
POWER NICKEL INC.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2024
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Power Nickel Inc.

Condensed Consolidated Interim Statements of Financial Position (Expressed in Canadian Dollars) (Unaudited)

As at,	June 30, 2024	December 31, 2023
ASSETS		
<i>Current</i>		
Cash	\$ 18,613,916	\$ 216,365
Amounts receivable	1,321,873	1,212,976
Subscription receivable (note 6)	-	2,000,000
Prepaid expenses	170,012	298,493
Total current assets	20,105,801	3,727,834
Non-current assets		
Equipment (note 3)	5,367	6,315
Total assets	\$ 20,111,168	\$ 3,734,149
LIABILITIES		
<i>Current</i>		
Accounts payable and accrued liabilities (notes 10 and 12)	\$ 5,052,859	\$ 2,145,469
Due to related parties (note 10)	43,481	40,168
Flow-through liability (note 12)	1,837,729	4,032,096
Advances from shareholders (note 10)	7,000	7,000
Total current liabilities	6,941,069	6,224,733
Non-current liabilities		
Other liabilities (note 5)	55,464	55,464
Total liabilities	6,996,533	6,280,197
SHAREHOLDERS' DEFICIENCY		
Issued capital (note 6)	96,282,491	77,376,535
Contributed surplus (note 7)	3,201,405	2,648,929
Warrants (note 8)	7,251,385	3,304,353
Deficit	(93,620,646)	(85,875,865)
Total shareholders' deficiency	13,114,635	(2,546,048)
Total liabilities and shareholders' deficiency	\$ 20,111,168	\$ 3,734,149

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

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

Power Nickel Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (Expressed in Canadian Dollars) (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Operating expenses				
Administration fees (note 10)	\$ 137,500	\$ 62,255	\$ 225,000	\$ 175,000
Amortization (note 3)	474	676	948	1,352
Accretion, bank and interest (income) fees	4,456	(4,133)	6,345	(2,476)
Exploration expenditures (note 4)	4,965,294	837,353	7,339,707	2,184,462
Foreign exchange loss (gain)	40,139	27,337	48,045	161,586
Investor relations	2,194,179	895,913	2,905,975	1,555,898
Office and miscellaneous	9,482	12,858	40,036	22,848
Professional fees (note 10)	137,079	90,761	205,902	139,654
Share-based payments (note 7)	678,720	824,310	678,720	880,355
Transfer and regulatory	21,962	20,333	51,357	32,176
Travel, promotion and mining shows	97,722	43,046	97,722	54,495
Total expenses before other items	(8,287,007)	(2,810,709)	(11,599,757)	(5,205,350)
Other items				
Flow-through liability amortization	2,790,437	274,901	3,844,806	923,164
Net loss and comprehensive loss for the year	\$ (5,496,570)	\$ (2,535,808)	\$ (7,754,951)	\$ (4,282,186)
Net loss and comprehensive loss per share				
- basic and diluted (note 9)	\$ 0.03	\$ 0.02	\$ 0.05	\$ 0.03
Weighted average number of common shares outstanding				
- basic and diluted (note 9)	166,965,531	128,001,775	158,344,467	129,115,311

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

Power Nickel Inc.

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

	Six months ended June 30,	
	2024	2023
Operating activities		
Loss for the period	\$ (7,754,951)	\$ (4,282,186)
<i>Items not affecting cash:</i>		
Amortization	948	1,352
Share-based payments	678,720	880,355
Flow-through liability amortization	(3,844,806)	(923,164)
<i>Changes in non-cash working capital items:</i>		
Amounts receivable	(108,897)	(100,730)
Prepaid expenses	128,481	(42,164)
Accounts payable and accrued liabilities	2,907,390	(77,994)
Due to related parties	3,313	(89,078)
Net cash used in operating activities	(7,989,802)	(4,633,609)
Financing activities		
Proceeds from private placements	22,640,473	4,810,000
Share issuance costs	(459,120)	(315,505)
Subscription receipts	2,000,000	-
Exercise of options	154,750	-
Exercise of warrants	2,051,250	14,000
Net cash provided by financing activities	26,387,353	4,508,495
(Decrease) increase in cash	18,397,551	(125,114)
Cash, beginning of period	216,365	1,275,104
Cash, end of period	\$ 18,613,916	\$ 1,149,990

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

Power Nickel Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)
(Unaudited)

