



**Core Nickel Corp.**

Financial Statements  
**For the year ended April 30, 2024**

(Expressed in Canadian dollars, except where indicated)

## Independent Auditor's Report

To the Shareholders of  
Core Nickel Corp.

### Opinion

We have audited the financial statements of Core Nickel Corp. (the "Company"), which comprise the statements of financial position as at April 30, 2024 and 2023, and the statements of loss and comprehensive loss, changes in equity and cash flows for the year ended April 30, 2024, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2024 and 2023, and its financial performance and its cash flows for the year ended April 30, 2024 in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company has a loss of \$700,802 for the year ended April 30, 2024. In addition, the Company is a resource exploration stage company, which does not generate any revenues. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended April 30, 2024. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

## **Plan of arrangement with CanAlaska Uranium Ltd. ("CanAlaska") - Refer to Notes 5 and 11 to the financial statements**

### *Key Audit Matter Description*

On November 10, 2023, a plan of arrangement was completed by the Company and CanAlaska (the "spin-out transaction"). As part of the spin-out transaction, the Company received certain nickel properties and cash from CanAlaska in exchange for common shares of the Company.

To determine the accounting treatment of the spin-out transaction, management was required to make judgments and as such, auditing the accounting treatment required complex analysis and consideration. This resulted in an increased extent of audit effort, including the involvement of technical accounting specialists.

### *How the Key Audit Matter Was Addressed in the Audit*

With the assistance of technical accounting specialists, our audit procedures related to management's determination of the accounting treatment of the spin-out transaction included the following procedures, among others:

- Assessed the information in the plan of arrangement agreements to assess whether all relevant matters in the agreement were incorporated into management's assessment,
- Evaluated management's determination of the accounting treatment of the spin-out transaction by analyzing specific facts and circumstances against relevant accounting guidance.

## **Other Information**

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Brenton Francis.

/s/ Deloitte LLP

Chartered Professional Accountants  
Vancouver, British Columbia  
July 30, 2024

# Core Nickel Corp.

## Statements of Financial Position

(Expressed in Canadian dollars except where indicated)

	April 30 2024 \$	April 30 2023 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 4)	845,093	-
Receivables	37,258	-
Prepaid and deposits	17,935	-
Due from parent	-	0.01
<b>Total current assets</b>	<u>900,286</u>	<u>0.01</u>
<b>Non-current assets</b>		
Mineral bonds	11,893	-
Mineral property interests (note 5)	1,135,804	-
<b>Total assets</b>	<u>2,047,983</u>	<u>0.01</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables (note 6)	173,594	-
<b>Equity</b>		
Common shares (note 7)	2,485,296	0.01
Equity reserve	89,895	-
Accumulated deficit	(700,802)	-
	<u>1,874,389</u>	<u>0.01</u>
	<u>2,047,983</u>	<u>0.01</u>

**Subsequent Events** (note 13)

**Approved by the Board of Directors**

“Cory Belyk”

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Director

“Karen Lloyd”

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Director

# Core Nickel Corp.

## Statements of Loss and Comprehensive Loss

For the year ended April 30, 2024 and 2023 (Expressed in Canadian dollars except where indicated)

	2024	2023
	\$	\$
<b>EXPLORATION COSTS</b>		
Mineral property expenditures	401,180	-
	<u>401,180</u>	<u>-</u>
<b>OTHER EXPENSES (INCOME)</b>		
Insurance	13,244	-
Interest income	(13,964)	-
Legal, audit and accounting	102,892	-
Management fees	92,925	-
Office and miscellaneous	7,818	-
Regulatory and transfer agent fees	24,776	-
Rent	5,058	-
Investor relations and presentations	60,273	-
Travel and accommodations	3,713	-
Wages and benefits	2,887	-
	<u>299,622</u>	<u>-</u>
<b>Loss and comprehensive loss for the year</b>	(700,802)	-
<b>Basic and diluted loss per share (\$ per share)</b>	(0.05)	-
<b>Basic and diluted weighted average common shares outstanding</b>	13,500,553	1

