
CLASS 1 NICKEL AND TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2024
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice to reader

The accompanying unaudited condensed interim consolidated financial statements of Class 1 Nickel and Technologies Limited (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Class 1 Nickel and Technologies Limited
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

| | As at September 30, 2024 | As at December 31, 2023 |
|---------------------------------|--------------------------------|-------------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 307,781 | \$ 82,398 |
| Prepaid expenses | 4,551 | 18,204 |
| Accounts receivable (note 3) | 11,763 | 387,760 |
| Due from related party (note 9) | 33,306 | 57,841 |
| Total assets | \$ 357,401 | \$ 546,203 |

SHAREHOLDER'S (DEFICIT) EQUITY AND LIABILITIES

| | | |
|--|------------------|------------------|
| Current liabilities | | |
| Accounts payable and accrued liabilities (note 9) | \$ 506,750 | \$ 502,297 |
| Total current liabilities | 506,750 | 502,297 |
| Liability component of convertible debentures (note 5) | 1,790,925 | 1,974,903 |
| Total liabilities | 2,297,675 | 2,477,200 |

| | | |
|---|--------------------|--------------------|
| Shareholder's (deficit) equity | | |
| Share capital (note 6) | 20,304,040 | 18,941,877 |
| Contributed surplus | 2,901,757 | 2,515,641 |
| Warrant reserve (note 8) | 1,241,636 | 1,241,636 |
| Equity component of convertible debentures (note 5) | 590,486 | 723,697 |
| Deficit | (26,978,193) | (25,353,848) |
| Total shareholder's (deficit) equity | (1,940,274) | (1,930,997) |
| Total shareholder's (deficit) equity and liabilities | \$ 357,401 | \$ 546,203 |

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

Nature of operations and going concern (note 1)
 Commitments and contingencies (note 10)

Approved by the Board of Directors on November 15, 2024

"David Fitch" Director

"Matthew Gibertson" Director

Class 1 Nickel and Technologies Limited
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
Unaudited

| | Three Months Ended September 30, 2024 | Three Months Ended September 30, 2023 | Nine Months Ended September 30, 2024 | Nine Months Ended September 30, 2023 |
|---|--|--|---|---|
| Operating expenses | | | | |
| Exploration and evaluation (note 4) | \$ 273,207 | \$ 334,331 | \$ 661,116 | \$ 828,591 |
| General and administrative | 10,907 | 5,761 | 30,985 | 13,333 |
| Investor relations | 65,000 | 10,426 | 95,000 | 99,089 |
| Professional fees (note 9) | 80,133 | 83,260 | 294,053 | 251,092 |
| Regulatory | 5,457 | 5,952 | 30,834 | 29,247 |
| Share based compensation (note 7) | - | - | 386,116 | - |
| Travel | 11,302 | - | 11,302 | 18,369 |
| Loss before the following items | 446,006 | 439,730 | 1,509,406 | 1,239,721 |
| Finance expenses (note 5) | 59,759 | 65,107 | 137,557 | 195,321 |
| Interest income | - | (745) | (22,618) | (745) |
| Net loss and comprehensive loss for the period | \$ (505,765) | \$ (504,092) | \$ (1,624,345) | \$ (1,434,297) |
| Net loss and comprehensive loss per share basic and diluted | \$ (0.00) | \$ (0.00) | \$ (0.01) | \$ (0.01) |
| Weighted average number of common shares outstanding basic and diluted | 119,714,033 | 112,105,552 | 167,819,745 | 150,074,374 |

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

Class 1 Nickel and Technologies Limited
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

| | Nine Months Ended September 30, 2024 | Nine Months Ended September 30, 2023 |
|--|---|---|
| Operating activities | | |
| Net loss for the period | \$ (1,624,345) | \$ (1,434,297) |
| Adjustments for: | | |
| Finance expenses | 137,557 | 195,321 |
| Share based compensation | 386,116 | - |
| Changes in non-cash working capital items: | | |
| Accounts receivable | 375,997 | 237,106 |
| Prepaid expenses | 13,653 | 2,716 |
| Accounts payable and accrued liabilities | 4,453 | (837,432) |
| Due from related party | 24,535 | (59,534) |
| Net cash used in operating activities | (682,034) | (1,896,120) |
| Financing activities | | |
| Proceeds from issuance of shares, net of issuance cost | 512,163 | 1,290,625 |
| Proceeds from convertible debentures, net of transaction costs | 395,254 | 948,796 |
| Net cash provided by financing activities | 907,417 | 2,239,421 |
| Net change in cash and cash equivalents | 225,383 | 343,301 |
| Cash and cash equivalents, beginning of period | 82,398 | 106,461 |
| Cash and cash equivalents, end of period | \$ 307,781 | \$ 449,762 |

