



CaNickel Mining Limited

www.canickel.com

FINANCIAL STATEMENTS

December 31, 2025

Mao & Ying LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **CaNickel Mining Limited**

Opinion

We have audited the financial statements of **CaNickel Mining Limited** (the "Company"), which comprise the statement of financial position as at December 31, 2025, and the statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. 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 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 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were 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 these matters.

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

Site Closure and Reclamation Provisions

The Company's site closure and reclamation provision represents a significant estimate, as described in Note 10 to the consolidated financial statements. As at December 31, 2025, the provision amounted to \$8,310,054. The estimation of this liability involves significant judgment and is inherently uncertain due to the long-term nature of the obligation.

Key assumptions used in determining the provision include the estimated timing of reclamation activities, expected future cash outflows, inflation rates, and discount rates. The timing of closure is a particularly significant assumption, as changes in timing can have a material impact on the present value of the obligation due to the effect of discounting. We identified this area as a key audit matter due to the magnitude of the provision and the significant judgment involved in determining the underlying assumptions.

Our audit procedures included, among others:

- Evaluating the qualification, competence and objectivity of management's expert;
- Obtaining and reviewing the Bucko Lake Mine Closure Plan prepared by management's expert including the estimated rehabilitation cash outflows;

- Assessing the reasonableness of management's estimate of the timing of reclamation activities, based on the current status of the mine and available supporting information;
- Reviewing management's sensitivity analysis, including the impact of changes in the timing of closure on the provision;
- Assessing the reasonableness of the discount rate and inflation rates based on available independent data;
- Testing the mathematical accuracy of the calculation of the site closure and reclamation provisions; and
- Evaluating the adequacy of the related disclosures in the financial statement.

Other Information

Management is responsible for the other information. The other information comprises the 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 these financial statements in accordance with IFRS Accounting Standards, 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Linda Zhu.

The financial statements of the Company for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 25, 2025.

Mao & Ying LLP

Vancouver, Canada,
April 24, 2026

Chartered Professional Accountants

CANICKEL MINING LIMITED

Statements of Financial Position

(Expressed in Canadian Dollars)

As at	Notes	December 31, 2025	December 31, 2024
ASSETS			
Current			
Cash and cash equivalents		\$ 11,291,426	\$ 398,488
Receivables and prepaid expenses	5	2,695	444,085
		11,294,121	842,573
Non-Current			
Mineral properties, plant and equipment	6	-	2,614,558
Investment in associate	7	-	23,791,001
Restricted cash	8	2,537,374	2,537,374
		\$ 13,831,495	\$ 29,785,506
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 102,500	\$ 248,020
Deposit	6	-	1,216,338
Loans and advances from related parties	9	108,391,172	124,351,117
		108,493,672	125,815,475
Non-Current			
Site closure and reclamation provisions	10	8,310,054	8,108,259
		116,803,726	133,923,734
SHAREHOLDERS' DEFICIENCY			
Share capital	11	186,952,654	186,952,654
Share-based payment reserve		32,873,345	32,873,345
Accumulated deficit		(322,798,230)	(323,964,227)
		(102,972,231)	(104,138,228)
		\$ 13,831,495	\$ 29,785,506

Going concern (Note 1)

Contingencies (Note 14)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

“Wenfeng Liu” _____, Director

“Lu Zhang” _____, Director

See accompanying notes to the financial statements

CANICKEL MINING LIMITED

Statements of Income and Comprehensive Income

(Expressed in Canadian Dollars, except share data)

	Notes	Year ended December 31,	
		2025	2024
Care and maintenance costs	6	(309,426)	(218,723)
Amortization and depreciation		-	(1,053,532)
		(309,426)	(1,272,255)
Finance costs	3,9	(270,005)	(22,747,245)
General and administration		(101,391)	(17,358)
Exploration and evaluation expenses	6	-	(32,608)
Change in estimates for the reclamation provision		68,210	518,824
Legal and professional fees		(59,962)	(122,854)
Salaries, consulting and management fees	12	(168,999)	(202,860)
Income from associate	7	3,608,999	25,821,001
Shareholder communications and investor relations		(32,463)	(42,497)
Impairment of plant and equipment	6	(4,162,463)	-
Interest income	14	1,188,192	11,233
Net (loss) income before other items		(239,308)	1,902,148
Other income	6(c)	1,405,305	20,551
Bank interest		-	-
Net income and comprehensive income for the year		1,165,997	1,933,932
Earnings per share - basic & diluted		\$ 0.03	\$ 0.05
Weighted average number of shares - basic and diluted		37,520,369	37,520,369

