

(Expressed in Canadian dollars)

At March 31, 2024, the Company had outstanding common share purchase warrants exercisable to acquire common shares of the Company as follows:

Warrants Outstanding	Expiry Date	Exercise Price ($)	Weighted Average remaining contractual life (years)
295,651	August 3, 2024	2.40	0.01
221,448	February 24, 2025	1.75	0.03
5,324,000	June 28, 2026	1.44	1.83
700,000	June 28, 2026	1.44	0.24
6,541,099			2.11

c) Stock Options

The Company adopted a Stock Option Plan (the "**Plan**") providing the authority to grant options to directors, officers, employees and consultants enabling them to acquire up to 27,100,000 common shares of the Company. Under the Plan, the exercise price of each option typically equals the last closing price per share on the trading day immediately preceding the day on which the Company announces the grant of the option, less applicable discount, if any, permitted by the policies of the Exchange and approved by the Board. The options can be granted for a maximum term of ten years.

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

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

During the year ended December 31, 2023, the Company granted an aggregate total of 3,833,277 stock options to employees, directors, officers and consultants with a term of five years. The options have an exercise price of $1.75 per share and vest annually in equal thirds beginning on the first anniversary of the date of grant. As at December 31, 2023, none of the options granted were vested. During the three months ended March 31, 2024, a total of $389,612 (Q1 2023 – Nil) was recorded as share-based payment expense and credit to reserves.

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

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

(Expressed in Canadian dollars)

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

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

d) DSU Plan

Effective December 2022, the Company approved a Deferred Share Unit Plan ("**DSU Plan**") that enables the Company upon approval by the Directors to grant DSUs to eligible non-management directors. The DSUs credited to the account of a director may only be redeemed following the date upon which the holder ceases to be a director. Depending upon the country of residence of a director, the DSUs may be redeemed at any time prior to December 15 in the calendar year following the year in which the holder ceases to be a director and may be redeemed in as many as four installments. Upon redemption, the holder is entitled to a cash payment equal to the number of units redeemed multiplied by the five-day VWAP of the Company's common shares on that date. The Company may elect, in its sole discretion, to settle the value of the DSUs redeemed in the Company's common shares on a one-for-one basis, provided shareholder approval has been obtained on or prior to the relevant redemption date.

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

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

1. *According to the DSU plan, Market Price is the volume weighted average price on the TSXV for the last five trading days immediately preceding the grant date.*

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

The DSUs were classified as a derivative financial liability that should be measured at fair value, with changes in value recorded in profit or loss. The fair value of the DSUs was determined by the volume weighted average price on the TSXV for the last five trading days of each reporting period. As at March 31, 2024, the Company reassessed the fair value of the DSUs at $939,128 and recorded the amount as a DSUs liability (December 31, 2023 - $884,481).

e) Reserve

The reserve records items recognized as stock-based compensation expense and warrants until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. Amounts recorded for forfeited or expired unexercised options and warrants are transferred to deficit. During the three months ended March 31, 2024, the Company recorded $389,612 (Q1 2023 - Nil) of share-based payments to reserves, $651,208 (Q1 2023 – $284,116) of fair value of warrants and options to reserves.

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS

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

	March 31, 2024	December 31, 2023
Directors and officers of the Company	160,475	93,795
	160,475	**93,795**

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

(a) Related party transactions

As a result of the Financing Transactions on June 28, 2023 and December 14, 2023, Cymbria and certain other funds managed by EdgePoint (the "**Financing Parties**") have acquired a total of 16,037,800 common shares of the Company, representing approximately 10.7% of the Company's issued and outstanding shares. The Financing Parties also acquired on closing an aggregate of 6,024,000 warrants with an expiration date of June 28, 2026 and an exercise price of $1.4375 which, if exercised, together with the shares acquired at closing would result in the Financing Parties holding approximately 14.2% of the shares in the aggregate (calculated on a partially-diluted basis). As the result of the closing of the Financing Transactions, the Financing Parties are now related parties of PNRL. During the three months ended March 31, 2024, the Company paid interest of $590,473 to the Financing Parties (March 31, 2023 – Nil).

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

Key management compensation was related to the following:

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

12. FINANCIAL INSTRUMENTS

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include interest rate risk, credit risk, liquidity risk, market risk and currency risk. The carrying value of cash and trade payables and accrued liabilities, lease liabilities and option liability approximate their fair value due to their short-term nature. The fair value of the Term Loan, vehicle financing and lease liabilities are based upon discounted future cash flows using discounted rates, adjusted for the Company's own credit risk that reflect current market conditions. Such fair value estimates are not necessarily indicative of the amounts the Company might pay or receive in actual market transactions. The fair value of the DSUs is the closing price of the Company's common shares at the end of each reporting period. Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

On March 31, 2024 and December 31, 2023, the fair value of cash and DSUs is based on Level 1 measurements.

(Expressed in Canadian dollars)

13. RISK MANAGEMENT

The Company's exposure to market risk includes, but is not limited to, the following risks:

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not subject to significant changes in interest rates.

Foreign Currency Exchange Rate Risk

Currency risk is risk that the fair value of future cash flows will fluctuate because of changes in foreign currency exchange rates. In addition, the value of cash and other financial assets and liabilities denominated in foreign currencies can fluctuate with changes in currency exchange rates.

The Company primarily operates in Canada, Barbados and Botswana and undertakes transactions denominated in foreign currencies such as United States dollar and Botswana Pula, and consequently is exposed to exchange rate risks. Exchange risks are managed by matching levels of foreign currency balances and related obligations and by maintaining operating cash accounts in non-Canadian dollar currencies.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The amount shown are those reported and translated into CAD at the closing rate.

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

	Short-term exposure		**Long-term exposure**
	USD	**BWP**	**BWP**
December 31, 2023			
Financial assets	2,576,180	755,386	54,082,922
Financial liabilities	(501,458)	(4,851,201)	(3,508,714)
Total exposure	**2,074,722**	**(4,095,815)**	**50,574,208**

The following table illustrates the sensitivity of net loss in relation to the Company's financial assets and financial liabilities and the USD/CAD exchange rate and BWP/CAD exchange rate, all other things being equal. It assumes a +/- 5% change of the USD/CAD and BWP/CAD exchange rates for the three months ended March 31, 2024 and the year ended December 31, 2023, respectively.

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

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

(Expressed in Canadian dollars)

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

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

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk is primarily associated with liquid financial assets. The Company limits exposure to credit risk on liquid financial assets by holding cash at highly-rated financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages the liquidity risk inherent in these financial obligations by regularly monitoring actual cash flows to annual budget which forecast cash and expected cash availability to meet future obligations.

The Company will defer discretionary expenditures, as required, in order to manage and conserve cash required for current liabilities.

The following table shows the Company's contractual obligations as at March 31, 2024:

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

Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern, so that adequate funds are available or are scheduled to be raised to meet its ongoing administrative and operating costs and obligations. This is achieved by the Board of Directors' review and ultimate approval of budgets that are achievable within existing resources, and the timely matching and release of the next stage of expenditures with the resources made available from capital raises and debt funding from related or other parties. In doing so, the Company may issue new shares, restructure or issue new debt.

The Company is not subject to any externally imposed capital requirements imposed by a regulator or a lending institution.

(Expressed in Canadian dollars)

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

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

14. SEGMENTED INFORMATION

The Company operates in one reportable operating segment being that of the acquisition, exploration and evaluation of mineral properties in three geographic segments being Botswana, Barbados and Canada. The Company's geographic segments are as follows:

	March 31, 2024	December 31, 2023
Current assets		
Canada	7,706,418	15,894,177
Barbados	2,090,445	104,024
Botswana	1,659,765	4,680,572
Total	**11,465,628**	**20,678,773**

	March 31, 2024	December 31, 2023
Property, plant and equipment		
Canada	8,291	8,726
Botswana	7,199,121	7,563,106
Total	**7,207,412**	**7,571,832**

	March 31, 2024	December 31, 2023
Exploration and evaluation assets		
Botswana	54,536,402	48,120,084

15. CONTINGENT LIABILITIES

There are no environmental liabilities associated with the Selebi Assets and the Selkirk Assets as at the acquisition dates as all liabilities prior to the acquisitions are the responsibility of the sellers, BCL and TNMC, respectively. The Company has an obligation for the rehabilitation costs arising subsequent to the acquisitions. As of March 31, 2024, management is not aware of or anticipating any contingent liabilities that could impact the financial position or performance of the Company related to its exploration and evaluation assets.

The Company's exploration and evaluation assets are affected by the laws and environmental regulations that exist in the various jurisdictions in which the Company operates. It is not possible to estimate the future contingent liabilities and the impact on the Company's operating results due to future changes in Company's exploration and development of its projects or future changes in such laws and environmental regulations.

(Expressed in Canadian dollars)

16. GENERAL AND ADMINISTRATIVE EXPENSES

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

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

17. SUBSEQUENT EVENTS

Subsequent to the balance sheet date, there have been no material events or transactions that would require adjustment to or disclosure in the financial statements.

PREMIUM NICKEL RESOURCES LTD. | principled mining

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three Months Ended March 31, 2024

May 27, 2024

Introduction

This Management's Discussion and Analysis (this "**MD&A**") dated May 27, 2024 is intended to supplement the unaudited condensed interim consolidated financial statements of Premium Nickel Resources Ltd. (the " **Company**" or "**PNRL**") for the three months ended March 31, 2024 and 2023 (the "**Financial Statements**") and the related notes thereto, and to assist the reader to assess material changes in the financial condition of the Company for such periods.

The financial statements and the financial information contained in this MD&A were prepared in accordance with *International Financial Reporting Standards* ("**IFRS**").

In this MD&A, unless the context otherwise requires, references to the Company or PNRL refer to Premium Nickel Resources Ltd. and its consolidated subsidiaries. All monetary amounts in the discussion are expressed in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information within the meaning of Canadian securities legislation (see *"Cautionary Note Regarding Forward Looking Statements"* below). All forward-looking information, including information not specifically identified herein, is made subject to cautionary language in this MD&A. Readers are cautioned to refer to the disclosure in this MD&A under the heading *"Cautionary Note Regarding Forward Looking Statements"* when reading any forward-looking information. This MD&A is prepared in accordance with Form 51-102F1 adopted by the Canadian Securities Administrators and has been approved by the Board of Directors of the Company.

Readers are also encouraged to read the other public filings of the Company, which are available on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile. Other pertinent information about the Company can be found on the Company's website (https://premiumnickelresources.ca/).

Company Overview

PNRL is a mineral exploration company focused on the discovery and advancement of high-quality nickel-copper-cobalt-platinum group metals ("**Ni-Cu-Co-PGM**") resources.

PNRL's global strategy is to identify the best Ni-Cu-Co-PGM projects and to acquire or invest in opportunities that have high prospectivity in mining friendly jurisdictions located in low-risk countries with rule-of-law, supportive foreign investment and resource acts. PNRL sources projects that fit a strict standard that comply with the Company's values and principles which stand up against the highest acceptable industry standards. PNRL is committed to governance through transparency, accountability, and open communication within PNRL's team and stakeholders.

The Company's principal business activity is the exploration and evaluation of PNRL's flagship asset, the Selebi nickel-copper-cobalt sulphide mine in Botswana and, separately, the Company's Selkirk nickel-copper-cobalt-platinum group elements sulphide mine, also in Botswana.

The Selebi and Selkirk mines are permitted with 10-year mining licences and benefit from significant local infrastructure. The Company's flagship Selebi mine includes two operational shafts, the Selebi and Selebi North shafts (together, the "**Selebi Mines**") and related infrastructure such as rail, power and roads (together with the Selebi Mines, the "**Selebi Assets**"). The Selkirk mine (the "**Selkirk Mine**") together with related infrastructure is referred to herein as the "**Selkirk Assets**".