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

Class 1 Nickel and Technologies Limited
Condensed Interim Consolidated Statements of Changes in (Deficit) Equity
(Expressed in Canadian Dollars)
Unaudited

| | Common Shares (#) | Share capital (\$) | Contributed surplus | Warrants | ECCD (1) | Deficit | Total |
|---|----------------------|-----------------------|------------------------|---------------------|-------------------|-----------------------|-----------------------|
| Balance, December 31, 2022 | 144,705,029 | \$ 17,651,252 | \$ 2,515,641 | \$ 2,159,065 | \$ 442,076 | \$(24,248,234) | \$ (1,480,200) |
| Shares issued in private placement | 10,833,329 | 1,300,000 | - | - | - | - | 1,300,000 |
| Issuance of convertible debentures | - | - | - | - | 281,621 | - | 281,621 |
| Deferred flow-through premium | - | - | - | - | - | - | - |
| Shares issue cost | - | (9,375) | - | - | - | - | (9,375) |
| Net loss for the period | - | - | - | - | - | (1,434,297) | (1,434,297) |
| Balance, September 30, 2023 | 155,538,358 | \$ 18,941,877 | \$ 2,515,641 | \$ 2,159,065 | \$ 723,697 | \$(25,682,531) | \$ (1,342,251) |
| Balance, December 31, 2023 | 155,538,358 | \$ 18,941,877 | \$ 2,515,641 | \$ 1,241,636 | \$ 723,697 | \$(25,353,848) | \$ (1,930,997) |
| Shares issued in private placement | 10,400,000 | 520,000 | - | - | - | - | 520,000 |
| Shares issuance of convertible debentures | - | - | - | - | 117,319 | - | 117,319 |
| Shares issued from convertible debentures | 12,500,000 | 850,000 | - | - | (250,530) | - | 599,470 |
| Shares issue cost | - | (7,837) | - | - | - | - | (7,837) |
| Share based compensation | - | - | 386,116 | - | - | - | 386,116 |
| Net loss for the period | - | - | - | - | - | (1,624,345) | (1,624,345) |
| Balance, September 30, 2024 | 178,438,358 | \$ 20,304,040 | \$ 2,901,757 | \$ 1,241,636 | \$ 590,486 | \$(26,978,193) | \$ (1,940,274) |

(1) Equity component of convertible debentures

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

Class 1 Nickel and Technologies Limited
Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2024
(Expressed in Canadian Dollars)
Unaudited

1. Nature of operations and going concern

Nature of business

Class 1 Nickel and Technologies Limited ("Class 1" or the "Company") was incorporated on December 12, 1989 as "871900 Ontario Limited" under the laws of the Province of Ontario. The principal business of the Company is mining exploration and development of minerals and base metals in Canada. The corporate head office of the Company is located at 82 Richmond Street East, Toronto, Ontario M5C 1P1.

Going concern uncertainty

At each reporting year, management assesses the basis of preparation of the financial statements. These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"). The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These unaudited condensed interim consolidated financial statements do not include any adjustments to amounts and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

For the three and nine months ended September 30, 2024, the Company incurred a net loss of \$505,765 and \$1,624,345, respectively (three and nine months ended September 30, 2023 - \$504,092 and \$1,434,297, respectively), had negative operating cash flows of \$682,034 (September 30, 2023 - \$1,896,120) and has working capital deficiency of \$149,349 (December 31, 2023 - working capital \$43,906). The Company has an accumulated deficit of \$26,978,193 since inception (December 31, 2023 - \$25,353,848) and does not have sufficient cash as at September 30, 2024 to meet its expected ongoing obligations over the next twelve months. These factors raise significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to generate cash flows from operations and to complete negotiations to obtain and successfully close additional funding from debt financing, equity financings or through other arrangements. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. These unaudited condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

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 unaudited condensed interim consolidated 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 policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 15, 2024. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated 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 interim consolidated financial statements.

