PREMIUM RESOURCES LTD.

(FORMERLY PREMIUM NICKEL RESOURCES LTD.)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

In accordance with generally accepted accounting principles in the United States and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission and stated in Canadian dollars, unless otherwise indicated

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and

Shareholders of Premium Resources Ltd.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Premium Resources Ltd. (Formerly Premium Nickel Resources Ltd) (the “Company") as at December 31, 2024 and 2023, and the related consolidated statements of operations and comprehensive loss, changes in shareholders’ equity (deficiency), and cash flows for each of the years in the two-year period ended December 31, 2024, and the related notes (collectively referred to as the “consolidated financial statements”).

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and the results of its consolidated operations and its consolidated cash flows for each of the years in the two-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Material Uncertainty Related to Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has incurred recurring net losses and has no source of operating cash flows. Which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Going Concern

Critical Audit Matter Description

As described in Note 1, the Company, being in the exploration stage, is subject to risks and challenges similar to companies in a comparable stage. These risks include the challenges of securing adequate capital for exploration 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. The ability of the Company to continue operations as a going concern is ultimately dependent upon achieving profitable operations and its ability to obtain adequate financing. To date, the Company has not generated profitable operations from its resource activities and will need to invest additional funds in carrying out its planned exploration and operational activities. Management has prepared future cash flow forecasts, which involves judgement and estimation of key variables, such as planned financing and capital and operational expenditures. Future economic conditions and effects of key events subsequent to the year end, such as debt and equity financing, also impacted management's judgements and estimates. We identified the Company's ability to continue as a going concern as a critical audit matter because auditing the Company's going concern assessment is complex and involves a high degree of auditor judgment to assess the reasonableness of the cash flow forecasts, planned refinancing actions and other assumptions used in the Company's going concern analysis. The Company's ability to execute the planned refinancing actions are especially judgmental given that the global financial markets and economic conditions have been, volatile. This matter is also described in the "Material Uncertainty Related to Going Concern" section of our report.

Audit Response

We responded to this matter by performing procedures over management's assessment of the Company's ability to continue as a going concern. Our audit work in relation to this included, but was not restricted to, the following:

- We evaluated the cash flow forecasts prepared by management and evaluated the integrity and arithmetical accuracy of the model.
- We evaluated the key assumptions used in the model to estimate future cash flows for a reasonable period of time, not exceeding 12 months from the date of the consolidated statements of financial position, by comparing assumptions used by management against budgets, economic and industry indicators and publicly available information.
- We evaluated the key assumptions pertaining to estimated cash flows from operating activities and expected cash flows from financing activities, underlying agreements, private placement raises and subsequent events thereafter.
- We assessed the adequacy of the going concern disclosures included in Note 1 of the consolidated financial statements and consider these to appropriately reflect the assessments that management has performed.

We have served as the Company’s auditor since 2022.

MNP LLP

Chartered Professional Accountants;
Licensed Public Accountants

Ottawa, Canada

March 19, 2025
PCAOB ID: 1930

Consolidated Balance Sheets
(Expressed in Canadian dollars)

	Notes	As at December 31, 2024 $	As at December 31, 2023 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	6,105,933	19,245,628
Prepaid expenses		540,288	900,310
Other receivables	4	972,022	532,835
TOTAL CURRENT ASSETS		**7,618,243**	**20,678,773**
NON-CURRENT ASSETS			
Exploration and evaluation assets	5	8,846,821	8,594,798
Property, plant and equipment	6	8,488,405	8,700,634
TOTAL NON-CURRENT ASSETS		**17,335,226**	**17,295,432**
TOTAL ASSETS		**24,953,469**	**37,974,205**
LIABILITIES			
CURRENT LIABILITIES			
Trade payables and accrued liabilities	7	4,477,580	4,280,146
Lease liabilities	8	-	1,611,143
Current portion of DSU liability	12(e)	177,602	-
TOTAL CURRENT LIABILITIES		**4,655,182**	**5,891,289**
NON-CURRENT LIABILITIES			
Vehicle financing		246,137	236,124
Provision for leave and severance		1,001,936	510,202
Term Loan	9	18,983,212	17,956,423
NSR option liability	10	2,750,000	2,750,000
DSU liability	12(e)	764,062	884,481
TOTAL NON-CURRENT LIABILITIES		**23,745,347**	**22,337,230**
TOTAL LIABILITIES		**28,400,529**	**28,228,519**
SHAREHOLDERS' (DEFICIENCY) EQUITY			
Common Shares (no par value, unlimited Common Shares authorized; 185,708,588 issued and outstanding) (December 31, 2023 – 149,300,920)	12	-	-
Preferred shares	12	31,516	31,516
Additional paid-in capital		145,025,333	116,069,973
Deficit		(146,987,099)	(104,566,816)
Accumulated other comprehensive loss		(1,516,810)	(1,788,987)
TOTAL SHAREHOLDERS' (DEFICIENCY) EQUITY		**(3,447,060)**	**9,745,686**
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIENCY) EQUITY		**24,953,469**	**37,974,205**

Nature of Operations and Going Concern (Note 1)

Subsequent Events (Note 19)

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

Approved by the Board of Directors on March 19, 2025.

"signed"
Paul Martin
Director and Interim Chief Executive Officer

"signed"
Jason LeBlanc
Director

PREMIUM RESOURCES LTD.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian dollars)

		Year ended December 31,	
		2024	2023
	Notes	$	$
EXPENSES			
General exploration expenses	5	29,651,360	22,863,740
Depreciation and amortization		1,581,270	744,783
General and administrative expenses	18	7,980,178	5,647,102
DSUs granted	12(e)	1,020,523	798,122
Fair value movement of DSUs	12(e)	(963,340)	(128,114)
Net foreign exchange loss		408,086	395,020
LOSS FOR THE YEAR BEFORE OTHER ITEMS		**39,678,077**	**30,320,653**
OTHER ITEMS			
Interest (income) expense, net		(114,114)	222,387
Interest expense and accretion on Term Loan	9	3,109,319	1,675,013
Interest expense and accretion on A&R Promissory Notes	11	-	682,547
Other income		(252,999)	-
NET LOSS BEFORE TAX		**42,420,283**	**32,900,600**
Deferred tax recovery	17	-	(524,531)
NET LOSS FOR THE YEAR		**42,420,283**	**32,376,069**
OTHER COMPREHENSIVE (INCOME) LOSS			
Exchange differences on translation of foreign operations		(272,177)	588,471
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**42,148,106**	**32,964,540**
Basic and diluted loss per share		**0.25**	**0.25**
Weighted average number of Common Shares outstanding – basic and diluted		**168,932,859**	**128,509,525**

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

PREMIUM RESOURCES LTD.

Consolidated Statements of Changes in Shareholders' (Deficiency) Equity

(Expressed in Canadian dollars)

	Notes	Number of shares	Preferred shares $	Additional paid-in capital $	Deficit $	Accumulated other comprehensive (loss) income $	Total shareholders' (deficiency) equity $
BALANCE, DECEMBER 31, 2023		**149,300,920**	**31,516**	**116,069,973**	**(104,566,816)**	**(1,788,987)**	**9,745,686**
Net loss for the year		-	-	-	(42,420,283)	-	(42,420,283)
Share capital issued through private placement	12(a)	36,281,409	-	28,239,254	-	-	28,239,254
Share issue costs	12(a)	-	-	(1,239,037)	-	-	(1,239,037)
Exercise of options, net	12(a)(c)	126,259	-	-	-	-	-
Share-based compensation	12(c)(d)	-	-	1,955,143	-	-	1,955,143
Exchange differences on translation of foreign operations		-	-	-	-	272,177	272,177
BALANCE, DECEMBER 31, 2024		**185,708,588**	**31,516**	**145,025,333**	**(146,987,099)**	**(1,516,810)**	**(3,447,060)**

BALANCE, DECEMBER 31, 2022		**116,521,343**	**31,516**	**77,302,736**	**(72,190,747)**	**(1,200,516)**	**3,942,989**
Net loss for the year		-	-	-	(32,376,069)	-	(32,376,069)
Share capital issued through private placement		32,342,551	-	39,774,313	-	-	39,774,313
Share issue costs		-	-	(3,058,875)	-	-	(3,058,875)
Fair value of lender warrants		-	-	1,744,192	-	-	1,744,192
Deferred tax liability on lender warrants				(524,531)	-	-	(524,531)
Exercise of options, net		337,026	-	-	-	-	-
Exercise of warrants		100,000	-	175,000	-	-	175,000
Share-based compensation		-	-	657,138	-	-	657,138
Exchange differences on translation of foreign operations		-	-	-	-	(588,471)	(588,471)
BALANCE, DECEMBER 31, 2023		**149,300,920**	**31,516**	**116,069,973**	**(104,566,816)**	**(1,788,987)**	**9,745,686**

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

PREMIUM RESOURCES LTD.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

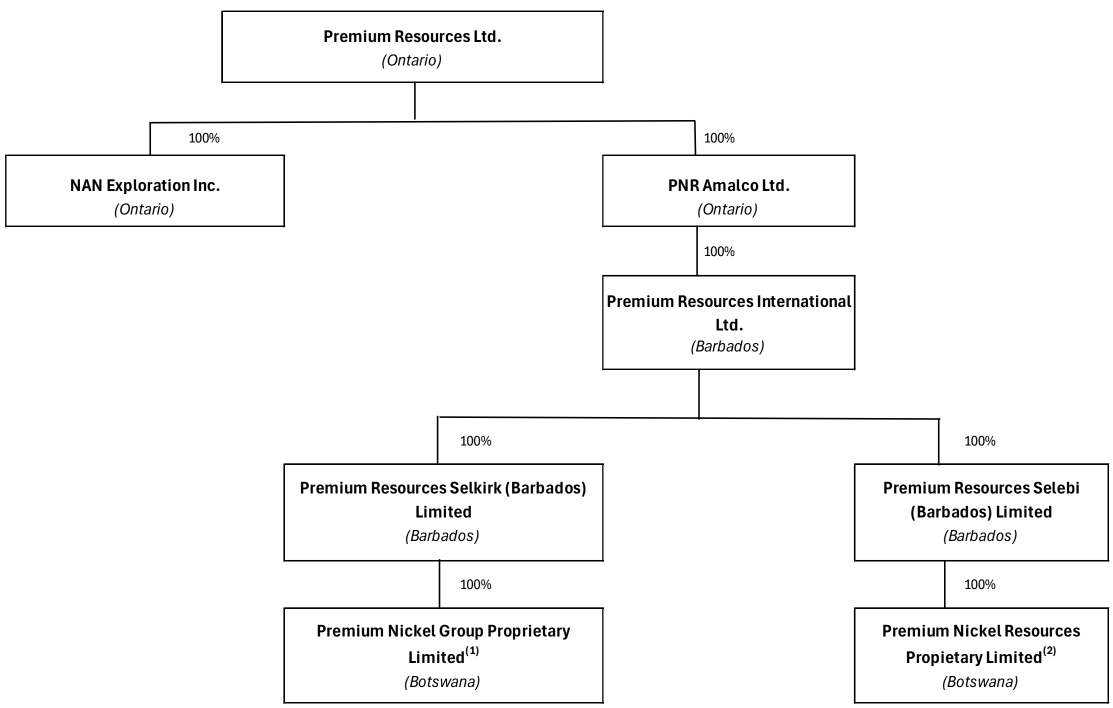
	Notes	Year ended December 31, 2024 $	2023 $
OPERATING ACTIVITIES			
Net loss for the year		(42,420,283)	(32,376,069)
Interest received		284,474	110,886
Interest payment on Term Loan	9	(2,082,530)	(980,892)
Interest payment on A&R Promissory Note		-	(412,329)
Items not affecting cash:			
DSUs granted	12(e)	1,020,523	798,122
Fair value movement of DSUs	12(e)	(963,340)	(128,114)
Share-based compensation	12(c)(d)	1,955,143	657,138
Depreciation		1,581,270	744,783
Provision for leave and severance		470,858	332,261
Accrued interest and accretion on loans		2,844,336	2,001,674
Deferred tax recovery	17	-	(524,531)
Accrued interest on lease liability	8	114,335	301,098
Other income		(252,999)	-
Changes in non-cash working capital and non-current liability			
Prepaid expenses and other receivables		(348,655)	(157,790)
Trade payables and accrued expenses		197,434	254,430
Deferred share units redemption	12(e)	-	(83,527)
Net cash used in operating activities		**(37,599,434)**	**(29,462,860)**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(1,022,231)	(4,771,081)
Expenditures on exploration and evaluation assets	5	-	(483,883)
Net cash used in investing activities		**(1,022,231)**	**(5,254,964)**
FINANCING ACTIVITIES			
Proceeds from issuance of units		27,499,999	39,774,313
Share issue costs		(358,746)	(2,808,231)
Proceeds from exercise of options and warrants		-	175,000
Term Loan proceeds, net of fees		-	19,605,000
A&R Promissory Note repayment	11	-	(7,000,000)
Vehicle loan repayments, net of financing		(6,155)	(115,830)
Lease payments	8	(1,788,454)	(2,241,906)
NSR Option	10	-	2,750,000
Net cash provided by financing activities		**25,346,644**	**50,138,346**
Effect of exchange rate changes on cash and cash equivalents		**135,326**	**(1,337,885)**
Change in cash and cash equivalents for the year		(13,139,695)	14,082,637
Cash and cash equivalents at the beginning of the year		19,245,628	5,162,991
Cash and cash equivalents at the end of the year		**6,105,933**	**19,245,628**
Supplemental cash flow information			
Income taxes paid		-	-
Interest paid		2,213,032	1,633,888

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Premium Resources Ltd. and its wholly-owned subsidiaries' (collectively, the "**Company**" or "**PREM**" and formerly Premium Nickel Resources Ltd.) principal business activity is the exploration and evaluation of PREM'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 common shares of PREM ("**Common Shares**") are listed and posted for trading on the TSX Venture Exchange (the "**TSXV**") under the symbol "PREM". Prior to November 20, 2024, the Company traded on the TSXV under its previous name and symbol, Premium Nickel Resources Ltd. and PNRL, respectively. In addition, the Common Shares are currently quoted on the OTC Pink Open Market under the symbol "PRMLF".

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's head and registered office is located 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 in Botswana and related infrastructure (together, the "**Selebi Mines**"), as well as the nickel, copper, cobalt, platinum-group elements ("**Ni-Cu-Co-PGE**") Selkirk mine in Botswana, together with associated infrastructure and four surrounding prospecting licences (collectively, the "**Selkirk Mine**" and together with the Selebi Mines, the "**Mines**").

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 and advancement of the Company's material projects, 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.

These 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. The Company incurred a net loss of $42,420,283 for the year ended December 31, 2024 (December 31, 2023 - $32,376,069). 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 future 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 activities and cover administrative costs, the Company will use its existing working capital and raise additional amounts as needed. Further, the second instalment under the Selebi APA (defined in Note 5) of $35,972,500 (US$25,000,000) is due January 31, 2026.

On March 18, 2025, the Company closed a significant refinancing which included the conversion of the Term Loan into equity (Note 19). While this transaction will provide sufficient capital for the Company to fund operations in the near term, the Company will need further funding to support advancement of the Selebi Mines and the Selkirk Mine toward the development stage.

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.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These consolidated financial statements reflect the accounts of the Company and have been prepared in accordance with generally accepted accounting principles in the United States ("**US GAAP**") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("**SEC**") for financial information.

Historically, the Company has prepared its financial statements under International Financial Reporting Standards, as issued by the International Accounting Standards Board, for reporting as permitted by security regulators in Canada, as well as in the United States under the status of a foreign private issuer and a non-accelerated filer as defined by the SEC. In Fiscal 2024, the Company determined that it no longer qualified as a non-accelerated filer under the SEC rules, as the SEC rules apply to foreign private issuers. As a result, the Company elected to report with the SEC on domestic forms and comply with domestic company rules, which permit the Company to continue to avail itself of accommodations available to non-accelerated filers that file on domestic issuer forms. Consequently, the Company transitioned to preparing its financial statements using US GAAP for its SEC filing requirements.