See accompanying notes to the financial statements

CANICKEL MINING LIMITED

Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian Dollars, except share data)

	Common Shares		Share-based payments reserve	Accumulated Deficit	Total Deficiency
	Number of shares issued	Amount			
As at January 1, 2024	37,520,369	\$ 186,952,654	\$ 32,873,345	\$ (325,898,159)	\$ (106,072,160)
Income and comprehensive income for the year	-	-	-	1,933,932	1,933,932
As at December 31, 2024	37,520,369	186,952,654	32,873,345	(323,964,227)	(104,138,228)
Income and comprehensive income for the year	-	-	-	1,165,997	1,165,997
As at December 31, 2025	37,520,369	\$ 186,952,654	\$ 32,873,345	\$ (322,798,230)	\$ (102,972,231)

See accompanying notes to the financial statements

Statements of Cash Flows

(Expressed in Canadian Dollars)

	Notes	Year ended December 31,	
		2025	2024
OPERATING ACTIVITIES:			
Net income for the year		\$ 1,165,997	\$ 1,933,932
Items not affecting cash			
Accretion of site closure and reclamation provisions	10	270,005	259,419
Impairment of plant and equipment	6	4,162,463	-
Depreciation and amortization	6	-	1,053,532
Unrealized foreign exchange expense		-	9,449,366
Interest expenses accrued		-	13,038,679
Exploration and evaluation expenses		-	32,609
Adjustments to reclamation provision	10	(68,210)	(518,824)
Income from associate	7	(3,608,999)	(25,821,001)
Other income (mineral option proceeds received in prior years)	6(e)	(1,216,338)	-
Net change in non-cash working capital	15	(129,707)	23,560
		575,211	(548,728)
FINANCING ACTIVITIES:			
Advance to a related party	12	425,577	(425,577)
Repayment to related parties	9	(15,959,945)	(1,291,676)
		(15,534,368)	(1,717,253)
INVESTING ACTIVITIES:			
Purchases of equipment	6	(1,547,905)	(32,609)
Proceeds received from mineral option agreement	6(e)	-	100,000
Distributions received from associate	7	27,000,000	2,030,000
Proceeds from disposal of associate	7	400,000	2,030,000
		25,852,095	2,097,391
CHANGE IN CASH		10,892,938	(168,590)
CASH, beginning of year		398,488	567,078
CASH, end of year		\$ 11,291,426	\$ 398,488

See accompanying notes to the financial statements

CANICKEL MINING LIMITED

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, except share data and otherwise stated)

1. CORPORATE INFORMATION

CaNickel Mining Limited ("CaNickel" or "the Company") is a Canadian resource company focused on the care and maintenance of its 100% owned Bucko Lake Mine and nickel sulphide project located near Wabowden, Manitoba. The Company's registered and corporate head office is located at Suite 720, 320 Granville Street, Vancouver, British Columbia, Canada.

The Bucko Lake Mine achieved commercial production in June 2009 and was in operation periodically in 2010 and 2011 before being placed into care and maintenance in 2012 due to low nickel prices. Since that time, the Company has been focused on maintaining the Bucko Lake Mine and preserving its mineral properties while conducting limited exploration activities.

In 2017, the Company made an investment in the Welichem Research General Partnership (the "Welichem Partnership"), which operates the business of LJ Resources Co. Ltd. (formerly Welichem Biotech Inc., "LJ Resources"), a research business based in Burnaby, British Columbia.

In December 2023, the Company entered into an option agreement with Blackstone Minerals Limited ("Blackstone Minerals") and its subsidiary, Cobalt One Energy Corporation ("Cobalt One"), pursuant to which Cobalt One was granted the exclusive option for a 12-month period (the "Option") to acquire the Bucko Lake Mine. The Option was extended for 30 days in December 2024 and subsequently expired in January 2025. As a result, the non-refundable deposit was recognized in other income (see Note 6).