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

# Core Nickel Corp.

## Statements of Changes in Equity

For the year ended April 30, 2024 and 2023

(Expressed in Canadian dollars except where indicated)

	Common Shares		Equity Reserve \$	Accumulated Deficit \$	Total Equity \$
	Shares	Amount \$			
<b>Balance-May 5, 2022</b>	<b>1</b>	<b>0.01</b>	-	-	<b>0.01</b>
<b>Balance-April 30, 2023</b>	<b>1</b>	<b>0.01</b>	-	-	<b>0.01</b>
Issued pursuant to plan of arrangement (note 12)	24,997,481	2,135,644	-	-	2,135,644
Issued on private placement for cash	4,354,400	391,896	-	-	391,896
Warrants issued on private placement	-	(75,990)	75,990	-	-
Share issuance costs	-	(33,315)	13,905	-	(19,410)
Issued on exercise of options	447,704	22,385	-	-	22,385
Issued on exercise of warrants	255,122	44,676	-	-	44,676
Loss for the year	-	-	-	(700,802)	(700,802)
<b>Balance-April 30, 2024</b>	<b>30,054,708</b>	<b>2,485,296</b>	<b>89,895</b>	<b>(700,802)</b>	<b>1,874,389</b>

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



# Core Nickel Corp.

## Statements of Cash Flows

For the year ended April 30, 2024 and 2023

(Expressed in Canadian dollars except where indicated)

	2024	2023
	\$	\$
<b>Cash flows used in operating activities</b>		
Loss for the year	(700,802)	-
Recoveries on mineral exploration expenditures	(69,100)	-
Interest income	(13,964)	-
Interest received	10,549	-
Change in non-cash operating working capital		
Increase in receivables	(33,843)	-
Increase in prepaid and deposits	(17,935)	-
Increase in trade and other payables	173,593	-
	<u>(651,502)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Issuance of common shares (net of share issuance costs)	372,487	-
Cash received as per plan of arrangement (note 11)	1,000,000	-
Cash received from government grant	69,100	-
Proceeds on exercise of stock options	22,385	-
Proceeds on exercise of share purchase warrants	44,676	-
	<u>1,508,648</u>	<u>-</u>
<b>Cash flows used in investing activities</b>		
Additions to mineral property interests	(160)	-
Additions to mineral bonds	(11,893)	-
	<u>(12,053)</u>	<u>-</u>
<b>Increase in cash and cash equivalents</b>	845,093	-
<b>Cash and cash equivalents - beginning of year (note 4)</b>	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents - end of year (note 4)</b>	<u>845,093</u>	<u>-</u>

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

# Core Nickel Corp.

Notes to the Financial Statements

**For the year ended April 30, 2024 and 2023**

(Expressed in Canadian dollars except where indicated)

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## 1 Nature of Operations

Core Nickel Corp. (the “Company”) was incorporated on May 5 2022, under the laws of Canada Business Corporation Act as part of a plan of arrangement (the “Arrangement”) to reorganize CanAlaska Uranium Ltd. (“CanAlaska”). The Company’s intended business activity is the acquisition and exploration of exploration and evaluation properties in Canada. The Company’s shares trade on the Canadian Securities Exchange under the symbol “CNCO”. The Company’s head office is located at unit 204, 75 – 24<sup>th</sup> Street East, Saskatoon, Saskatchewan, S7K 0K3, Canada.

## 2 Going Concern

These financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These financial statements do not include any adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classification that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the development, and upon future profitable production or proceeds from disposition of the mineral properties. There is no assurance that the Company will be successful in raising additional financing. The amounts shown as mineral property costs represent acquisition costs incurred to date, net of recoveries.