(Expressed in Canadian dollars)

(b) Basis of preparation

These 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 these consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ materially from those estimates. The Company assessed certain accounting matters that generally require consideration of forecasted financial information in context with the information reasonably available to the Company as of December 31, 2024, and through the date of this report filing.

Operating segments are reported in a manner consistent with the internal reporting provided to executive management. The Company determined that it has one reportable operating segment being that of the acquisition, exploration and evaluation of mineral properties in three geographic segments, which are Canada, Barbados and Botswana (Note 15).

The Company's presentation currency is Canadian dollars. Reference herein of $ or CAD is to Canadian dollars, US$ or USD is to United States dollars, and BWP is to Botswana pula.

(c) Reclassification

Certain comparative figures on the consolidated balance sheets, consolidated statements of operations and comprehensive loss, consolidated statements of cash flows, and the notes to the consolidated financial statements have been reclassified to conform to the current year presentation. These reclassifications have no effect on net loss or shareholders' equity as previously reported. An adjustment has been made to reduce share-based payments by $657,138 on the face of the consolidated statement of operations and comprehensive loss, and to increase general and administrative expenses and general exploration expenses by $487,295 and $169,843, respectively, for the year ended December 31, 2023. In addition, general and administrative expenses were reduced by $3,514,234 with a corresponding increase to general exploration expenses for the year ended December 31, 2023.

(d) Basis of consolidation

These 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 Resources Ltd.	Ontario, Canada		CAD
NAN Exploration Inc.	Ontario, Canada	100	CAD
PNR Amalco Ltd.	Ontario, Canada	100	CAD
Premium Resources International Ltd.	Barbados	100	USD
Premium Resources Selkirk (Barbados) Limited	Barbados	100	USD
Premium Resources Selebi (Barbados) Limited	Barbados	100	USD
Premium Nickel Group Proprietary Limited	Botswana	100	BWP
Premium Nickel Resources Proprietary Limited	Botswana	100	BWP

(e) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign denominated monetary items are translated at the rates prevailing on the balance sheet date. Non-monetary items measured at historical cost continue to be carried at the exchange rates prevailing at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate prevailing at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in net loss in the year in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in net loss, the exchange component is also recognized in net loss.

(f) Foreign operations

In the Company's consolidated financial statements, all assets, liabilities and transactions of the Company's entities with a functional currency other than the Canadian dollar are translated into Canadian dollars upon consolidation. The functional currency of the Company's subsidiaries in Barbados is the USD, and the BWP for the subsidiaries in Botswana. On consolidation, assets and liabilities have been translated into Canadian dollars at the closing rate on the balance sheet date. Fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Canadian dollars at the closing rate on the balance sheet date. Income and expenses have been translated into Canadian dollars at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive loss and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

(g) Cash and Cash Equivalents

Cash and cash equivalents include all highly-liquid investments with an original maturity of three months or less. The Company minimizes its credit risk by investing its cash and cash equivalents with major Canadian and international banks and financial institutions with a minimum long-term credit rating of A, as defined by Standard & Poor’s. The Company’s management believes that no concentration of credit risk exists with respect to the investment of its cash and cash equivalents.

(h) Exploration and evaluation assets

Costs of leasing, exploration, evaluation, carrying and retaining unproven mineral properties are expensed as incurred. If the Company identifies proven and probable reserves in its investigation of a property and upon the establishment of commercial feasibility, the property would enter the development stage and future costs would be capitalized until production is established. When a property reaches the production stage, the related capitalized costs are amortized on a units-of-production basis over the proven and probable reserves following the commencement of production. Interest expense allocable to the cost of developing mining properties and to construct new facilities is capitalized until assets are ready for their intended use.

To date, the Company has not established the commercial feasibility of any exploration prospects; therefore, all exploration and evaluation costs are being expensed.

ASC 930-805 - Extractive Activities-Mining: Business Combinations states that mineral rights consist of the legal right to explore, extract, and retain at least a portion of the benefits from mineral deposits. Mining assets include mineral rights which are considered tangible assets under *ASC 930-805*. *ASC 930-805* requires that mineral rights be recognized at fair value as of the acquisition date. As a result, the direct costs to acquire mineral rights are initially capitalized as tangible assets. Mineral rights include costs associated with acquiring patented and unpatented mining claims.

(i) Impairment of long-lived assets

Long-lived assets, including exploration and evaluation assets and property, plant and equipment, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances that could trigger a review include, but are not limited to: significant decreases in the market price of the assets; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the assets; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the assets; and current expectation that the assets will more likely than not be sold or significantly disposed of before the end of their estimated useful life.

When indicators of potential impairment are present, the Company prepares a projected undiscounted cash flow analysis for the respective asset or asset group. If the sum of the undiscounted cash flows is less than the carrying value of the asset or asset group, an impairment loss is recognized equal to the excess of the carrying value over the fair value. Fair value can be determined using a market approach, income approach or cost approach. Recognized impairment losses are not reversed.

Based on the Company's evaluation, no impairment has been recorded on the unproven mining properties for the year ended December 31, 2024.

(j) Leases

At commencement of a contract, the Company assesses whether a contract is, or contains, a lease by determining whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A right-of-use (the "**ROU**") asset and lease liability are recognized at the lease commencement date. The lease liability is initially measured at the present value of all future lease payments that have not been paid as of the commencement date of the lease, discounted using the Company's incremental borrowing rate, unless the rate implicit in the lease is readily determinable. The ROU asset is initially measured at cost, which is calculated as the initial amount of the lease liability, with an adjustment for any initial direct costs incurred, plus adjustments for any lease payments made in advance of the commencement date, and less any lease incentives received.

ASC 842 requires a lessee to classify a lease as either a finance or operating lease. Interest and amortization expense are recognized for finance leases while only a single lease expense is recognized for operating leases, typically on a straight-line basis.

ROU assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is remeasured when there is a change in future lease payments, when there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. These adjustments are recorded through profit or loss.

(k) Property, plant and equipment

Property, Plant and Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of a significant replaced part is derecognized. All other repairs and maintenance are charged to net loss during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in net loss.

Depreciation is calculated using the straight-line method to charge the cost, less residual value, of the assets to net loss over their estimated useful lives. The depreciation rate applicable to each category of property, plant and equipment is as follows:

Property, Plant & Equipment	**Estimated useful life (years)**
Computer and software	2
Vehicles	4
Equipment	5
Furniture and fixtures	10
Buildings	25

(l) Additional paid-in capital

Additional paid-in capital is presented at the value of the shares issued as the Company's shares have no stated par value. Transaction costs directly attributable to the issuance of Common Shares are recognized as a deduction from equity. Transactions with shareholders are disclosed separately in equity.

The proceeds from the exercise of stock options or warrants together with amounts previously recorded in additional paid-in capital over the vesting periods are recorded as additional paid-in capital.

(m) Unit placements

The Company uses the relative fair value method with respect to the measurement of shares and warrants issued as private placement units. Under the relative fair value method, the Company first determines the fair value of the Common Shares and warrants issued in a private placement, calculates the total fair value of the issued units, and then allocates the proceeds received between the Common Shares and warrants based on their relative fair values.

(n) Share-based compensation

The Company grants equity settled share-based compensation in the form of share options and restricted share units ("**RSU**s") in exchange for the provision of services. The Company records stock-based compensation in accordance with *ASC 718 - Compensation – Stock Compensation* using the fair value method. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the equity instrument issued.

The Company determines the fair value of the awards on the date of grant. The value of the portion of the award that is ultimately expected to vest is recognized as an expense in net loss over the requisite service period. At the end of the reporting period, the Company updates its estimate of the number of awards that are expected to vest and adjusts the total expense to be recognized over the vesting period. Where an unvested award is cancelled by the Company or the counterparty, any remaining element of the fair value of the award is expensed immediately or reversed through profit or loss, depending on the type of cancellation.

*(o) Deferred Share Units ("**DSU**s")*

The Company grants cash settled share-based compensation in the form of DSUs to its Directors in exchange for the provision of services. The Company records the fair value of the liability at the date which it is incurred based on the number of units granted multiplied by the price of the Company's Common Shares on the date of grant, and adjusts the liability to the fair value at the end of each reporting period and at the date of settlement. Changes in fair value are recognized in net loss for the period.

(p) Loss per Common Share

Basic loss per Common Share is calculated using the weighted average number of Common Shares outstanding during the period and does not include outstanding options, RSUs and warrants. Dilutive loss per Common Share is not presented differently from basic loss per Common Share as the conversion of outstanding stock options, RSUs and warrants into Common Shares would be anti-dilutive given the Company's ongoing net loss position.

(q) Income taxes

The Company's tax provision consists of taxes currently payable or receivable, plus any change during the period in deferred tax assets and liabilities. The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for certain temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in net loss in the period of the enactment date. In addition, a valuation allowance is established to reduce any deferred tax asset for which it is determined that it is more likely than not that some portion of the deferred tax asset will not be realized.

The Company operates in multiple jurisdictions where uncertainties arise in the application of complex tax regulations. Therefore, there are many transactions and calculations for which the ultimate tax determination is uncertain. Accounting for income taxes requires a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if available evidence indicates it is more likely than not that the tax position will be sustainable based on its technical merits. The second step is to measure the tax benefit as the largest amount with a greater than 50 percent likelihood of being realized upon ultimate settlement. For tax positions that are 50 percent or less likely of being sustained upon audit, the Company does not recognize any portion of that benefit in the financial statements.

(r) Derivative instruments

The Company evaluates its financial instruments and other contracts to determine if those contracts, or embedded components of those contracts, qualify as derivatives to be separately accounted for in accordance with *ASC 815 – Derivatives and Hedging*. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market at each balance sheet date and recorded as an asset or liability and the change in fair value is recorded in net loss.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is reassessed at the end of each reporting period. Derivative instruments that become subject to reclassification are reclassified at the fair value of the instrument on the reclassification date.

(s) Use of Estimates

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that can affect reported amounts of assets, liabilities, revenues and expenses and the accompanying disclosures. Estimates and assumptions are continuously evaluated and are based on management's historical experience and on other assumptions believed to be reasonable at the time of preparation of the consolidated financial statements. However, different estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The more significant areas requiring the use of management estimates and assumptions include the recoverability of exploration and evaluation assets; asset lives for depreciation and amortization; the Company's ability to continue as a going concern; valuation of share-based compensation and warrants; deferred taxes and valuation allowances; and asset retirement obligations. Management has determined that the Company has no asset retirement obligations at December 31, 2024.

(Expressed in Canadian dollars)

Recently Adopted Accounting Pronouncements

a) ASU 2023-07, Segment Reporting - Improvements to Reportable Segment Disclosures.

The Accounting Standards Update ("**ASU**") is applicable to all public entities that are required to report segmented information in accordance with *ASC 280 – Segment Reporting* and is effective for annual reporting periods beginning after December 15, 2023. *ASU 2023-07, Segment Reporting - Improvements to Reportable Segment Disclosures* was issued to improve a public entity's disclosure of reportable segments, with the most significant requirement being for a public entity to disclose its significant segment expense categories and amounts for each reportable segment. The Company adopted the new pronouncement effective January 1, 2024, with no impact to its consolidated financial statements.

Recently Issued Accounting Pronouncements and Disclosures Not Yet Adopted

a) ASU 2023-09, Income Taxes: Improvements to Income Tax Disclosures

In December 2023, the Financial Accounting Standards Board ("**FASB**") issued a final standard on improvements to income tax disclosures. The standard requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. This ASU becomes effective January 1, 2025. The Company is assessing the impact of this ASU, and upon adoption, may be required to include certain additional disclosures in the notes to its financial statements.

b) ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures

In November 2024, FASB issued an ASU which will require entities to provide disaggregated disclosure of specified categories of expenses that are included on the face of the income statement, including: purchases of inventory, employee compensation, depreciation, amortization and depletion. This ASU becomes effective January 1, 2027. The Company is assessing the impact of this ASU, and upon adoption, may be required to include certain additional disclosures in the notes to its financial statements.

3. CASH AND CASH EQUIVALENTS

A summary of the Company's cash and cash equivalents is detailed in the table below:

	December 31, 2024 **$**	**December 31, 2023** **$**
Cash	4,015,933	19,245,628
Short-term deposits	2,090,000	-
	6,105,933	**19,245,628**

(Expressed in Canadian dollars)

4. OTHER RECEIVABLES

A summary of the Company's other receivables is detailed in the table below:

	December 31, 2024 $	December 31, 2023 $
HST paid on purchases	503,235	301,618
VAT paid on purchases	468,787	223,776
Other receivables	-	7,441
	972,022	**532,835**

5. EXPLORATION AND EVALUATION ASSETS

The exploration and evaluation assets of the Company consist of the acquisition costs of mining assets located in Botswana:

	Botswana		
	Selebi $	Selkirk $	Total $
Balance, December 31, 2022	8,251,518	327,109	8,578,627
Additions	483,883	-	483,883
Foreign currency translation	(449,878)	(17,834)	(467,712)
Balance, December 31, 2023	8,285,523	309,275	8,594,798
Foreign currency translation	242,955	9,068	252,023
Balance, December 31, 2024	**8,528,478**	**318,343**	**8,846,821**

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

Botswana Assets - Selebi and Selkirk

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

Pursuant to the Selebi APA, the aggregate purchase price payable to the seller for the Selebi Mines shall be the sum of $81,226,330 (US$56,750,000), which amount shall be paid in three instalments:

- $2,086,830 (US$1,750,000) payable on the closing date, and payment of care and maintenance funding contributions in respect of the Selebi Mines from March 22, 2021 to the closing date of $6,164,688 (US$5,178,747). These payments have been made.
- $35,972,500 (US$25,000,000) payable upon the earlier of: (a) approval by the Botswana Ministry of Mineral Resources, Green Technology and Energy Security ("**MMRGTES**") of the Company's Section 42 and Section 43 applications (for the 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, 2026, which pursuant to the Selebi APA has been extended for one year from the original expiry date of January 31, 2025. This extension follows successful completion by the Company of the work and investment milestones required by the Selebi APA.
- $43,167,000 (US$30,000,000) 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.

The total acquisition cost of the Selebi Mines included the first instalment of $2,086,830 (US$1,750,000) and the payment of the care and maintenance funding contribution of $6,164,688 (US$5,178,747). As per the terms and conditions of the Selebi APA, the Company has the option to cancel the second and third payments and return the Selebi Mines to the liquidator if the Company determines that the Selebi Mines are not economical. The Company also has an option to pay in advance the second and third payments if the Company determines that the Selebi Mines are economical.

In addition to the Selebi APA, the purchase of the Selebi Mines is also subject to a royalty agreement as well as a contingent consideration agreement with the liquidator. The royalty agreement consists of a net smelter returns royalty (the "**Selebi NSR**") of 2% on the net value of sales of concentrate or other materials with respect to production from the Selebi mining licence, of which the Company has the right to buy-back 50% (Note 10). The contingent consideration agreement consists of two components: (i) a sliding scale payment of US$0.50/tonne of ore up to US$1.40/tonne of ore with respect to the discovery of new mineable deposits greater than 25 million tonnes of ore and; (ii) price participation of 15% on post-tax net earnings directly attributable to an increase of 25% or more in commodity prices, on a quarterly basis, for a period of seven years from the date of first shipment of concentrate or other materials.

The Company also negotiated a separate asset purchase agreement (the "**Selkirk APA**") with the liquidator of Tati Nickel Mining Company ("**TNMC**") in January 2022 to acquire the Selkirk deposit and related infrastructure formerly operated by TNMC. The transaction closed in August 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 (US$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 $35,972,500 (US$25,000,000) would be upon the approval by the Minister of MMRGTES of the Company's Section 42 and Section 43 applications (for the 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 $43,167,000 (US$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.

In addition to the Selkirk APA, the purchase of the Selkirk Mine is also subject to a royalty agreement as well as a contingent consideration agreement with the liquidator. The royalty agreement consists of a net smelter returns royalty (the "**Selkirk NSR**") of 1% on the net value of sales of concentrate or other materials with respect to production from the Selkirk mining licence, which the Company has the right to buy-back in full (Note 10). The contingent consideration agreement is on similar terms as the Selebi Mines contingent consideration.

