



## Canada Nickel Company Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended January 31, 2025 and 2024

(Expressed in Canadian Dollars, unless otherwise noted)

### **Notice of No Auditor Review of Interim Financial Statements**

Under National Instrument 51-102, Part 4, subsubsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying condensed interim consolidated financial statements of the company have been prepared by and are the responsibility of the company's management. The company's independent auditor has not performed an audit or review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants.

# Canada Nickel Company Inc.

## Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

Unaudited

	Note	January 31 2025	October 31 2024
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,989,774	4,655,260
Harmonized sales tax receivable		1,048,895	7,977,727
Other accounts receivable and prepaid expenses		2,589,248	1,256,282
<b>Total current assets</b>		<b>6,627,917</b>	<b>13,889,269</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	4	258,342,341	249,802,751
Equipment and right-of-use assets	5	933,473	862,301
<b>Total assets</b>		<b>265,903,731</b>	<b>264,554,321</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	12,13	32,330,327	33,165,658
Short-term loans	6	23,523,548	21,465,335
Flow-through share premium	7	497,202	961,028
<b>Total current liabilities</b>		<b>56,351,077</b>	<b>55,592,021</b>
Long-term portion of right-of-use lease liability	5	131,236	146,653
Deferred tax liabilities	15	901,562	1,826,789
Asset retirement obligation		1,624,572	1,611,815
<b>Total liabilities</b>		<b>59,008,447</b>	<b>59,177,278</b>
<b>Shareholders' equity</b>			
Share capital	7	222,276,828	218,465,478
Share-based compensation and warrant reserves	8,9,10	20,590,509	19,344,481
Deficit		(35,972,053)	(32,432,916)
<b>Total shareholders' equity</b>		<b>206,895,284</b>	<b>205,377,043</b>
<b>Total liabilities and shareholders' equity</b>		<b>265,903,731</b>	<b>264,554,321</b>

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

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 13)

Subsequent events (Note 16)

Signed on behalf of the Board:

"Mark Selby"

Mark Selby, Director

"David Smith"

David Smith, Director

# Canada Nickel Company Inc.

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

Unaudited

### For the Three Months Ended January 31

	Note	2025	2024
		\$	\$
<b>Expenses</b>			
Salaries	12	671,983	590,022
Consulting and advisory		761,819	541,881
Professional fees		211,768	380,483
General and administrative costs		365,060	398,899
Promotion and communication		75,732	78,955
Investor relations and marketing		81,885	113,486
Incentive compensation	9,10	1,044,283	1,904,818
Travel and other		232,220	264,858
Foreign exchange gain and interest income		(25,334)	(85,250)
Transaction costs and interest expense	6,7	2,239,574	953,703
		<b>5,658,990</b>	<b>5,141,855</b>
<b>Flow-through share premium</b>	7	<b>(1,194,626)</b>	<b>(257,024)</b>
Net loss and comprehensive loss before tax		<b>4,464,364</b>	4,884,831
Income tax expense (recovery)	15	<b>(925,227)</b>	(167,033)
<b>Net loss and comprehensive loss</b>		<b>3,539,137</b>	<b>4,717,798</b>
Loss per share – basic and diluted	11	<b>\$0.02</b>	\$0.03
Weighted average number of shares outstanding		<b>182,741,364</b>	148,711,210

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

**Canada Nickel Company Inc.**  
**Consolidated Statements of Cash Flow**  
(Expressed in Canadian Dollars)

**For the Three Months Ended January 31**

	Note	2025	2024
		\$	\$
<b>Operating activities</b>			
Net loss		(3,539,137)	(4,717,798)
Adjustments for non-cash items:			
Share-based compensation		970,783	1,024,818
Flow-through share premium		(1,194,626)	(257,024)
Income tax expense (recovery)		(925,227)	(167,033)
Accretion charges related to short term loan facility		2,153,773	653,703
Expenses paid or payable in shares		45,500	-
Changes in non-cash working capital items:			
Harmonized sales tax receivable		6,928,832	538,989
Accounts receivable and prepaid expenses		(21,792)	74,420
Accounts payable and accrued liabilities		1,293,202	1,575,729
<b>Net cash used in operating activities</b>		<b>5,711,308</b>	<b>(1,274,196)</b>
<b>Investing activities</b>			
Exploration and evaluation expenditures	4	(11,538,380)	(5,590,815)
Purchase of equipment	5	(30,600)	(18,827)
<b>Net cash used in investing activities</b>		<b>(11,568,980)</b>	<b>(5,609,642)</b>
<b>Financing activities</b>			
Proceeds from share issuances, net of costs	7	3,981,990	34,480,186
Repayment of lease obligations		(27,003)	(25,373)
Proceeds from exercise of warrants and stock options	8,9	237,199	687,417
<b>Net cash provided from financing activities</b>		<b>4,192,186</b>	<b>35,142,230</b>
<b>Cash and cash equivalents, beginning of year</b>		<b>4,655,260</b>	<b>14,433,936</b>
Net change in cash and cash equivalents		(1,665,486)	28,258,392
<b>Cash and cash equivalents, end of year</b>		<b>2,989,774</b>	<b>42,692,328</b>
<b>Supplementary disclosure</b>			
Value of shares issued for acquisitions		99,750	58,892
Value of shares issued for settlement of accounts payable		148,500	-