PNRL is headquartered in Toronto, Ontario, Canada and is publicly traded on the TSX Venture Exchange under the symbol "PNRL".

Summary of Activities

In 2023, PNRL commenced its Phase 2 drill program undertaking a combination of resource and continued exploration drilling at the Selebi Mines to demonstrate the size potential of the Selebi Mines mineral system, with the aim of establishing a maiden mineral resource estimate ("**MRE**") prepared in accordance with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") on the Selebi Mines that will serve as the basis for future engineering studies. The resource drilling at the Selebi Mines commenced underground from the Selebi North infrastructure in August 2023 and is currently ongoing with three drills turning. Assay results for completed holes are released as they are received and confirmed by the Company. The Company sees significant potential for expanding the 2016 historic estimate (see *"Historical Estimate"*).

Currently, the Company's primary objective is to prepare NI 43-101 compliant mineral resource estimates in respect of the Selebi Mines expected in late Q2 or early Q3, 2024. Concurrently, PNRL plans to continue its work at the Selkirk Mine and its surrounding prospecting licences, which is the Company's second asset in Botswana, located approximately 75 kilometres north of the Selebi Mines. The focus of this work will be to understand the legacy work done by previous owners, which had advanced the Selkirk Mine to a bankable feasibility study for re-development as an open pit mine. The Company plans to include drilling, geoscience and metallurgical work to support a mineral resource estimate prepared under NI 43-101 in respect of the Selkirk Mine. In 2023, the Company completed test work to evaluate an alternative ore processing and tailings management strategy to those used in previous economic studies and filed a technical report in respect of the Selkirk Mine titled *"NI 43-101 Technical Report, Selkirk Nickel Project, North East District, Republic of Botswana"* dated April 12, 2023 (with an effective date of March 31, 2023) (the "**Selkirk Technical Report**"), a copy of which is available on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile.

For more information relating to the contemplated activities and milestones on the Selebi Mines and Selkirk Mine, please see *"Exploration and Evaluation Activities"* below.

Corporate Social Responsibility

PNRL is committed to conducting its business in a socially responsible and sustainable manner, with a focus on environmental stewardship, health and safety, community engagement and ethical conduct. The Company has established policies and procedures in its *Code of Business Conduct and Ethics* to ensure compliance with applicable laws and regulations, as well as industry standards for responsible mining. PNRL recognizes the importance of stakeholder engagement and works closely with local communities, indigenous groups and other stakeholders to ensure their concerns and perspectives are heard and addressed.

Highlights and Key Developments During Q1 2024 and Subsequent Events to Date:

- On January 1, 2024, James Gowans was appointed as the Chair of the Board of Directors.

- The Company continued its Phase 2 Selebi North drilling program, which commenced August 9, 2023. In aggregate, the Company has drilled a total of 35,246 metres in 92 drill holes, at the time of the May 16, 2024 press release.

- Since January 1, 2024, the Company reported assay results from a total of 37 drill holes, pursuant to press releases issued from January 30 to May 16, 2024, see the table under *"Selebi Mines, Botswana - Exploration Activities"*, all of which are available on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile, and on the Company's website (https://premiumnickelresources.ca/).

  Assay results included:

  - 30.45m of 2.88% NiEq and 9.55m of 3.94% NiEq reported on January 30, 2024;

  - 102.80 Metres of 2.23% NiEq reported on February 13, 2024;

  - 110.75 Metres of 2.56% NiEq reported on February 26, 2024; and

  - 17.55 meters of 3.28% NiEq reported on May 16, 2024.

Exploration and Evaluation Activities

The following table outlines the key milestones, estimated timing and costs of each of the Company's material projects, the Selebi Mines and the Selkirk Mine, based on the Company's reasonable expectations and intended courses of action and current assumptions and judgement, with information based as of March 31, 2024.

Key Milestones for Project	Expected Timing of Completion	Anticipated Remaining Costs(1)
Selebi Mines(2)		
Ongoing drilling and assays(3)	Ongoing, costs to June 2024	$1,140,000
Care and maintenance costs	Ongoing costs to June 2024	$600,000
Engineering and development	Ongoing costs to June 2024	$910,000
Mineral resource estimate for Selebi Mines	June 2024	$120,000(4)
Selkirk Mine(5)		
Geology & Geophysics	Ongoing costs to June 2024	$125,000

Notes:

(1) As at March 31, 2024.

(2) The key milestones are to take the Selebi Mines to an updated mineral resource estimate, which would mark the completion of the Phase I work program as envisioned in the Selebi Technical Report (defined below) and to commence Phase 2 which will gear towards a preliminary economic assessment for the project. Please refer to the Selebi Technical Report, including the recommendations provided therein, for more details.

(3) The Company has completed the exploration and infill drilling (15,074 metres) as contemplated in Phase 1 of the work program in the Selebi Technical Report. This constitutes a Phase 2 drilling program, with the additional drilling and assays required to advance the Selebi Mines toward a maiden NI 43-101 compliant MRE. For more details, see *"Selebi Mines, Botswana – Exploration Activities"*.

(4) Total costs relating to an MRE for the Selebi Mines are approximately $150,000. Approximately $31,625 has been spent as at March 31, 2024. This represents the additional expected costs to complete an MRE for the project.

(5) The Company will be focusing its exploration and evaluation activities on the Selebi Mines until an updated mineral resource estimate is completed for the Selebi project. Expenditures contemplated for the Selkirk Mine are minimal and contingent on additional financing. The contemplated geology and geophysics work represented here is a portion of the geology and geophysics work program outlined in the Selkirk Technical Report which is required to advance the project towards an MRE, and meet exploration commitments on the Prospecting Licences.

Readers are cautioned that the above represents the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those described above. See *"Cautionary Note Regarding Forward Looking Statements"*.

Selebi Mines, Botswana

The Selebi Mines were acquired on January 31, 2022 through an asset purchase agreement with the liquidator of BCL. Before giving effect to the extension of the boundary of the Selebi mining licence, the Selebi Mines comprised a single mining licence covering an area of 11,504 hectares located near the town of Selebi Phikwe, approximately 150 kilometres southeast of the city of Francistown, and 410 kilometres northeast of the national capital Gaborone. The Selebi Mines include two operational shafts (Selebi and Selebi North with a total combined capacity of 5,100 tons per day) as well as all related surface (rail, power and roads) and underground infrastructures. The Selebi deposit began production in 1980 and Selebi North began production in 1990. Mining terminated at both operations in 2016 due to weak global commodity prices and a failure in the separate Phikwe smelter processing facility. The BCL assets were subsequently placed under liquidation in 2017.

At the time of liquidation, SAMREC compliant mineral resources within the Selebi Mines were reported as *in-situ* and depleted for mining as of December 31, 2016 (see *"Historical Estimate"*). These historical measured and indicated mineral resources used a nickel equivalent (NiEq)[1] cut-off grade of 0.4% and were estimated to total 17.83 Mt at grades of 0.87% Ni and 1.42% Cu containing 155, 000 tonnes (t) Ni and 253,000 t Cu. Historical inferred mineral resources were estimated to total 15.34 Mt at grades of 0.71% Ni and 0.89% Cu containing 109,000 t Ni and 136,000 t Cu. Nickel and copper prices used were USD 8.00/lb. Ni and USD 3.00/lb. Cu, respectively. This estimate, which has not been prepared in accordance with NI 43-101, is considered to be historical in nature and should not be relied upon. A qualified person has not completed sufficient work to classify the historical mineral estimate as a current mineral resource estimate and the Company is not treating the historical mineral estimates as current mineral resource estimates. Readers are cautioned that mineral resources are not mineral reserves and do not have demonstrated economic viability.

Exploration Activities

The Company initiated a surface drilling program in March 2022, with holes targeting the area down plunge of the Selebi historical workings. The 2022 Phase 1 drill program was completed on January 23, 2023, completing a total of 15,074.36 metres, including 707.40 metres of rotary air blast drilling which served as a test of the technology's capacity to expedite the upper 1,000 meters of drilling. A total of nine new holes drilled by Mitchell Drilling and the extension of one historic hole by Discovery Drilling reached target depth and intersected mineralized amphibolite; assay results from all of these holes have been received from ALS Chemex laboratories in South Africa and results have been released from nine of these holes.

The program of re-opening historic holes that began in October 2021 ended in November 2023; up to three drills had been cleaning historic holes to facilitate the collection of new gyro and BHEM geophysical data. To date, a total of 60 historic holes have been opened and surveyed with gyro, and BHEM surveys have been completed in 77 new and historic surface holes. To March 31, 2024, a total of 27 underground drill holes have been surveyed with BHEM. Collars of surface drill holes have been located using a differential Global Positioning System ("**DGPS**") and collars of underground holes are located using a total station survey equipment. An initial downhole program of televiewer and physical property logging was completed in 2022 to support the creation of a structural model. Level plans were digitized, and after significant effort, the Company now has a 3D model of the Selebi and Selebi North underground infrastructure. The scanning and digitization of structural and geological information from geological level plans to refine the 3D model is ongoing. Information from handwritten drill logs was merged into the BCL drill hole database, and the historic core is being re-logged.

The results from the drilling and geophysical surveys indicate that there is structural thickening at the western down-dip extent of the mineralized amphibolite, and results of the BHEM surveys indicate the Selebi North and Selebi deposits are part of a large mineralized system connected at depth.

On August 9, 2023, PNRL started the Phase 2 drill program which is still ongoing. The focus of the Phase 2 drill program is to characterize the mineral resources located down plunge of the Selebi North infrastructure and support a NI 43-101 compliant MRE, which is expected in late Q2 or early Q3, 2024. PNRL currently has three underground drills turning and as of March 31, 2024, a total of 29,134 metres in 82 drill holes have been completed from seven underground drill bays. Subsequent to March 31, 2024 and up to and including May 14, 2024, the Company has completed an additional 10 drill holes and 6,112 metres of drilling. Step-out drilling will occur further down plunge with the aim to demonstrate upside potential which will support a future mineral resource estimate.

Assay results are publicly released as they are received and confirmed by the Company. The following table identifies the Company's press releases concerning assay results for the Phase 2 drilling program for 2024. Copies of these releases are available on the Company's website at www.premiumnickelresources.ca, and on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile.

[1] The NiEq cut-off grade was based on a ratio of nickel and copper prices where NiEq = %Ni + (Cu price/Ni price)*%Cu.

Release Date	Release Title
January 30, 2024	Premium Nickel Drills 30.45m of 2.88% Ni Eq at Selebi North Underground
February 13, 2024	Premium Nickle Reports 102.80 Meters of 2.23% NiEq at Selebi North Underground
February 26, 2024	Premium Nickel Reports 110.75 Meters of 2.56% Ni Eq at Selbi North Underground
March 5, 2024	Premium Nickel Reports Down Plunge Extension of Selebi North Massive Sulphide Mineralization
March 27, 2024	Premium Nickel Reports 5.86% Ni Eq in Additional Assay and Provides Project Update at Selebi North Underground
	(0.45m of 5.86 Ni Eq (4.53% Ni, 2.10% Cu, 0.16% Co))
April 17, 2024	Premium Nickel Reports Assays and More Mineralization Outside of Historic Resource at Selebi North Underground
May 16, 2024	Premium Nickel Reports 17.55 Meters of 3.28% Ni Eq or 6.16% Cu equivalent (2.07% Ni, 1.98% Cu, 0.11% Co) at Selebi North Underground, 403 Meters Down Plunge of Historic Resource

In addition to the assays, the Company has recently released results of metallurgical studies conducted at SGS Canada in Lakefield, including leaching and precipitation studies using the Platsol process. To view these recent results of the metallurgical testing please see news releases titled *"Premium Nickel Resources Ltd. Announces Results of Recent Metallurgical Testing of Samples from Selebi and Selkirk Mines*" dated September 13, 2023 and *"Premium Nickel Resources Ltd. Announces High Extraction Rates for All Metals in Recent Metallurgical Test Work Supporting Low Carbon Metal Production*" dated February 22, 2024. Copies of both releases are available on the Company's website at www.premiumnickelresources.ca, and on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile.