In August 2023, the Company entered into a binding commitment letter with the liquidator of BCL, which is subject to customary closing conditions, 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 shaft. The impact is to increase the Selebi mining licence area. While the remaining historic resources at Phikwe South and the Southeast Extension occur within the expanded Selebi mining licence, the amended licence 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 $1,438,900 (US$1,000,000). In addition, the Company agreed to additional work commitments of $7,194,500 (US$5,000,000) in the aggregate over four years. As a result of the expansion of the Selebi mining licence, the remaining asset purchase obligations of the Company outlined in the original Selebi APA with the liquidator will each increase by 10%, or $7,913,950 (US$5,500,000) in total, while the trigger events remain unchanged. The existing 2% NSR and contingent consideration agreement held by the liquidator with respect to production from the Selebi mining licence will also apply to production from these additional deposits, subject to the Company's existing buy-back right for 50% of the NSR (Note 10). The Company incurred $483,883 for care and maintenance during the investigation period of the properties in 2023, which has been added to the acquisition cost of the Selebi Mines. The acquisition of the Phikwe South and the Southeast Extension deposits has not yet closed as at March 19, 2025.

Both the Selebi Mines and Selkirk Mine are subject to a royalty payable to the Botswana Government of 5% of all precious metals sales and 3% of all base metals sales.

(Expressed in Canadian dollars)

General Exploration Expenses

Details of the general exploration expenses by nature are presented as follows:

	Year ended December 31, 2024			
	Selebi $	Selkirk $	Other $	Total $
Drilling	6,703,402	-	-	6,703,402
Site operations, administration, and overhead	4,298,941	435,957	156,457	4,891,355
Infrastructure and equipment maintenance	3,872,782	-	-	3,872,782
Geology	3,042,562	505,783	-	3,548,345
Mine development	3,030,676	-	-	3,030,676
Electricity	2,904,188	27,377	-	2,931,565
Engineering and technical studies	1,066,361	248,343	-	1,314,704
Geophysics	993,152	107,942	-	1,101,094
Freight, tools, supplies, and other consumables	915,925	10,417	-	926,342
Health and safety	319,146	44	-	319,190
Environmental, social and governance	302,737	-	-	302,737
Share-based compensation	567,335	141,833	-	709,168
Total	**28,017,207**	**1,477,696**	**156,457**	**29,651,360**

	Year ended December 31, 2023			
	Selebi $	Selkirk $	Other $	Total $
Drilling	3,462,522	-	-	3,462,522
Site operations, administration, and overhead	3,924,182	605,344	161,266	4,690,792
Infrastructure and equipment maintenance	2,971,026	7,650	-	2,978,676
Geology	2,656,096	241,118	-	2,897,214
Mine development	2,212,657	-	-	2,212,657
Electricity	2,073,771	37,667	-	2,111,438
Engineering and technical studies	795,528	253,660	-	1,049,188
Geophysics	1,781,752	49,045	-	1,830,797
Freight, tools, supplies, and other consumables	690,038	3,638	-	693,676
Health and safety	296,980	1,090	-	298,070
Environmental, social and governance	468,706	161	-	468,867
Share-based compensation	135,874	33,969	-	169,843
Total	**21,469,132**	**1,233,342**	**161,266**	**22,863,740**

(Expressed in Canadian dollars)

6. PROPERTY, PLANT AND EQUIPMENT

The tables below set out costs and accumulated depreciation and amortization as at December 31, 2024 and December 31, 2023:

Cost	Land and Buildings(1) $	Equipment(1) $	Furniture and Fixtures $	Vehicles $	Computer and Software $	Total $
Balance – December 31, 2022	**3,077,420**	**43,354**	**126,605**	**241,884**	**1,950**	**3,491,213**
Additions	-	5,434,791	65,998	187,310	585,561	6,273,660
Foreign currency translation	(167,783)	(1,711)	(704)	(31,162)	(20,104)	(221,464)
Balance – December 31, 2023	**2,909,637**	**5,476,434**	**191,899**	**398,032**	**567,407**	**9,543,409**
Additions	73,049	1,129,567	30,121	111,629	6,543	1,350,909
Foreign currency translation	86,264	(22,306)	3,857	11,561	35,317	114,693
Balance – December 31, 2024	**3,068,950**	**6,583,695**	**225,877**	**521,222**	**609,267**	**11,009,011**

Accumulated Depreciation	Land and Buildings(1)	Equipment(1)	Furniture and Fixtures	Vehicles	Computer and Software	Total
Balance – December 31, 2022	**51,123**	**2,009**	**1,872**	**39,589**	**1,950**	**96,543**
Depreciation during the year	119,133	397,625	14,030	69,997	143,998	744,783
Foreign currency translation	-	1,775	3,177	(3,503)	-	1,449
Balance – December 31, 2023	**170,256**	**401,409**	**19,079**	**106,083**	**145,948**	**842,775**
Depreciation during the year	110,535	1,229,847	14,750	113,688	162,644	1,631,464
Foreign currency translation	2,609	13,358	750	4,581	25,069	46,367
Balance – December 31, 2024	**283,400**	**1,644,614**	**34,579**	**224,352**	**333,661**	**2,520,606**

Carrying Value	Land and Buildings(1)	Equipment(1)	Furniture and Fixtures	Vehicles	Computer and Software	Total
Balance – December 31, 2023	**2,739,381**	**5,075,025**	**172,820**	**291,949**	**421,459**	**8,700,634**
Balance – December 31, 2024	**2,785,550**	**4,939,081**	**191,298**	**296,870**	**275,606**	**8,488,405**

Note:

(1) Land and Buildings contains the Syringa Lodge right-of-use ROU asset and Equipment contains the drilling equipment supply agreement ROU asset (Note 8). The Company had full title to these assets at December 31, 2024.

(Expressed in Canadian dollars)

7. TRADE PAYABLES AND ACCRUED LIABILITIES

A summary of trade payables and accrued liabilities is detailed in the table below:

	December 31, 2024 $	December 31, 2023 $
Amounts due to related parties (Note 13)	1,259,665	93,795
Trade payables	2,493,306	2,383,196
Accrued liabilities	724,609	1,803,155
	4,477,580	**4,280,146**

Included in the amounts due to related parties at December 31, 2024, is $1,168,729 due to the Company's former Chief Executive Officer related to his retirement from the Company and is payable in 24 equal monthly installments of $48,697.

8. LEASE LIABILITIES

The following table summarizes quantitative information pertaining to the Company's finance and operating leases:

	Year ended December 31,	
	2024 $	2023 $
Lease cost		
Finance lease cost:		
Amortization of finance lease right-of-use assets	317,957	204,434
Interest on lease liabilities	114,335	301,098
Short-term operating lease cost	1,327,338	671,409
Total lease cost	**1,759,630**	**1,176,941**

	Year ended December 31,	
	2024 $	2023 $
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	1,327,338	671,409
Financing cash flows from finance leases, principal payment	1,674,119	1,940,808
Financing cash flows from finance leases, interest payment	114,335	301,098
Non-cash additions (reductions) to right-of-use assets and lease liabilities:		
Recognition of right-of-use assets for finance leases	-	1,023,615
Depreciation of right-of-use assets for finance leases	(317,957)	(204,434)

Finance Leases

Syringa Lodge

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

Pursuant to the Lodge Agreement, the aggregate purchase price payable to the Seller shall be the sum of $3,213,404 (BWP 30,720,000), payable in three installments. A deposit of $482,011 (BWP 4,608,000) was paid in August 2022, and a second installment of $1,306,906 (BWP 13,056,000) was paid in July 2023. The Company paid 50% of the final installment of $653,061 (BWP 6,528,000) on September 12, 2024, and paid the final outstanding balance of $656,064 (BWP 6,528,000) on December 10, 2024. There were no amounts outstanding under the agreement at December 31, 2024, and the assets are now 100% owned by the Company.

In addition to the above purchase price, the Company was required to pay to the Seller an agreed interest amount of 6% per annum on the outstanding balance, accrued and payable monthly. The Company recognized a finance lease for this lease.

Drilling Equipment

In March 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.

Pursuant to the Equipment Agreement, the aggregate purchase price payable to Forage was $2,942,000. A deposit of $1,700,000 was paid in March 2023. The balance was payable in twelve equal monthly instalments of $103,500. Based on the stated equipment purchase price of $2,735,000 and monthly installments, the implied interest rate for the arrangement was 35%. The final installment was paid on April 12, 2024 and the equipment is now 100% owned by the Company. The Company recognized a finance lease for this lease.

Operating Leases

The Company has operating leases primarily related to surveying and mobile equipment with initial lease terms of twelve months or less. The Company records these in general exploration expenses within the statement of operations and comprehensive loss.

9. 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 the Company of $33,999,200. The financing included three concurrent and inter-conditional transactions (collectively the "**2023 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 Mines in certain circumstances upon payment of further consideration (Note 10). On March 18, 2025, the Company closed a significant refinancing (Note 19) which included the conversion of the Term Loan into equity.

The Term Loan had an original principal amount of $15,000,000 and bore interest at a rate of 10% per annum payable quarterly in arrears. The principal amount of the Term Loan was to mature on June 28, 2026. The obligations of the Company pursuant to the Term Loan were fully and unconditionally guaranteed by each of the Company's existing and future subsidiaries. The Term Loan was 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 was 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 could 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; and
- mandatory prepayment was to be made when the Company had non-ordinary course asset sales or other dispositions of property or the Company received cash from the issuance of indebtedness for borrowed money.

(Expressed in Canadian dollars)

As at December 31, 2024, the Company was in compliance with the Term Loan covenants.

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 exercisable by Cymbria to purchase one Common Share at a cash purchase price of $1.4375 per Common Share until June 28, 2026.

Further, on December 14, 2023, the Company and Cymbria closed an amendment to the terms of the existing Term Loan, increasing 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 formed a part of the Term Loan and was on the same terms and conditions applicable to the Term Loan, including the same maturity date of June 28, 2026. As consideration for entering into the amended Term Loan, the Company issued an additional 700,000 non-transferable Common Share purchase warrants (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 Company evaluated the amendment of the Term Loan and determined that it qualified as a non-substantial modification under *ASC 470 - Debt*. Therefore, a new effective interest rate was determined based on the carrying amount of the original debt instrument, adjusted for the fair value of the Additional Warrants resulting from the modification, and the revised cash flows.

The fair value of the Non-Transferable Warrants and Additional Warrants was estimated at $1,435,350 and $275,961 respectively, using the Black-Scholes Option Pricing Model. At initial closing, the accounting was based on relative fair value under *ASC 470 - Debt*, with proceeds and transaction costs allocated between the Term Loan and the Non-Transferrable Warrants. The Non-Transferrable Warrants were allocated $1,352,054, including $83,296 in transaction costs. The Additional Warrants were accounted for as transaction costs for obtaining the Additional Principal Amount. As such, $1,352,054 and $275,961 respectively were recorded in equity.

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

	Non-Transferable Warrants	**Additional Warrants**
Expected dividend yield	0%	0%
Share 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 volatility was determined by calculating the historical volatility of stock prices of the Company over the same period as the expected life of the Transferable Warrants using daily closing prices. The formula used to compute historical volatility is the standard deviation of the logarithmic returns.

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 A&R Promissory Note (defined in Note 11) in favour of Pinnacle Island LP.

For the year ended December 31, 2024, the Company paid $2,082,530 of interest costs to Cymbria (2023 – $793,392).

(Expressed in Canadian dollars)

The following is a continuity of the Term Loan:

	$
Principal amount of the Term Loan	15,000,000
Fair value of the Non-Transferrable Warrants	(1,435,350)
Term Loan at fair value on issuance, June 28, 2023	13,564,650
Transaction costs	(787,175)
Accrued interest	390,411
Accretion of warrant value and transaction costs	631,540
Interest paid	(390,411)
Fair value of Term Loan as of December 14, 2023	13,409,015
Additional principal amount of Term Loan on December 14, 2023	5,882,353
Term Loan issue discount	(882,353)
Fair value of the Additional Warrants	(275,961)
Transaction fee for modification	(219,212)
Fair value of modified Term Loan as of December 14, 2023	17,913,842
Accrued interest	402,981
Accretion of warrant value and transaction costs	42,581
Interest paid	(402,981)
Term Loan balance, December 31, 2023	**17,956,423**
Accrued interest	2,082,530
Accretion of warrant value and transaction costs	1,026,789
Interest paid	(2,082,530)
Term Loan balance, December 31, 2024	**18,983,212**

Fort Capital Partners acted as financial advisor to the Company on the debt portion of the 2023 Financing Transactions and was paid cash fees of $375,000 and $147,059, equal to 2.5% of the original principal amount and the Additional Principal Amount, respectively. Legal fees related to the 2023 Financing Transactions totaled $736,067, of which $495,471 was allocated to the original Term Loan. Legal fees of $72,153 associated with the Term Loan amendment were recorded and amortized over the remaining terms of the Term Loan. As noted above, certain transaction costs in relation to the original principal amounts were allocated to the Non-Transferrable Warrants based on the relative fair value method under *ASC 470 - Debt*.

10. 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 PREM to acquire a right to participate with such subsidiaries in the exercise of certain contractual rights. 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 options as at December 31, 2024 and December 31, 2023 is nil. The Option payment received in cash was recorded as a non-current liability.

PREM'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. 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 $28,778,000 (US$20,000,000).

PREM'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. 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 $2,877,800 (US$2,000,000).

(Expressed in Canadian dollars)

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. Cymbria also has the right to compel the Company to repurchase the applicable portion of its NSR from the relevant liquidator.

Under the NSR option purchase agreements, Cymbria could acquire a 0.5% net smelter returns royalty on the Selebi Mines and Selkirk Mine upon payment of $11,658,687 (US$8,102,500) and $1,165,869 (US$810,250), respectively.

As part of the Term Loan conversion into equity that closed on March 18, 2025, (Note 19), the Company and Cymbria amended the terms of the agreements. Cymbria will now have the right to acquire a 0.5% NSR royalty on the Selebi Mines and Selkirk Mine upon payment of the above amounts in the event the NSRs are repurchased or the NSRs are terminated, settled, or waived with the relevant liquidator.

11. PROMISSORY NOTE

On November 21, 2022, the Company announced a $7,000,000 bridge loan (the "**Bridge Loan**") financing from Pinnacle Island LP (the "**Lender**"). The Bridge Loan financing closed on November 25, 2022, and net proceeds of $6,740,000 were received by the Company (after deducting the commitment fee of $260,000). The Bridge Loan was evidenced by the issuance of a promissory note by the Company to the Lender (the "**Promissory Note**"). The Promissory Note had a principal amount of $7 million and bore interest at a rate of 10% per annum, calculated monthly and initially payable on February 22, 2023, being the maturity date of the Promissory Note, with a right of the Company to extend the maturity. The Company extended the maturity of the Promissory Note to March 22, 2023.

On March 17, 2023, the Company entered into an amended and restated Promissory Note (the "**A&R Promissory Note**") extending the maturity of the Promissory Note from March 22, 2023, to November 24, 2023 (the "**Extension**"). All other terms of the Promissory Note remained the same. In connection with the Extension and entering into of the A&R Promissory Note, the Company agreed to pay an amendment and restatement fee of $225,000 and issued 350,000 non-transferable Common Share purchase warrants to the Lender (the "**Lender Warrants**"). Each Lender Warrant was exercisable to acquire one Common Share of the Company at a price of $1.75 per Common Share for a period of one year from the date of the A&R Promissory Note. In connection with the Extension and issuance of the Lender Warrants, the 119,229 Common Share purchase warrants previously issued to the Lender in connection with the initial issuance of the Promissory Note were cancelled concurrently with the Extension.

In connection with the A&R Promissory Note, interest and accretion expense of $nil was recorded for the year ended December 31, 2024 (2023 - $682,547).

The fair value of the liability of the Lender Warrants was estimated at $116,177 using the Black-Scholes Option Pricing Model. The fair value of the Lender Warrants and the amendment and restatement fee of $225,000 was added to the liability of the A&R Promissory Note and amortized over the remaining life of the A&R Promissory Note.

The fair value of the Lender warrants was calculated using the following assumptions:

	March 17, 2023
Expected dividend yield	0%
Share price	$1.40
Expected share price volatility	77.2%
Risk free interest rate	3.49%
Expected life of warrant	1 year

The volatility was determined by calculating the historical volatility of share prices of the Company over one year using daily closing prices. The formula used to compute historical volatility is the standard deviation of the logarithmic returns.