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

# Canada Nickel Company Inc.

## Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

Unaudited

	Note	Number of common shares	Share capital	Share-based compensation reserve	Warrants reserve	Deficit	Total
		#	\$	\$	\$	\$	\$
<b>Balance, October 31, 2023</b>		<b>141,822,144</b>	<b>169,878,160</b>	<b>14,786,796</b>	<b>590,937</b>	<b>(29,215,331)</b>	<b>156,040,562</b>
Share issuance - equity offering	7	19,600,000	31,266,921	-	2,172,505	-	33,439,426
Flow through share premium reserve	7	-	(12,348,000)	-	-	-	(12,348,000)
Share issuance - stock options exercised	9	21,667	9,467	(4,050)	-	-	5,417
Share issuance – restricted share units exercised	10	1,801,878	2,755,866	(2,755,866)	-	-	-
Share issuance - acquisitions		60,936	58,892	-	-	-	58,892
Share issuance – warrants exercised	8	550,000	851,180	-	(169,180)	-	682,000
Fair value of share-based compensation	9,10	-	-	1,297,405	-	-	1,297,405
Fair value of warrants issued	6	-	-	-	155,003	-	155,003
Shares issued to settle accounts payable		90	-	-	-	-	-
Net loss for the period		-	-	-	-	(4,717,798)	(4,717,798)
<b>Balance, January 31, 2024</b>		<b>163,856,715</b>	<b>192,472,486</b>	<b>13,324,285</b>	<b>2,749,265</b>	<b>(33,933,129)</b>	<b>174,612,907</b>
<b>Balance, October 31, 2024</b>		<b>181,225,453</b>	<b>218,465,478</b>	<b>16,492,060</b>	<b>2,852,421</b>	<b>(32,432,916)</b>	<b>205,377,043</b>
Share issuance - equity offering	7	3,480,000	3,981,990	-	-	-	3,981,990
Flow through share premium reserve	7	-	(730,800)	-	-	-	(730,800)
Share issuance - stock options exercised	9	498,794	414,910	(177,711)	-	-	237,199
Share issuance – acquisitions		105,000	99,750	-	-	-	99,750
Share issuance – warrants exercised	8	-	-	-	-	-	-
Fair value of share-based compensation	9,10	-	-	1,328,179	-	-	1,328,179
Fair value of warrants issued	6	-	-	-	95,560	-	95,560
Shares issued to settle accounts payable		123,529	45,500	-	-	-	45,500
Net loss for the year		-	-	-	-	(3,539,137)	(3,539,137)
<b>Balance, January 31, 2025</b>		<b>185,432,776</b>	<b>222,276,828</b>	<b>17,642,528</b>	<b>2,947,981</b>	<b>(35,972,053)</b>	<b>206,895,284</b>

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

# Canada Nickel Company Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the Three Months ended January 31, 2025 and 2024

(Expressed in Canadian Dollars)

#### 1. Nature of operations and going concern

Canada Nickel Company Inc. ("Canada Nickel" or the "Company") was incorporated on October 11, 2019 under the laws of the Province of Ontario, Canada, and its head office is located at 130 King Street West, Suite 1900, Toronto, Ontario, M5X 1E3.

On February 27, 2020, the Company's common shares commenced trading on the TSX Venture Exchange ("TSX-V") under the symbol "CNC" and its common shares also trade on the OTCQX Best Market under the symbol "CNIKF".

The Company is engaged in the exploration and discovery of nickel sulphide assets to deliver future supply for the high growth electric vehicle, green energy and stainless steel markets. The Company owns 100 per cent of the Crawford Nickel Sulphide Project ("Crawford" or "the Project"), which is located adjacent to major infrastructure in the world class Timmins-Cochrane mining camp of northern Ontario, Canada. The Company also owns 25 additional nickel targets located near the Project.

On July 21, 2020, the Company incorporated a wholly-owned subsidiary, NetZero Metals Inc. ("NetZero Metals") under the laws of the Province of Ontario. NetZero Metals is intended to develop a downstream nickel processing facility and a stainless steel facility in the Timmins region. On November 3, 2022, the Company incorporated a wholly-owned subsidiary, Central Timmins Nickel Company Inc.; also incorporated under the laws of the Province of Ontario. Central Timmins Nickel Company Inc. holds the interest in the Texmont property. On July 11, 2024, the Company incorporated NetZero Royalty Inc. a wholly owned subsidiary incorporated under the laws of the Province of Ontario. On January 24, 2025, East Timmins Nickel Ltd. was incorporated under the laws of the Province of Ontario. On February 21, 2025, Canada Nickel closed an agreement with Noble Mineral Resources Inc. ("Noble") whereby Canada Nickel and Noble will contribute certain mining properties, including the existing Mann joint venture, into a new company – East Timmins Nickel Ltd. to consolidate their respective interests in the portfolio of nickel projects northeast of Timmins. On closing of the agreement, Canada Nickel holds an 80% ownership interest in East Timmins Nickel Ltd with Noble holding the remaining 20%.

These consolidated financial statements have been prepared on the basis of a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As the Company has no revenue producing mines, the Company's ability to continue as a going concern is dependent upon its ability to raise funds in the capital markets, or through the sale of assets. The Company is in the exploration and evaluation stage and as is common with many exploration companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company has a working capital deficit balance of \$49,723,160 at January 31, 2025, and has incurred losses and negative cashflows from operations and has an accumulated deficit of \$35,972,053. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company may be required to curtail operations, exploration, and development activities. All of these outcomes are uncertain and taken together indicate the existence of material uncertainties that may cast significant doubt over the ability of the Company to continue as a going concern.

The Company will continue to source other funding and may increase or decrease expenditures as necessary to adjust to a changing capital market environment.

The condensed interim consolidated financial statements were approved by the Board of Directors on April 1, 2025.

# Canada Nickel Company Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the Three Months ended January 31, 2025 and 2024

(Expressed in Canadian Dollars)

## 2. Material accounting policies

### 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 condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, and do not include all of the information required for annual consolidated financial statements. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed. These condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended October 31, 2024, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

### Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The consolidated financial statements include the financial statements of Canada Nickel and its subsidiaries, NetZero Metals Inc., Central Timmins Nickel Company Inc., NetZero Royalty Inc. and East Timmins Nickel Ltd., from its respective date of control. All intercompany transactions and balances are eliminated on consolidation.

In the preparation of these condensed interim consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates.

Certain reclassifications were made to prior year consolidated financial statements to conform to current year presentation.

## 3. Capital management

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its expenditure obligations for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages the capital structure and adjusts it in light of changes in economic and industry conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach in the period. The Company considers its Shareholders' Equity as capital which as at January 31, 2025 is \$206,895,284.