Ongoing evaluation activities in 2023 also included additional BHEM surveys. Our review of geophysical and geological data on the Selebi mining licence identified several prospective untested electromagnetic ("**EM**") targets. Surface EM surveys were completed over four VTEM anomalies (Anomalies 5, 6, 7 & 8) and 1852.89 metres were completed in ten drill holes, with BHEM surveys completed in all holes.

On July 12, 2023, the Botswana Department of National Museum and Monuments issued a conditional consent to proceed with surface exploration activities. Conditions include an induction course be given by a professional archaeologist and reporting and mitigation of chance discovery of archaeological finds or human remains. An archaeological induction course was given to exploration geologists and diamond drillers on October 6, 2023. There are no material adverse conditions imposed on PNRL.

On September 28, 2023, the Botswana Department of Environmental Affairs approved an environmental management plan covering care and maintenance and exploration activities. There are no material adverse conditions imposed on PNRL.

During the three months ended March 31, 2024, the Company incurred $6,380,082 in acquisition, exploration and evaluation expenditures on the Selebi Assets (Q1 2023 - $4,318,552). As of March 31, 2024, the Company has cumulatively spent $55,462,269 on acquisition, exploration and evaluation costs on the Selebi Mines since acquisition, as detailed under *"Segmented Disclosure"* in this MD&A.

Outlook – Selebi

The proposed work plan for the Selebi Mines includes the completion of the Phase 2 underground drilling program at Selebi North, which commenced in August 2023. Drilling is expected to continue in 2024 with the specific objective of delivering an NI 43-101 compliant MRE for the Selebi Mines that will serve as the basis of future engineering studies. Drilling will also target the untested area between Selebi North and Selebi with a view to demonstrating that they are part of a single mineralized system connected at depth.

During that time, the regional exploration will continue with the completion of the 3D geological and structural model. Data compilation and verification efforts will continue, with additional hole re-openings, downhole gyro, BHEM and televiewer surveys, digitization of historic data and re-logging of historic core to support the verification of the 3D model. In addition to this work, additional metallurgical samples will be collected and sent for detailed studies. The underground infrastructure at Selebi North is currently being upgraded to support the underground drilling program by providing new drill bays as well as to improve health and safety.

As outlined in the table above under *"Exploration and Evaluation Activities"*, the Company intends to continue advancing the exploration program at the Selebi Mines towards an MRE.

Selkirk Mine, Botswana

The Selkirk Mine was acquired in August 2022 through an asset purchase agreement with the Liquidator of Tati Nickel Mining Company ("**TNMC**"). The Selkirk property consists of a single mining licence covering an area of approximately 14.6 square kilometres and four prospecting licences cover 126.7 square kilometres. The project is situated 28 kilometres south-east of the town of Francistown, and 75 kilometres north of the Selebi Mines.

Exploration Activities

The Company has been carrying out due diligence on the Selkirk Mines since 2021. The results of the data verification efforts include examination and sampling of mineralized drill core, sampling from underground workings, collecting DGPS coordinates of drill collars and quality assessment of information in databases.

During the Selkirk core review, five unsampled HQ sized core (63.5 millimeters) holes, drilled immediately prior to the closure of operations by TNMC, were identified. These five holes were taken to the core processing facility at Phikwe, where they were sampled in approximately one metre intervals, bagged and sent for assays. A total of 56 samples from DSLK278 used for metallurgical testing were analyzed at SGS Canada for nickel and copper and pulps were sent to ALS in Vancouver for a full suite of analyses. The remaining 1010 core samples were sent to ALS Global in Johannesburg for analysis. Results were reported in Q3 and Q4, 2022.

In 2021, the Company also completed a concept level metallurgical study to assess if readily marketable copper and nickel concentrates could be produced and, if so, at what metal recovery levels. The Selkirk test program was carried out at SGS Canada in Lakefield, Ontario and followed a similar program conducted on samples from the Selebi Mines, which demonstrated potential for these metallurgical objectives to be achieved. The source of the material was previously unsampled HQ sized drill core from 2016 drill hole DSLK278, positioned 50m from historic mine workings. In the latter half of 2022, the Company's due diligence efforts identified two distinct nickel tenor domains, and four variability metallurgical samples from historic core were collected and sent to SGS Canada Lakefield in December 2022. Metallurgical flotation test work on these samples began in Q2 2023 and was completed in September 2023, with the final report delivered in December 2023.

The Company filed the Selkirk Technical Report, prepared in accordance with NI 43-101, for the Selkirk Mine on April 12, 2023.

On May 31, 2023, the Department of Environmental Affairs transferred the 2016 Environmental Management Plan (the "**Plan**") from BCL Limited to PNRC. The Plan is the permit which covers the open pit activities outlined in the 2016 bankable feasibility study submitted by BCL Limited.

On July 23, 2023, the Department of National Museum and Monuments issued a conditional permit to mine, following the successful completion of the mitigation of historic mining sites. Conditions include an induction course be given by a professional archaeologist to mine workers and management prior to earth stripping activities and report submittal. There are no material adverse conditions imposed on PNRL.

Metallurgical Study

PNRL has been exploring alternate processing options, including producing a lower grade nickel concentrate suitable for hydrometallurgical processing. Phase I hydrometallurgical test-work using the Platsol process began at SGS Labs in Lakefield, Canada in late 2023 was completed in January 2024. To view recent results of the metallurgical testing please see the Company's news releases titled "*Premium Nickel Resources Ltd. Announces Results of Recent Metallurgical Testing of Samples from Selebi and Selkirk Mines"* dated September 13th, 2023, and *"Premium Nickel Resources Ltd. Announces High Extraction Rates for All Metals in Recent Metallurgical Test Work Supporting Low Carbon Metal Production*" dated February 22, 2024. Copies of both releases are available on the Company's website at www.premiumnickelresources.ca, and on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile.

Recoveries of all the pay metals (Ni, Cu, Co, Au, Pt and Pd) to the solution phase were very high (generally >99%) in the initial batch autoclave testing. The downstream processes have been tested at bench scale and, although it is not possible to precisely quantify final metal recoveries to saleable products until continuous, integrated piloting is completed, overall recoveries of all pay metals should be >95% based on commercial experience of base metal hydrometallurgical plants.

Selkirk Prospecting Licences ("PL")

Initial work has focused on the Rooikoppie showing on the eastern side of PL071/2011.

- Handheld GPS coordinates were collected for the historic 2012 drill holes DRKP001 through 004.
- Unsampled mineralized core from the 2012 holes testing the Rooikoppie showing was flagged for transport. 19 boxes were transported to Selebi North for sampling.
- A review of VTEM data indicates that only one hole may have tested the VTEM anomaly and the other 4 holes were spotted to test a local gossan outcrop. A surface EM survey was designed over the VTEM anomaly to further define it. The VTEM anomaly will be further drill tested if results warrant.
- Clearing of the EM loop and survey lines is in progress in preparation for the surface EM survey over the Rooikoppie mineral occurrence on Selkirk PL071/2011.

During the three months ended March 31, 2024, the Company incurred $36,236 in exploration and evaluation expenditures on the Selkirk Assets (Q1 2023 – $189,877). As of March 31, 2024, the Company has cumulatively spent $1,524,133 on acquisition, exploration and evaluation costs on the Selkirk Mine project since its acquisition, as detailed under *"Segmented Disclosure"* of this MD&A.

Outlook – Selkirk

The Company has proposed a work plan at the Selkirk Mine that includes a large re-sampling program of historic core to capture the concentrations of Co, Au and Pt and Pd, a drill program to better define the existing resources and to search for additional resources, and development of a 3-D geological and structural model. Additional metallurgical studies are planned, using newly obtained drill core samples. This program has the specific objective of delivering an NI 43-101 compliant MRE for the Selkirk Mines that will serve as the basis of future engineering studies. In the more immediate term, the Company will be focusing on geology and geophysics work on the Selkirk Mines. See *"Exploration and Evaluation Activities"*.

On the Selkirk Prospecting Licences, additional prospecting, DGPS of historic drilling and trenching, line clearing and surface geophysics is planned over high priority EM targets.

Maniitsoq Nickel-Copper-PGM Project, Southwest Greenland

The Maniitsoq project is centred on the 75 kilometre by 15 kilometre Greenland Norite Belt which hosts numerous high-grade nickel-copper sulphide occurrences associated with mafic and ultramafic intrusions. The property is located 100 kilometres north of Nuuk, the capital of Greenland, and is accessible year-round either by helicopter or by boat from Nuuk or Maniitsoq, the latter located on the coast approximately 15 kilometres to the west. The Company acquired the Maniitsoq project in 2011 due to its potential for the discovery of significant magmatic sulfide deposits in a camp-scale belt. The Maniitsoq property consists of three exploration licences, Sulussagut No. 2011/54 and Ininngui No. 2012/28 comprising 2,689 and 296 square kilometres, respectively, and the Carbonatite property No. 2018/21 (63 square kilometres), and a prospecting licence, No. 2020/05, for West Greenland. The Greenland properties have no mineral resources or reserves.

The three mineral exploration licences ("**MEL**"), 2011/54, 2012/28 and 2018/21, had sufficient accrued work credits to keep the property in good standing until December 2023, at which time a reduction in the size of 2011/54 and 2012/28 was required. An application for the renewal and reduction of MEL 2012/28 was approved and the licence area has been reduced and renewed to December 31, 2026. The reduction of MEL 2012/54 from 265 km2 to 110.9 km2 has no material impact on potential for discovery of an economic deposit as all known mineral prospects are retained. The application for the reduction of 2011/54 was submitted and the Company is waiting for approval from the Greenland authority. The MEL 2018/21 and prospecting licence 2020/05 are in effect until December 31, 2024.

Exploration Activities

No exploration work was carried out in Greenland in 2023. Remaining targets were reviewed and prioritized in preparation for a potential field program in 2023, which was deferred. A quote was received in Q2 2023 for computer assisted target generation.

Prior to the closing of the reverse takeover transaction (the "**RTO**") on August 3, 2022, the Maniitsoq property had a book value of $36,692,516. As the transaction is accounted for as a capital transaction with North American Nickel Inc. ("**NAN**") (as the Company was then named) being identified as the accounting acquiree, the net assets of NAN were measured at fair value. Upon the completion of the RTO, the Company switched its focus to the re-development of the Botswana assets with the result that limited resources (management time, capital, etc.) have since been allocated or will be allocated to the Greenland assets. Management believes that facts and circumstances exist to suggest that the carrying amount of the Maniitsoq property at August 3, 2022 exceeds its fair value. As a result, the carrying value of the Greenland assets was reduced to Nil as of August 3, 2022, for a total impairment of $36,692,516.

During the three months ended March 31, 2024, the Company incurred $31,354 in exploration expenditures on the Maniitsoq property, which is comprised of the Sulussugut, Ininngui, Carbonatite and 2020/05 licences. These expenditures were recorded as general exploration expense in the consolidated statements of comprehensive loss. No material expenditures or activities are contemplated on the Maniitsoq property at this time.