Class 1 Nickel and Technologies Limited
Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2024
(Expressed in Canadian Dollars)
Unaudited

2. Material accounting policies (continued)

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 15, 2024.

Basis of presentation

These unaudited condensed interim consolidated have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss ("FVTPL") as explained in the notes below. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of consolidation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Legendary Ore Mining Corporation and 2814250 Ontario Inc. All significant inter-company transactions have been eliminated upon consolidation.

3. Accounts receivable

| | As at September 30, 2024 | As at December 31, 2023 |
|---|---|--|
| Harmonized sales tax recoverable - (Canada) | \$ 8,263 | \$ 384,260 |
| Amounts receivable | 3,500 | 3,500 |
| Total | \$ 11,763 | \$ 387,760 |

4. Mining interests

Alexo-Dundonald Project

The "Alexo-Dundonald Project" is an exploration stage, past-producing nickel-copper-cobalt sulphide project, located approximately 45 kilometers northeast of the city of Timmins, Ontario, Canada. Ontario. The Alexo-Dundonald Project combines the Alexo-Kelex and Dundonald properties and consists of 29 patented claims (19 with both mining and surface rights, nine with mining rights only and one with surface rights only), 40 leased claims (31 with both mining and surface rights and nine with mining rights only), 21 single cell mining claims and five boundary cell mining claims. The Company owns all the outstanding equity of Legendary Ore Mining Corporation, which holds a 100% interest in the mining claims, leases and properties comprising the Alexo-Dundonald Project, subject to certain tenure agreements and any rights or claims asserted in connection with historic royalty agreements granted in respect of the Alexo-Kelex and Dundonald properties.

The Alexo deposit was discovered in 1907, and between the years 1913 to 1919, 51,851 tonnes grading 4.5% nickel and 0.7% copper was extracted and sent to Sudbury, Ontario, for processing. Canadian Arrow Mines Ltd shipped 6,000 tonnes grading 2.46% nickel, 0.31% copper, and 0.07% cobalt as part of a 10,000 tonne bulk sample permit held at the time, and started the reclamation of the project as part of a Closure Plan approved in 2004 and amended in 2011.

Class 1 Nickel and Technologies Limited
Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2024
(Expressed in Canadian Dollars)
Unaudited

4. Mining interests (continued)

Alexo-Dundonald Project (continued)

Under the purchase agreements for the Alexo-Kelex and Dundonald properties, the Company must incur an aggregate of \$1,500,000 on the Alexo-Dundonald Project by November 9, 2021, of which the Company must incur at least \$750,000 on the Alexo-Kelex property by October 18, 2021, otherwise the properties may be re-acquired by the vendors thereof. On July 12, 2021, the Company has completed the requisite minimum exploration expenditures on the Alexo-Dundonald Project, and now holds 100% interest in each properties, subject to a 2% net smelter return royalty on the Alexo Property and 2.5% net smelter return royalty on the Dundonald Property.

On August 10, 2021, the Company issued 50,000 common shares at \$0.87 price per common share for \$43,500 and granted 50,000 stock options to Matachewan First Nation ("MFN") as part of the exploration program on the Alexo-Dundonald Project.

On August 22, 2021, the Company acquired 100% of Platinum Group Elements limited ("PGEL") strategic project portfolio of adjacent and adjoining's claims to the Company's Alexo-Dundonald project as well as Somanike project, and a complementary primary PGE project in Sudbury, Ontario, for a total consideration of \$550,000 in cash and issuance of 10 million common shares, subject to a 2% net smelter returns royalty on certain claims known as Timmins, River Valley and Metals Creek claims and a 2% gross metal royalty on certain claims known as the "Bilson Cubric claims".