# Canada Nickel Company Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the Three Months ended January 31, 2025 and 2024

(Expressed in Canadian Dollars)

#### 4. Exploration and evaluation assets

	Balance October 31 2023	Additions for the three months ended January 31 2024	Balance January 31 2024	Balance October 31 2024	Additions for the three months ended January 31 2025	Balance January 31 2025
	\$	\$		\$	\$	\$
Acquisition costs:						
Cash paid/payable	9,061,633	44,687	9,106,320	9,601,915	150,000	9,751,915
Shares issued	37,915,234	58,892	37,974,126	39,108,856	99,750	39,208,606
Texmont fair value increase	1,530,000	-	1,530,000	1,530,000	-	1,530,000
Drilling	48,447,085	952,873	49,399,958	72,303,240	3,184,885	75,488,125
Assays	8,030,194	206,886	8,237,080	11,917,732	2,342,561	14,260,293
Geological	6,183,670	18,772	6,202,442	6,472,974	14,275	6,487,249
Consulting	23,348,938	2,363,992	25,712,930	54,839,967	(1,092,122)	53,747,845
Mineralogy	7,924,412	524,826	8,449,238	9,091,702	456,741	9,548,443
Access road	2,335,346	-	2,335,346	4,535,203	1,088,641	5,623,844
Obligations to stakeholders	7,824,361	1,835,507	9,659,868	20,275,306	411,957	20,687,263
Support costs	12,839,348	1,702,352	14,541,700	20,125,856	1,882,902	21,996,001
	<b>165,440,221</b>	<b>7,708,787<sup>(1)</sup></b>	<b>173,149,008</b>	<b>249,802,751</b>	<b>8,539,590<sup>(1)</sup></b>	<b>258,342,341</b>

(1) Cash flow spend as per the consolidated statements of cash flows excludes non-cash payments, net payables and net accounts receivable. Consulting includes the recognition of grant money expected to be received of \$1.8 million.

Exploration and evaluation assets include the Company's interest in the Crawford Project, including the costs related to advance the project, and its interest in regional exploration properties surrounding Crawford. The regional properties are segmented into three regional areas and include:

- **Timmins South** – Sothman, Deloro, Texmont, Midlothian, Powell, Van Hise, Bannockburn and Playfair
- **Timmins East** – Stimson, Mortimer, Moody, McCool, Galna, Mann (North, West, Central and South), Newmarket, Reaume
- **Timmins Central** – Reid, Calder, MacDiarmid, Mahaffy, Nesbitt, Kingsmill and Dargavel.

The regional properties were acquired through fiscal years 2022 to 2024. Most agreements include provisions that allow for each of the sellers to retain a net smelter royalty ("NSR") that ranges between 1% and 2%, with Canada Nickel having the right to re-purchase 50% of the royalty for \$500,000 (with respect to a 1% NSR) or \$1 million (with respect to a 2% NSR).

The table below shows the option payments required to maintain the acquisition or earn-in to two properties, including the Midlothian Property.

	Cash	Shares
	\$	#
Fiscal year 2025	360,000	5,000
Fiscal year 2026	860,000	145,000
	<b>1,220,000</b>	<b>150,000</b>



# Canada Nickel Company Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the Three Months ended January 31, 2025 and 2024

(Expressed in Canadian Dollars)

#### 4. Exploration and evaluation assets (continued)

##### Midlothian Property

The Company entered into an option agreement with Canadian Gold Miner Corp. (70% interest) and Laurion Mineral Exploration Inc. (30% interest), collectively the vendors, to acquire the Midlothian Property. Under the terms of the agreement, Canada Nickel can earn a 100% interest in the property through cash and share payments and a commitment to \$500,000 of exploration expenditures by February 2023, which has been spent. On or before the fourth anniversary of the agreement (February 2026), Canada Nickel will complete an exploration program having a cumulative value of \$2.5 million (including the first year expenditures of \$0.5 million), which has been spent. Cash and share payments paid in 2022 (on acquisition) were \$50,000 and 100,000 common shares respectively, in 2023 the Company made a \$100,000 cash payment and issued 35,000 common shares, in February 2024 the Company made a \$200,000 cash payment and issued 70,000 common shares, and in January 2025 issued 105,000 common shares. A further \$300,000 is due in 2025, and \$400,000 and 140,000 common shares due November 2025. The vendors will retain a net smelter return of 4% for gold and 2% for nickel with a commercial production payment of \$4.0 million. Canada Nickel will retain a 1% NSR buy-back right for aggregate payments of \$2.5 million. The Option Agreement includes clauses for acceleration of the exploration program and payment in lieu of exploration expenditures.

#### 5. Equipment and right-of-use assets

	Right-of-use assets	Equipment	Total
	\$	\$	\$
Balance, October 31, 2023	290,469	546,290	836,759
Additions	-	238,794	238,794
Depreciation	(91,776)	(121,476)	(213,252)
Balance, October 31, 2024	198,693	663,608	862,301
Additions	102,801	30,600	133,401
Depreciation	(27,251)	(34,978)	(62,229)
<b>Balance, January 31, 2025</b>	<b>274,243</b>	<b>659,230</b>	<b>933,473</b>

Depreciation for equipment and right-of-use assets is recorded in Exploration and evaluation assets on the condensed interim consolidated statements of financial position. At January 31, 2025, a lease liability of \$161,920 (October 31, 2024 - \$70,705) related to the right-of-use assets is recorded in accounts payable and accrued liabilities and \$131,236 recorded as a long-term liability (October 31, 2024 - \$146,653).