On June 28, 2023, the Company repaid the A&R Promissory Note in full, and on March 17, 2024, the Lender Warrants expired unexercised.

12. SHARE CAPITAL

The authorized capital of the Company comprises an unlimited number of Common Shares without par value and 20,000,000 Preferred Shares, issuable in series, of which 4,000,000 are authorized to be designated as Series 1 Convertible Preferred Shares.

There are currently 118,186 Series 1 Convertible Preferred Shares outstanding, without par value, which are convertible at a ratio of 9:1, to 13,131 Common Shares.

a) *Common Shares Issued and Outstanding*

Year ended December 31, 2024

During the year ended December 31, 2024, 126,259 Common Shares were issued for the net exercise of 278,100 options. In addition, 36,281,409 Common Shares were issued during the year ended December 31, 2024, as a result of the following financing transactions:

On June 14, 2024, the Company closed the first tranche of a non-brokered private placement offering (the "**June 2024 Financing**"), pursuant to which the Company issued an aggregate 19,234,614 units of the Company (the "**Units**") at a price of $0.78 per Unit (the **"Issue Price"**) for aggregate gross proceeds of $15,002,999. Each Unit is comprised of one Common Share and one Common Share purchase warrant of the Company (each, a "**Warrant**").

On June 21, 2024, the Company closed the second tranche of the June 2024 Financing and issued an additional 16,021,795 Units at the Issue Price for gross proceeds of $12,497,000.

Each Warrant entitles the holder thereof to acquire one Common Share for a period expiring 60 months following the date of issuance (the "**Expiry Date**") at a price of $1.10 per Common Share. If, at any time prior to the Expiry Date, the volume-weighted average trading price of the Common Shares is at least $2.00 per Common Share for a period of 20 trading days, the Company may, at its option, accelerate the Expiry Date with 30 days' notice to the Warrant holders.

All securities issued under the June 2024 Financing were subject to a hold period of four months plus one day from the date of issuance. In connection with the June 2024 Financing, SCP Resource Finance LP ("**SCP**"), in its capacity as financial advisor to the Company, was paid an advisory fee which the Company has satisfied by issuing to SCP an aggregate of 1,025,000 Units (comprised of 1,025,000 Common Shares and 1,025,000 non-transferable Warrants), and Fort Capital was paid an advisory fee of $250,000, in each case in consideration for providing certain advisory services to the Company in connection with the June 2024 Financing.

The fair value of the Warrants issued under the June 2024 Financing, calculated using the Monte Carlo model, was estimated at $12,533,135. Gross proceeds raised of $27,499,999 and related issuance costs of $358,746 in cash, and the value of $1,087,755 for 1,025,000 Units granted to SCP were allocated to the Common Shares and the Warrants based on relative fair values. The key inputs used in the Monte-Carlo model were as follows:

(Expressed in Canadian dollars)

	June 14, 2024	**June 21, 2024**
Expected dividend yield	0%	0%
Share price	$0.81	$0.84
Expected share price volatility	83.17%	83.71%
Risk free interest rate	3.23%	3.30%
Expected life of warrant	5 years	5 years

The volatility was determined by calculating the historical volatility of stock prices of the Company over a 5-year period using daily closing prices. The formula used to compute historical volatility is the standard deviation of the logarithmic returns.

As at December 31, 2024, the Company had 185,708,588 Common Shares issued and outstanding (December 31, 2023 – 149,300,920).

On March 18, 2025, the Company closed a private placement financing (Note 19).

Year ended December 31, 2023

During the year ended December 31, 2023, 337,026 Common Shares were issued for the net exercise of 488,900 options, and 100,000 Common Shares were issued from the exercise of warrants. In addition, 32,342,551 Common Shares were issued during the year ended December 31, 2023, as a result of 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 "**February 2023 Financing**"). In connection with the February 2023 Financing, the Company: (a) paid to the agents a cash commission of $473,383 and (b) issued to the agents 221,448 non-transferable broker warrants of the Company (the "**Broker Warrants**"). Each Broker Warrant was exercisable to acquire one Common Share at an exercise price of $1.75 per Common Share until February 24, 2025. The fair value of the Broker Warrants was estimated at $167,939 using the Black-Scholes Option Pricing Model. Legal fees related to the February 2023 Financing 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 2023 Financing Transactions (Note 9). Each unit comprises one Common Share 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 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 relative fair value of each component of the unit (Common Shares and warrants). The fair value of the warrants is calculated using the Black-Scholes Option Pricing Model.

Fort Capital Partners acted as financial advisor to the Company on the equity portion of the 2023 Financing Transactions and was paid cash fees of $812,460. Legal fees related to the 2023 Financing Transactions totaled $736,067, of which $240,596 was recorded as share issuance cost.

The fair value of the Transferable Warrants in connection with the February 2023 Financing and the 2023 Financing Transactions were calculated using the following assumptions:

(Expressed in Canadian dollars)

	February 24, 2023	June 28, 2023
Expected dividend yield	0%	0%
Share 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, being the expected life of the Transferable 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 $21,642,393, comprised of a brokered private placement (the "**Private Placement**") and amended Term Loan (Note 9). The Private Placement was 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 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 of the services provided by the Agents under the Private Placement, the Company paid to the Agents an aggregate cash commission of $796,983. In connection with the Private Placement, EdgePoint exercised its participation right in respect of the Private Placement (the "**Participation Right**") and subscribed for an aggregate of 1,265,800 Common Shares.

b) Warrants

The following summarizes Common Share purchase warrant activity:

	Year ended December 31, 2024		2023	
	Number Outstanding	Weighted Average Exercise Price $	Number Outstanding	Weighted Average Exercise Price $
Outstanding, beginning of the year	6,891,099	1.50	1,098,786	1.96
Issued	36,281,409	1.10	6,595,448	1.46
Exercised	-	-	(100,000)	(1.75)
Expired	(645,651)	(2.05)	(703,135)	(1.80)
Outstanding, end of the period	**42,526,857**	**1.15**	**6,891,099**	**1.50**

At December 31, 2024, the Company had outstanding Common Share purchase warrants exercisable to acquire Common Shares as follows:

Warrants Outstanding	Expiry Date	Exercise Price $
221,448	February 24, 2025	1.75
6,024,000	June 28, 2026	1.44
20,259,614	June 14, 2029	1.10
16,021,795	June 21, 2029	1.10
42,526,857		

c) Stock Options

The Company has a stock option plan (the "**Option 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 Option

(Expressed in Canadian dollars)

Plan, the exercise price of each option shall not be less than the discounted market price on the grant date and as approved by the Board of Directors of the Company. The options can be granted for a maximum term of ten years.

The following summarizes the option activity under the Option Plan:

	Year ended December 31,			
	2024		2023	
	Number Outstanding	Weighted Average Exercise Price $	Number Outstanding	Weighted Average Exercise Price $
Outstanding, beginning of the year	13,487,921	1.39	10,407,044	1.10
Issued	3,410,000	1.05	3,833,277	1.75
Exercised	(278,100)	(0.86)	(488,900)	(0.49)
Cancelled	(1,033,050)	(2.01)	(263,500)	(2.40)
Outstanding, end of the period	**15,586,771**	**1.28**	**13,487,921**	**1.39**

The total intrinsic value of options exercised for the year ended December 31, 2024, was $149,405 (2023 - $522,635).

During the year ended December 31, 2024, the Company granted an aggregate of 3,410,000 stock options to employees, directors, officers and consultants with a term of five years. The options have a weighted average exercise price of $1.05 per Common Share, with 3,235,000 vesting annually in equal thirds beginning on the date of grant, and 175,000 vesting immediately on the date of grant.

During the year ended December 31, 2023, the Company granted an aggregate 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 Common Share and vest annually in equal thirds beginning on the first anniversary of the date of grant.

For the year ended December 31, 2024, a total of $1,881,417 (2023 – $657,138) was recorded as share-based compensation expense and credited to additional paid-in capital related to the Option Plan.

The fair value of stock options granted was calculated using the Black-Scholes Option Pricing Model. The volatility is determined using the historical daily volatility over the expected life of the options. The expected life of the options considers the contractual term of the options, as well as an estimate of the time to exercise. The Black-Scholes Option Pricing Model used the following assumptions:

	Year ended December 31,	
	2024	2023
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%
Expected share price volatility range	74.2-79.8%	87.9%
Weighted average expected share price volatility	75.9%	87.9%
Risk free interest rate	2.91%-3.23%	4.28-4.68%
Expected life of options	2.5-3.5 years	3-4 years

(Expressed in Canadian dollars)

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

Options Outstanding	Options Exercisable	Expiry Date	Exercise Price $	Intrinsic Value $
653,000	653,000	February 24, 2025	0.80	-
240,000	240,000	August 19, 2025	0.45	-
3,320,100	3,320,100	January 26, 2026	0.39	149,405
425,000	425,000	February 25, 2026	1.60	-
1,106,700	1,106,700	September 29, 2026	0.91	-
998,794	998,794	October 25, 2026	2.00	-
1,949,900	1,949,900	January 20, 2027	2.40	-
3,483,277	1,161,092	August 8, 2028	1.75	-
3,110,000	1,036,667	August 14, 2029	1.10	-
300,000	216,667	December 4, 2029	0.49	-
15,586,771	**11,107,920**			

d) RSU Plan

On October 29, 2024, the Company's restricted share unit plan (the "**RSU Plan**") was approved by shareholders at its annual general and special shareholders' meeting. The RSU Plan enables the Company to grant RSUs to eligible participants upon approval by the Board of Directors. The maximum number of Common Shares that are issuable under the RSU Plan is 5,000,000 Common Shares. Upon settlement, the holder is entitled to receive one Common Share. The Company may elect, in its sole discretion, to settle the value of the RSUs in cash.

The number and terms of RSUs awarded will be determined by the Board of Directors from time to time and be based on the volume weighted average price on the TSXV for the last five trading days immediately preceding the grant date. The RSU grants are fixed, not subject to vesting conditions other than service, and typically vest on a three-year schedule from the date of grant, with one-third of the RSU grant vesting on each of the first, second and third anniversaries of the date of grant. The Company uses the fair value method of accounting for the recording of RSU grants, and the fair value of the RSUs was determined based on the closing price of the Company's Common Shares on the grant date.

The following is a continuity of the RSUs:

	Number of Awards	Weighted Average Grant-Date Fair Value Per Award $	Fair Value $
RSUs outstanding at December 31, 2023	-	-	-
Granted	1,000,000	0.60	600,000
RSUs outstanding at December 31, 2024	1,000,000	0.60	600,000

For the year ended December 31, 2024, a total of $73,726 (2023 – $nil) was recorded as share-based compensation expense and credited to additional paid-in capital related to the RSU Plan.

e) DSU Plan

The Company has a deferred share unit plan (the "**DSU Plan**") that enables the Company to grant DSUs to eligible non-management directors upon approval by the Board of 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 15th 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 volume weighted average price of the Common Shares on that date. The Company may elect, in its sole discretion, to settle the value of the DSUs redeemed in Common Shares on a one-for-one basis, provided shareholder approval has been obtained on or prior to the relevant redemption date.

(Expressed in Canadian dollars)

The following is a continuity of the DSUs:

	Number of Awards	Price(1) $	Fair Value $
DSUs outstanding at December 31, 2022	200,000	1.49	298,000
Granted	600,951	1.33	798,122
Redeemed	(69,976)	1.19	(83,527)
Fair value adjustment			(128,114)
DSUs outstanding at December 31, 2023	730,975	1.21	884,481
Granted	1,433,769	0.71	1,020,523
Fair value adjustment			(963,340)
DSUs outstanding at December 31, 2024	2,164,744	0.44	941,664
Less: current portion	408,279	0.44	177,602
Long-term portion	**1,756,465**	**0.44**	**764,062**

Note:

(1) For DSUs granted and outstanding, price represents the closing price of the Company's Common Shares on the grant date and balance sheet date, respectively. For DSUs redeemed, price represents the volume weighted average price on the TSXV for the last five trading days immediately preceding the redemption date.

During the year ended December 31, 2024, the DSU compensation, net of fair value adjustments, was $57,183 (2023 - $670,008).

The DSUs are classified as a derivative financial liability measured at fair value, with changes in fair value recorded in profit or loss. The fair value of the DSUs was determined based on the closing price of the Company's Common Shares on the respective balance sheet date. As at December 31, 2024, the Company reassessed the fair value of the DSUs at $941,664 and recorded the amount as a DSU liability (December 31, 2023 - $884,481).

13. RELATED PARTY TRANSACTIONS

The following amounts due to related parties are included in trade payables and accrued liabilities (Note 7).

	December 31, 2024 $	December 31, 2023 $
Directors and officers of the Company	1,259,665	93,795
	1,259,665	**93,795**

Included in the balance at December 31, 2024, is $1,168,729 due to the Company's former Chief Executive Officer related to his retirement from the Company and is payable in 24 equal monthly installments of $48,697.

These amounts are unsecured, non-interest bearing and have 30-day fixed terms of repayment with the exception of the retirement payment, as noted above.

(a) Related party transactions

As a result of the 2023 Financing Transactions on June 28, 2023, and December 14, 2023, Cymbria and certain other funds managed by EdgePoint (the "**Financing Parties**") acquired a total of 16,037,800 Common Shares. The Financing Parties also acquired on closing of the 2023 Financing Transactions an aggregate of 6,024,000 warrants with an expiration date of June 28, 2026, and an exercise price of $1.4375. Further, in connection with the June 2024 Financing, EdgePoint subscribed for 7,692,307 Units at $0.78 per Unit for gross proceeds of approximately $6.0 million.

(Expressed in Canadian dollars)

As of December 31, 2024, EdgePoint beneficially owns 23,833,224 Common Shares and 13,716,307 warrants, representing approximately 12.8% of the issued and outstanding Common Shares (approximately 18.8% on a partially-diluted basis assuming the exercise of all warrants held by EdgePoint). All warrants issued to EdgePoint as part of the June 2024 Financing include customary restrictions providing that EdgePoint will not exercise such number of warrants so as to bring its undiluted share ownership percentage above 20.0% of the Company's issued and outstanding Common Shares without obtaining the requisite shareholder and TSXV approval.

In connection with the June 2024 Financing, certain insiders of the Company subscribed for an aggregate of 1,389,140 Units for gross proceeds of $1,083,529.

For the year ended December 31, 2024, the Company paid interest of $2,082,530 (2023 - $793,392) to the Financing Parties.

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

Key management compensation was related to the following:

	Year ended December 31,	
	2024	**2023**
	$	**$**
Salaries and management fees	1,373,388	1,195,550
One-time retirement benefit	1,168,729	-
Site operations and administration	2,088,356	2,394,776
DSUs granted, net of fair value movements	57,183	670,008
Share-based compensation	1,252,483	657,138
	5,940,139	**4,917,472**

The one-time retirement benefit for the year ended December 31, 2024, relates to the retirement of the Company's former Chief Executive Officer.

(Expressed in Canadian dollars)

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

ASC 820 - Fair Value Measurement establishes a three-tier fair value hierarchy. The fair value hierarchy's three tiers are based on the extent to which inputs used in measuring fair value are observable in the market, and are 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; and

Level 3: One or more significant inputs used in a valuation technique are unobservable in determining fair values of the asset or liability.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of an asset or liability in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

The carrying value of cash and cash equivalents, trade payables and accrued liabilities approximate their fair value due to their short-term nature and therefore have been excluded from the table below. A summary of the carrying value and fair value of other financial instruments were as follows:

		December 31, 2024		December 31, 2023	
	Classification	**Carrying Value** $	**Fair Value** $	**Carrying Value** $	**Fair Value** $
Lease liabilities	Level 2	-	-	1,611,143	1,611,143
DSU liability	Level 1	941,664	941,664	884,481	884,481
Vehicle financing	Level 2	246,137	246,137	236,124	236,124
Term loan	Level 3	18,983,212	20,862,478	17,956,423	20,839,975
NSR option liability	Level 2	2,750,000	2,750,000	2,750,000	2,750,000

Lease liabilities and vehicle financing – The fair values approximate carrying values as the interest rates are comparable to current market rates.