Alexo-Kelex Property

The Company has spent the following on the Alexo-Kelex Property:

| | Three Months Ended September 30, 2024 | Three Months Ended September 30, 2023 | Nine Months Ended September 30, 2024 | Nine Months Ended September 30, 2023 |
|----------------------------|--|--|---|---|
| Exploration and evaluation | \$ 124,429 | \$ 109,667 | \$ 249,343 | \$ 150,860 |
| Field equipment | - | - | 8,082 | 8,082 |
| | \$ 124,429 | \$ 109,667 | \$ 257,425 | \$ 158,942 |

Dundonald Property

The Company has spent the following on the Dundonald Property:

| | Three Months Ended September 30, 2024 | Three Months Ended September 30, 2023 | Nine Months Ended September 30, 2024 | Nine Months Ended September 30, 2023 |
|----------------------------|--|--|---|---|
| Exploration and evaluation | \$ 124,429 | \$ 109,667 | \$ 249,343 | \$ 150,860 |
| Field equipment | - | - | 8,082 | 8,082 |
| | \$ 124,429 | \$ 109,667 | \$ 257,425 | \$ 158,942 |

Class 1 Nickel and Technologies Limited
Notes to Condensed Interim Consolidated Financial Statements
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4. Mining interests (continued)

Somanike Project

The Company has an option (the "Somanike Option") to acquire a 100% interest in the rights held by Vanicom Resources Limited, in an option to acquire the Somanike property, an exploration stage nickel-copper mine project, including the past-producing Marbridge Nickel Sulphide Mine located near Val d'Or, Quebec. The Company is concentrated on advancing the Alexo-Dundonald Project for the current time being and will continue to evaluate this option on an on-going basis. Prior to exercising the Somanike Option, the Company must complete 750m of drilling on certain mining claims held by Globex Mining Enterprises Inc. which comprise a portion of the Somanike property.

In August 2020, the Company issued an aggregate of 234,935 common shares (valued at \$160,000) to satisfy all outstanding share issuances required by the Company. In order to earn its 100% undivided interest in the Somanike Property the Company must make cash payments of \$25,000 due on or before June 15, 2022 and \$50,000 in cash due on or before June 15, 2023. In February 2021, the Company paid \$75,000 and \$327,800 to earn 100% of interest and for reimbursement expenditures made on Somanike Property as part of the acquisition cost.

The Company has spent the following on the Somanike Property:

| | Three Months Ended September 30, 2024 | Three Months Ended September 30, 2023 | Nine Months Ended September 30, 2024 | Nine Months Ended September 30, 2023 |
|----------------------------|--|--|---|---|
| Exploration and evaluation | \$ 24,349 | \$ 97,151 | \$ 145,737 | \$ 351,454 |
| Field equipment | - | - | 279 | 279 |
| | \$ 24,349 | \$ 97,151 | \$ 146,016 | \$ 351,733 |

River Valley Project

On August 22, 2021, the Company acquired 100% of Platinum Group Elements limited ("PGEL") strategic project portfolio of adjacent and adjoining's claims to the Company's Alexo-Dundonald project as well as Somanike project, and a complementary primary PGE project in Sudbury, Ontario, for a total consideration of \$550,000 in cash and issuance of 10 million common shares, subject to a 2% net smelter returns royalty on certain claims known as Timmins, River Valley and Metals Creek claims and a 2% gross metal royalty on certain claims known as the "Bilson Cubric claims".

The Company has spent the following on the River Valley Property:

| | Three Months Ended September 30, 2024 | Three Months Ended September 30, 2023 | Nine Months Ended September 30, 2024 | Nine Months Ended September 30, 2023 |
|--------------------------------|--|--|---|---|
| Exploration and evaluation | \$ - | \$ 17,846 | \$ 250 | \$ 158,974 |
| Total exploration expenditures | \$ - | \$ 17,846 | \$ 250 | \$ 158,974 |

Class 1 Nickel and Technologies Limited
Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2024
(Expressed in Canadian Dollars)
Unaudited

4. Mining interests (continued)

Total expenditures all properties:

| | Three Months Ended September 30, 2024 | Three Months Ended September 30, 2023 | Nine Months Ended September 30, 2024 | Nine Months Ended September 30, 2023 |
|---------------------------------------|--|--|---|---|
| Exploration and evaluation | \$ 273,207 | \$ 334,331 | \$ 644,673 | \$ 812,148 |
| Field equipment | - | - | 16,443 | 16,443 |
| Total exploration expenditures | \$ 273,207 | \$ 334,331 | \$ 661,116 | \$ 828,591 |

5. Convertible debentures

On January 9, 2023, the Company completed a non-brokered private placement convertible debentures (the "Convertible Debentures") for aggregate proceeds of \$500,000. These Convertible Debentures have a three-year term and bear interest rate at 2% per annum and are convertible at the option of the holder into common shares of the Company at a deemed price of \$0.12.