	Common Shares		Contributed Surplus	Warrants	Deficit	Total
	Number	Amount				
Balance, December 31, 2022	120,147,687	\$ 70,990,710	\$ 1,974,028	\$ 2,212,080	\$ (75,989,295)	\$ (812,477)
Private placement	9,620,000	3,745,790	-	1,064,210	-	4,810,000
Flow-through liability	-	(1,361,125)	-	-	-	(1,361,125)
Share issuance costs	-	(315,505)	-	-	-	(315,505)
Broker warrants	-	(60,560)	-	60,560	-	-
Share based compensation	-	-	880,355	-	-	880,355
Exercise of warrants	70,000	17,360	-	(3,360)	-	14,000
Option expiry	-	-	(200,248)	-	200,248	-
Warrant expiry	-	-	-	(728,200)	728,200	-
Net loss for the period	-	-	-	-	(4,282,186)	(4,282,186)
Balance, June 30, 2023	129,837,687	\$ 73,016,670	\$ 2,654,135	\$ 2,605,290	\$ (79,343,033)	\$ (1,066,938)
Balance, December 31, 2023	149,873,243	\$ 77,376,535	\$ 2,648,929	\$ 3,304,353	\$ (85,875,865)	\$ (2,546,048)
Private placement	28,189,873	18,256,843	-	4,383,630	-	22,640,473
Flow-through liability	-	(1,650,439)	-	-	-	(1,650,439)
Share issuance costs	-	(459,120)	-	-	-	(459,120)
Broker warrants	-	(142,955)	-	142,955	-	-
Share based compensation	-	-	678,720	-	-	678,720
Exercise of warrants	8,384,250	2,630,803	-	(579,553)	-	2,051,250
Exercise of options	946,428	270,824	(116,074)	-	-	154,750
Option expiry	-	-	(10,170)	-	10,170	-
Net loss for the period	-	-	-	-	(7,754,951)	(7,754,951)
Balance, June 30, 2024	187,393,794	\$ 96,282,491	\$ 3,201,405	\$ 7,251,385	\$ (93,620,646)	\$ 13,114,635

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

Power Nickel Inc.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2024

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of operations and going concern

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

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

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

These unaudited condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. These unaudited condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. During the three and six months ended June 30, 2024, the Company incurred a net loss of \$5,496,570 and \$7,754,951, respectively (three and six months ended June 30, 2023 - \$2,535,808 and \$4,282,186, respectively). As at June 30, 2024, the Company has incurred significant losses since inception totaling \$93,620,646 (December 31, 2023 - \$85,875,865). As at June 30, 2024, the Company has a working capital surplus of \$13,164,732 (December 31, 2023 - working capital deficiency of \$2,496,899); the continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that additional funds will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of material uncertainties that cast significant doubt as to the Company's ability to continue as a going concern and accordingly use accounting principles applicable to a going concern.

Power Nickel Inc.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2024

(Expressed in Canadian Dollars)

(Unaudited)

2. Basis of presentation

Statement of compliance

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

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

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

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

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRS, which have been applied consistently to all periods presented. These unaudited condensed consolidated interim financial statements were issued and effective as of August 29, 2024, the date the Board of Directors approved the statements.

New standards adopted

During the three and six months ended June 30, 2024, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

New standards not yet adopted

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

Power Nickel Inc.

Notes to Condensed Consolidated Interim Financial Statements
Three and Six Months Ended June 30, 2024
(Expressed in Canadian Dollars)
(Unaudited)

3. Equipment

<i>Cost</i>	Automobiles	Field Equipment	Furniture and office equipment	Total
Balance, December 31, 2022, December 31, 2023 & June 30, 2024	\$ 16,342	\$ 83,278	\$ 126,697	\$ 226,317

<i>Accumulated amortization</i>	Automobiles	Field Equipment	Furniture and office equipment	Total
Balance, December 31, 2022	\$ 8,807	\$ 82,810	\$ 125,681	\$ 217,298
Additions	2,260	140	304	2,704
Balance, December 31, 2023	11,067	82,950	125,985	220,002
Additions	792	50	106	948
Balance, June 30, 2024	\$ 11,859	\$ 83,000	\$ 126,091	\$ 220,950

<i>Net book value</i>	Automobiles	Field Equipment	Furniture and office equipment	Total
Balance, December 31, 2023	\$ 5,275	\$ 328	\$ 712	\$ 6,315
Balance, June 30, 2024	\$ 4,483	\$ 278	\$ 606	\$ 5,367