DSU liability – the fair value of the DSUs is measured using the closing price of the Company's Common Shares at the end of each reporting period.

Term loan – the term loan is carried at amortized cost. The fair value measurement of the term loan was based on an income approach.

NSR option liability – The fair value of the NSR options is determined using a valuation model that incorporates such factors as discounted cash flow projections, metal price volatility, and risk-free interest rate. 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 options as at December 31, 2024 and December 31, 2023 is nil.

15. SEGMENTED INFORMATION

The Company has identified its Chief Executive Officer as its Chief Operating Decision Maker ("**CODM**"). The CODM evaluates the Company's performance and segmented results based on Loss for the Year Before Other Items. The significant segment expenses reviewed by the CODM are consistent with the expense line items presented in Loss for the Year Before Other Items in the Company's consolidated statements of operations and comprehensive loss. The CODM uses Loss for the Year Before Other Items to assess segment performance against the Company's planned results, and to allocate capital investment.

(Expressed in Canadian dollars)

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:

	December 31, 2024 $	December 31, 2023 $
Current assets		
Canada	4,066,121	15,894,177
Barbados	89,446	104,024
Botswana	3,462,676	4,680,572
Total	**7,618,243**	**20,678,773**
Property, plant and equipment		
Canada	-	8,726
Botswana	8,488,405	8,691,908
Total	**8,488,405**	**8,700,634**
Exploration and evaluation assets		
Botswana	**8,846,821**	**8,594,798**

16. CONTINGENT LIABILITIES

There are no environmental liabilities associated with the Mines as at the acquisition dates as all liabilities incurred prior to the acquisitions are the responsibility of the sellers, BCL and TNMC. The Company has an obligation for the rehabilitation costs arising subsequent to the acquisitions. As of December 31, 2024, there were no material rehabilitation costs for which the Company expects to incur, and 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.

17. INCOME TAXES

The reported recovery of income taxes differs from amounts computed by applying the statutory income tax rates to the reported loss before income taxes as follows:

	Year ended December 31,	
	2024 $	2023 $
Net loss before tax	(42,420,283)	(32,900,600)
Combined basic federal and provincial income tax rate	26.50%	26.50%
Expected income tax recovery at the statutory tax rate	(11,241,375)	(8,718,659)
Adjustments to expected income tax recovery:		
Permanent differences and other	4,455	(25,642)
Share-based compensation	518,113	351,695
Change in estimates and other	(7,979)	31,343
Differences in foreign tax rates	1,673,237	510,308
Change in valuation allowance	9,053,549	7,326,424
Deferred tax recovery	-	(524,531)

(Expressed in Canadian dollars)

The Company has recorded a valuation allowance as the Company believes it is not probable that the deferred tax assets will be realized in the foreseeable future. The Company's deferred tax assets and liabilities are comprised of the following:

	As at December 31, 2024 $	As at December 31, 2023 $
Deferred tax assets		
Non-capital losses available for carry-forward	15,499,405	6,040,311
Property, plant and equipment	717,416	697,957
Resource deductions	1,142,853	1,142,853
Lease liabilities	-	354,451
DSU liability	249,541	-
Share issue costs	1,282,390	1,342,837
	18,891,605	9,578,409
Deferred tax liabilities		
Term Loan	(152,537)	(512,921)
Property, plant and equipment	(715,673)	(1,204,364)
	(868,210)	(1,717,285)
Net deferred tax asset	18,023,395	7,861,124
Valuation allowance	(18,023,395)	(7,861,124)
Deferred tax asset (liability)	-	-

The Company has Canadian non-capital losses of approximately $25,742,976 (2023 - $13,105,517) available for deduction against future taxable income, which if not utilized will expire between the years of 2039 and 2044. The Company also has Barbados losses of approximately $5,531,343 (2023 - $3,085,851) which expire between 2029 and 2031. Losses in Botswana of $38,060,423 (2023 - $4,703,606) do not expire.

The potential tax benefit of the non-capital losses has not been recognized in these consolidated financial statements. The non-capital losses that have not been recognized expire as follows:

	Canada $	Botswana $	Barbados $
2029	-	-	1,433,260
2030	-	-	1,923,940
2031	-	-	2,174,143
2039	101,573	-	-
2040	351,131	-	-
2041	2,756,891	-	-
2042	3,402,293	-	-
2043	7,624,794	-	-
2044	11,506,294	-	-
Indefinite	-	38,060,423	-
	25,742,976	38,060,423	5,531,343

(Expressed in Canadian dollars)

18. GENERAL AND ADMINISTRATIVE EXPENSES

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

	Year ended December 31,	
	2024	**2023**
	$	**$**
Advisory and consultancy	413,065	397,599
Filing fees	517,488	285,205
General office expenses	564,473	707,741
Insurance	326,193	341,597
Investor relations	362,933	329,903
Professional fees	1,322,957	934,327
Salaries and management fees	2,058,366	2,163,435
One-time retirement benefit	1,168,729	-
Share-based compensation	1,245,974	487,295
Total	**7,980,178**	**5,647,102**

The one-time retirement benefit for the year ended December 31, 2024, relates to the retirement of the Company's former Chief Executive Officer (2023 – $nil). This amount will be paid over a two-year period beginning January 1, 2025, and ending December 31, 2026, in equal monthly instalments.

Share-based compensation expense for 2024 includes the graded vesting associated with both 2023 and 2024 stock option grants, and the 2024 RSU grants under the Company's new RSU Plan.

19. SUBSEQUENT EVENTS

On March 18, 2025, the Company closed a significant refinancing and the deleveraging of its balance sheet with the conversion of the Term Loan (Note 9) into equity (the "**Debt Conversion**").

The Company completed a private placement financing issuing 153,333,334 units of the Company at a price of $0.30 per unit for aggregate gross proceeds of approximately $46 million (the "**March 2025 Private Placement**"). Each unit consists of one Common Share and one-half of one warrant. Each warrant entitles the holder to acquire one additional Common Share at a price of $0.55 per share until March 18, 2028. In addition, the Company issued 4,000,000 Common Shares at an issue price of $0.30 per share to TriView Capital Ltd. for its services as finder.

In accordance with the previously announced debt settlement agreement, the Company has issued to Cymbria an aggregate of 69,607,843 units ("**Settlement Units**") at a deemed issue price of $0.30 per unit in full satisfaction of the $20,882,353 principal amount outstanding under the Term Loan, and the settlement of the $268,896 accrued interest in cash. Each Settlement Unit consists of one Common Share and one Common Share purchase warrant (each, a "**Settlement Warrant**"). Each Settlement Warrant entitles the holder to acquire one additional Common Share at a price of $0.40 per Common Share until March 18, 2028.

The Company also entered into advisory services agreements which include assistance with the identification of a new CEO, the Debt Conversion, and Company strategy. The advisors will continue to provide such services on an ongoing basis until June 30, 2025. The Company issued 12,750,000 Common Shares to the advisors at a deemed price per share of $0.30 as consideration for their services. The shares remain subject to contractual resale restrictions for a 12-month period. The Company also paid its financial advisor a fee of US$1,500,000, consisting of US$500,000 in cash and US$1,000,000 in 3,586,709 Common Shares issued at a price of US$0.28 per share.

The Company also granted: (i) 5,750,000 stock options with each option having an exercise price of $0.50, a term of five years, and vesting as to one-half on the date of grant and the balance on the first anniversary of the date of grant; and (ii) 3,175,000 RSUs, each RSU vesting in full on the first anniversary of the date of grant.

(FORMERLY PREMIUM NICKEL RESOURCES LTD.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fourth Quarter and Full Year Ended December 31, 2024

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March 19, 2025

Introduction

This Management's Discussion and Analysis (this "**MD&A**") dated March 19, 2025 is intended to supplement the consolidated financial statements of Premium Resources Ltd. (the "**Company**" or "**PREM**" and formerly Premium Nickel Resources Ltd.) for the years ended December 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 and results of operations of the Company for such periods. The Company's presentation currency is Canadian dollars. Reference herein to $ or CAD is to Canadian dollars, US$ or USD is to United States dollars, and BWP is to Botswana pula. "This quarter" or "the quarter" means the fourth quarter ("**Q4**") of 2024. "The current year" means the twelve months ended December 31, 2024 and "the prior year" means the twelve months ended December 31, 2023. On December 31, 2024, the daily exchange rate: (i) for one United States dollar expressed in Canadian dollars was US$1.00 = C$1.4389 (or C$1.00 = US$0.6950); (ii) for one Botswanan Pula expressed in Canadian dollars was BWP 1.00 = C$0.1018 (or C$1.00 = BWP 9.8232); and (iii) for one Botswanan Pula expressed in United States dollars was BWP 1.00 = US$0.0707 (or US$1.00 = BWP 14.1346).

The financial statements and the financial information contained in this MD&A were prepared in accordance with generally accepted accounting principles in the United States ("**US GAAP**"). See further details in "*Recent Developments*" below.

In this MD&A, unless the context otherwise requires, references to the Company or PREM refer to Premium 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 – *Management's Discussion and Analysis* 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+ (https://www.sedarplus.ca/) under the Company's issuer profile. Other pertinent information about the Company can be found on the Company's website (https://premiumresouces.com/).

Company Overview

PREM is a mineral exploration and evaluation company focused on the discovery and advancement of high-quality nickel-copper-cobalt-platinum group metals ("**Ni-Cu-Co-PGM**") resources. PREM is committed to governance through transparency, accountability, and open communication within PREM's team and stakeholders.

The Company's principal business activity is the exploration and evaluation of PREM'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, granted in 2022, and renewable upon the submission of approved mine plans and other customary conditions, and benefit from significant local infrastructure. The Company's flagship Selebi mines include two operational shafts, the Selebi and Selebi North shafts and related infrastructure such as rail, power and roads (the "**Selebi Mines**"). The Selkirk mine together with related infrastructure is referred to herein as the "**Selkirk Mine**" and together with the Selebi Mines, the "**Mines**".

PREM is headquartered in Toronto, Ontario, Canada and is publicly traded on the TSX Venture Exchange (the "**TSXV**") under the symbol "PREM". Prior to November 20, 2024, the Company traded on the TSXV under its previous name and symbol, Premium Nickel Resources Ltd. and PNRL, respectively. In addition, the Company's common shares (the "**Common Shares**") are currently quoted on the OTC Pink Open Market under the symbol "PRMLF".

Recent Developments

Transition to United States Generally Accepted Accounting Principles

Historically, the Company has prepared its financial statements under International Financial Reporting Standards, as issued by the International Accounting Standards Board, for reporting as permitted by security regulators in Canada, as well as in the United States under the status of a foreign private issuer and a non-accelerated filer as defined by the United States Securities and Exchange Commission (the "SEC"). In fiscal 2024, the Company determined that it no longer qualified as a non-accelerated filer under the SEC rules, as the SEC rules apply to foreign private issuers. As a result, the Company elected to report with the SEC on domestic forms and comply with domestic company rules, which permit the Company to continue to avail itself of accommodations available to non-accelerated filers that file on domestic issuer forms. Consequently, the Company transitioned to preparing its financial statements using US GAAP for its SEC filing requirements.

The Company's consolidated financial statements for the years ended December 31, 2024, and 2023 have been prepared in accordance with US GAAP.

Summary of Activities

In 2023, PREM 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 an initial mineral resource estimate prepared in accordance with *National Instrument 43-101 - Standards of Disclosure for Mineral Projects* ("**NI 43-101**") on the Selebi Mines (the "**Initial Selebi MRE**").

On September 20, 2024, the Company filed a NI 43-101 technical report in respect of the Initial Selebi MRE, entitled "*NI 43-101 Technical Report, Selebi Mines, Central District, Republic of Botswana*" (the "**Selebi Technical Report**") and dated September 20, 2024 (with an effective date of June 30, 2024) for its Selebi Mines. The Initial Selebi MRE will serve as the basis for future engineering and economic studies. The Selebi Technical Report was filed on SEDAR+ (https://www.sedarplus.ca/) under the Company's issuer profile.

The Selebi North underground ("**SNUG**") resource and exploration drilling program continued throughout 2024 and into 2025. During 2024 and up to the date of this report, the Company has drilled approximately 45,827 metres in 87 holes, bringing the SNUG drilling program total to 63,947 metres in 162 holes. Assays for a total of 33,963 metres across 80 completed holes have not been accounted for in the Initial Selebi MRE.

The Company has begun testing the deeper borehole electromagnetic ("BHEM") plates from N2 Limb and South Limb at SNUG. These assay results will continue to be released as they are received and confirmed by the Company.

During 2024, drill core from 17 historic holes at the Selkirk Mine were resampled to augment the historical database. Prospecting licences were explored through data compilation, differential global positioning system ("**DGPS**") of historic collars, surface prospecting, and two surface electromagnetic ("**EM**") surveys. Resampling of additional holes is underway with 20 holes transferred from Selkirk to the core processing facility at Selebi.

On January 10, 2025, the Company filed a Selkirk MRE, entitled "*NI 43-101 Technical Report, Selkirk Nickel Project, North East District, Republic of Botswana*" (the "**Selkirk Technical Report**") and dated January 8, 2025 (with an effective date of November 1, 2024) for the Selkirk Mine. The Selkirk MRE serves as a solid foundation for advancing the Selkirk deposit to an economic study. The Selkirk Technical Report was filed on SEDAR+ (https://www.sedarplus.ca/) under the Company's issuer profile.

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

Highlights and Key Developments

- On January 1, 2024, James Gowans was appointed as the Chair of the board of directors (the "Board of Directors" or the "Board").

- Since January 1, 2024, the Company has reported assay results from the Selebi Mines from a total of 88 drill holes and 1 hole extension, pursuant to news releases issued from January 18, 2024 to January 27, 2025, the full text of which are available on SEDAR+ (https://www.sedarplus.ca/) under the Company's issuer profile and on the Company's website (https://premiumresources.com/).

- On June 14 and June 21, 2024, the Company closed two tranches of a non-brokered private placement offering of units of the Company (the "**Units**"), pursuant to which the Company issued a total of 35,256,409 Units at a price of $0.78 per Unit for gross proceeds of approximately $27.5 million (the "**June 2024 Financing**"). Each Unit is comprised of one Common Share and one Common Share purchase warrant. For a more detailed summary of the June 2024 Financing, see "*Liquidity — Financings*".

- On June 24, 2024, Norman MacDonald was appointed to the Board of Directors.

- On September 19, 2024, the Company announced the appointment of Paul Martin to the Board of Directors of the Company to fill a vacancy resulting from John Hick's retirement from the Board of Directors.

- On September 20, 2024, the Company filed the Selebi Technical Report. For details of the Initial Selebi MRE, see "*Selebi Mines, Botswana*".

- On November 11, 2024, the Company announced the extension of the study phase for the Selebi Mines project pursuant to the terms of the Selebi asset purchase agreement (the "**Selebi APA**") with the liquidator of BCL Limited ("**BCL**"). This extension follows successful completion by the Company of the work and investment milestones required by the Selebi APA. It provides the Company with an additional one year, to February 1, 2026, to complete an economic study and make the next milestone payment, in the amount of US$25 million, under the Selebi APA.

- On November 18, 2024, the Company announced that it had changed its name from "Premium Nickel Resources Ltd." to "Premium Resources Ltd." Further, on November 20, 2024, the Company's Common Shares commenced trading under the new name and new stock ticker symbol "PREM".

- On December 2, 2024, the Company announced the retirement of Keith Morrison as Chief Executive Officer and a director of PREM, effective December 31, 2024. As of such date, Paul Martin began serving as the interim CEO.

- On January 10, 2025, the Company filed the Selkirk Technical Report. For details of the Selkirk MRE, see "*Selkirk Mine, Botswana*".

- On March 18, 2025, the Company announced the closing of a significant refinancing, including the introduction of a new strategic investor group and the deleveraging of its balance sheet with the conversion of its three-year term loan (the "**Term Loan**") with Cymbria Corporation ("**Cymbria**") into equity. On closing of the financing, Morgan Lekstrom was appointed Chief Executive Officer effective March 20, 2025. Mr. Lekstrom will also join the Board of Directors of the Company. James K. Gowans will retire as Chair of the Board but continue as a director of PREM, and Paul Martin will transition from his role as Interim Chief Executive Officer to Chairman of the Board.