Canadian Nickel Projects - Sudbury, Ontario

Post Creek Property

The Post Creek property is located 35 kilometres east of Sudbury in Norman, Parkin, Alymer and Rathburn townships and consists of 73 unpatented mining claim cells in two separate blocks, covering a total area of 912 hectares held by the Company. The Company acquired the property through an option agreement in April 2010, which was subsequently amended in March 2013. As at the date of this MD&A, the Company holds a 100% interest in the Post Creek property and is obligated to pay advances on a net smelter return of $10,000 per annum, which will be deducted from any payments to be made under the net smelter return.

The Post Creek property lies adjacent to the Whistle Offset Dyke Structure which hosts the past–producing Whistle Offset and Podolsky Cu-Ni-PGM mines. Post Creek lies along an interpreted northeast extension of the corridor containing the Whistle Offset Dyke and Footwall deposits and accounts for a significant portion of all ore mined in the Sudbury nickel district and, as such, represents favourable exploration targets. Key lithologies are Quartz Diorite and metabreccia related to offset dykes and Sudbury Breccia associated with Footwall rocks of the Sudbury Igneous Complex which both represent potential controls on mineralization.

No exploration work was completed in Q1 2024 on the Post Creek Property. The claims have sufficient work credits to keep them in good standing until 2025. No material expenditures or activities are contemplated on the Post Creek property at this time.

Halcyon Property

The Halcyon property is located 35 kilometres northeast of Sudbury in the Parkin and Aylmer townships and consists of 63 unpatented mining cells for a total of 864 hectares. Halcyon is adjacent to the Post Creek property and is approximately 2 kilometres north of the producing Podolsky Mine of FNX Mining. The property was acquired through an option agreement and as at the date of this MD&A, the Company holds a 100% interest in the Halcyon property and is obligated to pay advances on a net smelter return of $8,000 per annum, which will be deducted from any payments to be made under the net smelter return.

No exploration work was completed on the Halcyon Property in 2023. The claims are in good standing through 2025. No material expenditures or activities are contemplated on the Halcyon property at this time.

Quetico Property

The Quetico Property is located within the Thunder Bay Mining District of Ontario and consists of 99 claim cells in two blocks. Cells were acquired to assess: (a) the Quetico Sub-province corridor, which hosts intrusions with Ni-Cu-Co-PGM mineralization related to a late 2690 Ma Archean magmatic event; and (b) the Neoproterozoic (1100 Ma MCR) magmatic event and related intrusions.

No work was carried out on the Property in Q1 2024. Of the 99 claims, 46 claims expired in April 2023, with the remaining in good standing until April 2024. These claims expired on April 26, 2024.

Just prior to the finalization of the RTO, the Canadian assets had a book value of $2,535,873. However, this amount has been completely written off as of August 3, 2022, which coincided with the closing date of the RTO. This decision was made due to the Company's shift in focus towards the re-development of the Botswana assets. Consequently, the allocation of management time and capital resources to the Canadian assets has been limited, both in the past and moving forward. During the period from August 3 to December 31, 2022, the Company incurred an additional $21,739 in exploration and licence related expenditures for the Canadian properties and the expenditures were recorded as general exploration expense in the consolidated statements of comprehensive loss.

During the three months ended March 31, 2024, the Company incurred $16,679 in acquisition and exploration related costs related to the Post Creek, Halcyon and Quetico properties. The costs were recorded as general exploration expense in the consolidated statements of comprehensive loss. No material expenditures or activities are contemplated on the Quetico property at this time.

Financial Capability

The Company is an exploration stage entity and has not yet achieved commercial production on any of its properties or profitable operations. The business of the Company entails significant risks. The recoverability of amounts shown for mineral property costs is dependent upon several factors including environmental risk, legal and political risk, the establishment of economically recoverable mineral reserves, confirmation of the Company's interests in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete exploration and advancement of its mineral assets and the ability of the Company to attain sufficient net cash flow from future profitable production or disposition proceeds.

As at March 31, 2024, the Company had working capital of $ 5,580,919 (FY 2023 – $14,787,484) and reported an accumulated deficit of $93,578,653 (FY 2023 – $90,323,459).

As at March 31, 2024, the Company had $9,366,821 in available cash (FY 2023 – $19,245,628). There are no sources of operating cash flows. Given the Company's current financial position and the ongoing exploration and evaluation expenditures, the Company will need to raise additional capital through the issuance of equity or other available financing alternatives to continue funding its operating, exploration and evaluation activities, and re-development of the mineral properties. Although the Company has been successful in its past fund-raising activities, there is no assurance as to the success of future fundraising efforts or as to the sufficiency of funds raised in the future.

Selected Financial Information

The following amounts are derived from the Company's unaudited condensed interim consolidated financial statements prepared under IFRS.

In Canadian dollars, except number of shares issued and shares outstanding	**Three months ended March 31,**	
	2024	**2023**
Net (loss)	(3,393,425)	(2,385,584)
Basic (loss) per share	(0.03)	(0.03)
Dividend declared	-	-
Share capital	126,972,915	98,166,370
Common shares issued	149,427,179	120,958,527
Weighted average shares outstanding	149,373,068	118,246,915
Total assets	73,200,442	46,106,523
Investment in exploration and evaluation assets	54,536,402	36,332,411
Current liabilities	5,875,709	12,574,288
Non-current financial liabilities	20,080,934	14,779,941

Net loss of $3,393,425 in Q1 2024 was higher by $1,007,841 compared to a loss of $2,385,584 for Q1 2023. The greater loss for Q1 2024 was largely due to increased interest expense related to the amended three-year term loan (the "**Term Loan**") with Cymbria Corporation ("**Cymbria**") and an increase in DSUs granted.

Total Assets

Total assets as at March 31, 2024 decreased by a net amount of $3,170,247 from the end of FY 2023. The change is mainly attributable to a decrease in cash of $9,878,807 and a decrease in property, plant and equipment of $364,420, offset by an increase in exploration and evaluation assets (Selebi Mines and Selkirk Mine) of $6,416,318 and an increase in prepaid expenses and other receivables of $656,662.

Investment in Exploration and Evaluation Assets

Investment in exploration and evaluation assets in Q1 2024 and Q1 2023 is related to the exploration and evaluation of the Selebi Mines and the Selkirk Mine, the costs of which are capitalized. As at March 31, 2024, the recorded amount of investment in the Company's exploration and evaluation assets totaled $54,536,402 compared to $36,332,411 as at March 31, 2023. Principal factors contributing to this change were increased exploration and evaluation activities on the Selebi Mines and the Selkirk Mine in Q1 2024 relative to Q1 2023.

Current and Non-Current Liabilities

Total liabilities as at March 31, 2024 increased by a net amount of $370,099 from the FY 2023. The change is mainly due to the accretion of value of the warrants granted associated with the Term Loan for $232,770 and the increase in provision for leave and severance of $123,102.

Quarterly Results of Operations

All amounts in table are expressed in thousands of CDN dollars, except shares and per share amounts	**2024 1st Quarter**	**2023 4th Quarter**	**2023 3rd Quarter**	**2023 2nd Quarter**
Statement of Comprehensive Loss				
Net loss	(3,393)	(4,148)	(3,492)	(3,292)
Net loss per share - basic and diluted	(0.03)	(0.03)	(0.02)	(0.03)
Statement of Financial Position				
Cash	9,367	19,246	8,853	21,608
Total assets	73,200	76,371	61,719	65,642
Net assets	47,244	50,784	39,555	43,145
Share capital	126,973	126,460	111,258	111,458
Common shares outstanding	149,427,179	149,300,920	135,730,527	135,730,527
Weighted average shares outstanding	149,373,068	128,509,525	135,730,527	121,283,186

All amounts in table are expressed in thousands of CDN dollars, except shares and per share amounts	**2023 1st Quarter**	**2022 4th Quarter**	**2022 3rd Quarter (restated)**	**2022 2nd Quarter** (1)
Statement of Comprehensive Loss				
Net loss	(2,385)	(2,875)	(9,300)	(983)
Net loss per share - basic and diluted	(0.03)	(0.02)	(0.09)	(0.04)
Statement of Financial Position				
Cash	5,314	5,162	5,757	1,321
Total assets	46,107	41,657	35,367	41,859
Net assets	31,327	27,188	29,038	40,210
Share capital	98,166	91,176	89,667	93,970
Common shares outstanding	120,958,527	116,521,343	115,442,343	26,774,006
Weighted average shares outstanding	118,246,915	115,968,168	105,842,672	26,774,006

Note:

(1) For Q2 2022, being the period prior to the RTO, the information provided is based on the financial information and financial statements of NAN for the applicable period, the full financial statements of which are available on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile. For information in respect of this period relating to Premium Nickel Resources Corporation ("**PNRC**"), the RTO acquiror in respect of the RTO, please refer to the unaudited condensed interim consolidated financial statements of PNRC for the quarter ended June 30, 2022, which is available on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile.

Overall Performance and Results of Operations

As at the date of this MD&A, the Company has not earned revenue nor proved the economic viability of its projects. The Company's expenses are not subject to seasonal fluctuations or general trends other than factors affecting costs such as inflation and input prices. The Company's expenses and cash requirements will fluctuate from period to period depending on the level of activity at the projects based on factors related to raising capital to fund expenditures. Comparisons of activity made between periods should be viewed with this in mind. The Company's quarterly results may be affected by many factors such as timing of exploration activity, share-based payment costs, capital raised, marketing activities and other factors that affect the Company's exploration, evaluation and re-development activities.

The following table summarizes the Company's Statement of Comprehensive Loss for the three-month periods ended March 31, 2024 and March 31, 2023.

	Three months ended	
	March 31, 2024	**March 31, 2023**
EXPENSES		
General and administration expenses	1,865,253	1,857,412
Depreciation	102,571	45,762
General exploration expenses	48,033	43,929
Interest and bank charges	94,617	49,939
Share-based payment	389,612	-
Deferred share units granted	281,249	173,292
Fair value movement of deferred shares units	(226,602)	(16,000)
Net foreign exchange loss	66,014	30,416
Operating loss	**2,620,747**	**2,184,750**
Interest expenses	20,702	-
Interest expense on Term Loan	519,206	200,834
Accretion and transaction fee of Term Loan	232,770	-
LOSS BEFORE TAX	**3,393,425**	**2,385,584**
OTHER COMPREHENSIVE LOSS		
Exchange differences on translation of foreign operations	536,533	750,880
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**3,929,958**	**3,136,464**

Three Months Ended March 31, 2024 and March 31, 2023

The Company incurred a net loss of $3,393,425 in Q1 2024, higher by $1,007,841 compared to a net loss of $2,385,584 in Q1 2023.

The following higher expenditures in Q1 2024 compared to Q1 2023 contributed to the higher loss in Q1 2024:

- Depreciation expense was $102,571 in Q1 2024 and was higher by $56,809 compared to $45,762 in Q1 2023 due to an increase in property, plant and equipment towards the end of 2023 which started to depreciate in Q1 2024.

- Bank charges net of interest earned on bank deposits was $94,617 in Q1 2024 and was higher by $44,678 compared to $49,939 in Q1 2023.

- Share-based payment in Q1 2024 was $389,612 compared to Nil in Q1 2023.

- Foreign exchange loss totaled $66,014 in Q1 2024 and was higher by $35,598 compared to $30,416 in Q1 2023. The loss in Q1 2024 was due to overall Botswana Pula weakening against Canadian dollar and Canadian dollar weakening against United States dollar.

- Interest and financing costs were $772,678 in Q1 2024 and were higher by $571,844 compared to $200,834 in Q1 2023. The higher interest costs related to the Term Loan as well as the interest charged on the lease liabilities associated with the acquisition of the Syringa Lodge and the purchase of drilling equipment.