4. Mineral exploration expenditures

Exploration and acquisition costs for the six months ended June 30, 2024 and June 30, 2023 are as follows:

	Zulema	Nisk	Golden Ivan	Total
Assays	\$ -	\$ 69,750	\$ -	\$ 69,750
Claim costs	7,233	-	-	7,233
Drilling	-	861,810	-	861,810
Field costs	8,294	273,848	-	282,142
Geological	50,920	903,827	8,780	963,527
Six months ended June 30, 2023	\$ 66,447	\$ 2,109,235	\$ 8,780	\$ 2,184,462

	Zulema	Nisk	Golden Ivan	Total
Assays	\$ -	\$ 64,909	\$ -	\$ 64,909
Claim costs	161,163	-	-	161,163
Drilling	3,485	1,798,421	-	1,801,906
Feasibility study	-	2,625,200	-	2,625,200
Field costs	106,976	262,438	-	369,414
Geophysics and geological	123,838	2,180,648	12,629	2,317,115
Six months ended June 30, 2024	\$ 395,462	\$ 6,931,616	\$ 12,629	\$ 7,339,707

(a) Tierra de Oro, Chile

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

Power Nickel Inc.

Notes to Condensed Consolidated Interim Financial Statements
Three and Six Months Ended June 30, 2024
(Expressed in Canadian Dollars)
(Unaudited)

4. Mineral exploration expenditures (continued)

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

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

(c) *Other Properties, Chile*

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

(d) *Nisk Property, Quebec, Canada*

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

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

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

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

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

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

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

On July 31, 2023, the Company announced that it has exercised its option to acquire 50% of the Nisk project. Further on April 24, 2024, the Company announced that it acquired an additional 30% of the Nisk project brining ownership in the project to 80%.

Power Nickel Inc.

Notes to Condensed Consolidated Interim Financial Statements Three and Six Months Ended June 30, 2024 (Expressed in Canadian Dollars) (Unaudited)

4. Mineral exploration expenditures (continued)

(e) Golden Ivan, British Columbia, Canada

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

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

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

5. Other liabilities

As at June 30, 2024, the Company has \$55,464 (June 30, 2023 - \$55,464) of accounts payable (the "Statute-barred Claims") to non-current liabilities on the basis that any claims in respect of the Statute-barred Claims were statute-barred under the Limitations Act (British Columbia). The Statute-barred Claims related to expenses billed by and third party liabilities incurred prior to December 2015. However, for accounting purposes under IFRS, a debt can only be removed from the Company's statement of financial position when it is extinguished meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation but it does not formally extinguish the debt for accounting purposes. It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors. The Statute-barred Claims are required to be reflected on the Company's statement of financial position as a result of the current interpretation of IFRS, but they are classified as long-term liabilities since the Company has no intention or obligation to pay these Statute-barred Claims and the creditors cannot enforce payment of the Statute-barred Claims. While inclusion of these items is intended solely to comply with the requirements of IFRS, the Company in no way acknowledges any of the Statute-barred Claims.

6. Issued capital

a) Authorized share capital

At June 30, 2024, the authorized share capital consisted of an unlimited number of common shares, non-voting Class A preference shares with a par value of \$4.00 and Class B preference shares with a par value of \$20.00. The common shares do not have a par value. No Class A or Class B preference shares have been issued.

b) Common shares issued

	Number of Shares	Amount
Balance, December 31, 2022	120,147,687	\$ 70,990,710
Private placement (iv)	9,620,000	3,745,790
Flow-through liability (iv)	-	(1,361,125)
Share issuance costs (iv)	-	(315,505)
Broker warrants (iv)	-	(60,560)
Exercise of warrants (i)	70,000	17,360
Balance, June 30, 2023	129,837,687	\$ 73,016,670

Power Nickel Inc.

Notes to Condensed Consolidated Interim Financial Statements Three and Six Months Ended June 30, 2024 (Expressed in Canadian Dollars) (Unaudited)

6. Issued capital (continued)

b) Common shares issued (continued)

	Number of Shares	Amount
Balance, December 31, 2023	149,873,243	\$ 77,376,535
Private placement (v)(vi)(vii)	28,189,873	18,256,843
Flow-through liability (vi)(vii)	-	(1,650,439)
Share issuance costs (v)(vi)(vii)	-	(459,120)
Broker warrants (v)(vii)	-	(142,955)
Exercise of warrants (iii)	8,384,250	2,630,803
Exercise of options (ii)	946,428	270,824
Balance, June 30, 2024	187,393,794	\$ 96,282,491

(i) During the six months ended June 30, 2023, 70,000 warrants were exercised with a weighted average exercise price of \$0.20 and a black scholes value of \$3,360.