# Canada Nickel Company Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the Three Months ended January 31, 2025 and 2024

(Expressed in Canadian Dollars)

#### 6. Short-term loans

The following table reflects the continuity of the short-term loans for the three months ended January 31:

	2025	2024
	\$	\$
Balance, October 31	21,465,335	16,673,070
Interest expense and accretion on arrangement fee	1,167,489	1,032,229
Foreign exchange	890,724	(533,529)
<b>Balance, January 31</b>	<b>23,523,548</b>	<b>17,171,770</b>

#### 2025

On July 9, 2024 the Company closed a secured loan facility with Auramet International Inc. ("Auramet Inc.") for US\$15 million ("Auramet Inc. July 2024"). The loan is secured and matured on January 9, 2025. Interest expense accrued on the unpaid principal amount at a rate of 12% per annum monthly in arrears until January 9, 2025. The loan is subject to such terms and conditions including certain specified positive and negative covenants that are customary for a transaction of this nature.

The Company paid an arrangement fee equal to 2.5% of the loan amount (\$511,178) and issued 750,000 common share purchase warrants ("Auramet Inc. July 2024 warrants"). Each of the Auramet Inc. July 2024 warrants entitled Auramet Inc. to acquire one common share of the Company at a price of \$1.42 per share until July 9, 2025. The Auramet Inc. July 2024 warrants issued were assigned an aggregate fair value of \$166,500 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 62%, risk-free rate of return 3.95% and expected one year life. The fair value of the warrants as well as the arrangement fee and other transaction costs were amortized over the six-month maturity in transaction costs and interest expense in the condensed interim consolidated statements of loss and comprehensive loss.

On January 9, 2025, the Company extended the repayment date of the Auramet Inc. July 2024 US\$15 million loan facility from January 9, 2025, to March 14, 2025. An extension fee of US\$438,465 will be paid by March 14, 2025 and 1,750,000 warrants with a strike price of \$0.96 per share were issued with a 9 month expiry ("Auramet Inc. January 2025 extension warrants"). The Auramet Inc. July 2024 warrants were cancelled. The loan will carry an interest rate of 1.25% per month for the extension period. The interest payable on the original loan amount has also been deferred to March 14, 2025. The warrants and the underlying common shares are subject to a four month hold period under Canadian securities laws.

The Auramet Inc. January 2025 extension warrants issued were assigned an aggregate fair value of \$260,225 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 52%, risk-free rate of return 2.9% and expected 9-month life. The fair value of the warrants less the \$166,500 expensed from the Auramet Inc. July 2024 warrants, and the arrangement fee are being amortized over the 64-day maturity in transaction costs and interest expense in the condensed interim consolidated statements of loss and comprehensive loss.

On March 14, 2025, the Company again extended the repayment date of the Auramet Inc. July 2024 loan to April 25, 2025. An extension fee of US\$168,233 will be paid by April 25, 2025 along with the previous extension fee of US\$438,465 and outstanding interest. The loan will continue to carry an interest rate of 1.25% per month until expiry.

# Canada Nickel Company Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the Three Months ended January 31, 2025 and 2024

(Expressed in Canadian Dollars)

#### 6. Short-term loans (continued)

##### 2024

On September 18, 2023, the Company closed a secured 3-month loan facility with Auramet Inc. for US\$12 million ("Auramet Inc. September 2023"). Interest expense accrued on the unpaid principal amount at a rate of 12% per annum monthly in arrears until December 18, 2023.

The Company paid an arrangement fee equal to 2.3 percent of the loan amount (\$371,995) and issued 550,000 common share purchase warrants ("Auramet Inc. September 2023 warrants"). Each of the Auramet Inc. September 2023 warrants entitles Auramet Inc. to acquire one common share of the Company at a price of \$1.24 per share until September 18, 2024. The Auramet Inc. September 2023 warrants issued were assigned an aggregate fair value of \$169,180 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 61%, risk-free rate of return 4.74% and expected one year life. The fair value of the warrants as well as the arrangement fee and other transaction costs were amortized over the three-month maturity in transaction costs and interest expense in the condensed interim consolidated statements of loss and comprehensive loss. On January 23, 2024 the Auramet Inc. September 2023 warrants were exercised with proceeds of \$682,000 received by the Company.

On December 18, 2023, at the Company's option it extended the Auramet Inc. September 2023 US\$12 million short-term debt facility for a further 30 day period and matured January 18, 2024. Upon extension of the facility, the Company paid an additional arrangement fee equal to \$248,457 and issued 350,000 common share purchase warrants ("Auramet Inc. September 2023 extension warrants"). Each of the Auramet Inc. September 2023 extension warrants entitles Auramet Inc. to acquire one common share of the Company at a price of \$1.19 per share until September 18, 2024. The Auramet Inc. September 2023 extension warrants issued were assigned an aggregate fair value of \$65,765 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 45%, risk-free rate of return 4% and expected nine month life. The fair value of the warrants as well as the arrangement fee were amortized over the one-month maturity in transaction costs and interest expense in the condensed interim consolidated statements of loss and comprehensive loss. In addition, interest accrued on the short-term debt outstanding, which includes interest accumulated and the additional arrangement fee, at a rate of 15% per annum monthly in arrears. The Auramet Inc. September 2023 extension warrants expired unexercised.

On January 15, 2024 Auramet Inc. extended the maturity a further 30 days with no additional fees except the interest. The loan payable including interest and the additional arrangement fee was paid on February 6, 2024 in full in the amount of \$17,335,860.

A summary of the transaction costs and interest expense related to each short-term loan facility for the three months ended January 31, 2025 and 2024 are as follows:

	2025	2024
	\$	\$
Arrangement fee	434,853	248,457
Warrant cost	95,560	65,765
Amortization of arrangement fee	-	298,584
Interest expense	732,636	574,426
Foreign exchange	890,724	(233,529)
Transaction costs and interest expense	2,153,773	953,703

# Canada Nickel Company Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the Three Months ended January 31, 2025 and 2024

(Expressed in Canadian Dollars)

#### 7. Share capital

##### *Authorized share capital*

The authorized share capital consisted of an unlimited number of common shares without par value. All issued shares have been fully paid.