Given that the Company does not generate recurring revenues from operations and other factors as noted, a material uncertainty exists which may cast significant doubt regarding the Company’s ability to continue as a going concern. Management believes that the cash on hand is sufficient to meet corporate, administrative and selected exploration activities for at least the next twelve months. At April 30, 2024, the Company had cash and cash equivalents of \$845,093 (April 30, 2023: \$nil) (note 4) and working capital of \$726,692 (April 30, 2023: \$nil). The Company has a loss of \$700,802 for the year ended April 30, 2024 (April 30, 2023: \$nil). Management may either need to dilute its ownership in its properties or secure additional financing to continue to advance the development of its exploration projects.

# Core Nickel Corp.

Notes to the Financial Statements

**For the year ended April 30, 2024 and 2023**

(Expressed in Canadian dollars except where indicated)

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## **3 Material Accounting Policy Information**

### **a) Statement of Compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The policies applied in these financial statements are presented in note 3 and are based on IFRS and effective at April 30, 2024.

These financial statements were approved by the Board of Directors of the Company on July 30, 2024.

### **b) Basis of preparation**

These financial statements are presented in Canadian dollars and is the functional currency of the Company. The financial statements are prepared on the historical cost basis.

### **c) Share-based payments**

The Company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees and non-employees as consideration for equity instruments (options) of the Company. The Company also issues warrants as consideration for services received. The total amount to be expensed is determined by reference to the fair value of the services received and if not determinable, the fair value of options and warrants granted.

The fair value of share-based compensation is determined using the Black-Scholes option-pricing model and management’s assumptions as disclosed in note 8. When a stock option is exercised, the Company recognizes an increase in its share capital equivalent to the consideration paid by the option holder and the fair value amount previously recognized in equity reserve. The fair value of any stock options granted to directors, officers and employees of the Company is recorded as an expense over the vesting period with a corresponding increase in equity reserve.

# Core Nickel Corp.

Notes to the Financial Statements

**For the year ended April 30, 2024 and 2023**

(Expressed in Canadian dollars except where indicated)

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## **3 Material Accounting Policy Information (continued)**

### **d) Mineral property interests and mineral exploration expenditures**

#### **Mineral property interests**

Mineral properties are exploration and evaluation assets that consist of payments to acquire mineral exploration rights, licenses and mining permits. Acquisition costs are capitalized and deferred until such a time as the mineral property is put into production, sold or abandoned, or impaired.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the mineral properties are transferred to mine under development. When a property is placed into commercial production, capitalized costs will be depleted using the units-of-production method.

The carrying values of capitalized amounts are reviewed when indicators of impairment are present. Recorded amounts of mineral properties are not intended to reflect present or future values of the properties. To the extent required, the recoverable amount is subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

Option payments made by an interested acquirer are recorded as a reduction of the value of the asset, with any excess over the carrying value of the asset recorded into income.

#### **Exploration expenditures**

Exploration and evaluation expenditure, including but not limited to geological and geophysical evaluation, surveying, exploratory drilling and sampling, and evaluating the technical feasibility of extracting a mineral resource, is expensed as incurred until the property reaches the development stage.

The development stage is considered to begin once the technical feasibility and commercial viability of the extraction of mineral property in an area of interest are demonstrable. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

The Company accounts for all proceeds received for option or farm-out arrangements or recovery of costs against the exploration expenditures.

The Company accounts for all proceeds received from government grants against the exploration expenditures.

# Core Nickel Corp.

Notes to the Financial Statements

**For the year ended April 30, 2024 and 2023**

(Expressed in Canadian dollars except where indicated)

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## **3 Material Accounting Policy Information (continued)**

### **e) Impairment of non-financial assets**

At each reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates, generally by mineral property interests. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. For exploration and evaluation assets, indication of impairment includes but is not limited to expiration of the rights to explore, substantive expenditure in the specific area is neither budgeted or planned, and if the entity has decided to discontinue exploration activity in the specified area.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's non-financial assets are impaired. External sources of information management considers include changes in market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its non-financial assets. Internal sources of information management consider include the manner in which non-financial assets are being used or are expected to be used and indications of economic performance of the assets.