Deferred share unit compensation (net of fair value movement) was $54,647 during Q1 2024 and was lower by $102,645 compared to $157,292 in Q1 2023. The total value of DSUs granted in Q1 2024 was higher than in Q1 2023, due to an increase in the number of directors on the board, but the increase was offset by the drop in the fair value of outstanding DSUs due to a decrease in the Company's share price.

Cash Flows

The following table summarizes the cashflows:

	Three months ended March 31,	
	2024 ($)	**2023 ($)**
Cash flows		
Operations	(1,971,517)	(1,895,200)
Working capital items	(380,962)	118,099
Operating activities	(2,352,479)	(1,777,101)
Investing activities	(6,237,938)	(4,508,429)
Financing activities	(835,326)	7,238,615
Increase (decrease) in cash before effects of currency translation for foreign operations	(9,425,743)	953,085
Effects of currency translation on cash	(453,064)	(801,829)
Increase (decrease) in cash	(9,878,807)	151,256
Cash – beginning of period	19,245,628	5,162,991
Cash – end of period	**9,366,821**	**5,314,247**

Operating Activities

Net cash used in operating activities amounted to $2,352,479 in Q1 2024 compared to $1,777,101 in Q1 2023. The cash used in operations increased by $575,378 due to increased activities in Q1 2024 compared to Q1 2023 and correspondingly caused a reduction in working capital in Q1 2024 compared to an increase in working capital in Q1 2023.

Investing Activities

Key investing activities relate to exploration and evaluation expenditures for the Selebi and Selkirk Mines. During Q1 2024, investing activities totaled $6,237,938 compared to $4,508,429 in Q1 2023. The increase in cash used for investing activities in Q1 2024 was due to an increase in exploration and evaluation activities on the Selebi Mines and the Selkirk Mine.

Financing Activities

Cash flows used in financing activities amounted to $835,326 in Q1 2024 compared to a positive cash flow of $7,238,615 generated from financing activities in Q1 2023. The decrease in cash flows in Q1 2024 compared to cash flow in Q1 2023 was due to an equity private placement completed in February 2023 for a total of $7.7 million while no financing transactions were completed in Q1 2024. See *"Financing"* for more details. Cash flows used for financing activities in Q1 2024 were mainly due to the interest payment for the Term Loan.

Financial Position

The following information regarding the financial position of the Company as at March 31, 2024 and December 31, 2023 is derived from the Company's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2024 and the audited consolidated financial statements for the year ended December 31, 2023.

	As at March 31, 2024	As at December 31, 2023
ASSETS		
Cash	9,366,821	19,245,628
Other current assets	2,089,807	1,433,145
Exploration and evaluation assets	54,536,402	48,120,084
Property, plant and equipment	7,207,412	7,571,832
TOTAL ASSETS	**73,200,442**	**76,370,689**
LIABILITIES		
Trade payables and accrued liabilities	4,555,846	4,280,146
Lease liabilities	1,319,863	1,611,143
Vehicle financing	211,284	236,124
Provision for leave and severance	633,304	510,202
Term Loan	18,297,218	18,064,448
Deferred share units liability	939,128	884,481
TOTAL LIABILITIES	**25,956,643**	**25,586,544**
SHAREHOLDERS' EQUITY		
Share capital – common	126,941,399	126,428,421
Share capital – preferred	31,516	31,516
Reserve	17,626,812	17,888,409
Deficit	(93,578,653)	(90,323,459)
Foreign currency translation reserve	(3,777,275)	(3,240,742)
TOTAL SHAREHOLDERS' EQUITY	**47,243,799**	**50,784,145**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**73,200,442**	**76,370,689**

The Company's cash balance on March 31, 2024 decreased from the amount on December 31, 2023, primarily due to the increased exploration activities on the Company's properties as well as increased corporate activities as described in the Cash Flows section and the Liquidity section under Financing.

Other current assets increased by $656,662 and trade payables and accrued liabilities increased by $275,700 as at March 31, 2024 compared to the amount as at December 31, 2023. These working capital items increased as a result of an increase in corporate activities.

The increase in exploration and evaluation assets of $6,416,318 was primarily driven by the increase of exploration and re-development activities at the Selebi Mines and the Selkirk Mine. Property, plant and equipment decreased by $364,420 as of March 31, 2024 compared to the amount of $7,571,832 as at December 31, 2023 as a result of deprecation.

The Company's lease liabilities were $1,319,863 as at March 31, 2024, lower by $291,280 compared to $1,611,143 as at December 31, 2023 due to a lease payment made in Q1 2024.

The increase in the Term Loan by $232,770 was attributed to the accretion of value of the warrants granted associated with the Term Loan. The increase in share capital by $512,978 is mainly due to options exercised during Q1 2024.

Liquidity

Capital Resources

For the three months ended March 31, 2024, the Company incurred a loss of $3,393,425 and reported an accumulated deficit of $93,578,653 as at March 31, 2024 (FY 2023 – $90,323,459). At the end of Q1 2024, the Company required additional funds to continue its planned operations and meet its future obligations, commitments and forecasted expenditures through March 31, 2025. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a substantial doubt upon the Company's ability to continue as a going concern, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The accompanying Financial Statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material. In assessing whether a going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

Going Concern

As at March 31, 2024, the Company had $9,366,821 in available cash (FY 2023 – $19,245,628). There are no sources of operating cash flows. Given the Company's current financial position and the ongoing exploration and evaluation expenditures, the Company will need to raise additional capital through the issuance of equity or other available financing alternatives to continue funding its operating, exploration and evaluation activities, and re-development of the mineral properties. Although the Company has been successful in its past fund-raising activities, there is no assurance as to the success of future fundraising efforts or as to the sufficiency of funds raised in the future.

Financings

There were no financing transactions during the three months ended March 31, 2024.

On December 14, 2023, the Company closed a financing (the December Financing, comprised of a brokered private placement of units (the "**Private Placement**") and an amended Term Loan. The Private Placement was completed in accordance with the terms of an agency agreement dated December 14, 2023 and entered into by the Company with Cormark Securities Inc. and BMO Capital Markets, as co-lead agents, and Canaccord Genuity Corp., Fort Capital Securities Ltd. and Paradigm Capital Inc. Pursuant to the Private Placement, the Company issued an aggregate of 13,133,367 common shares at a price of $1.20 per common share for aggregate gross proceeds of $15,760,040. The principal amount of the Term Loan has been increased by $5,882,353 (the "**Additional Principal Amount**") from $15,000,000 to $20,882,353. The Additional Principal Amount was subject to an original issue discount of approximately 15% and was advanced by Cymbria to the Company as a single advance of $5,000,000. The net proceeds from the December Financing were $19,743,845 after fees and expenses, which are being used to advance the exploration and evaluation of the Selebi Mines and the Selkirk Mine and for general corporate and working capital purposes. A more detailed breakdown of the proposed use of proceeds of the Private Placement conducted under the Listed Issuer Financing Exemption is as outlined in the offering document dated December 3, 2023. As at March 31, 2024, approximately $10.6 million of the net proceeds of the December Financing had been expended.

Use of Proceeds

The following table provides a summary of the principal use of proceeds of the December Financing.

Principal Purpose	**Estimated Amount $'000**	**Amounts Expended as at March 31, 2024 $'000**
December Financing		
Activities relating to the Selebi Mines	11,520(1)	6,380
Activities relating to the Selkirk Mine	400(2)	37
General corporate and working capital	7,839(3)	4,153
	19,759	**10,570**

Notes:

(1) Represents approximately (i) $8,325,000 for the advancement of the Selebi Mines towards a NI 43-101 compliant MRE; (ii) $1,400,000 for mining licence extension payment; and (iii) $1,795,000 in local management, consulting, accounting, finance, human resources and health/safety/environmental/security.

(2) Represents certain geophysics and geology costs, care and maintenance and prospecting licences.

(3) Represents approximately (i) $2,080,000 allocated to the payment of interest on the Term Loan; and (ii) $5,759,000 allocated to general corporate expenses.

Working Capital

As at March 31, 2024, the Company had a positive working capital of $5,580,919 (December 31, 2023 – $14,787,184), calculated as total current assets less total current liabilities. The decrease in working capital is mainly due to a decrease in cash, an increase in accounts payable and accrued liabilities, offset by an increase in other current assets and a decrease in lease liabilities. See *"Liquidity"* for more details.

Contractual Obligations and Contingencies

Selebi Assets

As per the Selebi asset purchase agreement (the "**Selebi APA**"), the aggregate purchase price payable to the seller for the Selebi Assets is the sum of USD 56,750,000 which amount shall be paid in three instalments:

- USD 1,750,000 payable on the closing date. This payment has been made.
- USD 25,000,000 upon the earlier of: (a) approval by the Ministry of Mineral Resources, Green Technology and Energy Security ("**MMRGTES**") of the Company's Section 42 and Section 43 applications (further extension of the mining licence and conversion of the mining licence into an operating licence, respectively); and (b) on the expiry date of the study phase, January 31, 2025, which can be extended for one year.
- The third instalment of USD 30,000,000 is payable on the completion of mine construction and production start-up by the Company on or before January 31, 2030, but not later than four years after the approval by the Minister of MMRGTES of the Company's Section 42 and Section 43 applications.
- Payment of care and maintenance funding contribution in respect of the Selebi Assets for a total of USD 5,178,747 from March 22, 2021 to the closing date. This payment has been made.

As per the terms and conditions of the Selebi APA, the Company has the option to cancel the second and third payments and give back the Selebi Assets to the liquidator in the event the Company determines that the Selebi Assets are not economical. The Company also has an option to pay in advance the second and third payments in the event the Company determines that the Selebi Assets are economical. The Company's accounting policy, as permitted by IAS 16 – *Property, Plant and Equipment*, is to measure and record contingent consideration when the conditions associated with the contingency are met. As of March 31, 2024, none of the conditions of the second and third instalment are met. Hence, these amounts are not accrued in the Financial Statements.

In addition to the Selebi APA, the purchase of the Selebi Assets is also subject to a contingent compensation agreement as well as a royalty agreement with the liquidator.

Phikwe South and the Southeast Extension

On August 16, 2023, the Company announced that it had entered into a binding commitment letter with the Liquidator of BCL to acquire a 100% interest in two additional deposits, Phikwe South the Southeast Extension, located adjacent to and immediately north of the Selebi North historical workings. The acquisition of the Phikwe South and the Southeast Extension deposits has not closed as at the date of this MD&A.

The upfront cost to the Company to acquire these additional mineral properties is USD 1,000,000. In addition, the Company has agreed to additional work commitments of USD 5,000,000 in the aggregate over the next four years. As a result of the extension of the Selebi mining licence, the remaining asset purchase obligations of the Company outlined in the Selebi APA will each increase by 10%, USD 5,500,000 in total, while the trigger events remain unchanged.

Selkirk Mine

In regard to the Selkirk Assets, the purchase agreement does not provide for a purchase price or initial payment for the purchase of the assets. The Selkirk purchase agreement provides that if the Company elects to develop Selkirk first, the payment of the second Selebi instalment of USD 25 million would be upon the approval by the Minister of MMRGTES of the Company's Section 42 and Section 43 applications (further extension of the Selkirk mining licence and conversion of the Selkirk mining licence into an operating licence, respectively). For the third Selebi instalment of USD 30 million, if Selkirk were commissioned earlier than Selebi, the payment would trigger on Selkirk's commission date.