(ii) During the six months ended June 30, 2024, officers and directors exercised 946,428 stock options with a weighted average exercise price of \$0.16 and a black scholes value of \$116,074.

(iii) During the six months ended June 30, 2024, 8,384,250 warrants were exercised with a weighted average exercise price of \$0.25 and a black scholes value of \$579,553.

(iv) On March 30, 2023, April 25, 2023, and May 4, 2023, the Company closed the first, second, and final tranche of a private placement of 9,620,000 flow-through units of the Company, at a price of \$0.50 per flow-through units ("FT Unit") for aggregate gross proceeds of \$4,810,000. The Company had share issuance costs including finder's fees of \$323,288 and issued 778,280 non-transferable finder's warrants. Each unit will be composed of one flow-through share, and one-half of one transferable non-flow-through common share purchase warrant. Each warrant will be exercisable into one non-flow-through common share at exercise price of \$0.50 per share for a period of five years from the date of issuance. Each finder's warrant is exercisable into one non-flow-through common share at exercise price of \$0.50 per share for a period of one and a half years. The warrants and broker warrants were valued at \$1,064,210 and \$81,810 respectively using the relative fair value approach and the Black-Scholes option-pricing model. The following weighted average assumptions were used: share price - \$0.25; risk free interest rate - 2.88% - 3.64%; expected volatility - 126% - 157% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 1.5 - 5 years.

(v) On April 12, 2024, the Company closed a private placement of 11,889,875 common shares of the Company, at a price of \$0.20 per share for aggregate gross proceeds of \$2,377,975. The directors of the Company participated in the private placement for aggregate investment of \$333,125. The Company had share issuance costs including finder's fees of \$138,998 and issued 117,250 non-transferable finder's warrants. Each finder's warrant is exercisable into one non-flow-through common share at exercise price of \$0.20 per share for a period of three years. The broker warrants were valued at \$15,265 using the relative fair value approach and the Black-Scholes option-pricing model. The following weighted average assumptions were used: share price - \$0.25; risk free interest rate - 4.26%; expected volatility - 95% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 3 years.

(vi) On June 10, 2024, the Company closed the private placement of 250,000 flow-through units of the Company, at a price of \$0.80 per flow-through units ("FT Unit") for aggregate gross proceeds of \$200,000. The Company had share issuance costs including finder's fees of \$2,413. Each unit will be composed of one flow-through share, and one non transferable non-flow-through common share purchase warrant. Each warrant will be exercisable into one non-flow-through common share at exercise price of \$0.80 per share for a period of three years from the date of issuance. The warrants were valued at \$95,570 using the relative fair value approach and the Black-Scholes option-pricing model. The following weighted average assumptions were used: share price - \$0.80; risk free interest rate - 3.86%; expected volatility - 106% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 3 years.

Power Nickel Inc.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2024

(Expressed in Canadian Dollars)

(Unaudited)

6. Issued capital (continued)

(vii) On June 21, 2024, the Company closed a private placement of 16,049,998 flow-through units of the Company, at a price of \$1.25 per flow-through units ("FT Unit") for aggregate gross proceeds of \$20,062,498. The Company had share issuance costs including finder's fees of \$317,709 and issued 265,727 non-transferable finder's warrants. Each unit will be composed of one flow-through share, and one-half of one transferable non-flow-through common share purchase warrant. Each warrant and finders warrant will be exercisable into one non-flow-through common share at exercise price of \$1.25 per share for a period of three years and one and a half years, respectively from the date of issuance. The warrants and broker warrants were valued at \$4,288,060 and \$127,690 respectively using the relative fair value approach and the Black-Scholes option-pricing model. The following weighted average assumptions were used: share price - \$1.25; risk free interest rate – 3.75% - 3.93%; expected volatility – 108% - 139% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 1.5 - 3 years.