# Core Nickel Corp.

Notes to the Financial Statements

**For the year ended April 30, 2024 and 2023**

(Expressed in Canadian dollars except where indicated)

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## **3 Material Accounting Policy Information (continued)**

### **f) Financial assets and liabilities**

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) FVTPL. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash and cash equivalents are measured at amortized cost with subsequent impairments recognized in the statements of loss and comprehensive loss.

Financial liabilities are designated as either: (i) FVTPL; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Trade and other payables are classified as amortized cost and carried on the statement of financial position at amortized cost.

### **g) Cash and cash equivalents**

Cash and cash equivalents consist of cash deposits in banks, bankers’ acceptances and certificates of deposits (note 4) and are readily convertible into a known amount of cash with an original maturity of three months or less.

### **h) Equity**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of issue costs.

Warrants issued by the Company typically accompany an issuance of shares in the Company (a “unit”) and entitle the warrant holder to exercise the warrants for a stated price for a stated number of common shares in the Company. The fair value of the components of the units sold are measured using the relative fair value approach, based on the calculated fair value of the stand-alone shares through reference to the fair value of the stand-alone warrant, using the Black-Scholes option pricing model.

# Core Nickel Corp.

Notes to the Financial Statements

**For the year ended April 30, 2024 and 2023**

(Expressed in Canadian dollars except where indicated)

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## **3 Material Accounting Policy Information (continued)**

### **i) (Loss) earnings per share**

Basic loss (earnings) per common share is calculated by dividing the loss (earnings) attributed to shareholders for the period by the weighted average number of common shares outstanding in the period. Diluted earnings per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. Stock options, shares to be issued, and warrants outstanding are not included in the computation of diluted loss (earnings) per share if their inclusion would be anti-dilutive.

### **j) Segment reporting**

The Company's operations comprise a single operating segment engaged in mineral exploration in Canada. As the operations comprise a single operating segment, amounts disclosed in the financial statements also represent segment amounts.

# Core Nickel Corp.

Notes to the Financial Statements

**For the year ended April 30, 2024 and 2023**

(Expressed in Canadian dollars except where indicated)

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## **k) Income taxes**

Income tax expense consists of current and deferred tax expense. Income tax is recognized in the consolidated statement of net loss and comprehensive loss except to the extent it relates to items recognized directly in equity, in which case the related taxes are recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates substantially enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to unused tax loss carry forwards, unused tax credits and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the substantially enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that deferred tax asset will be recovered, the deferred tax asset is reduced.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable income; and
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to the set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.



# Core Nickel Corp.

Notes to the Financial Statements

**For the year ended April 30, 2024 and 2023**

(Expressed in Canadian dollars except where indicated)

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## 3 Material Accounting Policy Information (continued)

### l) Significant estimates and judgements

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

#### Judgments

- The Company believes that the cash on hand at April 30, 2024 is sufficient to meet corporate, administrative and selected exploration activities for at least the next twelve months and that the presentation of these financial statements on a going concern basis is appropriate.
- The Company determined not to recognize deferred tax assets arising from Canadian exploration expenses, capital losses and unused tax losses as it considered it not to be probable that taxable income will be available in the near future to offset the reversal of these items.
- Management assesses each mineral property interest at each reporting period to determine whether any indication of impairment exists, and if events or changes in circumstances indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made which is considered to be the higher of the fair value less costs to sell and its value in use. These assessments may require the use of estimates and assumptions such as future capital requirements and assessments of preliminary assay results. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties.

#### Estimates

- The fair value estimation of share-based awards included in the statements of financial position and the inputs used in accounting for stock options in the statements of loss and comprehensive loss. The Company uses the Black-Scholes option pricing model to calculate the compensation expense and the estimates used for the calculation are outlined in note 8.

# Core Nickel Corp.

Notes to the Financial Statements

**For the year ended April 30, 2024 and 2023**

(Expressed in Canadian dollars except where indicated)

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## **3 Material Accounting Policy Information (continued)**

### **m) New and Amended IFRS Standards that are Effective for the Current Period**

Effective January 1, 2023, the Company adopted Amendments to IAS 1 Presentation of Financial Statements related to the disclosure of accounting policies. These amendments require entities to disclose their material accounting policy information rather than significant accounting policy information. The amendments provide guidance on how an entity can identify material accounting policy information and clarify that information may be material because of its nature, even if the related amounts are immaterial. The adoption of these amendments did not have a significant impact on the disclosure of material accounting policies in these financial statements.