##### *Common shares issued*

			2024	2025	
	Note	Number of Common Shares	Share Capital	Number of Common Shares	Share Capital
		#	\$	#	\$
<b>Balance, October 31</b>		141,822,144	169,878,160	181,225,453	218,465,478
Share issuance – equity financings, net	7(a)	-	-	3,480,000	3,981,990
Share issuance – equity financings, net	7(b)	19,600,000	31,266,921	-	-
Share issuance – acquisitions		60,936	58,892	105,000	99,750
Flow through share premium	7(a,b)	-	(12,348,000)	-	(730,800)
Share issuance – warrants exercised	8	550,000	851,180	-	-
Share issuance – stock options exercised	9	21,667	9,467	498,794	414,910
Share issuance – RSUs exercised	10	1,801,878	2,755,866	-	-
Shares issued to settle accounts payable		90	-	123,529	45,500
<b>Balance, January 31</b>		163,856,715	192,472,486	<b>185,432,776</b>	<b>222,276,828</b>

- (a) On December 30, 2024, Canada Nickel completed a non-brokered private placement of an aggregate of 3,480,000 common shares of the Company that will qualify as "flow-through shares" (as defined in subsection 66(15) of the Income Tax Act (Canada)) (the "FT Shares"), at an issue price of \$1.15 per FT Share, for aggregate proceeds of \$4,002,000 (the "December 2024 Flow-Through Offering"). The gross proceeds from the December 2024 Flow-Through Offering will be used by the Company to incur (or be deemed to incur) eligible resource exploration expenses that will qualify as (i) "Canadian Exploration expenses" (as defined in the Income Tax Act (Canada)), (ii) "flow-through critical mineral mining expenditures" (as defined in subsection 127(9) of the Income Tax Act (Canada)) (collectively, the "Qualifying Expenditures"), and (iii) "eligible Ontario critical mineral exploration expenditures" within the meaning of subsection 103(4.1) of the Taxation Act, 2007 (Ontario). Qualifying Expenditures in an aggregate amount not less than the gross proceeds raised from the issuance of the FT Shares will be incurred (or deemed to be incurred) by the Company on or before December 31, 2025, and will be renounced by the Company to the initial purchasers of the FT Shares with an effective date no later than December 31, 2024. All securities issued under the December 2024 Flow-Through Offering will be subject to a hold period expiring four months and one day from the closing date of the December 2024 Flow-Through Offering in accordance with applicable Canadian securities laws.

The FT shares were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers and as a result the Company recorded a share premium liability of \$730,800 and has an obligation to incur \$4,002,000 in eligible Canadian exploration expenditures ("CEE") by December 31, 2025. The share capital value of \$3,981,990 includes the gross proceeds net of costs related to the issuance.

# Canada Nickel Company Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the Three Months ended January 31, 2025 and 2024

(Expressed in Canadian Dollars)

#### 7. Share capital (continued)

- (b) On December 29, 2023 the Company completed a brokered private placement consisting of 19,600,000 units of the Company (the "Flow-Through Units") at a price of \$1.77 per Flow-Through Unit, with each unit consisting of one flow-through common share of the Company and 0.35 of one flow-through common share purchase Warrant (the "Warrant"), as more particularly described below, for aggregate gross proceeds of \$34,692,000 (the "December 2023 Flow-Through Offering"). Following closing of the December 2023 Flow-Through Offering, Agnico Eagle Mines Limited ("Agnico Eagle") acquired the units from the initial purchasers.

Pursuant to the December 2023 Flow-Through Offering, each Flow-Through Unit consists of (i) one common share of the Company, each of which will qualify as a "flow-through share" (as defined in subsection 66(15) of the Income Tax Act (Canada) (the "Tax Act")), and (ii) 0.35 of one purchase Warrant. Each whole Warrant shall entitle the holder thereof to acquire one Common Share of the Company (each, a "Warrant Share") at a price of \$1.77 per Warrant Share until the date that is 36 months from the closing date of the December Flow-Through Offering, subject to acceleration in certain circumstances. Beginning three months from the closing date of the December 2023 Flow-Through Offering, if the trading price of the common shares on the TSX Venture Exchange equals or exceeds \$2.65 per common share for at least 20 consecutive trading days, Canada Nickel shall have the right to accelerate, by notice to the holders of Warrants, the expiry date of the Warrants to 30 calendar days after the date of such notice (such that the holder may either exercise all or a portion of the Warrants in such 30 day period, or failing such exercise, any unexercised Warrants would expire).

The flow-through shares were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers and as a result the Company recorded a share premium liability of \$12,348,000 and has an obligation to incur \$34,692,000 in eligible CEE by December 31, 2024. The Warrants issued were assigned an aggregate fair value of \$2,172,505 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 59%, risk-free rate of return 3.9% and expected 36 month life. The share capital value of \$31,266,921 includes the gross proceeds net of the warrant fair value and costs related to the issuance.

In addition, the Company entered into an investor rights agreement with Agnico Eagle. Under the Investor Rights Agreement, Agnico Eagle is entitled to certain rights, provided Agnico Eagle maintains certain ownership thresholds in Canada Nickel, including: (a) the right to participate in future issuance of Common Shares (or any securities that are or may become convertible, exchangeable or exercisable into Common Shares) in order to maintain its pro rata ownership interest in Canada Nickel or acquire up to a 15.6% ownership interest, on a partially diluted basis, in Canada Nickel; and (b) the right (which Agnico Eagle has no present intention of exercising) to nominate one person to the Canada Nickel Board of Directors.