On January 24, 2023, the Company completed a non-brokered private placement convertible debentures (the "Convertible Debentures") for aggregate proceeds of \$450,000. These Convertible Debentures have a three-year term and bear interest rate at 2% per annum and are convertible at the option of the holder into common shares of the Company at a deemed price of \$0.10. In May 2024, the Company converted 4,500,000 common shares at \$0.10 and recorded a decrease of \$315,585 in convertible debentures. See ((note 6) (b)).

On January 12, 2024, the Company completed a non-brokered private placement of convertible debentures (the "Convertible Debentures") for aggregate proceeds of \$400,000. The Convertible Debentures have a three-year term and bear interest rate at 2% per annum and are convertible at the option of the holder into 8,000,000 common shares of the Company at a deemed price of \$0.05. In May 2024, the Company converted 8,000,000 common shares at \$0.05 and recorded a decrease of \$277,935 in convertible debentures. See ((note 6) (b)).

As the debentures have a conversion feature, the equity and debt components must be bifurcated. The value assigned to the liability on the date of issuance was the present value of the contractually determined stream of future cash flows discounted at 15%, being the estimated rate that the market would apply to an instrument with comparable credit status and provide substantially the same cash flows, on the same terms, but without the conversion option. From the date of issuance, the liability component accretes up to its principal value using the effective interest method, with the charge recorded in finance expenses in the consolidated statement of loss. Finally, the residual balance of proceeds on the offering was assigned to the conversion feature.

The Company recorded as transaction costs \$4,746 for the 2024 and \$1,204 for the 2023 convertible debentures. The issuances of convertible debentures were fully subscribed by the President of the Company. (see note 9)

The components of the Company's convertible debentures as of September 30, 2024 are as follows:

| | Liability Component | Equity Component | Total |
|---|------------------------|---------------------|---------------------|
| On date of issuance, net of transaction costs | \$ 1,992,410 | \$ 841,016 | \$ 2,833,426 |
| Accretion | 392,035 | - | 392,035 |
| Conversion of debentures | (593,520) | (250,530) | (844,050) |
| Total | \$ 1,790,925 | \$ 590,486 | \$ 2,381,411 |

During the three and nine months ended September 30, 2024, the Company accrued \$59,759 and \$137,557 (three and nine months ended September 30, 2023 - \$65,107 and \$195,321) in finance expenses.

Class 1 Nickel and Technologies Limited
Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2024
(Expressed in Canadian Dollars)
Unaudited

6. Share capital

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares without par value ("Common Shares"). All issued shares are fully paid.

b) Common Shares issued

| | Number of common shares | Amount |
|--|--|----------------------|
| Balance, December 31, 2022 | 144,705,029 | \$ 17,651,252 |
| Shares issued in private placement (i) | 10,733,328 | 1,300,000 |
| Share issue cost (i) | - | (9,375) |
| Balance, September 30, 2023 | 155,438,357 | \$ 18,941,877 |
| Balance, December 31, 2023 | 155,538,358 | \$ 18,941,877 |
| Shares issued in private placement (ii) | 10,400,000 | 520,000 |
| Shares Issued for convertible debentures (iii) | 12,500,000 | 850,000 |
| Share issue cost (ii) | - | (7,837) |
| Balance, September 30, 2024 | 178,438,358 | \$ 20,304,040 |

(i) In March 2023, the Company closed a non-brokered private placement of 2,499,997 common shares of the Company at a price of \$0.12 per share to raise aggregate gross proceeds of \$300,000 and paid \$2,275 in legal fees recorded in shared issue cost. A director of the Company subscribed 666,666 of the common shares in the placement.

In June 2023, the Company closed a non-brokered private placement of 8,333,332 common shares of the Company at a price of \$0.12 per share to raise aggregate gross proceeds of \$1,000,000 and paid \$7,100 in legal fees recorded in shared issue cost. A total of 4,166,667 of the subscription were subscribed by a party related to a director of the Company.

(ii) During April 2024 and May 2024, the Company closed non-brokered private placements of 10,400,000 common shares of the Company at a price of \$0.05 per share to raise aggregate gross proceeds of \$520,000 and paid \$7,837 in legal fees recorded in shared issue cost. A director of the Company subscribed 1,000,000 of the common shares in the placements.