### **n) Future Changes in Accounting Policies Not Yet Effective**

The following amendment to accounting standards has been issued but not yet adopted in the financial statements:

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current. The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The Company anticipates that the application of these amendments may not have an impact on the financial statements in future periods.

# Core Nickel Corp.

Notes to the Financial Statements

For the year ended April 30, 2024 and 2023

(Expressed in Canadian dollars except where indicated)

## 4 Cash and Cash Equivalents

	April 30, 2024	April 30, 2023
	\$	\$
Cash	34,545	-
Cash equivalents	810,548	-
<b>Total</b>	<b>845,093</b>	<b>-</b>

## 5 Mineral Property Interests

The Company holds approximately 26,764 hectares of mining claims in the Thompson Nickel Belt located in the province of Manitoba in Canada. The holdings are comprised of 5 projects which are in various stages of exploration and discovery.

Details of acquisition costs for the year ended April 30, 2023 and April 30, 2024 are as follows:

Project	May 5, 2022	April 30, 2023	Additions	April 30, 2024
	\$	\$	\$	\$
Thompson Nickel Belt				
Mel	-	-	979,309	979,309
Halfway Lake	-	-	104,998	104,998
Hunter	-	-	28,885	28,885
Resting Lake	-	-	17,505	17,505
Odei River	-	-	5,107	5,107
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,135,804</b>	<b>1,135,804</b>

\$1,135,644 of the additions to mineral property interest were part of the spin-out transaction with CanAlaska Uranium Ltd.

## 6 Trade and Other Payables

	April 30, 2024	April 30, 2023
	\$	\$
Trade payables	128,219	-
Accrued liabilities	45,375	-
<b>Total</b>	<b>173,594</b>	<b>-</b>

# Core Nickel Corp.

Notes to the Financial Statements

**For the year ended April 30, 2024 and 2023**

(Expressed in Canadian dollars except where indicated)

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## 7 Share Capital

The Company has authorized capital consisting of an unlimited number of common shares without par value.

### Share Issuances

- a) During the months of March 2024 and April 2024, the Company issued 255,122 common shares from the exercise of share purchase warrants for gross proceeds of \$44,676.
- b) During the month of January 2024, the Company issued 447,704 common shares from the exercise of stock option for gross proceeds of \$22,385.
- c) On December 28, 2023, the Company completed a non-brokered private placement and issued 4,354,400 flow-through units for gross proceeds of \$391,896. Each flow-through unit was sold at a price of \$0.09 and consists of one flow-through common share and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share for a period of 2 years at a price of \$0.14. In connection with this financing, the Company paid cash finder's fees of \$19,410 and issued a total of 215,664 finder's warrants. Each finder's warrant is exercisable for one common share at a price of \$0.09 per share for two years. The finder's warrants issued as part of this placement have been recorded at a fair valued of \$13,905 using the Black Scholes option pricing model.
- d) On November 10, 2023, the Company issued 24,997,482 common shares as part of the plan of arrangement between CanAlaska and Core Nickel Corp. (note 12).
- e) On May 5, 2022, on incorporation, one common share was issued at a price of \$0.01

# Core Nickel Corp.

Notes to the Financial Statements

**For the year ended April 30, 2024 and 2023**

(Expressed in Canadian dollars except where indicated)

## 8 Share Stock Options and Warrants

The Company has a stock option plan that permits the granting of stock options to directors, officers, key employees and consultants. Terms and pricing of options are determined by management at the date of grant. A total of 10% of the issued and outstanding common shares of the Company may be allotted and reserved for issuance under the stock option plan.