Corporate Social Responsibility

The Company 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. PREM 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.

Exploration and Evaluation Activities

The following table outlines the key milestones, estimated timing and costs related to each of the Mines, based on the Company's reasonable expectations, intended courses of action and current assumptions and judgement, with information based as of December 31, 2024.

Key Milestones for Project	Expected Timing of Completion	Anticipated Costs
Selebi Mines & Selkirk Mine		
Advancement towards economic studies(1)	Ongoing, costs to December 31, 2025	$13 million to $16 million
Operating costs	Ongoing, costs to December 31, 2025	$13 million to $16 million

Notes:

(1) The key milestones are to complete the metallurgical studies, further drilling and advancement of underground development to support drilling, test the deep BHEM plates beneath the Selebi Main deposit, continue the assaying of historical drill core at Selkirk, and advance engineering studies.

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 future extension of the boundary of the Selebi mining licence discussed below under "*Contractual Obligations and Contingencies – Phikwe and Southeast Extension*", 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, as well as all related surface (rail, power and roads) and underground infrastructure. 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.

On September 20, 2024, the Company filed the Selebi Technical Report on SEDAR+ (https://www.sedarplus.ca/) under the Company's issuer profile. The highlights of the Initial Selebi MRE, which information is supported by the Selebi Technical Report, is summarized in the table below:

Selebi Mines Mineral Resource Estimate, June 30, 2024

Classification	Deposit	Tonnage	Grade		Contained Metal	
		(Mt)	(% Cu)	(% Ni)	(000 t Cu)	(000 t Ni)
Indicated	Selebi North	3.00	0.90	0.98	27.1	29.5
	Total Indicated	**3.00**	**0.90**	**0.98**	**27.1**	**29.5**
Inferred	Selebi Main	18.89	1.69	0.88	319.2	165.5
	Selebi North	5.83	0.90	1.07	52.5	62.4
	Total Inferred	**24.72**	**1.50**	**0.92**	**371.7**	**227.9**

The key assumptions, parameters, and methods used to estimate the mineral resources are contained in the Selebi Technical Report. Readers are cautioned that mineral resources are not mineral reserves and do not have demonstrated economic viability.

Exploration Activities

Selebi North

In August 2023, an underground resource and exploration drilling program at Selebi North was initiated, which continued throughout 2024 and into 2025. During 2024 and up to the date of this report, the Company has drilled approximately 45,827 metres in 87 holes, bringing the SNUG drilling program total to 63,947 metres in 162 holes. Assays for a total of 33,963 metres across 80 completed holes have not been accounted for in the Initial Selebi MRE. The program is a combination of infill and exploration drilling to follow the extension of the mineralization down-dip and down-plunge. The core is sampled and sent to ALS Chemex in Johannesburg for analysis. All holes were surveyed with a gyro instrument and selected holes were surveyed with BHEM. BHEM surveys have been completed in 89 underground holes.

Selebi Main

A total of 748 metres of surface drilling has been completed at Selebi Main in 2024 and to date. Historic hole sd120 was wedged at 500 metres and sd120-W1a was drilled to a length of 1,201 metres. This new hole, sd120-W1a, completed in September 2024, intersected massive sulphides at a distance of 46 metres north-northeast (minegrid) from the historic hole. A second hole, sd102a, was wedged at 491 metres and abandoned at 538 metres.

Further information on assay results can be found in the Company's news releases which are available on the Company's website (https://premiumresources.com/) and on SEDAR+ (https://www.sedarplus.ca/) under the Company's issuer profile. Assay results will continue to be released as they are received and confirmed by the Company.

Studies

In addition to the assays, the Company has released results of metallurgical studies, including leaching and precipitation studies using the Platsol process. To view these results of the metallurgical testing please see news releases entitled *"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 (https://premiumresources.com/) and on SEDAR+ (https://www.sedarplus.ca/) under the Company's issuer profile.

Engineering trade off studies are nearing completion by DRA Global out of Johannesburg. These include alternative mining methods, electrification of the underground mining fleet, refurbishment of historical critical infrastructure, crushed ore conveying versus use of haul trucks, and blasting options.

During the year ended December 31, 2024, the Company incurred $28,017,207 (2023 - $21,469,132) in exploration and evaluation expenditures on the Selebi Mines. The Company incurred $8,735,401 to acquire the Selebi Mines, and has incurred a further $69,296,576 in exploration and evaluation expenditures project-to-date as at December 31, 2024.

Outlook – Selebi

The Company is continuing the SNUG exploration drilling program in 2025. Part of the program includes testing of the BHEM plates positioned down-dip and down-plunge from N2 and South Limbs, targeting expansion of the mineral resource of the Selebi North deposit. These BHEM plates are situated outside the Initial MRE boundary. The exploration program will include two underground drills with one drill targeting the area between the N2 Limb and N3 Limb while the second drill will focus on testing 100 metres down plunge of the South Limb.

In addition to the drilling, the Company is advancing metallurgical studies. Flowsheet designs are planned to be completed, taking into consideration the recently completed studies done on X-ray transmission ore sorting and pre-concentration. Smelting and hydrometallurgy preliminary studies are planned, along with the initial testing of the preferred option.

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 covering an area of approximately 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. The four prospecting licences expired September 30, 2024, and applications for renewal were submitted prior to the expiry date. The Company received verbal confirmation that they were renewed during the first quarter of 2025 and will expire September 30, 2026.

On November 27, 2024, the Company announced the results of the Selkirk MRE. On January 10, 2025, the Company filed the Selkirk Technical Report on SEDAR+ (https://www.sedarplus.ca/) under the Company's issuer profile. The key highlights of the Selkirk MRE, which is supported by the Selkirk Technical Report, is summarized in the table below:

Selkirk Mine Mineral Resource Estimate, November 1, 2024

Classification	Tonnage	Grade				Contained Metal			
	(Mt)	(% Cu)	(% Ni)	(g/t Pd)	(g/t Pt)	(000 t Cu)	(000 t Ni)	(000 oz Pd)	(000 oz Pt)
Inferred	44.2	0.30	0.24	0.55	0.12	132	108	775	174

The key assumptions, parameters, and methods used to estimate the mineral resources are contained in the Selkirk Technical Report. Readers are cautioned that mineral resources are not mineral reserves and do not have demonstrated economic viability.

Exploration Activities

The Selkirk MRE serves as a solid foundation for advancing the Selkirk deposit to an economic study. It was prepared using results from 232 surface and 10 underground historical drillholes drilled between 2003 and 2016, five 2016 drillholes sampled by PREM in 2021, and 17 historical drillholes resampled in 2024. Analytical results from PREM re-sampling showed higher platinum group element values compared to historic results and additional resampling is expected to result in higher Pt and Pd grades and contained metal.

Further, the Selkirk MRE was prepared under the conceptual processing scenario of producing two separate concentrates. Additional work on alternate processing options may result in higher recoveries. Cobalt, a potentially valuable by-product, has not been included in the Selkirk MRE as cobalt analyses are not consistently available throughout the deposit. Planned metallurgical studies will determine payability of cobalt at the Selkirk Mine.

Exploration programs have been ongoing at the prospecting licences located adjacent to the Selkirk mining licence, with DGPS of seven historical drillhole collars and two surface EM surveys completed in Q2 2024. The strongest EM anomaly occurs over the Rooikoppie Prospect, a gossan that was targeted by BCL drill holes. These five holes were located, DGPS coordinates collected, and two holes, DRKP001 and 002, were sampled in Q3 2024. Assays showed no significant results in Ni, Cu, or PGMs.

Studies

The Company has been exploring alternate processing options, including producing a lower grade nickel concentrate suitable for hydrometallurgical processing. Phase 1 hydrometallurgical test-work using the Platsol process began in late 2023 and was completed in January 2024. To view results of the metallurgical testing, please see the Company's news releases entitled "*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.

Recoveries of all the payable 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 payable metals should be >95% based on commercial experience of base metal hydrometallurgical plants. This study demonstrated that alternate processing options are potentially viable at Selkirk.

During the year ended December 31, 2024, the Company incurred $1,477,696 (2023 - $1,233,342) in exploration and evaluation expenditures on the Selkirk Mine. The Company incurred $327,109 to acquire the Selkirk Mine, and has incurred a further $3,058,502 in exploration and evaluation expenditures project-to-date as at December 31, 2024.

Outlook – Selkirk

The Company will continue its expanded re-sampling program of historic core.

The Company has planned additional metallurgical studies at Selkirk including flowsheet designs, X-ray transmission ore sorting and pre-concentration.

<u>Other Properties</u>

<u>Maniitsoq Nickel-Copper-PGM Project, Southwest Greenland</u>

No exploration work was carried out in Greenland in 2024. In early December 2024, the Company notified the Government of Greenland that it was relinquishing its licences effective immediately and is awaiting final approval from authorities.

<u>Canadian Nickel Projects - Sudbury, Ontario</u>

Post Creek Property

The Post Creek property is located 35 kilometres east of Sudbury in Norman, Parkin, Alymer and Rathburn townships and consists of 64 unpatented mining claim cells in two separate blocks, covering a total area of 847 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 2024 on the Post Creek Property. The claims have sufficient work credits to keep them in good standing until 2027. 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 62 unpatented mining cells for a total of 1,024 hectares. Halcyon is adjacent to the Post Creek property and is approximately two 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 2024. The claims are in good standing through 2027. 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 consisted 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 Quetico property in 2024. The last remaining claims expired on April 26, 2024.

Selected Financial Information and Financial Position

The following amounts are derived from the Financial Statements, prepared in accordance with US GAAP.

In Canadian dollars, except number of shares outstanding **Income Statement**	**Three months ended December 31, 2024**	**2023**	**Year ended December 31, 2024**	**2023**	**2022**
Net loss	11,274,951	10,176,556	42,420,283	32,376,069	27,306,350
Weighted average number of Common Shares outstanding – basic and diluted	185,708,588	138,475,825	168,932,859	128,509,525	109,661,379
Basic and diluted loss per share	0.06	0.07	0.25	0.25	0.25

Balance Sheet	**December 31, 2024**	**December 31, 2023**	**December 31, 2022**
Additional paid-in capital	145,025,333	116,069,973	77,302,736
Common Shares outstanding	185,708,588	149,300,920	116,521,343
Total assets	24,953,469	37,974,205	18,411,643
Current liabilities	4,655,182	5,891,289	12,462,372
Non-current financial liabilities(1)	19,229,349	18,192,547	1,530,341

Note:

(1) Non-current financial liabilities include the Term Loan, lease liabilities and vehicle financing.

Net Loss

The net loss of $42,420,283 for the year ended December 31, 2024, was higher by $10,044,214 compared to the prior year net loss of $32,376,069, largely due to increased exploration activities of $6,787,620 relating to the Botswana assets, an increase of $2,333,076 in general and administrative expenses related to share-based compensation and the retirement of the Company's former Chief Executive Officer, and the higher interest expense and accretion on the Term Loan of $1,434,306.

Total Assets

Total assets as at December 31, 2024, decreased by $13,020,736 from the December 31, 2023 balance as a result of lower cash balances in the current period.

Current Liabilities and Non-Current Financial Liabilities

Current liabilities as at December 31, 2024, decreased by $1,236,107 from December 31, 2023, due to a decrease in lease liabilities resulting from the repayment of principal and interest on the Syringa Lodge and drilling equipment leases. Non-current financial liabilities as at December 31, 2024, increased by $1,036,802 from December 31, 2023, as a result of the accretion of costs associated with the Term Loan.

Quarterly Results of Operations

All amounts in this table are expressed in thousands of Canadian dollars, except shares and per share amounts	**2024 4th Quarter**	**2024 3rd Quarter**	**2024 2nd Quarter**	**2024 1st Quarter**
Statement of Operations and Comprehensive Loss				
Net loss	11,275	12,005	9,793	9,347
Net loss per share - basic and diluted	0.06	0.06	0.06	0.06
Statement of Financial Position				
Cash	6,106	17,358	28,082	9,367
Total assets	24,953	37,292	47,534	28,458
Additional paid-in capital	145,025	144,789	143,875	116,460
Common Shares outstanding	185,708,588	185,708,588	185,708,588	149,427,179
Weighted average shares outstanding – basic and diluted	185,708,588	185,708,588	154,972,579	149,373,068

All amounts in this table are expressed in thousands of Canadian dollars, except shares and per share amounts	**2023 4th Quarter**	**2023 3rd Quarter**	**2023 2nd Quarter**	**2023 1st Quarter**
Statement of Operations and Comprehensive Loss				
Net loss	10,176	7,685	8,147	6,368
Net loss per share - basic and diluted	0.07	0.06	0.07	0.05
Statement of Financial Position				
Cash	19,246	8,853	21,608	5,314
Total assets	37,974	26,806	35,249	19,368
Additional paid-in capital	116,070	100,919	101,119	84,577
Common Shares outstanding	149,300,920	135,730,527	135,730,527	120,958,527
Weighted average shares outstanding – basic and diluted	138,475,825	135,730,527	121,283,186	118,246,915

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, which may be influenced by the Company's ability to raise capital to fund these activities. 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 compensation costs, capital raised, marketing activities and other factors that affect the Company's exploration and evaluation.

The following table summarizes the Company's Operations for the three and twelve-month periods ended December 31, 2024, and December 31, 2023:

	Three months ended December 31,		Year ended December 31,	
	2024 $	**2023 $**	**2024 $**	**2023 $**
EXPENSES				
General exploration expenses	7,714,199	6,903,046	29,651,360	22,863,740
Depreciation and amortization	492,787	503,523	1,581,270	744,783
General and administrative expenses	2,949,052	2,104,114	7,980,178	5,647,102
DSUs granted	138,113	234,122	1,020,523	798,122
Fair value movement of DSUs	(489,520)	(122,638)	(963,340)	(128,114)
Net foreign exchange loss	47,725	138,103	408,086	395,020
LOSS FOR THE YEAR BEFORE OTHER ITEMS	**10,852,356**	**9,760,270**	**39,678,077**	**30,320,653**
Interest (income) expense, net	(116,547)	(5,919)	(114,114)	222,387
Interest expense and accretion on Term Loan and A&R Promissory Notes	792,141	946,736	3,109,319	2,357,560
Other income	(252,999)	-	(252,999)	-
Deferred tax recovery	-	(524,531)	-	(524,531)
NET LOSS FOR THE PERIOD	**11,274,951**	**10,176,556**	**42,420,283**	**32,376,069**

- **General exploration expenses** increased by $811,153 and $6,787,620 for the three and twelve months ended December 31, 2024, respectively, as the Company ramped-up drilling, geology, geophysics, mine development, and other activities at the Mines over the year.

- **Depreciation** for the three months ended December 31, 2024, was consistent with the prior year comparable period. Depreciation was higher for the year ended December 31, 2024, when compared to the previous year due to significant property, plant and equipment acquisitions in late 2023.

- **General and administrative expenses** increased by $844,938 and $2,333,076 for the three and twelve months ended December 31, 2024, respectively, mainly due to costs of $1,168,729 associated with the retirement of the Company's Chief Executive Officer in December 2024, higher share-based compensation related to the Company's new restricted share unit ("**RSU**") plan and a change in the vesting pattern of the Company's 2024 stock option grants, as well as higher filing and professional fees relating to additional regulatory reporting requirements in 2024.

- **DSUs granted, net of fair value movement,** or deferred share units, represents the Company's long-term incentive program compensation granted to directors of the Company, net of period-end mark to market adjustments. The decrease of $462,891 and $612,825 for the three and twelve months ended December 31, 2024, respectively, is due to downward mark to market adjustments on outstanding units resulting from a decrease in the Company's share price. In addition, there was a voluntary reduction in directors' compensation for the three months ended December 31, 2024.

- **Interest income and expense** represents interest income earned on cash and cash equivalent deposits and interest expense on the Company's lease liabilities and vehicle financing. Net interest income increased by $110,628 and $336,501 for the three and twelve months ended December 31, 2024, respectively, as the Company held higher cash balances arising from the June 2024 Financing in guaranteed investment certificates. Further, the final instalments on the drilling equipment and Syringa Lodge leases were paid in 2024, resulting in lower interest expense for the current year periods.