7. Stock options

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

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

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2022	9,450,000	0.25
Expired	(800,000)	0.31
Granted (i)(ii)(iii)	4,075,000	0.27
Balance, June 30, 2023	12,725,000	0.25
Balance, December 31, 2023	12,475,000	0.25
Expired	(100,000)	0.14
Granted	5,500,000	0.32
Exercised (note 6(b)(ii))	(946,428)	0.16
Balance, June 30, 2024	16,928,572	0.27

(i) During the six months ended June 30, 2023, the Company granted stock options to consultants of the Company for the purchase of a total of 250,000 common shares, exercisable for 2 years from grant. The options have an exercise price of \$0.34, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.35; risk free interest rate – 4.17%; expected volatility – 123.9% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 2 years. During the three and six months ended June 30, 2024, the Company recorded share based compensation of \$nil (2023 - \$56,045) related to the grant in the unaudited condensed consolidated interim statement of loss.

Power Nickel Inc.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2024

(Expressed in Canadian Dollars)

(Unaudited)

7. Stock options (continued)

(ii) During the six months ended June 30, 2023, the Company granted stock options to consultants of the Company for the purchase of a total of 2,225,000 common shares, exercisable for 2 years from grant, and have an exercise price of \$0.27. Of the 2,225,000 stock options granted, 1,850,000 stock options vest immediately, 125,000 stock options vest on September 15, 2023, and the remaining 250,000 stock options vest 62,500 every three months. The fair value of these options at the date of grant was at \$553,205 estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.27; risk free interest rate - 3.08%; expected volatility - 153.7% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 5 years. During the three and six months ended June 30, 2024, the Company recorded share based compensation of \$nil (June 30, 2023 - \$487,790) related to the grant in the unaudited condensed consolidated interim statement of loss.

(iii) During the six months ended June 30, 2023, the Company granted stock options to consultants of the Company for the purchase of a total of 1,600,000 common shares, exercisable for 5 years from grant. The options have an exercise price of \$0.25, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.23; risk free interest rate - 3.08%; expected volatility - 152.2% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 5 years. During the three and six months ended June 30, 2024, the Company recorded share based compensation of \$nil (June 30, 2023 - \$336,520) related to the grant in the unaudited condensed consolidated interim statement of loss.

(iv) During the six months ended June 30, 2024, the Company granted stock options to consultants of the Company for the purchase of a total of 1,150,000 common shares, exercisable for 3 years from grant. The options have an exercise price of \$0.25, and vest quarterly over one year. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.25; risk free interest rate - 3.99%; expected volatility - 111% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 3 years. During the three and six months ended June 30, 2024, the Company recorded share based compensation of \$125,688 (June 30, 2023 - \$nil) related to the grant in the unaudited condensed consolidated interim statement of loss.

(v) During the six months ended June 30, 2024, the Company granted stock options to a company controlled by a family member of the CEO and Director of the Company for the purchase of a total of 1,000,000 common shares, exercisable for one year from grant. The options have an exercise price of \$0.25, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.25; risk free interest rate - 4.41%; expected volatility - 76% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 1 year. During the three and six months ended June 30, 2024, the Company recorded share based compensation of \$71,430 (June 30, 2023 - \$nil) related to the grant in the unaudited condensed consolidated interim statement of loss.

(vi) During the six months ended June 30, 2024, the Company granted stock options to consultants of the Company for the purchase of a total of 2,350,000 common shares, exercisable for one year from grant. The options have an exercise price of \$0.25, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.25; risk free interest rate - 4.25%; expected volatility - 73% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 1 year. During the three and six months ended June 30, 2024, the Company recorded share based compensation of \$118,255 (June 30, 2023 - \$nil) related to the grant in the unaudited condensed consolidated interim statement of loss.

Power Nickel Inc.

Notes to Condensed Consolidated Interim Financial Statements
Three and Six Months Ended June 30, 2024
(Expressed in Canadian Dollars)
(Unaudited)

7. Stock options (continued)

(vii) During the six months ended June 30, 2024, the Company granted stock options to consultants of the Company for the purchase of a total of 1,000,000 common shares, exercisable for one year from grant. The options have an exercise price of \$0.64, and vest immediately. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.64; risk free interest rate – 4.24%; expected volatility – 103.3% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 1 year. During the three and six months ended June 30, 2024, the Company recorded share based compensation of \$354,885 (June 30, 2023 - \$nil) related to the grant in the unaudited condensed consolidated interim statement of loss.