	Number of options	Weighted average exercise price \$
<b>Outstanding – May 1, 2023</b>	-	-
Granted – per plan of arrangement	2,416,393	0.05
Exercised	(447,704)	0.05
Expired	(603,597)	0.05
<b>Outstanding – April 30, 2024</b>	<b>1,365,092</b>	<b>0.05</b>

Pursuant to the plan of arrangement, the number of options granted upon the date of the transaction were 2,416,393. All options were calculated to have a minimum exercise price of \$0.05.

As at April 30, 2024, the following stock options were outstanding:

	Number of options outstanding	Exercisable price \$	Expiry date
	70,953	0.05	May 12, 2024
	49,967	0.05	July 28, 2024
	155,895	0.05	November 20, 2024
	142,907	0.05	January 11, 2025
	333,780	0.05	July 21, 2025
	293,803	0.05	November 28, 2025
	317,787	0.05	July 28, 2026
<b>Total</b>	<b>1,365,092</b>		

### Warrants

	Number of warrants	Weighted average exercise price \$
<b>Outstanding – May 5, 2022</b>	-	-
<b>Outstanding – May 1, 2023</b>	-	-
Granted – per plan of arrangement	4,565,469	0.19
Granted	2,392,864	0.14
Exercised	(255,122)	0.18
<b>Outstanding – April 30, 2024</b>	<b>6,703,211</b>	<b>0.17</b>

# Core Nickel Corp.

Notes to the Financial Statements

**For the year ended April 30, 2024 and 2023**

(Expressed in Canadian dollars except where indicated)

## 8 Share Stock Options and Warrants (continued)

At April 30, 2024, the following warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
2,116,268	0.175	May 16, 2024
41,366	0.175	July 18, 2024
176,801	0.175	August 15, 2024
1,766,141	0.225	November 1, 2025
209,771	0.15	November 1, 2025
2,177,200	0.14	December 28, 2025
215,664	0.09	December 28, 2025
<b>Total</b>	<b>6,703,211</b>	

Option and warrant pricing models require the input of assumptions including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options and warrants. The Company's expected volatility is estimated using the historical volatility of CanAlaska's share price. The following assumptions were used in the Black-Scholes option pricing model to calculate the compensation expense for the year ended April 30, 2024 and 2023:

Options	2024	2023
Weighted average fair value	\$0.18	-
Forfeiture rate	0%	-
Risk-free interest rate	3.95% - 4.38%	-
Expected life	2.0 years – 3.0 years	-
Expected volatility	81.4% – 90.0%	-
Expected dividend	0%	-

Warrants	2024	2023
Weighted average fair value	\$0.05	-
Forfeiture rate	0%	-
Risk-free interest rate	3.88%	-
Expected life	2.0 years	-
Expected volatility	100%	-
Expected dividend	0%	-

# Core Nickel Corp.

Notes to the Financial Statements

**For the year ended April 30, 2024 and 2023**

(Expressed in Canadian dollars except where indicated)

## 9 Related Party Transactions

Related parties include the Board of Directors and Officers of the Company and enterprises which are controlled by these individuals.

The remuneration of directors and key management of the Company for the year ended April 30, 2024 and 2023 were as follows.

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Employment benefits	60,000	-
Consulting fees	22,000	-

Amounts paid or payable to companies with officers and/or directors in common are as follows:

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Rent	6,196	-
Other expenses and exploration costs	39,553	-

Included in trade and other payables at April 30, 2024 is \$4,406 (April 30, 2023 - \$nil) due to officers and directors and companies with directors and/or officers in common.

# Core Nickel Corp.

Notes to the Financial Statements

For the year ended April 30, 2024 and 2023

(Expressed in Canadian dollars except where indicated)

## 10 Income Tax

Income tax expense differs from the amount computed by applying the combined Canadian federal and provincial income tax rates, applicable to Core Nickel Corp., to the loss before tax provision due to the following:

	2024	2023
	\$	\$
Loss before income taxes	(700,802)	-
Canadian federal and provincial (SK) income tax rates	27.00%	27.00%
Income tax recovery based on Canadian federal and provincial income tax rates	(189,217)	-
Increase (decrease) attributable to:		
Non-deductible (taxable) expenditures	438	-
Flow-through shares renounced	105,812	-
Change in unrecognized deferred tax assets	89,000	-
Other	(6,033)	-
<b>Income tax recovery</b>	-	-