Right-of-Use Assets

On July 9, 2022, the Company executed a sales agreement with Tuli Tourism Pty Ltd. ("**Tuli**") for the Syringa Lodge in Botswana and obtained possession of the property in August 2022. Pursuant to the sales agreement, the aggregate purchase price payable to the seller is $3,213,404. A deposit of $482,011 was paid on August 17, 2022. The balance is payable in two instalments of $1,365,697 on each of August 1, 2023 and August 1, 2024. The first instalment has been made. In addition to the above purchase price, the Company will pay to Tuli agreed interest in twelve equal monthly instalments of $13,657 each, followed by twelve equal monthly instalments of $6,828.

On March 14, 2023, the Company entered into a drilling equipment supply agreement with Forage Fusion Drilling Ltd. ("**Forage**") of Hawkesbury, Ontario to purchase specific drilling equipment on a "rent to own" basis with the purchase price to be paid in monthly payments. Pursuant to the agreement, the aggregate purchase price payable to Forage is $2,942,000. A deposit of $1,700,000 was paid in March 2023. The balance is payable in twelve equal monthly instalments of $103,500. The equipment arrived at the site in July 2023.

Post Creek

Commencing August 1, 2015, the Company is obligated to pay advances on a net smelter return of $10,000 per annum. During each of FY 2022 and YTD 2023, the Company paid $10,000, which will be deducted from any payments to be made under the net smelter return.

Halcyon

Commencing August 1, 2015, the Company is obligated to pay advances on a net smelter return of $8,000 per annum. During each of FY 2022 and FY 2023, the Company paid $8,000, which will be deducted from any payments to be made under the net smelter return.

<u>Related Party Transactions</u>

Related party transactions are summarized below and include transactions with the following individuals or entities:

Key management (defined as members of the Board of Directors and senior officers) compensation was related to the following:

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

As a result of the EdgePoint Financing on June 28, 2023 and increase of the Term Loan by the Additional Principal Amount on December 14, 2023 (the "**EdgePoint Transactions**"), Cymbria and certain other funds managed by EdgePoint (the "**Financing Parties**") have acquired a total of 16,037,800 common shares of the Company, representing approximately 10.7% of the Company's issued and outstanding shares. The Financing Parties also acquired on closing an aggregate of

6,024,000 warrants with a three-year term and an exercise price of $1.4375 which, if exercised, together with the shares acquired at closing would result in the Financing Parties holding approximately 14.2% of the shares in the aggregate (calculated on a partially diluted basis). As the result of the EdgePoint Transactions, the Financing Parties are now related parties of PNRL. During the three months ended March 31, 2024, the Company paid interest of $519,206 to the Financing Parties (March 31, 2023 – Nil).

Contingent Liabilities

There are no environmental liabilities associated with the Selebi Assets and the Selkirk Mine as at the acquisition dates as all liabilities prior to the acquisitions are the responsibility of the sellers, BCL and TNMC, respectively. The Company has an obligation for the rehabilitation costs arising subsequent to the acquisitions. As of March 31, 2024, management is not aware of or anticipating any contingent liabilities that could impact the financial position or performance of the Company related to its exploration and evaluation assets.

The Company's exploration and evaluation assets are affected by the laws and environmental regulations that exist in the various jurisdictions in which the Company operates. It is not possible to estimate the future contingent liabilities and the impact on the Company's operating results due to future changes in the Company's re-development of its projects or future changes in such laws and environmental regulations.

Segmented Disclosure

The Company operates in one reportable operating segment being that of the acquisition, exploration and evaluation of mineral properties in three geographic segments being Botswana, Barbados and Canada. The Company's geographic segments are as follows:

	March 31, 2024	**December 31, 2023**
Current assets		
Canada	7,706,418	15,894,177
Barbados	2,090,445	104,024
Botswana	1,659,765	4,680,572
Total	**11,465,628**	**20,678,773**

	March 31, 2024	**December 31, 2023**
Property, plant and equipment		
Canada	8,291	8,726
Botswana	7,199,121	7,563,106
Total	**7,207,412**	**7,571,832**

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

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements as at March 31, 2024.

Financial Instruments and Financial Risk Management

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include interest rate risk, credit risk, liquidity risk and currency risk. The carrying value of cash, trade payables and accrued liabilities approximate their fair value due to their short-term nature. The fair value of the amended and restated promissory note, vehicle financing and lease liabilities are equal to their carrying values as all these amounts carry a fixed interest rate. The fair value of the Term Loan carries a fixed interest rate and is equal to the carrying value. The fair value of the deferred share units is the closing price of the Company's common shares at the end of each reporting period. Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

On March 31, 2024, the fair value of cash and the deferred share units are based on Level 1 measurements.

All amounts in this table are expressed in thousands of CDN dollars	**Fair Value at March 31, 2024**	**Basis of Measurement**	**Associated Risks**
Cash	9,366,821	FVTPL	Credit
Trade payables and accrued liabilities	4,555,846	Amortized cost	Liquidity
Lease liabilities	1,319,863	Amortized cost	Liquidity
Term Loan	18,297,218	Amortized cost	Liquidity
Vehicle financing	211,284	Amortized cost	Liquidity
Deferred share unit liability	939,128	FVTPL	Liquidity

The Company's accounting policies regarding financial instrument classification, measurement, impairment and derecognition are described in the interim financial statements (see Note 2).

New standards and amendments effective this year

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a material impact to the Company and have been excluded.

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

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

Accounting standards and amendments issued but not yet effective

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

Operations in Emerging Markets

Guidance from Canadian securities regulators provides that issuers operating in markets deemed to be "emerging markets" include additional disclosure with respect to operations in such markets. The Company has its material properties and operating subsidiaries in Botswana. It is possible that operating in Botswana may expose the Company to a certain degree of political, economic and other risks and uncertainties. For these reasons, the following disclosure is included in contemplation of the guidance in Staff Notice 51-720 – *Issuer Guide for Companies Operating in Emerging Markets*. In conducting its operations in Botswana, the Company has, among other things: (i) engaged and maintained experienced management and technical teams located in Botswana and/or with extensive experience in operating properties in Africa; (ii) certain members of the board and management routinely visit the Company's Botswana properties; (iii) retained advisors and technical experts in Botswana including its local counsel, Bookbinder Business Law ("**Bookbinder**"); and (iv) generally maintained robust internal control over its foreign subsidiaries, all of which are more particularly described below.

Subsidiaries and Operations in Botswana

The Company's principal business activity in Botswana is the re-development of the Selebi Mines and the Selkirk Mine (together, the "**Botswana Assets**").

The establishment and development of Premium Nickel Group Proprietary Limited ("**PNGPL**") and Premium Nickel Resources Proprietary Limited ("**PNRPL**"), each of which is a Botswanan entity, adds an additional regulatory framework within which the Company operates and is supplementary to the regulatory framework existing in Canada. The Company holds its interest in the Selebi Assets and the Selkirk Assets indirectly through its 100% owned subsidiaries, PNRPL and PNGPL respectively.

The Company's operating entities in Botswana are governed in accordance with applicable local laws and entity-wide governance principles. The directors and management of the Company's operating entities in Botswana are generally comprised of a majority of senior management employees and where required by local laws, local residents, who are generally longstanding local management level employees, or local corporate counsel. In addition, certain members of the Company's management have experience conducting business in Botswana, as detailed below, where the Company has maintained operations since 2021. Operating in Botswana requires greater internal controls and adherence to a regulatory framework which creates challenges in relation to decision-making, communication, and compliance. The Company has experienced management and has retained legal advisors and consultants to help facilitate adherence to regulatory requirements in order to meet this challenge.

Experienced Board and Management

In addition to their experience with the Company, the Company's board and management also has extensive experience operating in Africa, managing investments and projects in Botswana, Burkina Faso, Namibia, South-Africa, and the Democratic Republic of Congo. Furthermore, they bring diverse expertise in areas such as global strategy, finance, exploration, technology, and corporate development. Their collective experience spans several decades and includes successful ventures in both public and private sectors. Certain members of the board, management and senior officers of the Company have made trips to Botswana to gain a deeper understanding of the Company's operations and projects as well as to impart their experience and knowledge of the local business, culture, and practices to the other members of the board and officers.

The Company also relies on the expertise of its local Botswana-based key personnel, Mr. Borris Kamstra, Mr. Kneipe Setlhare, Mr. Karabo Monepe, and Mr. McDonald Raditladi, all of whom have extensive mining and government relations experience in Botswana. These individuals are in regular contact with management and attend regular management meetings. Below are details of their experience as it relates to the Company's Botswanan operations as well as the local context more broadly.

- Mr. Boris Kamstra is the COO of Premium Nickel Resources International Ltd. and the local African seasoned leader in the mining industry, with over 25 years of experience in senior and executive roles. Boris is South African and has worked his entire career within Sub-Saharan Africa. Most recently, he was the CEO of Alphamin Resources (TSXV:AFM) as well as the Johannesburg Stock Exchange. He was instrumental in bringing the mine located in North Kivu DRC into full operation from a greenfield exploration program.

- Mr. Kneipe Setlhare is a mining engineer with over 14 years of experience in mining operations management. He acts as the Company's country director whose role is to oversee the Company's activities in Botswana. As country director, Mr. Setlhare ensures that the Company meets all requirements to maintain compliance with government regulations, obtain necessary approvals in a timely manner and manages the relationships with local communities. Mr. Setlhare has had previous roles at BCL and Discovery Metals Limited. His most recent role was as Executive Country Manager at Giyani Metals Corp., a public company listed on the TSX. In these roles, Mr. Setlhare has been involved in early-stage exploration, preliminary economic assessment, feasibility studies, mine development and commissioning, mine asset acquisitions and disposals.

- Mr. Karabo Monepe is currently the Senior Controller in the Company's Botswanan operations. He graduated from the University of Botswana in 2005 with a Bachelor's degree in Accounting. Mr. Monope also possesses as an ACCA qualification. He has substantial experience in planning and analysis, financial management and controls, financial reporting, auditing, and banking, acquired from previous roles at Laurelton Diamonds Inc. and Expresscredit Ltd.

- Mr. McDonald Raditladi is currently an HR Officer in the Company's Botswanan operations. He graduated in 2009 from the University of Botswana with a Bachelor's degree in Psychology and worked in human resources at Botswana Savings Bank for approximately three years. He later became part of the team that set up Majwe Mining Joint Venture, Debswana's largest contractor in 2012.

The Company's technical, metallurgical and ESG teams (which includes, among others, Sharon Taylor, Peter Lightfoot, Gerry Katchen, Phillip Mackey and Norm Lotter) also have significant experience with international projects, particularly in Africa (including experiences with BCL specifically or involved in projects in Botswana and Africa, in general).

Overall, the Company benefits from the collective wealth of expertise and experience in the Company's business and operations in Botswana of its board, management, locally based key personnel and technical teams.

Use of and Reliance on Experts and Local Advisors

The Company has retained Bookbinder, a Botswanan law firm to advise on various corporate and regulatory legal issues, including the Company's right to conduct business in Botswana, title verification over the Botswanan Assets, and has relied on advice from Bookbinder with respect to such matters. Additionally, the Company has retained G-Mining Services, a mining engineering and construction management company who is familiar and has been involved in the Selebi Mines since the Company acquired them, along with other engineering or geoscientific services firms, including SRK Consulting, SLR Consulting, DRA Global, SGS Mineral Services. The Company ensures that any such counsel or provider retained has their credentials vetted and referenced, with considerable diligence and adherence to local licences, professional associations, and regulators.

The Company's officers and directors benefit from the advice and guidance provided by its Botswanan legal advisor as well as key personnel based in Botswana of new developments in local mining regimes and new requirements that come into force from time to time, as they pertain to and affect the Company's business and operations in Botswana. Any material developments are subject to oversight and discussion at the Company's board level.