The Company continues to hold the Bucko Lake Mine and related assets and is evaluating potential strategic alternatives, including asset disposition and other investment opportunities.

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

As at December 31, 2025, the Company has an accumulated deficit of \$322,798,230 and a working capital deficiency of \$97,199,551. The Company is dependent on financial support from its largest shareholder and creditor, Hebei Wenfeng Industrial Company Limited ("Hebei Wenfeng"). Hebei Wenfeng is affiliated with Mr. Liu Wenfeng, a director of the Company. As at December 31, 2025, the Company owed \$108,391,172 to Hebei Wenfeng, which is repayable on demand.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on the continued financial support of Hebei Wenfeng, its ability to raise additional financing, or ability to realize value from the sale of its assets. If the Company is unable to continue as a going concern, adjustments may be required to the carrying amounts and classification of assets and liabilities in these financial statements, and such adjustments could be material.

2. MATERIAL ACCOUNTING POLICIES

a) Statement of Compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements have been approved by the Board of Directors on April 24, 2026.

b) Basis of Measurement

CANICKEL MINING LIMITED

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, except share data and otherwise stated)

These financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All financial information in these financial statements is presented in Canadian dollars, except share data and otherwise stated. All amounts are rounded to the nearest dollar.

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year. Such reclassification did not have any impact on the Company's net loss, total comprehensive loss or shareholder's deficit.

c) Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events, which are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company has identified the following areas where significant judgment, estimates and assumptions are required. Changes in these assumptions may materially affect the financial position or financial results reported in future periods. Further information on each of these areas and how they impact the various accounting policies are described below and in the relevant notes to the financial statements.

Investment in associate

The determination of the appropriate accounting treatment for the Company's interest in the Welichem Research General Partnership (the Welichem Partnership) required significant judgment.

In assessing the nature of its interest, management evaluated whether the arrangement represented control, joint control, or significant influence in accordance with IFRS 10 and IAS 28. Although the Company held a 50% ownership interest and was jointly liable for certain obligations of the Welichem Partnership, management determined that it did not have joint control, as decision-making authority over the relevant activities was held by LJ Resources Co. Ltd. ("LJ Resources"). Accordingly, the Company concluded that it had significant influence and accounted for its investment using the equity method.

The application of the equity method also required judgment in determining the Company's share of income and the appropriate accounting for distributions received from the Welichem Partnership. During the year ended December 31, 2025, the Company disposed of its entire interest in the Welichem Partnership (see Note 7).

Site closure and reclamation provisions

The site closure and reclamation provisions require significant judgement and involves the use of estimates and assumptions that are inherently uncertain. The provision represents the present value of expected future cash flows required to rehabilitate the Bucko Lake Mine.

Key assumptions used in determining the provision include the expected timing of reclamation activities, which is a significant judgement as it directly impacts the discounted future cash flows and the resulting present value of obligation. Additional assumptions include the estimated future costs of labour, materials, and services as well as inflation and discount rates. These estimates are subject to uncertainties and may be affected by changes in economic conditions, regulatory requirements, and other factors. As a result, actual expenditures may differ from the amounts currently estimated, and such differences could be material.

CANICKEL MINING LIMITED

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Impairment of assets

The Company assesses each asset or cash generating unit (“CGU”) at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, the recoverable amount is estimated as the higher of the fair value less costs of disposal and value in use.

The Company previously recognized impairment loss in respect to the Bucko Lake Mine and the Thompson Nickel Belt (“TNB”). During the year ended December 31, 2025, management identified indicators of impairment related to the remaining plant and equipment at the Bucko Lake Mine, primarily due to the absence of near-term development or production plans and prolonged care and maintenance status of the site. As a result, management determined that there are no expected future economic benefits from these assets in their current condition. Accordingly, the recoverable amount was determined to be nominal and the remaining plant and equipment were written down to \$nil.

Recoverability of deferred tax assets

In assessing the probability of realizing income tax assets to be recognized, the Company makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

In making its assessments, the Company gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company’s control, as feasible and within management’s ability to implement.

Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

d) Foreign Currency Translation

The Company’s financial statements are presented in Canadian dollars, which is also the functional currency of the Company. Monetary assets and liabilities denominated in currencies other than the Canadian dollar are initially recorded in the functional currency at the respective spot rate of exchange ruling at the date of the transaction, and then translated into Canadian dollars at the rates of exchange prevailing at the reporting date. All differences are taken to profit or loss. Non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date. Revenues and expenses are translated at average rates throughout the reporting period.

e) Loss per share

Basic earnings or loss per share is calculated by dividing the earnings or loss for the period by the weighted average number of shares outstanding during the same period.

Diluted earnings or loss per share is calculated by dividing the earnings or loss for the period by the weighted average number of shares outstanding during the same period adjusted for the effects of all dilutive potential common shares, which comprise options granted to employees and warrants. The dilutive effect of options and warrants is determined using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings or loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period, to the extent they are not anti-dilutive.

CANICKEL MINING LIMITED

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(Expressed in Canadian Dollars, except share data and otherwise stated)

f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at financial institutions, and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The Company considers investments with original maturities of three months or less from the date of acquisition to be cash equivalents. These may include short-term Guaranteed Investment Certificates (GICs) with fixed interest rates and maturity periods of three months or less.

g) Mineral Properties, Plant and Equipment

Mineral properties, plant and equipment are recorded at cost less accumulated depreciation, depletion and amortization, and accumulated impairment losses.

Recognition and measurement

Mineral property acquisition and development costs — including the fair value of consideration given to acquire the mineral property at the time of acquisition, exploration and evaluation assets transferred, mine construction cost and development cost that will enable physical access to ore underground — are capitalized. When the Company incurs debt directly related to the construction of a new operation or major expansion, the related financing costs are capitalized during the construction period.

Plant and equipment costs include the fair value of the consideration given to acquire assets at the time of acquisition or construction and include expenditures that are directly attributable to bringing the asset to the location and condition necessary for their intended use. The cost of replacing a part of an item of plant and equipment is recorded in the carrying amount of the item provided that there are future economic benefits, and the costs can be measured. The carrying amount of the part being replaced is then derecognized. The costs of day-to-day servicing of plant and equipment are recognized in the statements of comprehensive loss.

Exploration and evaluation costs include expenditures to acquire exploration and evaluation assets; payments to maintain the assets in good standing; and the costs of conducting geological surveys, exploratory drilling, trenching, sampling, and related administrative overhead. These costs are capitalized as intangible assets in accordance with IFRS 6.

Expenditures incurred prior to the Company obtaining legal rights to explore an area are expensed as incurred. Upon determination that technical feasibility and commercial viability of a project are demonstrable, capitalized exploration and evaluation costs are tested for impairment, and the balance is reclassified to mineral property acquisition and development costs. No amortization is charged during the exploration and evaluation phase.

Mineral properties, plant and equipment costs also include an initial estimate of the costs of dismantling and removing the assets and restoring the site on which they are located, and for qualifying assets, borrowing costs.

When parts of an item of mineral properties, plant and equipment have different useful lives, they are accounted for separately as major components. Mineral properties, plant and equipment are derecognized upon disposal or when no future economic benefits are expected. Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized in the statements of income (loss) and comprehensive income (loss).

When a mine is placed on care and maintenance, expenditures incurred in relation to maintaining the mine during the care and maintenance period are expensed and recorded as care and maintenance costs on the statements of income (loss) and comprehensive income (loss).

CANICKEL MINING LIMITED

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(Expressed in Canadian Dollars, except share data and otherwise stated)

Depreciation and amortization

Plant and equipment are amortized to their estimated residual value on a straight-line basis over the shorter of their estimated useful lives and economic lives as follows:

Building	20 years
Equipment	3 to 10 years

The residual value, useful lives, and methods of depreciation/amortization of plant and equipment are reviewed at each reporting period and adjusted prospectively if appropriate.

h) Investment in Associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies.

The results, assets and liabilities of associates are incorporated using the equity method of accounting. Under the equity method, investments in associates are initially recognized in the statements of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income (loss) of the associate and distributions received from the associate.

When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of that associate. If the associate subsequently reports surpluses, the Company resumes recognizing its share of those surpluses only after its share of surpluses equals the share of losses not recognized.

Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Site closure and reclamation provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore mining and other operations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailing dams, dismantling operating facilities, closure of plant and waste sites, and restoration and reclamation of affected areas.