# Canada Nickel Company Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the Three Months ended January 31, 2025 and 2024

(Expressed in Canadian Dollars)

#### 8. Warrants

The following table reflects the continuity of warrants for the three months ended January 31:

	2025	2024
	#	#
Balance, October 31	7,610,000	750,000
Issued to Auramet Inc. (note 6)	1,750,000	350,000
Issued to Agnico Eagle (note 7)	-	6,860,000
Exercised (note 6)	-	(550,000)
Cancelled (note 6)	(750,000)	-
Expired	-	(200,000)
<b>Balance, January 31</b>	<b>8,610,000</b>	<b>7,210,000</b>

The following table reflects the warrants outstanding as at January 31, 2025 and October 31, 2024:

Grants	Exercise Price	Outstanding as at October 31 2024	Outstanding as at January 31 2025	Expiry Date	Remaining Life (years)
	\$				
Agnico Eagle warrants	1.77	6,860,000	6,860,000	29-Dec-26	1.9
Auramet Inc. July 2024 warrants	1.42	750,000	-	-	-
Auramet Inc. January 2025 warrants	0.96	-	1,750,000	9-Sep-25	0.7
	1.61	7,610,000	8,610,000		1.7

#### 9. Stock options

The following table reflects the continuity of stock options for the three months ended January 31:

	2025	2024
	#	#
Balance, October 31	11,703,234	7,033,901
Stock options granted	-	706,000
Exercised	(950,834)	(21,667)
Forfeited	-	(30,000)
<b>Balance, January 31</b>	<b>10,752,400</b>	<b>7,688,234</b>

In January, 2025, 950,834 stock options were exercised, of which 498,794 common shares were issued in the same month and 452,040 were issued from treasury in February 2025.

# Canada Nickel Company Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the Three Months ended January 31, 2025 and 2024

(Expressed in Canadian Dollars)

#### 9. Stock options (continued)

The following table reflects stock options outstanding as at January 31, 2025 and October 31, 2024:

Grant Date	Exercise Price	Outstanding as at October 31 2024	Outstanding as at January 31 2025	Vested and outstanding as at January 31 2025	Expiry Date	Remaining Life (years)
	\$	#	#			
January 13, 2020	0.25	950,834	-	-	13-Jan-25	0.3
August 12, 2020	1.87	40,000	40,000	40,000	12-Aug-25	0.6
October 27, 2020	1.62	337,500	337,500	337,500	27-Oct-25	0.8
November 1, 2020	1.62	360,000	360,000	360,000	1-Nov-25	0.8
December 8, 2020	1.88	100,000	100,000	100,000	8-Dec-25	0.8
February 22, 2021	3.63	514,000	514,000	514,000	22-Feb-26	1.1
June 16, 2021	3.57	15,000	15,000	15,000	16-June-26	1.4
November 15, 2021	2.95	50,000	50,000	50,000	15-Nov-26	1.8
December 22, 2021	3.49	80,000	80,000	80,000	22-Dec-26	1.9
January 24, 2022	3.51	100,000	100,000	100,000	24-Jan-27	2.0
February 21, 2022	3.51	70,000	70,000	46,666	21-Feb-27	2.0
March 14, 2022	3.14	790,000	790,000	526,663	14-Mar-27	2.2
April 18, 2022	2.60	100,000	100,000	66,666	18-Apr-27	2.3
May 12, 2022	2.06	70,000	70,000	46,666	12-May-27	2.3
May 16, 2022	2.03	45,000	45,000	30,000	16-May-27	2.3
July 11, 2022	1.75	20,000	20,000	13,332	11-July-27	2.4
September 14, 2022	1.59	60,000	60,000	40,000	14-Sept-27	2.6
December 23, 2022	1.78	430,900	430,900	332,268	23-Dec-27	2.9
February 13, 2023	1.78	1,700,000	1,700,000	566,668	13-Feb-28	3.1
June 21, 2023	1.30	140,000	140,000	46,667	21-Jun-28	3.4
July 10, 2023	1.25	24,000	24,000	8,000	10-Jul-28	3.4
September 4, 2023	1.16	180,000	180,000	60,000	4-Sep-28	3.6
October 10, 2023	1.16	150,000	150,000	50,000	10-Oct-28	3.7
January 18, 2024	1.69	706,000	706,000	235,334	18-Jan-29	4.0
March 11, 2024	1.47	3,900,000	3,900,000	-	11-Mar-29	4.1
June 20, 2024	1.22	80,000	80,000	-	20-Jun-29	4.4
September 18, 2024	1.13	500,000	500,000	-	18-Sep-29	4.6
October 21, 2024	1.08	190,000	190,000	-	21-Oct-29	4.8
		11,703,234	10,752,400	3,665,430		3.2
Weighted average exercise price		\$1.70	\$1.83			

# Canada Nickel Company Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the Three Months ended January 31, 2025 and 2024

(Expressed in Canadian Dollars)

#### 9. Stock options (continued)

The options vest at a rate of one third on the anniversary date of the grant, and a further one third each year thereafter. Each stock option converts into one common share of the Company upon exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The Company, at its discretion, may settle stock options exercised through the issuance of common shares from treasury or cash.

The Company recorded share-based compensation expense related to stock options of \$720,293 and \$446,979 for the three months ended January 31, 2025, and 2024, respectively, to the condensed interim consolidated statements of loss and comprehensive loss and recorded \$214,301 of share-based compensation expense as an increase to exploration and evaluation asset on the condensed interim consolidated statements of financial position as at January 31, 2025 (\$51,834 as at January 31, 2024).

The following table summarizes the average assumptions used in the Black-Scholes valuation model for the determination of the cost of stock options issued during the three months ended January 31, 2024 (no stock options were issued during the three months ended January 31, 2025).