- **Interest expense and accretion on Term Loan and A&R Promissory Notes** comprises the accrued interest on the Company's Term Loan and amended and restated promissory notes, as well as the accretion of related transaction costs and fees. The decrease of $154,595 for the three months ended December 31, 2024, relates to a higher undiscounted balance on the Term Loan in the current year period. The increase of $751,759 for the year ended December 31, 2024, when compared to the previous year, reflects the cost of the Term Loan being outstanding for a full 12 months in 2024, compared to six months in 2023.

- **Deferred tax recovery** of $524,531 related to the warrants issued with the Term Loan was recognized in the prior year period.

Cash Flows

The following table summarizes the Company's cash flows:

	Year ended December 31,	
	2024	**2023**
	$	**$**
Cash flows		
Operating activities	(37,599,434)	(29,462,860)
Investing activities	(1,022,231)	(5,254,964)
Financing activities	25,346,644	50,138,346
Increase (decrease) in cash and cash equivalents before effects of exchange rate changes	(13,275,021)	15,420,522
Effect of exchange rate changes on cash and cash equivalents	135,326	(1,337,885)
Change in cash and cash equivalents for the period	(13,139,695)	14,082,637
Cash and cash equivalents at the beginning of the period	19,245,628	5,162,991
Cash and cash equivalents at the end of the period	**6,105,933**	**19,245,628**

Operating Activities

Net cash used in operating activities for 2024 increased by $8,136,574 compared to 2023 resulting from the ramp-up of drilling, geology, geophysics, mine development, and other activities at the Mines over the year.

Investing Activities

Key investing activities relate to the acquisition of property, plant and equipment. Net cash used in investing activities for 2024 decreased by $4,232,733 compared to 2023. The higher spending in 2023 was related to the acquisition of mobile equipment and the upfront purchase of tools and parts for the three drills which were leased in 2023.

Financing Activities

Net cash provided by financing activities for 2024 decreased by $24,791,702 compared to 2023. During 2023, the Company obtained a Term Loan for gross proceeds of approximately $20.0 million and closed private placements for gross proceeds of approximately $39.8 million, using a portion of those funds to repay a $7.0 million promissory note from Pinnacle Island LP. During 2024, the Company closed private placements for gross proceeds of approximately $27.5 million.

Liquidity & Capital Resources

The Company, being in the exploration and evaluation stage, is subject to risks and challenges similar to companies in a comparable stage of exploration and evaluation. These risks include the challenges of securing adequate capital for exploration and advancement of the Company's material projects, 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.

The properties in which the Company currently has an interest are in the pre-revenue stage. Operating cash outflows are highly dependent upon the exploration and evaluation programs taking place at that time. As such, the Company is dependent on external financing to fund its activities and the advancement of its projects. In order to carry out the planned project advancement and cover administrative costs, the Company will need to use its existing working capital and raise additional amounts as needed.

As at December 31, 2024, the Company had $6,105,933 in available cash (December 31, 2023 – $19,245,628), with no sources of operating cash flows, and no significant credit lines in place. As at December 31, 2024, the Company had working capital (calculated as total current assets less total current liabilities) of $2,963,061 (December 31, 2023 – $14,787,484). The decrease in working capital is mainly due to lower cash balances in support of exploration and evaluation activities.

Financings

On March 18, 2025, the Company closed a significant refinancing and the deleveraging of its balance sheet with the conversion of the Term Loan into equity (see "*Subsequent Events*"). Subject to any changes in the Company's operational plan, this transaction will provide the Company with the funds required to advance its planned activities and cover administrative costs through to the end of 2025.

On June 14, 2024, the Company closed the first tranche of the June 2024 Financing, pursuant to which the Company issued an aggregate 19,234,614 Units at a price of $0.78 per Unit (the "**Issue Price**") for aggregate gross proceeds of $15,002,999. Each Unit is comprised of one common share of the Company (each, a "**Common Share**") and one Common Share purchase warrant of the Company (each, a "**Warrant**"). Each Warrant entitles the holder thereof to acquire one Common Share for a period expiring 60 months following the date of issuance (the "**Expiry Date**") at a price of $1.10 per Common Share. If, at any time prior to the Expiry Date, the volume-weighted average trading price of the Common Shares is at least $2.00 per Common Share for a period of 20 trading days, the Company may, at its option, accelerate the Expiry Date within 30 days' notice to the Warrant holders.

On June 21, 2024, the Company closed the second tranche of the June 2024 Financing and issued an additional 16,021,795 Units at the Issue Price for gross proceeds of $12,497,000. Together with proceeds from the first tranche, the total size of the June 2024 Financing was approximately $27.5 million. As at December 31, 2024, the Company has expended $21,178,020 of the June 2024 Financing.

On December 14, 2023, the Company closed a financing (the "**December 2023 Financing**") comprised of a brokered private placement of units (the " **December 2023 Private Placement**") and an amended Term Loan. Under the December 2023 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 was 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 2023 Financing were $19,743,845 after fees and expenses, which have been used to advance the exploration and evaluation of the Mines and for general corporate and working capital purposes. As at December 31, 2024, all of the net proceeds of the December 2023 Financing had been expended as planned.

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. Factors that could affect the availability of financing include the progress and results of ongoing exploration and evaluation activities at the Mines, the state of international debt and equity markets, as may be impacted by inflation and investor perceptions and expectations with respect to global commodity markets. If necessary, depending on the amount of funding raised, the Company may explore opportunities to defer the timing of certain discretionary expenditures and the Company's planned initiatives and other work programs may be postponed, or otherwise revised.

Use of Proceeds

The following table provides a summary of the principal use of proceeds of the June 2024 Financing and the December 2023 Financing.

Principal Purpose	**Estimated Amount as at December 31, 2024[1] $000's**	**Amounts Expended as at December 31, 2024 $000's**
June 2024 Financing		
Activities relating to the Selebi Mines	22,500[2]	18,541
Activities relating to the Selkirk Mine	1,000[3]	936
General corporate and working capital	3,800[4]	1,701
	27,300	**21,178**

Principal Purpose	**Estimated Amount $000's**	**Amounts Expended as at December 31, 2024 $000's**
December 2023 Financing		
Activities relating to the Selebi Mines	11,520[5]	11,520
Activities relating to the Selkirk Mine	400[6]	400
General corporate and working capital	7,839[7]	7,839
	19,759	**19,759**

Notes:

(1) The use of the June 2024 Financing proceeds has been updated as of December 31, 2024, to reflect any changes in planned activities, as outlined below.
(2) Represents approximately: (i) $21,200,000 for the advancement of the Selebi Mines towards an economic study; and (ii) $1,309,125 for the last instalment of the purchase price of the Syringa Lodge.
(3) Represents the cost to advance the Selkirk Mine to a mineral resource estimate and exploration activities on the prospecting licences.
(4) Represents approximately: (i) $1,313,014 allocated to the payment of interest on the Term Loan; and (ii) approximately $2,500,000 allocated to general corporate expenses and working capital.
(5) Represents approximately: (i) $10,120,000 for the advancement of the Selebi Mines towards a NI 43-101 compliant mineral resource estimate; and (ii) $1,400,000 for mining licence extension payment.
(6) Represents certain geophysics and geology costs, care and maintenance and prospecting licences.
(7) 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.

Going Concern

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. The Company incurred a net loss of $42,420,283 for the year ended December 31, 2024 (December 31, 2023 - $32,376,069). To date, the Company has not generated profitable operations from its resource activities. It is not possible to predict whether future 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. The accompanying Annual 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. 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 date of this report.

Contractual Obligations and Contingencies

Contractual Obligations

As of December 31, 2024, the Company had no material commitments for capital expenditures over the next 12 months, however the Company had the following contractual obligations and commitments:

Selebi Mines

As per the Selebi APA, the aggregate purchase price payable to the seller for the Selebi Mines is the sum of US$56,750,000 which amount shall be paid in three instalments:

- US$1,750,000 payable on the closing date, and payment of care and maintenance funding contributions in respect of the Selebi Mines from March 22, 2021, to the closing date of US$5,178,747. These payments have been made.

- US$25,000,000 upon the earlier of: (i) approval by the Botswana Ministry of Mineral Resources, Green Technology and Energy Security ("**MMRGTES**") of the Company's Section 42 and Section 43 applications (for the further extension of the mining licence and conversion of the mining licence into an operating licence, respectively); and (ii) on the expiry date of the study phase, January 31, 2026. Pursuant to the Selebi APA, the study phase has been extended for one year from the original expiry date of January 31, 2025. This extension follows successful completion by the Company of the work and investment milestones required by the Selebi APA.

- The third instalment of US$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.

As per the terms and conditions of the Selebi APA, the Company has the option to cancel the second and third payments and return the Selebi Mines to the liquidator if the Company determines that the Selebi Mines are not economical. The Company also has an option to pay in advance the second and third payments if the Company determines that the Selebi Mines are economical. The Company's accounting policy is to measure and record contingent consideration when the conditions associated with the contingency are met. As of December 31, 2024, none of the conditions of the second and third instalments have been met, hence these amounts are not accrued in the Financial Statements.

In addition to the Selebi APA, the purchase of the Selebi Mines is also subject to a royalty agreement as well as a contingent consideration agreement with the liquidator. The royalty agreement consists of a net smelter royalty ("**NSR**") of 2% on the net value of sales of concentrate or other materials with respect to production from the Selebi mining licence, of which the Company has the right to buy-back 50%. The contingent consideration agreement consists of two components: (i) a sliding scale payment of US$0.50/tonne of ore up to US$1.40/tonne of ore with respect to the discovery of new mineable deposits greater than 25 million tonnes of ore and; (ii) price participation of 15% on post-tax net earnings directly attributable to an increase of 25% or more in commodity prices, on a quarterly basis, for a period of seven years from the date of first shipment of concentrate or other materials.

Both the Selebi Mines and Selkirk Mine are subject to a royalty payable to the Botswana Government of 5% of all precious metals sales and 3% of all base metals sales.

Phikwe South and the Southeast Extension

In August 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 and 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 is subject to customary closing conditions and has not yet closed as of March 19, 2025.

The upfront cost to the Company to acquire these additional mineral properties is US$1,000,000. In addition, the Company has agreed to additional work commitments of US$5,000,000 in the aggregate over four years. As a result of the extension of the Selebi mining licence, the remaining asset purchase obligations of the Company outlined in the Selebi APA will each increase by 10%, US$ 5,500,000 in total, while the trigger events remain unchanged. The existing 2% NSR and contingent consideration agreement held by the liquidator with respect to production from the Selebi mining licence will also apply to production from these additional deposits, subject to the Company's existing buy-back right for 50% of the NSR.

Selkirk Mine

In regard to the Selkirk Mine, 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 US$25 million would be due upon the approval by the Minister of MMRGTES of the Company's Section 42 and Section 43 applications (for the 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 US$30 million, if Selkirk were commissioned earlier than Selebi, the payment would trigger on Selkirk's commission date.

In addition to the Selkirk purchase agreement, the purchase of the Selkirk Mine is also subject to a royalty agreement as well as a contingent consideration agreement with the liquidator. The royalty agreement consists of an NSR of 1% on the net value of sales of concentrate or other materials with respect to production from the Selkirk mining licence, which the Company has the right to buy-back in full. The contingent consideration agreement is on similar terms as the Selebi Mines contingent consideration.

NSR Option

The Company received $2,750,000 (the "**Option Payment**") from Cymbria for their right to participate in the Company's right to repurchase one-half of the Selebi NSR and the entirety of the Selkirk NSR. Cymbria has the right to put its options back to the Company in certain circumstances in return for the reimbursement of the applicable portion of the Option Payment. Cymbria also has the right to compel the Company to repurchase the applicable portion of its NSR from the relevant liquidator.

Term Loan

The Company had an outstanding Term Loan at December 31, 2024, in the amount of $20,882,353 that bore interest at a rate of 10% per annum payable quarterly in arrears, with the principal maturing on June 28, 2026. The Term Loan was subject to certain covenants and provisions on events of default, repayments and mandatory prepayments, including: (i) increase in the interest rate payable on the Term Loan to 15% per annum upon the occurrence of an event of default; (ii) the Company could 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; and (iii) mandatory prepayment was to be made when the Company had non-ordinary course asset sales or other dispositions of property or the Company received cash from the issuance of indebtedness for borrowed money. As at December 31, 2024, the Company was in compliance with the Term Loan covenants.

In March 2025, the Company announced a significant refinancing and the deleveraging of its balance sheet with the conversion of the Term Loan into equity (see "*Subsequent Events*").

While the Company has arranged this additional financing, the proceeds are intended for the advancement of exploration and evaluation activities at the Mines. Therefore, the Company will need to arrange additional financing to meet its commitments under the asset purchase agreements.

Contingencies

There are no environmental liabilities associated with the Mines as at the acquisition dates as all liabilities incurred prior to the acquisitions are the responsibility of the sellers, BCL and TNMC. The Company has an obligation for the rehabilitation costs arising subsequent to the acquisitions. As of December 31, 2024, there were no material rehabilitation costs for which the Company expects to incur, and 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 any future contingent liabilities and the impact on the Company's operating results due to future changes in the Company's development of its projects or future changes in such laws and environmental regulations.

Related Party Transactions

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 certain senior officers) compensation was related to the following:

	Year ended December 31,	
	2024	2023
	$	$
Salaries and management fees	1,373,388	1,195,550
One-time retirement benefit	1,168,729	-
Site operations and administration	2,088,356	2,394,776
DSUs granted, net of fair value movements	57,183	670,008
Share-based compensation	1,252,483	657,138
	5,940,139	**4,917,472**

As a result of the 2023 Financing Transactions on June 28, 2023, and December 14, 2023, Cymbria and certain other funds managed by EdgePoint (the "**Financing Parties**") acquired a total of 16,037,800 Common Shares. The Financing Parties also acquired on closing of the 2023 Financing Transactions an aggregate of 6,024,000 warrants with an expiration date of June 28, 2026 and an exercise price of $1.4375. Further, in connection with the June 2024 Financing, EdgePoint subscribed for 7,692,307 Units at $0.78 per Unit for gross proceeds of approximately $6.0 million.

As of December 31, 2024, EdgePoint beneficially owns 23,833,224 Common Shares and 13,716,307 Warrants, representing approximately 12.8% of the issued and outstanding Common Shares (approximately 18.8% on a partially-diluted basis assuming the exercise of all warrants held by EdgePoint). All warrants issued to EdgePoint as part of the June 2024 Financing include customary restrictions providing that EdgePoint will not exercise such number of warrants so as to bring its undiluted share ownership percentage above 20.0% of the Company's issued and outstanding Common Shares without obtaining the requisite shareholder and TSXV approval.

In connection with the June 2024 Financing, certain insiders of the Company subscribed for an aggregate of 1,389,140 Units for gross proceeds of $1,083,529. Each subscription by an "insider" is considered to be a "related party transaction" for the purposes of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions.

For the year ended December 31, 2024, the Company paid interest of $2,082,830 (2023 - $793,392) to the Financing Parties.

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 Canada, Barbados, and Botswana. The Company's geographic segments are as follows:

	December 31, 2024 $	December 31, 2023 $
Current assets		
Canada	4,066,121	15,894,177
Barbados	89,446	104,024
Botswana	3,462,676	4,680,572
Total	**7,618,243**	**20,678,773**
Property, plant and equipment		
Canada	-	8,726
Botswana	8,488,405	8,691,908
Total	**8,488,405**	**8,700,634**
Exploration and evaluation assets		
Botswana	**8,846,821**	**8,594,798**

The Company's exploration and evaluation activities are assessed at the individual project level. The Selebi and Selkirk projects below make up the Botswana geographic segment.