The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the mining operations location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are expensed when the inventory item is recognized in cost of goods sold. Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects the current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in profit or loss as part of finance costs. Additional disturbances or changes in reclamation costs are recognized as additions or charges to the corresponding assets and reclamation liability when they

CANICKEL MINING LIMITED

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, except share data and otherwise stated)

occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their present value and recognized in profit or loss as extraction progresses.

Changes to estimated future costs are recognized in the statement of financial position by either increasing or decreasing the reclamation liability and asset to which it relates if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16 Property, Plant and Equipment. Any reduction in the reclamation liability and therefore, any deduction from the asset to which it relates, may not exceed the original carrying amount of that asset. If it does, any excess over the carrying amount is taken immediately to profit or loss.

If the change in estimate results in an increase in the reclamation liability and, therefore, an addition to the carrying amount of the asset, the Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment.

i) Financial Instruments

Initial recognition:

On initial recognition, all financial assets and financial liabilities are recorded at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as fair value through profit or loss ("FVTPL"), in which case transaction costs are expensed as incurred.

Subsequent measurement of financial assets:

Subsequent measurement of financial assets depends on the classification of such assets.

- Non-equity instruments:
Financial assets are subsequently measured at amortized cost or fair value. To qualify for amortized cost accounting, the instrument must meet two criteria:
 - The objective of the business model is to hold the financial asset for the collection of the cash flows; and
 - All contractual cash flows represent only principal and interest on that principal.

All other instruments are mandatorily measured at fair value.

- Equity instruments:
At initial recognition, for equity instruments other than held for trading, the Company may make an irrevocable election to designate it as either FVTPL or fair value through other comprehensive income ("FVTOCI").

Financial assets classified as amortized cost are measured using the effective interest method. Amortized cost is calculated by taking into account any discount or premiums on acquisition and fees that are an integral part of the effective interest method. Amortization from the effective interest method is recognized in profit or loss.

Financial assets classified as FVTPL are measured at fair value with changes in fair values recognized in profit or loss. Equity investments designated as FVTOCI are measured at fair value with changes in fair values recognized in other comprehensive income ("OCI"). Dividends from that investment are recorded in profit or loss when the Company's right to receive payment of the dividend is established, unless they represent a recovery of part of the cost of the investment.

Impairment of financial assets carried at amortized cost:

The Company applies the expected credit loss ("ECL") model to financial assets measured at amortized cost and contract assets. At each reporting date, the Company recognizes a loss allowance for expected credit losses on these assets.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount determined by evaluating a range of possible outcomes;
- The time value of money; and

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- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

The Company applies the simplified approach for trade receivables and contract assets, whereby the loss allowance is measured at an amount equal to lifetime expected credit losses, regardless of whether a significant increase in credit risk has occurred. For all other financial assets measured at amortized cost, the Company assesses whether there has been a significant increase in credit risk since initial recognition:

- If not, a 12-month ECL is recognized.
- If there has been a significant increase in credit risk, a lifetime ECL is recognized.

Impairment losses and reversals of impairment losses, if any, are recognized in profit or loss during the period.

Subsequent measurement of financial liabilities:

Financial liabilities classified as amortized cost are measured using the effective interest method. Amortized cost is calculated by taking into account any discount or premiums on acquisition and fees that are an integral part of the effective interest method. Amortization using the effective interest method is included in finance costs.

Financial liabilities classified as FVTPL are measured at fair value with gains and losses recognized in profit or loss.

The Company classifies its financial instruments as follows:

- Financial assets classified as FVTPL: cash and cash equivalents and restricted cash;
- Financial assets classified as amortized cost: receivables; and
- Financial liabilities classified as amortized cost: accounts payable and accrued liabilities, and loans and advances from related parties.

Derecognition of financial assets and financial liabilities:

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Gains and losses on derecognition of financial assets and liabilities classified as amortized cost are recognized in profit or loss when the instrument is derecognized or impaired, as well as through the amortization process. Gains and losses on derecognition of equity investments designated as FVTOCI (including any related foreign exchange component) are recognized in OCI. Amounts presented in OCI are not subsequently transferred to profit or loss, although the cumulative gain or loss may be transferred within equity.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability. In this case, a new liability is recognized, and the difference in the respective carrying amounts is recognized in the statements of income (loss) and comprehensive income (loss).