Unrecognized deductible temporary differences, unused tax losses, and unused tax credits are attributable to the following:

	2024	2023
	\$	\$
Non-capital loss carry-forwards	82,000	-
Mineral property interests	3,000	-
Share issuance costs	4,000	-
	89,000	-

The Company has income tax loss carry-forwards of approximately \$82,000 (April 30, 2023 - \$nil) for Canadian tax purposes. These un-recognized tax losses will expire in 2044.



# Core Nickel Corp.

Notes to the Financial Statements

**For the year ended April 30, 2024 and 2023**

(Expressed in Canadian dollars except where indicated)

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## 11 Management of Capital

The Company considers its capital to consist of common shares, stock options and warrants. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares and, acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short term maturities, selected with regards to the expected timing of expenditures from continuing operations.

## 12 Plan of Arrangement

On November 10, 2023, a plan of arrangement was completed by CanAlaska.

The arrangement agreement dated September 1, 2023, entered into between the CanAlaska and the Company (a wholly owned subsidiary of CanAlaska), was approved by the shareholders of CanAlaska on October 25, 2023, by a Final Order granted by the Supreme Court of British Columbia on October 31, 2023, in accordance with Part 9 of the Business Corporations Act (British Columbia), and accepted by the TSX Venture Exchange and the Canadian Securities Exchange ("CSE").

Pursuant to the Arrangement Agreement and on the effective date:

- a) CanAlaska transferred the following assets to Core Nickel in consideration for 24,997,482 common shares of Core Nickel (the "Core Nickel Shares");
  - i) The five (5) mineral properties commonly referred to as the Halfway Lake Property, the Resting Lake Property, the Hunter Property, the Odei River Property and the Mel Property;
  - ii) \$1,000,000 cash
- b) the existing common shares of CanAlaska were re-designated as Class A Shares ("the CVV Class A Shares") and CanAlaska created a new class of common shares known as the "New CVV Common Shares";
- c) each CVV Class A Share was exchange for one New CVV Common Share and 0.19987 of one Core Nickel Share
- d) the CVV Class A Shares were cancelled;

# Core Nickel Corp.

Notes to the Financial Statements

**For the year ended April 30, 2024 and 2023**

(Expressed in Canadian dollars except where indicated)

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## 12 Plan of Arrangement (continued)

- e) all outstanding warrants of CanAlaska were adjusted to allow holders to acquire, upon exercise, one New CVV Common Share and 0.19987 of one Core Nickel Share, such that an aggregate of 4,565,469 Core Nickel Shares may be issued if all outstanding warrants are exercised;
- f) all holders of the outstanding options of CanAlaska received 0.19987 of one Core Nickel option with whole option entitling the holder therefore to purchase one Core Nickel Share, such that an aggregate of 2,416,393 Core Nickel Shares may be issued if all such options are exercised; and
- g) Core Nickel became a reporting issuer in British Columbia, Alberta, Ontario and Newfoundland and Labrador.

The Company has determined that the transfer of assets to Core Nickel does not meet the definition of a business combination. As such, the transfer of assets has been accounted for as an acquisition of mineral property interests (note 5) and cash (note 4) in the financial statements.

## 13 Subsequent Events

- a) On May 24, 2024, the Company granted 1,620,000 stock options to directors, employees and consultants.
- b) On June 19, 2024, the Company received \$69,100 from the Manitoba Government from its Manitoba Mineral Development Fund ("MMDF) as a grant for future exploration expenditures. The total amount granted by the Manitoba Government to the Company was \$207,300. This was the second instalment of \$69,100. The Company anticipated receiving a further and final instalment of \$69,100 in the fall of 2024.
- c) On July 18, 2024, the Company issued 20,806 common shares from the exercise of share purchase warrants for total gross proceeds of \$3,644.