(iii) In May 2024, the Company converted 4,500,000 common shares at \$0.10 worth \$450,000 and 8,000,000 at \$0.05 worth \$400,000, related to the January 24, 2023 and January 12, 2024 convertible debentures, respectively. A director of the Company fully subscribed 12,500,000 of the Common Shares.

Class 1 Nickel and Technologies Limited
Notes to Condensed Interim Consolidated Financial Statements
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(Expressed in Canadian Dollars)
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7. Stock options

On December 21, 2020, the Company's stock option plan (the "Option Plan") was approved by the Board of Directors (the "Board"). Pursuant to the terms of the Option Plan, the Board may designate directors, officers, employees and consultants of the Company eligible to receive options to acquire such numbers of common shares as the Board may determine, each option so granted being for a term specified by the Board up to a maximum of ten years from the date of grant. The maximum number of common shares reserved for issuance for options granted under the Option Plan at any time is 10% of the issued and outstanding common shares of the Company.

During the three and nine months ended September 30, 2024, the Company recorded share based compensation of \$nil and \$386,116 (three and nine months ended September 30, 2023 - \$nil and \$nil).

| | Number of stock options | Weighted average exercise price |
|------------------------------------|----------------------------|---------------------------------------|
| Balance, December 31, 2022 | 12,265,835 | \$ 0.50 |
| Cancelled | (50,000) | 0.11 |
| Balance, September 30, 2023 | 12,215,835 | \$ 0.50 |
| Balance, December 31, 2023 | 12,215,835 | \$ 0.50 |
| Issued (i) | 11,765,502 | 0.07 |
| Cancelled | (11,765,502) | 0.60 |
| Expired | (450,333) | 0.19 |
| Balance, September 30, 2024 | 11,765,502 | \$ 0.09 |

(i) On March 27, 2024, the Company granted 11,765,502 stock options to directors, with an exercise price \$0.07. The options vested immediately, and expire on March 27, 2027. A fair value of \$386,116 was determined using the Black-Scholes option pricing model. The following assumptions were used: dividend yield - 0%; expected volatility 168.35%; risk free interest rate – 3.87%; and an expected life – 3 years.

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

| Expiry date | Exercise price (\$) | Weighted average Remaining contractual life (years) | Total Options | Options Exercisable |
|----------------|---------------------|--|------------------|------------------------|
| March 27, 2027 | 0.07 | 2.49 | 11,765,502 | 11,765,502 |
| | | 2.49 | 11,765,502 | 11,765,502 |

Class 1 Nickel and Technologies Limited
Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2024
(Expressed in Canadian Dollars)
Unaudited

8. Warrants

The following table reflects the continuity of warrants for six monthed ended September 30, 2024 and 2023:

| | Number of warrants | Weighted average exercise price |
|--|-----------------------|---------------------------------------|
| Balance, December 31, 2022, and September 30, 2023 | 9,610,434 | \$ 0.89 |
| Balance, December 31, 2023 | 6,433,334 | \$ 0.82 |
| Expired | (6,433,334) | 0.82 |
| Balance, September 30, 2024 | - | \$ - |

9. Related party transactions

As at September 30, 2024, the Company has due from related party of \$33,306 (December 31, 2023 - \$57,841) from a company with a common shareholder of the Company and advance paid to the general manager.

During the three and nine months ended September 30, 2024, the Company incurred \$25,000 and \$105,000 (three and nine months ended September 30, 2023 - \$25,000 and \$75,000) in consulting services fees. As of September 30, 2024, the Company owed \$nil (December 31, 2023 - \$nil) due to the general manager for consultant services recorded in accounts payable and accrued liabilities.

During the three and nine months ended September 30, 2024, the Company incurred \$32,500 and \$97,500 (three and nine months ended September 30, 2023 - \$32,500 and \$97,500) in directors fees. As of September 30, 2024, the Company owes two directors \$238,500 (December 31, 2023 - \$168,000) and these amounts are recorded in accounts payable and accrued liabilities.

Key management includes directors and other key personnel, including the CEO - President, General Manager and CFO, who have authority and responsibility for planning, directing, and controlling the activities of the Company.