	2025	2024
Risk free interest rate	-	3.83%
Expected life (years)	-	4.0
Volatility	-	86%
Expected dividends	-	0.00%
Fair value of options issued	-	\$1.08

#### 10. Restricted share units ("RSUs")

The following table reflects the continuity of RSUs for the three months ended January 31:

	2025	2024
	#	#
Balance, beginning of year	4,681,477	4,399,161
RSUs granted	-	353,000
Redeemed	-	(1,801,878)
<b>Balance, end of year</b>	<b>4,681,477</b>	<b>2,950,283</b>



# Canada Nickel Company Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the Three Months ended January 31, 2025 and 2024

(Expressed in Canadian Dollars)

#### 10. Restricted share units ("RSUs") (continued)

The following table reflects the continuity of RSUs at January 31, 2025 and October 31, 2024:

Grant Date	Grant Date Price and Fair Value	Outstanding as at October 31 2024	Outstanding as at January 31 2025	Vest Date	Vested as at January 31 2025
	\$	#	#		#
July 1, 2021	3.54	50,000	50,000	July 1, 2022	50,000
March 14, 2022	3.14	640,303	640,303	March 14, 2024	75,002
February 13, 2023	1.78	1,287,044	1,287,044	February 13, 2025	251,044
June 21, 2023	1.30	47,000	47,000	June 21, 2025	47,000
July 10, 2023	1.25	22,000	22,000	July 10, 2025	22,000
September 4, 2023	1.16	90,000	90,000	September 4, 2025	90,000
October 10, 2023	1.16	75,000	75,000	October 10, 2025	75,000
January 18, 2024	1.69	353,000	353,000	January 18, 2025	353,000
				March 11, 2025,	
March 11, 2024	1.47	2,035,130	2,035,130	2026, 2027	-
June 20, 2024	1.22	25,000	25,000	June 20, 2025	-
				October 21, 2025,	
October 21, 2024	1.08	57,000	57,000	2026, 2027	-
	1.80	4,681,477	4,681,477		963,046

RSUs granted prior to March 11, 2024 vest on the anniversary date of the grant unless the holder agrees to extend their anniversary date by one year. Under the Company's RSU rollover arrangement certain holders of RSUs elected to extend the applicable redemption date of the RSUs by twelve months in exchange for a supplemental grant equal to 10% of the number of extended RSUs. RSUs granted post March 11, 2024 vest equally over a three year period.

Each RSU converts into one common share of the Company upon exercise. No amounts are paid or payable by the recipient on receipt of the RSU. The RSUs carry neither right to dividends nor voting rights. Upon vesting, the Company, at its discretion, may settle RSUs through the issuance of common shares from treasury or cash. The Company recorded share-based compensation expense related to RSUs of \$250,490 and \$577,839 for the three months ended January 31, 2025, and 2024, respectively, to the condensed interim consolidated statements of loss and comprehensive loss and recorded \$143,095 of share-based compensation expense as an increase to exploration and evaluation asset on the condensed interim consolidated statements of financial position as at January 31, 2025 (\$220,753 as at January 31, 2024).

# Canada Nickel Company Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months ended January 31, 2025 and 2024

(Expressed in Canadian Dollars)

### 11. Loss per share

For the three months ended January 31		
	2025	2024
Net loss	\$3,539,137	\$4,717,798
Weighted average number of common shares outstanding - basic	182,741,364	148,711,210
Effect of dilutive securities	-	-
Weighted average number of common shares outstanding - dilutive	182,741,364	148,711,210
<b>Loss per share – basic and diluted</b>	<b>\$0.02</b>	<b>\$0.03</b>

Diluted loss per share does not include the effect of stock options, RSUs and warrants as they are anti-dilutive.

### 12. Related party transactions and balances

Related parties and related party transactions impacting the consolidated financial statements are summarized below and include transactions with key management personnel, which includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Key management personnel include the Board of Directors and senior officers of the Company.

A summary of the related party transactions are as follows:

For the three months ended January 31		
	2025	2024
	\$	\$
Salaries, consulting and directors' fees	614,365	608,013
Incentive compensation	915,876	1,822,917

These transactions are in the normal course of operations and have been valued in these consolidated financial statements at the amount of consideration established and agreed to by the related parties. No amounts were receivable to or payable from related parties at January 31, 2025 and 2024.

# Canada Nickel Company Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the Three Months ended January 31, 2025 and 2024

(Expressed in Canadian Dollars)

#### 13. Commitments and contingencies

At January 31, 2025, the Company has \$26.5 million (October 31, 2024 - \$28.7 million) in payables owing with respect to exploration and evaluation assets and has lease obligations of \$161,920 related to 2025 and \$131,236 for fiscal years 2026 to 2028. The Company incurred the full amount of expenditures of \$34.7 million in flow-through eligible expenditures as at December 31, 2024. Commitments on option properties are described in Note 4.

Canada Nickel entered into agreements with the Matachewan and Mattagami First Nations, Taykwa Tagamou Nation and Apitipi Anicinapek Nation in relation to exploration and development operations at Crawford. The agreements establish a commitment by Canada Nickel to engage in ongoing consultation and establish a mutually beneficial cooperative and productive relationship with the First Nations located in the Crawford Project area. The agreement also provides the communities with an opportunity to participate in the benefits of the Crawford Project through business opportunities, employment and training, financial compensation and consultation on environmental matters. Financial compensation includes a commitment to pay a specified percentage of the annual expenses related to the Company's exploration program and a three-year commitment of approximately \$1.6 million for specific impact assessment programs.

In the ordinary course of operating, the Company may from time to time be subject to various legal claims or possible legal claims. Management believes that there are no legal claims or possible legal claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows. These matters are inherently uncertain, and management's view of these matters may change in the future.

#### 14. Financial instruments

##### Fair values

At January 31, 2025, the Company's financial instruments consist of cash and cash equivalents, and accounts payable and accrued liabilities and short-term loans. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

##### Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the period, there were no transfer of amounts between levels.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Level 1 – cash and cash equivalents

Level 2 – none

Level 3 – none

# Canada Nickel Company Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the Three Months ended January 31, 2025 and 2024

(Expressed in Canadian Dollars)

#### 14. Financial instruments (continued)

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk

##### Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents, and accounts receivable. All of the Company's cash is held at a Canadian bank, or funds held in trust with legal counsel in which management believes that the risk of loss is minimal, but the Company is subject to concentration of credit risk. Harmonized sales tax receivable and accounts receivable consist of receivables created in the course of normal business.

##### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with cash and from time to time with equity. As at January 31, 2025, the Company's financial liabilities consist of accounts payable and accrued liabilities and short-term loans, which have contractual maturity dates within one year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to credit/liquidity risk in the period.