Offsetting of financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle liabilities simultaneously.

Fair value of financial instruments:

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The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without deduction for transaction costs. For financial instruments that are not traded in active markets, the fair value is determined using appropriate valuation techniques, such as using a recent arm's length market transaction between knowledgeable and willing parties, discounted cash flow analysis, reference to the current fair value of another instrument that is substantially the same, or other valuation models.

j) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalized as part of the cost of the respective asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. Where surplus funds are available for a short-term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalized and deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Even though exploration and evaluation assets can be qualifying assets, they generally do not meet the "probable economic benefits" test. Any related borrowing costs incurred during this phase are therefore generally recognized in profit or loss in the period they are incurred.

k) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described, as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable

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- Level 3 – Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Management of the Company determines the policies and procedures for both recurring fair value measurement, such as cash, and non-recurring measurement, such as impairment tests.

At each reporting date, management analyzes the movements in the values of assets and liabilities which are required to be re-measured or reassessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by matching the information in the valuation computation to contracts and other relevant documents. Management also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

l) Share- Based Compensation

The Company accounts for share-based compensation in accordance with *IFRS 2 Share-based Payment*. Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are classified as equity-settled share-based payments.

The fair value of equity-settled share-based awards (such as stock options or deferred share units) is measured at the grant date using an appropriate option pricing model (typically the Black-Scholes option pricing model) and is recognized as an expense, with a corresponding increase in equity (share-based payment reserve), over the vesting period during which the service conditions are fulfilled. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest, based on the Company's best estimate of forfeiture rates.

For awards with market-based vesting conditions, the grant date fair value reflects these conditions and is not adjusted for differences between expected and actual outcomes.

When options are exercised, the proceeds received together with the amount previously recorded in share-based payment reserve are credited to share capital. When options expire or are cancelled, the carrying of the expired options remain in the share-based payment reserve and are not transferred from the share-based payment reserve to share capital.

The Company does not recognize any compensation expense for awards that do not ultimately vest, except for awards that vest based on market conditions or those with no vesting conditions.

m) Recent Accounting Pronouncements Not Yet adopted

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the year ended December 31, 2025, and have not been early adopted in preparing these financial statements.

IFRS 9 Financial Instruments ("IFRS 9") and IFRS 7, Financial Instruments: Disclosures ("IFRS 7")

IFRS 9 requires entities to recognize financial assets and liabilities when they become party to the contractual terms and to measure them initially at fair value, adjusted for directly attributable transaction costs where applicable. The standard is being clarified to provide better guidance on the derecognition of financial liabilities, which can impact bank reconciliation processes,

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especially during debt restructuring based on the timing of payments on financial liabilities as compared to the actual settlement of those debts. This clarification may result in a change in the derecognition timing of financial liabilities in situations where electronic payments are involved.

These amendments are effective for annual periods beginning on or after January 1, 2026 with earlier adoption permitted. The extent of the impact of the amendments on the Company's financial statements has not yet been determined.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability. In addition, IFRS 18 requires entities to classify income and expenses into five categories, three of which are new – i.e. operating, investing and financing – and the income tax and discontinued operation categories. The new standard sets out detailed requirements for classifying income and expenses into each category.

These amendments are effective for annual periods beginning on or after January 1, 2027 with earlier adoption permitted. IFRS 18 requires retroactive application with certain transition provisions. The extent of the impact of the amendments on the Company's financial statements has not yet been determined.

3. FINANCE COSTS

Finance costs comprise the following:

	Year ended December 31,	
	2025	2024
Accretion for site closure and reclamation provision	\$ 270,005	\$ 259,419
Foreign exchange loss (gain)	-	9,449,147
Interest expense	-	13,038,679
	\$ 270,005	\$ 22,747,245

4. INCOME TAX

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before tax. These differences result from the following items:

	2025	2024
Net income for the year	\$ 1,165,997	\$ 1,933,932
Canadian federal and provincial income tax rates	27%	27%
Income tax expense	314,819	522,162
Temporary differences	(4,051,999)	6,022,965
Permanent differences	(403,685)	11,703
Change in unrecognized deferred income tax assets	4,140,865	(6,556,830)
	\$ -	\$ -