The Chief Financial Officer ("CFO") of the Company is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the three and nine months ended September 30, 2024, the Company incurred professional fees of \$2,250 and \$6,750 (three and nine months ended September 30, 2023 - \$2,250 and \$6,750) to MSSI. These services were incurred in the normal course of operations for general accounting and financial reporting matters. MSSI also provides bookkeeping and other services to the Company and charged \$13,488 and \$58,023 for the services (three and nine months ended September 30, 2023 - \$17,261 and \$44,648). As at September 30, 2024, MSSI was owed \$4,585 (December 31, 2023 - \$6,435) with respect to services provided. The balance owed was recorded in the statement of financial position in accounts payable and accrued liabilities.

As at September 30, 2024, all convertible debentures issued are held by the president of the Company (note 5).

As at September 30, 2024, directors and a significant shareholder of the Company, beneficially own 112,019,656 common shares carrying approximately 62.78% of the voting rights attached to all common shares and convertible debentures for \$2,000,000 at a deemed price of between \$0.105 and \$0.12.

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9. Related party transactions (continued)

Additional remuneration of officers and directors of the Company was as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---------------------------------------|--|------------------|---------------------------------------|-------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Stock-based compensation | \$ - | \$ - | \$ 386,116 | \$ - |
| Directors and management compensation | 59,750 | 57,500 | 209,250 | 179,250 |
| | \$ 59,750 | \$ 57,500 | \$ 595,366 | \$ 179,250 |

10. Commitments and contingencies

Matachewan First Nation ("MFN")

The Company entered into a signed Memorandum of Understanding ("MOU") whereby the Company recognizes the traditional values of the MFN and commits the Company to consult and establish a mutually beneficial cooperative and productive relationship to advance the Alexo-Dundonald Nickel Project. The agreement also provides MFN opportunity to participate in the benefits of the Project through business opportunities, employment and training, financial compensation, and consultation on environmental matters.

Environmental contingencies

The Company's exploration activities are subject to various federal, provincial, and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Flow-through shares

As September 30, 2024 pursuant to the issuance of 5,448,688 flow-through shares during November 2020 and December 2020, and 6,433,334 in June 2021, the Company is required to incur qualifying expenditures of approximately \$7,366,500 by December 31, 2022 and December 31, 2023. On June 29, 2021, the Department of Finance extended the flow-through funds spend period, filing and payment, and the look-back rule by one year, including suspending the Part XII.6 tax for the same period. The Company is subject to Part XII.6 taxes on any unspent flow-through expenditures. Since the proposal by the Department of Finance received Royal assent on June 29, 2021, the dates to incur Part XII.6 taxes will be extended by one year, however, if the amounts are not expended by the end of 2022 for agreements entered in 2020 or by the end of 2023 for agreements entered into in 2021, the additional 10% tax under Part XII.6 will apply.

As of September 30, 2024, the Company has fulfilled the total commitment.

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11. Financial instruments and risks management

Below is a summary showing the classification and measurement bases of the Company's financial instruments:

| Classification | IFRS 9 |
|--|----------------|
| Cash and cash equivalents | FVTPL |
| Accounts receivables | Amortized cost |
| Due from related party | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Convertible debentures | Amortized cost |

Financial instrument are measured on initial recognition at fair value, and, in the case of financial instruments other than those classified as "fair value through profit and loss" ("FVTPL"), directly attributable transaction costs.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quotes 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the three and nine months ended September 30, 2024, there were no transfers between levels 1, 2 and 3 and there were no changes in valuation techniques.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has exposure to credit risk through its cash and cash equivalents, accounts receivable and amounts due from related parties. The Company manages credit risk in respect of cash and cash equivalents by maintaining cash at highly rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at September 30, 2024, the Company does not have sufficient cash and cash equivalent, and accounts receivables to settle accounts payable and accrued liabilities of \$506,750 (December 31, 2023 - \$502,297).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and price risk.

11. Financial instruments and risks management (Continued)

Interest rate risk

The Company's cash consists of cash held in bank accounts that earn interest at variable interest rates. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Due to the short-term nature of these financial instruments fluctuations in market rates do not have a significant impact on estimated fair values. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. The interest income earned on cash is minimal; therefore, the Company is not subject to material interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that its monetary assets and liabilities are denominated in currencies other than the Canadian Dollar. The Company's has no monetary assets and liabilities in currencies other than the Canadian Dollar, therefore the Company is not exposed to foreign currency risk.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as they relate to the base metals industry to determine the appropriate course of action to be taken by the Company.