	Year ended December 31, 2024			
General Exploration Expenses	**Selebi** $	**Selkirk** $	**Other** $	**Total** $
Drilling	6,703,402	-	-	6,703,402
Site operations, administration, and overhead	4,298,941	435,957	156,457	4,891,355
Infrastructure and equipment maintenance	3,872,782	-	-	3,872,782
Geology	3,042,562	505,783	-	3,548,345
Mine development	3,030,676	-	-	3,030,676
Electricity	2,904,188	27,377	-	2,931,565
Engineering and technical studies	1,066,361	248,343	-	1,314,704
Geophysics	993,152	107,942	-	1,101,094
Freight, tools, supplies, and other consumables	915,925	10,417	-	926,342
Health and safety	319,146	44	-	319,190
Environmental, social and governance	302,737	-	-	302,737
Share-based compensation	567,335	141,833	-	709,168
Total	**28,017,207**	**1,477,696**	**156,457**	**29,651,360**

Off-Balance Sheet Arrangements

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

Financial Instruments

ASC 820 - Fair Value Measurement establishes a three-tier fair value hierarchy. The fair value hierarchy's three tiers are based on the extent to which inputs used in measuring fair value are observable in the market, and are 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; and

Level 3: One or more significant inputs used in a valuation technique are unobservable in determining fair values of the asset or liability.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of an asset or liability in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

The carrying value of cash and cash equivalents, trade payables and accrued liabilities approximate their fair value due to their short-term nature, and therefore have been excluded from the table below. A summary of the carrying value and fair value of other financial instruments were as follows:

		December 31, 2024		December 31, 2023	
	Classification	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
		$	**$**	**$**	**$**
Lease liabilities	Level 2	-	-	1,611,143	1,611,143
DSU liability	Level 1	941,664	941,664	884,481	884,481
Vehicle financing	Level 2	246,137	246,137	236,124	236,124
Term Loan	Level 3	18,983,212	20,862,478	17,956,423	20,839,975
NSR option liability	Level 2	2,750,000	2,750,000	2,750,000	2,750,000

Lease liabilities and vehicle financing - The fair values approximate carrying values as the interest rates are comparable to current market rates.

DSU liability - the fair value of the DSUs is measured using the closing price of the Company's Common Shares at the end of each reporting period.

Term Loan – the Term Loan is carried at amortized cost. The fair value measurement of the Term Loan was based on an income approach.

NSR option liability – The fair value of the NSR options is determined using a valuation model that incorporates such factors as discounted cash flow projections, metal price volatility, and risk-free interest rate. 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 options as at December 31, 2024 and December 31, 2023 is nil.

The carrying value of cash and cash equivalents, trade payables and accrued liabilities approximate their fair value due to their short-term nature.

The Company's financial instruments are exposed to certain market risks as discussed below:

Interest Rate Risk

The Company’s exposure to interest rate risk arises from the interest rate impact on its cash and cash equivalents and debt facilities. Interest payable on the Company's term loan and on the previously outstanding promissory note is at a fixed rate. Interest payable on the vehicle financing is based upon a variable base rate, being the lending institution's prime lending rate, plus a fixed rate margin.

Foreign Currency Exchange Risk

The Company primarily operates in Canada, Barbados and Botswana and undertakes transactions denominated in foreign currencies such as the US dollar and Botswana pula, and consequently is exposed to exchange rate risks. The value of cash and other financial assets and liabilities denominated in foreign currencies can fluctuate with changes in currency exchange rates. Exchange risks are managed by matching levels of foreign currency balances with the related obligations and by maintaining operating cash accounts in non-Canadian dollar currencies.

The following table illustrates the estimated impact a 5% USD and BWP change against the CAD would have on net loss before tax as a result of translating the Company's foreign denominated financial instruments:

Currency	Change	Effect on Net Loss (Earnings) Before Tax $	Change	Effect on Net Loss (Earnings) Before Tax $
USD	+5%	(77,981)	-5%	77,981
BWP	+5%	6,485	-5%	(6,485)

Credit Risk

The Company's credit risk is primarily associated with its cash and cash equivalents. The Company's exposure to credit risk arises from the potential default of the counterparty to its cash and cash equivalents, and the maximum exposure is limited to the carrying value of these instruments. The Company limits exposure to credit risk on its cash and cash equivalents by holding these instruments 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 against its annual budget, which forecasts 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 undiscounted contractual obligations as at December 31, 2024:

	Less than 1 year $	1 - 2 years $	2 - 5 years $	Total $
Trade payables and accrued liabilities	4,477,580	-	-	4,477,580
Vehicle financing	136,935	86,479	22,723	246,137
Term loan	2,088,235	21,926,471	-	24,014,706
	6,702,750	**22,012,950**	**22,723**	**28,738,423**

The DSU liability of $941,664 is not presented in the above liquidity analysis as management considers it not practical to allocate the amounts into maturity groupings.

Recently Adopted Accounting Pronouncements

ASU 2023-07, Segment Reporting - Improvements to Reportable Segment Disclosures. - The Accounting Standards Update ("**ASU**") is applicable to all public entities that are required to report segmented information in accordance with *ASC 280 – Segment Reporting* and is effective for annual reporting periods beginning after December 15, 2023. *ASU 2023-07, Segment Reporting - Improvements to Reportable Segment Disclosures* was issued to improve a public entity's disclosure of reportable segments, with the most significant requirement being for a public entity to disclose its significant segment expense categories and amounts for each reportable segment. The Company adopted the new pronouncement effective January 1, 2024, with no impact to its consolidated financial statements.

Recently Issued Accounting Pronouncements and Disclosures Not Yet Adopted

ASU 2023-09, Income Taxes: Improvements to Income Tax Disclosures - In December 2023, the Financial Accounting Standards Board ("**FASB**") issued a final standard on improvements to income tax disclosures. The standard requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. This ASU becomes effective January 1, 2025. The Company is assessing the impact of this ASU, and upon adoption, may be required to include certain additional disclosures in the notes to its financial statements.

ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures - In November 2024, FASB issued an ASU which will require entities to provide disaggregated disclosure of specified categories of expenses that are included on the face of the income statement, including: purchases of inventory, employee compensation, depreciation, amortization and depletion. This ASU becomes effective January 1, 2027. The Company is assessing the impact of this ASU, and upon adoption, may be required to include certain additional disclosures in the notes to its financial statements.

Critical Accounting Estimates

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

The areas involving a higher degree of complexity or significant management judgement, or areas where estimates are significant to the consolidated financial statements are:

(a) Recoverability of exploration and evaluation assets

The ultimate recoverability of the exploration and evaluation assets is dependent upon the Company's ability to obtain the necessary financing to complete the exploration and development and commence profitable production at its projects, or alternatively, upon the Company's ability to dispose of its interests therein on an advantageous basis. A review of the indicators of potential impairment is at minimum carried out at each reporting period.

Management undertakes a periodic review of these assets to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount of the assets is made. An impairment loss is recognized when the carrying value of the assets is higher than the recoverable amount and when mineral licence tenements are relinquished or have lapsed. In undertaking this review, management of the Company is required to make significant estimates of, among other things, discount rates, commodity prices, foreign exchange rates, availability of financing, future operating and capital costs and all aspects of project advancement. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the assets.

(b) Asset lives for depreciation and amortization

Property, plant and equipment comprise a large component of the Company's assets and as such, the depreciation of these assets have a significant effect on the Company's financial statements. Management must make estimates of the useful lives, as well as residual values, of each asset when calculating the depreciation of these assets. These useful life and residual value estimates are subject to various risks and uncertainties, and an asset's useful life may ultimately be shorter or longer than management's estimate, and residual values may differ from what was originally estimated.

(c) Going concern

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

(d) Valuation of share-based compensation and warrants

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock-based awards issued under the Company's stock option plan. This model is affected by the Company's stock price as well as assumptions regarding a number of subjective variables. These subjective variables include, but are not limited to, the Company's expected stock price volatility over the estimated term of the awards, and actual and projected stock option exercise behaviours. The value of the portion of the award that is ultimately expected to vest is recognized as an expense in net loss over the requisite service period.

As part of the Company's financing transactions, units are issued containing Common Share purchase warrants. The fair value of these Common Share purchase warrants are calculated using a Monte Carlo model, which models the probability of a number of different outcomes not easily predicted.

(e) Deferred tax

The Company uses the asset and liability method in accounting for deferred taxes. Under this method, deferred taxes are recognized for future income tax. In preparing these estimates, management is required to interpret substantially enacted legislation as well as economic and business conditions along with management's tax and corporate structure plans which may impact taxable income in future periods.

(f) Asset retirement obligations

Management's best estimates regarding asset retirement obligations are based on the current economic environment. Changes in estimates of contamination, restoration standards and restoration activities result in changes to provisions from period to period. Actual asset retirement obligations will ultimately depend on future market prices for future restoration obligations.

Subsequent Events

On March 18, 2025, the Company closed a significant refinancing and the deleveraging of its balance sheet with the conversion of the Term Loan into equity (the "**Debt Conversion**").

The Company completed a private placement financing issuing 153,333,334 units of the Company at a price of $0.30 per unit for aggregate gross proceeds of approximately $46 million (the "**March 2025 Private Placement**"). Each unit consists of one Common Share and one-half of one warrant. Each warrant entitles the holder to acquire one additional Common Share at a price of $0.55 per share until March 18, 2028. In addition, the Company issued 4,000,000 Common Shares at an issue price of $0.30 per share to TriView Capital Ltd. for its services as finder.

In accordance with the previously announced debt settlement agreement, the Company has issued to Cymbria an aggregate of 69,607,843 units ("**Settlement Units**") at a deemed issue price of $0.30 per unit in full satisfaction of the $20,882,353 principal amount outstanding under the Term Loan, and the settlement of the $268,896 accrued interest in cash. Each Settlement Unit consists of one Common Share and one Common Share purchase warrant (each, a "**Settlement Warrant**"). Each Settlement Warrant entitles the holder to acquire one additional Common Share at a price of $0.40 per Common Share until March 18, 2028.

The Company also entered into advisory services agreements which include assistance with the identification of a new CEO, the Debt Conversion, and Company strategy. The advisors will continue to provide such services on an ongoing basis until June 30, 2025. The Company issued 12,750,000 Common Shares to the advisors at a deemed price per share of $0.30 as consideration for their services. The shares remain subject to contractual resale restrictions for a 12-month period. The Company also paid its financial advisor a fee of US$1,500,000, consisting of US$500,000 in cash and US$1,000,000 in 3,586,709 Common Shares issued at a price of US$0.28 per share.

The Company also granted: (i) 5,750,000 stock options with each option having an exercise price of $0.50, a term of five years, and vesting as to one-half on the date of grant and the balance on the first anniversary of the date of grant; and (ii) 3,175,000 RSUs, each RSU vesting in full on the first anniversary of the date of grant.

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 of Directors 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 Mines.

The establishment and development of PNGPL and 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 Mines and the Selkirk Mine 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 Board of Directors and management also has extensive experience operating and managing investments and projects in Africa. 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 of Directors, 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 of Directors and officers.

Through the recently closed financing transaction (see "*Subsequent Events*"), the Company has added further expertise to the Board of Directors and management team. The Company's new Chief Executive Officer and Director, Mr. Morgan Lekstrom, has direct mine redevelopment experience in Africa through a previously held role with Golden Star Resources in supporting the redevelopment of an underground mine in Ghana, West Africa. Mr. Lekstrom has a diverse background and an established track record of delivering successes, including most recently, the successful building of NexGold Mining Corp., creating a near term development company with a clear path to building two new gold mines.

The Company also relies on the expertise of its local Botswana-based personnel, Mr. Borris Kamstra, Mr. Kneipe Setlhare, and Mr. Karabo Monepe, 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 15 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 Toronto Stock Exchange. 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. Monepe also possesses 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.

- 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 and relies on the collective wealth of expertise and experience in the Company's business and operations in Botswana of its Board of Directors, management, locally based 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 engineering and geoscientific services firms including SRK Consulting, SLR Consulting, DRA Global, SGS Mineral Services, and Expert Process Solutions. 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 Board of Directors benefit from and rely on the advice and guidance provided by its Botswanan legal advisor as well as 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 by the Board of Directors.

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 and Setswana.

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 and United States 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 Directors 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, management of each subsidiary entity reviews, 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 of Directors 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 directors 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 US GAAP 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 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 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 evaluation of mineral properties in Botswana and Canada is speculative and involves a high degree of risk. 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. 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 this MD&A (see *"Financial Instruments"*, *"Operations in Emerging Markets" and "Cautionary Note Regarding Forward-Looking Statements"*). 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+ (https://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 and upgrade 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 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. 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 ceasing operations.

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 Reserves

The Company is a mineral exploration and development company that is focused on the redevelopment of the previously producing Mines. To that end, the Company's properties have no established mineral reserves at this time. While the Selebi and Selkirk projects have mineral resource estimates in accordance with NI 43-101, the Company has not yet established any proven or probable mineral reserves on the Selebi Mines or Selkirk Mine projects. The lack of established mineral reserves means that the economic viability of the Selebi and Selkirk projects has not been confirmed. There is no assurance that further exploration will lead to the discovery of an economically viable mineral deposit.

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 at all. Any profitability in the future from the business of the Company will be dependent upon the development and commercial mining of economically viable mineral deposits, 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 and evaluation 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.

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.

Development of the Company's properties will occur only after obtaining satisfactory exploration results. Although the Company's properties were past producing, 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.

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 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 a number of factors, including 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 effect on the price of Common Shares include: reduced 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 evaluation activities.

Governmental Regulation

Exploration, development, and operations 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 and evaluation stages on its material 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, Licences 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, Barbados, 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. New taxation rules or accounting policies enacted could result in the Company's profits being subject to additional taxation and could 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. The Company operates in Canada, Barbados and Botswana and undertakes transactions denominated in foreign currencies such as United States dollars, Euros, and the Botswanan pula, and consequently is exposed to exchange rate risks. The Company is also 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 of 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 inflation; challenges in collecting receivables; 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 Mines.

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 entitled *"Operations in Emerging Markets"* in this MD&A.

Dependence 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, the Company closed the acquisition of the Selebi project. However, pursuant to the terms of the acquisition, the Company 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 (i) US$25 million due on January 31, 2026, and (ii) 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 the Company to comply with all the post-closing covenants and contingent milestone payments relating to the Selebi project (if and when those milestones are achieved), could materially adversely affect the business, operations and financial conditions of the Company and impact the market price of the Common Shares. In addition, PREM closed its purchase of the Selkirk Mine 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, is as follows:

Securities	Common Shares
Common Shares	428,986,474
Preferred shares(1)	13,131
DSUs	2,164,744
Warrants	188,579,919
Stock options	20,583,771
RSUs	4,175,000
Fully diluted share capital	**644,503,039**

(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 ensure sufficient information is provided to them in support of 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 Mines, including the anticipated costs in respect thereof and the Company's ability to finance such anticipated costs; the timing and ability for the Company to achieve business and project milestones and anticipated remaining costs in respect thereof; the timing and ability to achieve the milestones in the Selebi Technical Report and Selkirk Technical Report; the utility of existing infrastructure at Selebi North; the Company's relationships with local communities, indigenous groups and other stakeholders at the project level; the Company's ability to convert and upgrade mineral resources; performance and results of operations; the Company's liquidity, including capital resources, going concern, financings and working capital; the Company's ability to operate in Botswana as an emerging market; the Company's ability to manage risks; 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; currency fluctuations; requirements for additional capital; the ability of the Company to obtain additional capital (if at all), including on terms satisfactory to the Company; the contemplated use of proceeds by the Company from the financing transactions; the Company's plans and timeline to re-develop the Mines and the drilling planned by the Company; 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 this MD&A (see "*Financial Instruments*", "*Risk and Uncertainties*" *and* "*Operations in Emerging Markets*"). 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.

Technical Information

Selebi Technical Report

The scientific and technical information in this MD&A relating to the Selebi Mines is supported by the technical report entitled *"NI 43-101 Technical Report, Selebi Mines, Central District, Republic of Botswana"*, dated September 20, 2024 (with an effective date of June 30, 2024), 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+ (https://www.sedarplus.ca/) under the Company's issuer profile.

Selkirk Technical Report

The scientific and technical information in this MD&A relating to the Selkirk Mines is supported by the technical report entitled *"NI 43-101 Technical Report, Selkirk Nickel Project, North East District, Republic of Botswana"*, dated January 10, 2025 (with an effective date of November 1, 2024), 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 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+ (https://www.sedarplus.ca/) under the Company's issuer profile.

Qualified Person and Other 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 2023-2024 underground drilling program at Selebi North is being carried out through an agreement with Forage who provided three Zinex U-5 drills for purchase and provided 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 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 Canada.