#### 15. Income taxes

The following table reflects the continuity of the deferred tax liability as at January 31, 2025 and 2024.

	2025	2024
	\$	\$
Balance, beginning of fiscal period	1,826,789	4,092,387
Tax effect on renunciation of flow-through expenditures	-	1,325,036
Tax effect on operating losses and other timing differences	(925,227)	(1,492,069)
<b>Balance, January 31</b>	<b>901,562</b>	<b>3,925,354</b>

Flow-through expenditures incurred in calendar year 2024 of \$34.6 million were renounced in February 2025. The corresponding deferred tax expense and liability will be recognized in that same month.

# Canada Nickel Company Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the Three Months ended January 31, 2025 and 2024

(Expressed in Canadian Dollars)

#### 16. Subsequent events

- (a) On December 13, 2024, Taykwa Tagamou Nation ("TTN") agreed to invest \$20 million in a Convertible Note that will be convertible into 16.67 million Canada Nickel common shares at a price of \$1.20 per share, representing an 8.4% interest in the Company (based on the Company's issued and outstanding share capital on December 13, 2024). The \$20 million secured Convertible Note will have a five-year term from closing and carry a 4.75% coupon per annum paid quarterly prior to conversion. TTN provided a \$1 million deposit on signing. TTN will also have a right to one seat on the Company's Board of Directors for so long as it holds the Convertible Note or, after conversion, at least 5% of the Company's shares.

On February 18, 2025, the Company announced the transaction had not closed and would require additional time to complete. Completion of the transaction is subject to certain conditions including the approval of the TSX Venture Exchange and the receipt of all other required third party consents.

- (b) On February 21, 2025 Canada Nickel closed an agreement with Noble whereby Canada Nickel and Noble will contribute certain mining properties, including the existing Mann joint venture, into a new company – East Timmins Nickel Ltd. ("East Timmins") to consolidate their respective interests in the portfolio of nickel projects northeast of Timmins, Ontario.

As part of the transaction, Canada Nickel consolidated ownership of the mining rights and access to the surface rights for certain key patents in Aubin, Crawford, Carnegie, Dargavel, Kidd, Lennox, Lucas, Nesbitt, Prosser, and Wark townships currently held by Noble, which facilitates and simplifies future development of Crawford and other nearby regional properties held by Canada Nickel. East Timmins will control 1,842 mining claims totaling approximately 40,000 hectares and will include nickel properties in Mann, Newmarket, and Reaume Townships as well as Calder, Galna, McCool, Moody, Mortimer, Stimson, and other properties currently held by Canada Nickel. Costs will be funded by pro rata ownership, which will initially be 80% Canada Nickel and 20% Noble. Canada Nickel and Noble will continue to maintain their existing royalty rights on the East Timmins claims, as will previous claim owners who had vended claims to Noble.

Further, on January 6, 2025, a definitive agreement was signed with the primary surface rights holder ("Surface Rights Holder") in Crawford and surrounding townships to secure access to 32,000 acres of surface rights required to build Crawford. Securing access to 32,000 acres of surface rights was a critical step for the Company to complete permitting and move toward a construction decision on Crawford in 2025. As part of the surface rights agreement, the Company will transfer 47,750 acres of mining rights in Kingsmill and Mabee townships—where no known exploration targets exist—to the Surface Rights Holder. This transfer aims to create future certainty over a substantial area of land, facilitating the effective development of sustainable forestry and wildlife habitat preservation.

The definitive agreement with the Surface Rights Holder (the "Surface Rights Transaction") provides Canada Nickel with an option to acquire 32,000 acres of surface rights in Crawford and surrounding townships. As part of the transaction, Canada Nickel has agreed to issue 5.5 million shares and will transfer mining rights (not required for any exploration target) to approximately 47,750 acres in Kingsmill and Mabee townships. The Surface Rights Transaction is subject to approval of the TSX Venture Exchange. Additional consideration will be paid to exercise the option on a construction decision. The Company has the right to exercise the option by December 31, 2026 and can extend the option annually up to a further five years for an additional payment for each extension. The Surface Rights Holder has asked that all other terms remain confidential. The additional consideration to acquire the surface rights is not material in the context of the overall Crawford project capital cost and the extension payment is also not material.

# Canada Nickel Company Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

### For the Three Months ended January 31, 2025 and 2024

(Expressed in Canadian Dollars)

- (c) On March 14, 2025, the Company extended the repayment date of the Auramet Inc. July 2024 loan to April 25, 2025. An extension fee of US\$168,233 will be paid by April 25, 2025 along with the previous extension fee of US\$438,465 and outstanding interest. The loan will continue to carry an interest rate of 1.25% per month until expiry.
- (d) On March 17, 2025 the Company signed a binding Letter of Intent (the "LOI") with Edmiston Drive Capital Corp. ("EDCC") whereby a new royalty company ("RoyaltyCo") will be created to hold net smelter return ("NSR") royalties on all of Canada Nickel regional exploration properties in the Timmins Nickel District with the exception of Crawford and other targets (Kingsmill and Dargavel) located on the original Project 81 patents.

Canada Nickel will grant 1% NSR royalty interests in the subject properties to RoyaltyCo, which will then (subject to the satisfaction of closing conditions) amalgamate with a wholly owned subsidiary of EDCC in exchange for C\$ 8 million in cash and 8.9 million common shares of EDCC. One such closing condition is the completion by EDCC of a financing whereby \$9 million will be raised through the issuance of a combination of common and preferred shares. The proceeds of such financing will be used for the closing payment to Canada Nickel and for general corporate purposes. After giving effect to the financing, Canada Nickel expects that its equity interest in EDCC will be approximately 62%.

The terms of the LOI are binding subject to the satisfaction of certain closing conditions. The board of directors of EDCC, following completion of the transaction, shall consist of one director appointed by the current directors of EDCC, two directors appointed by Canada Nickel, and two independent directors. The transaction is expected to close by April 30, 2025 and, among other approvals, is subject to any required approvals of the TSX Venture Exchange.