The Company's unrecognized deductible temporary differences for which no deferred tax assets are recognized consist of the following amounts:

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	December 31, 2025	December 31, 2024
Temporary differences		
Unused non-capital losses	\$ 69,995,000	\$ 69,422,000
Unused capital losses	7,616,000	-
Resource properties	57,623,000	57,422,000
Deposit	-	1,216,000
Plant and equipment	61,885,000	57,722,000
Unused Manitoba mining tax balances	210,900,000	210,900,000
Federal pre-production mining income tax credit	1,949,000	1,987,000
Investment in associate	-	(29,218,000)
Unrecognized deductible temporary differences	\$ 409,968,000	369,451,000

As at December 31, 2025, the Company has approximately \$70 million of non-capital losses carry forwards available to reduce taxable income in future years in Canada, expiring in various amounts between 2030 and 2043.

The Company also has approximately \$58 million of Canadian exploration and development expenditures (“CEE and CDE”) and \$62 million of undepreciated capital cost allowance pools, which may be available to reduce the taxable income in future years, subject to applicable tax legislation. The CEE, CDE and capital cost allowance pools do not expire.

Based on the Mining Tax Act (Manitoba, Canada), the Company has approximately \$211 million of unused Manitoba mining tax balances available as at December 31, 2025. These balances do not expire and may be utilized, under certain circumstances, to reduce future Manitoba mining tax payable. Manitoba mining tax is administrated separately from federal and provincial income taxes.

Deferred tax assets have not recognized in respect of deductible temporary differences, unused tax losses and tax credits as management has determined that it is not probable that sufficient future taxable profit will be available against which these amounts can be utilized.

5. RECEIVABLES AND PREPAID EXPENSES

Receivables and prepaid expenses comprise the following:

	Note	December 31, 2025	December 31, 2024
Taxes receivable		\$ 2,695	\$ 14,742
Prepaid		-	3,763
Receivable from a related party	9(b)	-	425,577
		\$ 2,695	\$ 444,082

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6. MINERAL PROPERTIES, PLANT AND EQUIPMENT

Cost	Bucko Lake Mine				Total
	Exploration and evaluation expenditure	Mineral property acquisition and development	Plant, building and equipment		
As at December 31, 2023	\$ 23,587,522	\$ 99,256,989	\$ 77,653,532		\$200,498,043
Adjustments to reclamation provision	-	-	(222,352)		(222,352)
As at December 31, 2024	23,587,522	99,256,989	77,431,180		200,275,691
Additions	-	-	1,547,905		1,547,905
As at December 31, 2025	\$ 23,587,522	\$ 99,256,989	\$ 78,979,085		\$201,823,596

Accumulated depreciation, depletion, amortization, and impairment	Exploration and evaluation expenditure	Mineral property acquisition and development	Plant, building and equipment		Total
As at December 31, 2023	\$ 23,587,522	\$ 99,256,989	\$ 73,763,090		\$196,607,601
Depreciation, depletion and amortization	-	-	1,053,532		1,053,532
As at December 31, 2024	23,587,522	99,256,989	74,816,622		197,661,133
Impairment	-	-	4,162,463		4,162,463
As at December 31, 2025	\$ 23,587,522	\$ 99,256,989	\$ 78,979,085		\$201,823,596

Net carrying amount	Exploration and evaluation expenditure	Mineral property acquisition and development	Plant, building and equipment		Total
As at December 31, 2024	\$ -	\$ -	\$ 2,614,558		\$ 2,614,558
As at December 31, 2025	\$ -	\$ -	\$ -		\$ -

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a) Exploration and evaluation expenditures

Thompson Nickel Belt ("TNB")

The Company has fully impaired the carrying amount of TNB to \$nil in the prior year, as management determined that the recoverable amount of the property was negligible based on an estimate of fair value less costs of disposal ("FVLCD"). This assessment reflects management's decision not to pursue further exploration activities at TNB. Expenditures incurred to maintain certain claims in good standing are recognized as exploration and evaluation expenses in the statements of income (loss) and comprehensive income.