The following table reflects the stock options issued and outstanding as of June 30, 2024:

Expiry Date	Exercise Price (\$)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
November 23, 2024	0.195	0.40	750,000	750,000
November 28, 2024	0.20	0.41	500,000	500,000
February 15, 2025	0.34	0.63	250,000	250,000
February 19, 2025	0.25	0.64	1,000,000	1,000,000
March 14, 2025	0.25	0.70	2,350,000	2,350,000
May 15, 2025	0.27	0.87	1,600,000	1,600,000
October 9, 2025	0.14	1.28	778,572	778,572
February 24, 2026	0.31	1.65	4,450,000	4,450,000
May 24, 2026	0.64	1.90	1,000,000	1,000,000
February 1, 2027	0.14	2.59	800,000	800,000
February 9, 2027	0.14	2.61	1,150,000	287,500
November 28, 2027	0.20	3.41	450,000	450,000
May 15, 2028	0.27	3.88	250,000	250,000
June 15, 2028	0.25	3.96	1,600,000	1,600,000
	0.27	1.68	16,928,572	16,066,072

8. Warrants

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

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2022	33,951,050	0.24
Granted (note 6(b))	5,383,200	0.50
Expired	(5,067,300)	0.45
Exercised (note 6(b)(i))	(70,000)	0.20
Balance, June 30, 2023	34,196,950	0.25
Balance,	40,590,030	0.28
Granted (note 6(b)(iv))	8,657,976	1.22
Exercised (note 6(b)(iii))	(8,384,250)	0.25
Balance, December 31, 2023 and June 30, 2024	40,863,756	0.49

Power Nickel Inc.

Notes to Condensed Consolidated Interim Financial Statements
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(Unaudited)

8. Warrants (continued)

The following table reflects the warrants issued as of June 30, 2024:

Expiry Date	Exercise Price (\$)	Remaining Contractual Life (years)	Number of Warrants Outstanding	Grant date Fair Value (\$)
September 30, 2024	0.25	0.25	205,080	21,250
October 25, 2024	0.50	0.32	315,200	31,518
November 4, 2024	0.50	0.35	258,000	28,480
October 12, 2025	0.20	1.28	117,250	15,265
December 21, 2025	1.25	1.48	265,727	127,690
December 29, 2025	0.50	1.50	1,980,000	152,270
October 23, 2026	0.50	2.32	2,000,000	249,850
November 14, 2026	0.50	2.38	1,310,000	180,700
June 10, 2027	0.80	2.95	250,000	95,570
June 21, 2027	1.25	2.98	8,024,999	4,288,060
November 22, 2027	0.20	3.40	21,427,500	1,468,515
March 30, 2028	0.50	3.75	1,709,000	367,290
April 25, 2028	0.50	3.82	1,685,000	576,905
May 4, 2028	0.50	3.85	516,000	120,015
August 14, 2028	0.25	4.13	800,000	96,000
	0.49	3.11	40,863,756	7,819,378

9. Net loss per share

The calculation of basic and diluted loss per share for the three and six months ended June 30, 2024 was based on the loss attributable to common shareholders of \$5,496,570 and \$7,754,951, respectively (three and six months ended June 30, 2023 - \$2,535,808 and \$4,282,186, respectively) and the weighted average number of common shares outstanding of 166,965,531 and 158,344,467, respectively (three and six months ended June 30, 2023 - 128,001,775 and 129,115,311, respectively). Diluted loss per share did not include the effect of 16,928,572 options outstanding (three and six months ended June 30, 2023 - 12,725,000 options outstanding) or the effect of 40,863,756 warrants outstanding (three and six months ended June 30, 2023 - 34,196,950 warrants outstanding) as they are anti-dilutive.

10. Related party balances and transactions

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

As at June 30, 2024, the directors and/or officers of the Company collectively control 14,366,874 (December 31, 2023 - 12,701,249) common shares of the Company or approximately 7.7% (December 31, 2023 - 9.4%) of the total common shares outstanding and one insiders of the Company control 3,650,790 (December 31, 2023 - 16,650,790) common shares of the Company or approximately 2.0% (December 31, 2023 - two insiders control 12%) of the total common shares outstanding. To the knowledge of directors and officers of the Company, the remainder of the outstanding common shares are held by diverse shareholders. These holdings can change at any time at the discretion of the owner.

Power Nickel Inc.