Language, Cultural Differences and Business Practices

English is the official language of Botswana, in which the Audit and Risk Management Committee of the Company and the Company's external auditors are proficient. The most widely spoken language in Botswana is Setswana. The languages spoken by the board, management and technical team of the Company and its subsidiaries include Afrikaans, English, Setswana, French, Mandarin, Italian and Spanish.

The financial records of the Company and both PNGPL and PNRPL, existing under the laws of Botswana are maintained in English. The Company does not believe that any material language or cultural barriers exist.

Related Parties

The Company is subject to Canadian securities laws and accounting rules with respect to approval and disclosure of related party transactions and has policies in place which it follows to mitigate risk associated with potential related party transactions. The Company may transact with related parties from time to time, in which case such related party transaction may require disclosure in its consolidated financial statements and in accordance with relevant securities laws.

Risk Management and Disclosure

The Company has implemented a system of corporate governance, internal controls over financial matters, disclosure controls and procedures that apply to the Company and its subsidiaries, which are overseen by the board of directors and enacted by senior management of the Company. Executive management and the board of the Company prepare and review the financial reporting of its subsidiaries, audited by BDO in Botswana, as part of preparing its consolidated financial reporting, and MNP LLP, the Company's external independent auditors audit the consolidated financial statements under the oversight of the Audit and Risk Management Committee. In addition, the management of each subsidiary entity review, on an annual basis, the financial activities of local operations, which includes a review of variances and trend analysis against approved budgets. These annual reviews are also part of routine discussions between the management of the subsidiary entities and the Company. As such, the Company's board and management have insight into its subsidiaries monthly operations and finances and can provide effective oversight of subsidiary level financial reporting and operations.

In general, the board of each subsidiary entity is responsible for maintaining good corporate governance practices and risk controls. Board members and management of the Company regularly discuss business operations and risk management practices with directors and management of each subsidiary entity.

Internal Controls and Corporate Records

The Company prepares its consolidated financial statements on a quarterly and annual basis, using IFRS and in accordance with relevant securities legislation. The Company implements internal controls over the preparation of its financial statements and other financial disclosures, including its MD&A, to provide reasonable assurance that its financial reporting is reliable. These systems of internal control over financial reporting, disclosure controls and procedures are designed to ensure that, among other things, the Company has access to material information about its subsidiaries.

In order for the Company's CEO and CFO to be in a position to attest to the matters addressed in the quarterly and annual certifications required by National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, the Company has developed internal procedures and responsibilities throughout the organization for its regular periodic and special situation reporting. This is done to provide assurances that information that may constitute material information will reach the appropriate individuals who review public documents and statements relating to the Company. Additionally, material information from the Company's subsidiaries is prepared with input from the responsible officers and employees so that it can be available for review by the CEO and CFO in a timely manner.

The Company maintains its bank accounts in Botswana with Absa Group Limited, a long-established commercial bank. The account is funded on an as-needed basis, and only when expenditures are to be made in-country. Any requests for funding in Botswana must be specific and supported by documentation. The majority of the Company's funds are kept with the Royal Bank of Canada or the Bank of Montreal, each of which is a major Canadian chartered bank, until such time funds are required to be expended in Botswana. Funds advanced to the Botswana bank are subject to strict internal controls, which includes corporate audits and approvals by the Company in Canada and the involvement of local country directors in Barbados and Botswana.

PNGPL and PNRPL's corporate records are managed by Company Formations (PTY) Ltd in Gaborone, Botswana. BDO Services (Pty) Ltd, an international professional services firm with a local office in Botswana has undertaken PNGPL and PNRPL's accounting and tax administration services.

This comprehensive approach to subsidiary management and governance ensures that the Company and its subsidiaries operate under a unified strategic vision, with robust controls in place for financial management and corporate governance.

Risks and Uncertainties

Overview

The business of the Company being the exploration and development of mineral properties in Botswana, Greenland and Canada is speculative and involves a high degree of risks. These risks may have a material and adverse impact on the future operations, financial performance and condition of the Company and the value of the common shares of the Company. Although the Company has been successful in its past fund-raising activities, there is no assurance as to the success of future fundraising efforts or as to the sufficiency of funds raised in the future.

Readers are encouraged to read and consider the risk factors which are more specifically described, *inter alia*, in: (a) this MD&A (see *"Risk and Uncertainties", "Operations in Emerging Markets" and "Cautionary Note Regarding Forward-Looking Statements"*); and (b) the Consolidated Financial Statements (see *Note 13 – Risk Management*). Such risk factors could materially affect the future operating results of the Company and could cause actual events to differ materially from those described in the forward-looking statements relating to the Company. Readers are also encouraged to review other publicly filed disclosure regarding the Company, which are available on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile.

The risks and uncertainties discussed in this MD&A are not the only ones facing the Company. In evaluating an investment in the Company, the risks and uncertainties described below should be carefully considered. If any such risks actually occur, the business, financial condition and/or liquidity and results of operations of the Company could be materially adversely affected. In this event, the value of the common shares could decline and shareholders could lose all or part of their investment.

Further, the Company's view of risks is not static, and readers are cautioned that there can be no assurance that all risks to the Company, at any point in time, can be accurately identified, assessed as to significance or impact, managed or effectively controlled or mitigated. There can be additional new or elevated risks to the Company that are not described herein or in the Company's public filings to date.

Risk factors

Economics of Developing Mineral Properties

Substantial expenses are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract metal from ore and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operation or that the funds required for development can be obtained on a timely basis.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Negative Operating Cash Flow and Reliance on Additional Financing to Maintain and Continue Operations

The Company has negative cash flow from operations. As a result of the expected expenditures to be incurred by the Company for the exploration and advancement of the Company's material projects, the Company anticipates that negative operating cash flows will continue until one or both of the Company's material projects enters commercial production (if at all). There can be no assurance that the Company will generate positive cash flow from operations in the future.

The Company will require additional capital in order to fund its future activities for its material projects and maintain and grow its operations. To the extent that the Company continues to have negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. Furthermore, additional financing, whether through the issue of additional equity and/or debt securities and/or project level debt, will be required to continue the development of the Company's material projects and there is no assurance that additional capital or other types of financing will be available or that these financings will be on terms at least as favourable to the Company as those previously obtained, or at all. Should the Company require additional capital to continue its operations, failure to raise such capital could result in the Company going out of business.

From time to time, the Company may issue new shares, seek debt financing, dispose of assets, or enter into transactions to acquire assets or shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards.

Failure to obtain additional financing or to achieve profitability and positive operating cash flows will have a material adverse effect on its financial condition and results of operations.

Lack of Established Mineral Resource or Reserves

The Company is a mineral exploration and development company that is focused on the redevelopment of the previously producing nickel, copper and cobalt resource mines owned by the Company in the Republic of Botswana. To that end, the Company's properties have no established mineral resources or mineral reserves at this time. While the Selebi project has historical mineral resource estimates, the Company has not yet published a mineral resource estimate on the Selebi project in accordance with NI 43-101. As such, these historical mineral resource estimates may not be reliable.

Further, there is no assurance that any of the Company's projects can be mined profitably. Accordingly, it is not assured that the Company will realize any profits in the short to medium term, if ay all. Any profitability in the future from the business of the Company will be dependent upon development and commercially mining an economic deposit minerals, which in itself is subject to numerous risk factors.

The exploration and development of mineral deposits involves a high degree of financial risk over a significant period of time that even a combination of management's careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish resources and reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that current work programs of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its work programs, which may be affected by a number of factors. Substantial expenditures are required to establish mineral reserves that are sufficient to support commercial mining operations.

Mineral Exploration and Development

The Company's projects are in their exploration stages. The exploration of mineral deposits involves significant financial risks over a prolonged period of time, which may not be eliminated even through a combination of careful evaluation, experience and knowledge.

Development of the Company's properties will occur only after obtaining satisfactory exploration results. Few properties which are explored are ultimately developed into economically viable operating mines. There is no assurance that the Company's mineral exploration activities will result in the discovery of a body of commercial ore on its exploration properties. Several years may pass between the discovery and development of commercial mineable mineralized deposits.

Most exploration projects do not result in the discovery of commercially-mineralized deposits. The commercial viability of exploiting any precious or base-metal deposit is dependent on a number of factors including infrastructure and governmental regulation, in particular those relating to environment, taxes and royalties. No assurance can be given that minerals will be discovered of sufficient quality, size and grade on any of the Company's properties to justify a commercial operation.

Exploration projects also face significant operational risks including but not limited to an inability to obtain access rights to properties, accidents, equipment breakdowns, labour disputes (including work stoppages and strikes), impact of health epidemics and other outbreaks of communicable diseases and other unanticipated interruptions.

Uninsured Risk and Hazards

Mining is capital intensive and subject to a number of risks and hazards, including environmental pollution, accidents or spills, industrial and transportation accidents, labour disputes, changes in the regulatory environment, natural phenomena (such as inclement weather conditions, earthquakes, pit wall failures and cave-ins) and encountering unusual or unexpected geological conditions. Such risks and hazards might impact the Company's business. Consequently, many of the foregoing risks and hazards could result in damage to, or destruction of, the Company's mineral properties or future processing facilities, personal injury or death, environmental damage, delays in or interruption of or cessation of their exploration or other activities, delay in or inability to receive required regulatory approvals, or costs, monetary losses and potential legal liability and adverse governmental action. The Company may be subject to liability or sustain loss for certain risks and hazards against which it does not or cannot insure or against which it may reasonably elect not to insure because of the cost. This lack of insurance coverage could result in material economic harm to the Company.

Volatility of Common Share Price

The price of common shares may be affected by global macroeconomic developments and market perceptions of the attractiveness of particular industries and location of assets, which may increase the volatility of common share prices. The price of common shares will also be affected by the Company's financial conditions or results of operations as reflected in its liquidity position and earnings reports.

Other factors unrelated to the Company's operations and performance that may have an affect on the price of common shares include: the lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of common shares that persists for a significant period of time could cause the Company's securities to be delisted further reducing market liquidity.

As a result of any of these factors, the market price of common shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Volatility of Commodity Prices

The advancement of the Company's properties is dependent on the future prices of minerals and metals. As well, should any of the Company's properties eventually enter commercial production, the Company's profitability will be significantly affected by changes in the market prices of minerals and metals.

Base and precious metals prices are subject to volatile price movements, which can be material and occur over short periods of time and which are affected by numerous factors, all of which are beyond the Company's control. Such factors include, but are not limited to, actual and expected macroeconomic and political conditions, interest and exchange rates, inflation or deflation, fluctuations in the value of the U.S. dollar and foreign currencies, global and regional supply and demand, speculative trading, the costs of and levels of base and precious metals production, the availability and costs of substitutes, investments by commodity funds and other actions of participants in the commodity markets. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems, the strength of and confidence in the U.S. dollar (the currency in which the prices of base and precious metals are generally quoted), and political developments. The effect of these factors on the prices of base and precious metals, and therefore the economic viability of any of the Company's exploration projects, cannot be accurately determined. The prices of commodities have historically fluctuated widely, and future price declines could cause the development of (and any future commercial production from) the Company's properties to be impracticable or uneconomical. As such, the Company may determine that it is not economically feasible to commence commercial production at some or all of its properties, which could have a material adverse impact on the Company's financial condition and results of operations. In such a circumstance, the Company may also curtail or suspend some or all of its exploration and development activities.

Governmental Regulation

Operations, development and exploration on the Company's properties will be affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labor; (ii) mining law reform; (iii) restrictions on production, price controls, and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations. Changes in such regulation could result in additional expenses and capital expenditures, availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted. The Company is at the exploration stages on all of its properties. Exploration on the Company's properties requires responsible best-exploration practices to comply with the Company's policies, government regulations, and maintenance of claims and tenure.