Notes to Condensed Consolidated Interim Financial Statements Three and Six Months Ended June 30, 2024 (Expressed in Canadian Dollars) (Unaudited)

10. Related party balances and transactions (continued)

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Administration expense	\$ 87,500	\$ 87,500	\$ 175,000	\$ 175,000
Accounting expense	\$ 33,614	\$ 20,561	\$ 55,318	\$ 36,223

(i) For the three and six months ended June 30, 2024, the Company incurred consulting fees from a company controlled by an officer and a director of \$56,250 and \$112,500 (three and six months ended June 30, 2023 - \$56,250 and \$112,500) recorded in administration fees.

(ii) For the three and six months ended June 30, 2024, the Company incurred accounting expenses from companies related to an officer of \$33,614 and \$55,318 (three and six months ended June 30, 2023 - \$20,561 and \$36,223) recorded in professional fees.

(iii) For the three and six months ended June 30, 2024, the Company incurred directors fees of \$31,250 and \$62,500 (three and six months ended June 30, 2023 - \$31,250 and \$62,500) recorded in administration fees.

(iv) For the three and six months ended June 30, 2024, the Company incurred consulting fees from a family member of the CEO and Director of \$133,370 (June 30, 2023 - \$nil) recorded in consulting fees.

(v) For the three and six months ended June 30, 2024, the Company incurred consulting fees from two directors of \$50,000 (June 30, 2023 - \$nil) recorded in administration fees.

(vi) As at June 30, 2024, the Company has \$43,481 (December 31, 2023 - \$40,168) outstanding to an officer and director. This amount is unsecured, non-interest bearing and due on demand.

(vii) As at June 30, 2024, included in accounts payable and accrued liabilities is \$35,545 (December 31, 2023 - \$133,059) due to directors and key management, these amounts are unsecured, non-interest bearing, and due on demand.

(viii) During the six months ended June 30, 2023, the Company received an advance of \$274,120 from a family member of an officer and director of the Company. Subsequent to the period ended the family member subscribed to a private placement, which the advance was used to offset the funds in the private placement. As at June 30, 2024, the Company has a balance outstanding to shareholders of \$7,000 (December 31, 2023 - \$7,000). This amount is unsecured, due on demand, and non-interest bearing.

(ix) See note 6, 7 and 12.

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

Power Nickel Inc.

Notes to Condensed Consolidated Interim Financial Statements Three and Six Months Ended June 30, 2024 (Expressed in Canadian Dollars) (Unaudited)

11. Segmented information

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

June 30, 2024	Canada	Chile	Total
Equipment	\$ -	\$ 5,367	\$ 5,367

December 31, 2023	Canada	Chile	Total
Equipment	\$ -	\$ 6,315	\$ 6,315

Three months ended June 30, 2024	Canada	Chile	Total
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Operating expenses

Administration fees	\$ 137,500	\$ -	\$ 137,500
Amortization	-	474	474
Accretion, bank and interest (income) fees	4,292	164	4,456
Exploration expenditures	4,751,855	213,439	4,965,294
Foreign exchange loss (gain)	31,382	8,757	40,139
Investor relations	2,194,179	-	2,194,179
Office and miscellaneous	(1,723)	11,205	9,482
Professional fees	134,235	2,844	137,079
Share-based payments	678,720	-	678,720
Transfer and regulatory	21,962	-	21,962
Travel, promotion and mining shows	97,722	-	97,722
Total expenses	(8,050,124)	(236,883)	(8,287,007)

Other items

Flow-through liability amortization	2,790,437	-	2,790,437
Net loss and comprehensive loss for the period	\$ (5,259,687)	\$ (236,883)	\$ (5,496,570)

Three months ended June 30, 2023	Canada	Chile	Total
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Operating expenses

Administration fees	\$ 62,255	\$ -	\$ 62,255
Amortization	-	676	676
Accretion, bank and interest (income) fees	(4,314)	181	(4,133)
Exploration expenditures	801,248	36,105	837,353
Foreign exchange loss (gain)	80,953	(53,616)	27,337
Investor relations	895,913	-	895,913
Office and miscellaneous	(1,192)	14,050	12,858
Professional fees	88,725	2,036	90,761
Share-based payments	824,310	-	824,310
Transfer and regulatory	20,333	-	20,333
Travel, promotion and mining shows	43,046	-	43,046
Total expenses	(2,811,277)	568	(2,810,709)

Other items

Flow-through liability amortization	274,901	-	274,901
Net loss and comprehensive loss for the period	\$ (2,536,376)	\$ 568	\$ (2,535,808)

Power Nickel Inc.

Notes to Condensed Consolidated Interim Financial Statements
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11. Segmented information (continued)

Six months ended June 30, 2024	Canada	Chile	Total
Operating expenses			
Administration fees	\$ 225,000	\$ -	\$ 225,000
Amortization	-	948	948
Accretion, bank and interest (income) fees	6,024	321	6,345
Exploration expenditures	6,944,245	395,462	7,339,707
Foreign exchange loss (gain)	39,657	8,388	48,045
Investor relations	2,905,975	-	2,905,975
Office and miscellaneous	6,928	33,108	40,036
Professional fees	199,523	6,379	205,902
Share-based payments	678,720	-	678,720
Transfer and regulatory	51,357	-	51,357
Travel, promotion and mining shows	97,722	-	97,722
Total expenses before other items	(11,155,151)	(444,606)	(11,599,757)

Other items

Flow-through liability amortization	3,844,806	-	3,844,806
Net loss and comprehensive loss for the period	\$ (7,310,345)	\$ (444,606)	\$ (7,754,951)

Six months ended June 30, 2023	Canada	Chile	Total
Operating expenses			
Administration fees	\$ 175,000	\$ -	\$ 175,000
Amortization	-	1,352	1,352
Accretion, bank and interest (income) fees	(2,834)	358	(2,476)
Exploration expenditures (note 4)	2,118,015	66,447	2,184,462
Foreign exchange loss (gain)	59,425	102,161	161,586
Investor relations	1,555,898	-	1,555,898
Office and miscellaneous	(1,192)	24,040	22,848
Professional fees (note 10)	133,888	5,766	139,654
Share-based payments	880,355	-	880,355
Transfer and regulatory	32,176	-	32,176
Travel, promotion and mining shows	54,495	-	54,495
Total expenses before other items	(5,005,226)	(200,124)	(5,205,350)

Other items

Flow-through liability amortization	923,164	-	923,164
Net loss and comprehensive loss for the period	\$ (4,082,062)	\$ (200,124)	\$ (4,282,186)

Power Nickel Inc.

Notes to Condensed Consolidated Interim Financial Statements
Three and Six Months Ended June 30, 2024
(Expressed in Canadian Dollars)
(Unaudited)

12. Commitments and contingencies

Consulting

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

Flow-through

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

	Flow-through Liability (\$)	Flow-through indemnification (\$)
Balance, December 31, 2022	\$ 1,198,392	\$ 2,750,000
Recognition of flow-through liability	6,365,045	13,990,000
De-recognition of flow-through liability	(3,531,341)	(9,584,635)
Balance, December 31, 2023	4,032,096	7,155,365
Recognition of flow-through liability	1,650,439	20,262,497
De-recognition of flow-through liability	(3,844,806)	(6,758,062)
Balance, June 30, 2024	\$ 1,837,729	\$ 20,659,800

Flow-through indemnification

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

Environmental and legal

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

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

Power Nickel Inc.

Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended June 30, 2024

(Expressed in Canadian Dollars)

(Unaudited)

12. Commitments and contingencies (continued)

Property taxes

As at June 30, 2024, the Company has unpaid property tax for various mineral exploration property claims totaling approximately 156,719,167 Chilean Pesos (\$222,853) (December 31, 2023 - 249,731,160 Chilean Pesos (\$375,479)) which has been included in accounts payable and accrued liabilities as at June 30, 2024. In the event that the claims are put up for tax auction, the Company expects to have a notice period to make the payment for the portion of this amount required (note 1). The property tax commitment for 2024 fiscal year is 53,904,794 Chilean Pesos (\$81,048).

13. Subsequent events

On July 29, 2024, the Company announced that internationally recognized geoscientist Dr. Steve Beresford has joined the Company's Board of Directors. Dr. Steve Beresford's career includes being Chief Geologist of three major mining companies, a lecturer and professor, and the founder of several exploration companies. Dr. Beresford began his exploration career at WMC Resources and has gone onto to do field exploration in 66 countries, largely for magmatic Nickel-Copper-PGE deposits. Dr. Beresford is currently an Adjunct Professor at the University of Western Australia, and a board member of AGEMERA in Europe. Dr. Beresford received his BSc Honors and PhD from the University of Canterbury (New Zealand).