If any of the Company's projects advance to the development stage, those operations will also be subject to various laws concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters. In addition, new laws governing operations and activities of mining companies could have a material adverse impact on any project in the mine development stage that the Company may possess.

Permits, Licenses and Approvals

The operations of the Company require licences and permits from various governmental authorities. The Company believes it holds or is in the process of obtaining all necessary licences and permits to carry on the activities which it is currently conducting under applicable laws and regulations. Such licences and permits are subject to changes in regulations and in various operating circumstances. There can be no guarantee that the Company will be able to obtain all necessary licences and permits that may be required to maintain its mining activities or advance its mineral properties. In addition, if the Company proceeds to production on any exploration property, it must obtain and comply with permits and licences which may contain specific conditions concerning operating procedures, water use, the discharge of various materials into or on land, air or water, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to obtain such permits and licences or that it will be able to comply with any such conditions.

Environmental Regulations

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which the Company operates. Environmental legislation is evolving in a manner which has been subject to stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed properties and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulations, if any, will not adversely affect the Company's operations. The cost of compliance with changes in governmental regulations has the potential to preclude entirely the economic development of a property. The Company has or will, as applicable, adopt environmental practices designed to ensure that it will comply with or exceed all environmental regulations currently applicable to it.

Changes in tax legislation or accounting rules could affect the profitability of the Company

Changes to, or differing interpretation of, taxation laws in Canada, Botswana, or any of the countries in which the Company's assets or relevant contracting parties are located, could result in some or all of the Company's profits being subject to additional taxation. No assurance can be given that new taxation rules or accounting policies will not be enacted or that existing rules will not be applied in a manner which could result in the Company's profits being subject to additional taxation or which could otherwise have a material adverse effect on the Company's profitability, results of operations, financial condition and the trading price of the Company's securities. In addition, the introduction of new tax rules or accounting policies, or changes to, or differing interpretations of, or application of, existing tax rules or accounting policies could make acquiring additional resource properties by the Company less attractive to counterparties. Such changes could adversely affect the Company's ability to acquire new assets or make future investments.

Financial Risk

The Company is also exposed to risks relating to its financial instruments and foreign currency. It is anticipated that the Company will operate in Canada, Greenland and Botswana and undertake transactions denominated in foreign currencies such as United States dollars, Euros, Danish Krones and the Botswanan Pula, and consequently is exposed to exchange rate risks. The Company will also be exposed to equity price risk; the movements in individual equity prices or general movements in the level of the stock market may potentially have an adverse impact on the Company's earnings. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken.

Risks of Doing Business outside Canada

The Company's material mineral projects are located in the Republic of Botswana. The Company's anticipated operations outside North America could subject the Company to a variety additional risks that may negatively impact its business and operations including any of the following: changes in rules and regulations (including required royalties); failure of local parties to honour contractual relations; delays in obtaining or the inability to obtain necessary governmental permits; opposition to mining from environmental or other non-governmental organizations; limitations on foreign ownership; limitations on the repatriation of earnings; economic or tax policies; tariffs and trade barriers; regulations related to customs and import/export matters; longer payment cycles; tax issues; currency fluctuations and exchange controls; rates of inflations; challenges in collecting accounts receivable; cultural and language differences; employment regulations; crimes, strikes, riots, civil disturbances, terrorist attacks, and wars; and deterioration of political relations with Canada or other governments or sanctions imposed by Canada or other governments. There will also be currency exchange risks in connection with the operations of the Company's foreign mineral assets, including the Selebi project and the Selkirk project.

In addition, Botswana is considered an emerging market. Emerging market investments generally pose a greater degree of risk than investments in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments. Further, the current, or a future government may adopt substantially different policies, take arbitrary action which might halt exploration or production, re-nationalize private assets or cancel contracts, or cancel mining or exploration rights, any of which could result in a material and adverse effect on the Company's results of operations and financial condition. For details on the Company's operations in Botswana, please refer to the section titled *"Operations in Emerging Markets"* in this MD&A.

Dependent on Business and Technical Expertise of Management Team

The Company is dependent on the business and technical expertise of its management team. If it is unable to rely on this business and technical expertise, or if any of the expertise is inadequately performed, the business, financial condition and results of the operations of the Company could be materially adversely affected until such time as the expertise could be replaced.

Acquisition of Botswanan Assets

On January 31, 2022, PNRC, an indirect wholly-owned subsidiary of the Company, closed the acquisition of the Selebi project. However, pursuant to the terms of the acquisition, PNRC has to comply with certain milestone payments, which if not satisfied, will result in the Selebi project reverting to the BCL Liquidator. There are approximately US$55 million in contingent post-closing milestone payments due to the BCL Liquidator in connection with the Selebi project, with (A) US$25 million due upon the Selebi mining licence renewal date, and (B) another US$30 million due upon the earlier of the commissioning and start of production at the Selebi project or four years from the Selebi mining licence renewal date. The failure of PNRC to comply with all the post-closing covenants and contingent milestone payments relating to Selebi project (if and when those milestones are achieved), can materially adversely affect the business, operations and financial conditions of the Company and impact the market prices of the Common Shares. In addition, PNRL closed its purchase of the Selkirk project in August 2022.

Share Capital Information

As of the date of this MD&A, the fully diluted share capital of the Company, including common shares issuable upon exercise of securities of the Company exercisable for common shares, is as follows:

Securities	Common shares
Common shares	149,427,179
Preferred shares (1)	13,131
Deferred shares	1,043,474
Warrants	6,541,099
Stock options	13,059,821
Fully diluted share capital	**170,084,704**

(1): The 118,186 outstanding preferred shares are convertible into common shares at a 9:1 ratio.

Disclosure Controls and Procedures

Management has established processes to provide management with sufficient knowledge to support representations that management has exercised reasonable diligence that: (a) the Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the Financial Statements; and (b) the Financial Statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

Cautionary Note Regarding Forward Looking Statements

Statements contained in this MD&A that are not historical facts are forward-looking information (within the meaning of applicable Canadian securities legislation) that involve risks and uncertainties. In this MD&A, forward-looking information includes, but is not limited to: ongoing payments and covenants with respect to the Selebi acquisition and the Selkirk acquisition; the Company's anticipated plans and work program at the Selebi Mines and the Selkirk Mines, including the anticipated costs in respect thereof; the timing and ability for the Company to achieve business and project milestones; the timing and ability of the Company to establish and define a NI 43-101 compliant mineral resource estimates on the Selebi Mines and Selkirk Mines; the establishment, estimation and assumptions underlying any mineral reserves and mineral resources (if at all); the timing and amount of estimated future capital expenditures; the ability of exploration activities (including drill results) to accurately predict mineralization; management's belief (and underlying assumptions related thereto) that the Selebi and Selebi North deposits are connected at depth; the relationships between, and continuity of, the various deposits (if any); the results of the exploration activities and drill program at the Selebi Mines and other properties of the Company; management's belief that historical mineral resource could be indicative of the presence of mineralization in the deposits; currency fluctuations, requirements for additional capital; the contemplated use of proceeds by the Company from the financing transactions; the Company's plans and timeline to re-develop the Selebi and Selkirk mines and the drilling planned by PNRL; the Company's operations (and related risks) in Botswana; government regulation of mining operations; environmental risks; unanticipated reclamation expenses; title disputes or claims, limitations on insurance coverage, the timing and possible outcome of pending litigation and other statements that are not historical facts. In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Such risks and other factors that could cause actual results to differ materially from those anticipated in forward-looking information are described, *inter alia*, in (a) this MD&A (see *"Risk and Uncertainties" and "Operations in Emerging Markets"*); and (b) the Financial Statements (see *Note 13 – Risk Management*). Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information in this MD&A speak only as of the date hereof. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law.

Historical Estimate

The historical SAMREC compliant resource (the "**Historic SAMREC Resource**") that was calculated for the Selebi Mines in 2016 is considered to be historical in nature and should not be relied upon as a current mineral resource estimate. While management believes that the Historic SAMREC Resource could be indicative of the presence of mineralization on the Selebi deposit, a qualified person has not completed sufficient work to classify the historical mineral estimate as a current mineral resource estimate and the Company is not treating the historical mineral estimates as current mineral resource estimate.

Selebi Technical Report

The Scientific and technical information in this MD&A relating to the Selebi Mines is supported by the technical report titled *"Technical Report on the Selebi Mines, Central District, Republic of Botswana, Report for NI 43-101"*, dated June 16, 2022 (with an effective date of March 1, 2022) (the "**Selebi Technical Report**"), and prepared by SLR Consulting (Canada) Ltd. for the Company, in accordance with NI 43-101. Reference should be made to the full text of the Selebi Technical Report, including the assumptions, limitations and qualifications contained therein, as well as the data verification relating to the historic data compilation presented in this MD&A, and is available electronically on SEDAR+ (www.sedarplus.ca) under PNRL's issuer profile.

Selkirk Technical Report

The Scientific and technical information in this MD&A relating to the Selkirk Mine is supported by the technical report titled "NI 43-101 Technical Report - Selkirk Nickel Project - North East District, Republic of Botswana", dated April 12, 2023 (the "**Selkirk Technical Report**"), and prepared by G-Mining Services Ltd. for the Company, in accordance with NI 43-101. Reference should be made to the full text of the Selkirk Technical Report, including the assumptions, limitations and qualifications contained therein, as well as the data verification relating to the historic data compilation presented in this MD&A, and is available electronically on SEDAR+ (www.sedarplus.ca) under PNRL's issuer profile.

Qualified Person and Technical Information

The scientific and technical information in this MD&A has been reviewed and approved by Sharon Taylor, Vice President exploration of the Company, who is a "qualified person" for the purposes of NI 43-101.

The 2022-2023 surface drilling program at the Selebi Mines was completed by Mitchell Drilling of Botswana utilizing a Sandvik UDR1500 and a Boart Longyear LF-160 diamond drill rig. The 2023 underground drilling program at Selebi North is being carried out through an agreement with Forage who have provided three Zinex U-5 drills for purchase and providing training of local operators. Short, inclined holes were drilled by Discovery drilling using a Boyles 56 drill. Surface drill core samples (47.75 mm diameter, NQ) and underground drill core samples (40.7 mm diameter BQTK) are cut in half by a diamond saw on site. Half of the core is retained for reference purposes. Samples are generally 1.0 to 1.5 metre intervals or less at the discretion of the site geologists. Sample preparation and lab analysis was completed at the ALS Chemex in Johannesburg, South Africa. Commercially prepared blank samples and certified Cu/Ni sulphide analytical control standards with a range of grades are inserted in every batch of 20 samples or a minimum of one set per sample batch. Analyses for Ni, Cu, Co and S are completed using a peroxide fusion preparation and ICP-AES finish (ME-ICP81). Ag analyses are completed using a four acid digestion with ICP-AES Finish (ME-ICP61).

The scientific and technical information in this MD&A relating to the assets of the Company in Greenland and Canada has been prepared by or under the supervision of Peter C. Lightfoot, Ph.D., P. Geo., the Consulting Chief Geologist of the Company, who is a "qualified person" for the purposes of NI 43-101. Dr. Lightfoot has reviewed and approved the disclosure in this MD&A relating to the assets of the Company in Greenland and Canada.

For further information relating to the Maniitsoq Project in southwest Greenland, please see the technical report titled *"Updated Independent Technical Report for the Maniitsoq Nickel-Copper-Cobalt-PGM Project, Greenland"* dated March 17, 2017 (with an effective date of March 17, 2017) prepared for the Company by SRK Consulting (US) Inc., which is available on SEDAR+ (www.sedarplus.ca) under PNRL's issuer profile.