The Company's 100% interest in TNB is subject to a back-in right held by Glencore Canada Corporation ("Glencore"), under which Glencore may acquire up to a 50% interest in certain circumstances. The TNB is also subject to a 2.5% net smelter return held by Glencore.

(b) Bucko Lake Mine

The Bucko Lake Mine, located near the town of Wabowden, Manitoba, achieved commercial production in 2009, and has been on care and maintenance since 2012 due to unfavourable nickel prices.

During the year ended December 31, 2025, the Company recognized impairment losses of \$4,162,463 related to plant and equipment at the Bucko Lake Mine. Management determined that the carrying amount of these assets exceeded their recoverable amount based on an estimate of FVLCD, reflecting continued care and maintenance status and the absence of any near-term development or production plans. As at December 31, 2025, the remaining carrying value of the Bucko Lake Mine assets is \$nil.

During the year ended December 31, 2025, the Company incurred care and maintenance costs of \$309,426 (2024 - \$218,723), which have been expensed in the statements of income (loss) and comprehensive income.

The Company's interest in the Bucko Lake Mine is subject to a back-in right held by Glencore, under which Glencore may acquire up to a 50% interest in certain circumstances.

(c) Transaction with Cobalt One

In December 2023, the Company entered into an option agreement with Blackstone Minerals and its subsidiary, Cobalt One, pursuant to which Cobalt One was granted the exclusive right and option for a 12-month period (the "Option") to purchase the Bucko Lake Mine, including all mineral titles, permits, licences, plant, building and equipment related to the mine. As consideration for the Option, the Company received a non-refundable option fee of \$1,167,337 from Cobalt One, which was recorded as a deposit as at December 31, 2024. Upon exercise of the Option, the parties would have entered into an asset purchase agreement under which Cobalt One would have been required to pay consideration of up to \$69 million in cash and \$10 million in shares of Blackstone Minerals (minus the option fee), payable over time. In December 2024, the Company received an additional payment of \$100,000 from Cobalt One to extend the Option period by 30 days. In January 2025, Cobalt One did not exercise the Option and did not make further extension payments. As a result, the Option expired, and the total non-refundable amount received of \$1,267,337 was recognized in other income.

7. INVESTMENT IN ASSOCIATE

The Company held an interest in Welichem Partnership, a technology-focused partnership. The Company owned 10 million Class A Preferred Units and 50 General Units representing a 50% ownership interest. LJ Resources owns 10 million Class B Preferred Units and 50 General Units of the Welichem Partnership. LJ Resources is affiliated with Mr. Liu Wenfeng, a director of the Company.

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Although the Company is jointly liable for any and all liabilities, claims, or commitments made by the Welichem Partnership, the Company does not have joint control, as all decisions about the relevant activities of the Welichem Partnership is held by LJ Resources. Accordingly, the Company has determined that it has significant influence and has applied the equity method to account for its investment in Welichem Partnership.

On October 31, 2025, the Company disposed its entire interest of the Welichem Partnership to LJ Resources for cash consideration of \$400,000.

During the year ended December 31, 2025, the Company recognized a total of \$3,608,999 in profit or loss consisting of its share of income from the Welichem Partnership of \$3,201,742 (2024 – \$25,821,001) and a gain on disposal of \$407,257 (2024 - \$nil). In 2025, the Company also received distributions from the Welichem Partnership totalling \$27,000,000 (2024 - \$2,030,000).

A summary of the carrying amount of the investment is as follows:

As at	December 31, 2025	December 31, 2024
Initial investment amount	\$ 10,000,000	\$ 10,000,000
Share of accumulated earnings	77,494,705	74,292,963
Gain on disposal	407,257	-
Distributions received	(87,501,962)	(60,501,962)
Proceeds on disposal	(400,000)	-
Carrying amount	\$ -	\$ 23,791,001

Following the disposal of its interest on October 31, 2025, the Company no longer has an investment in the Welichem Partnership. Subsequent to the disposal, the Welichem Partnership does not have significant assets or active operations and is currently in the process of dissolution. Accordingly, summarized financial information of the Welichem Partnership as at December 31, 2025 is not presented.

Summarized financial information of the Welichem Partnership as at and for the year ended December 31, 2024 is as follows:

As at or for the year ended	December 31, 2024
Current assets	\$ 54,038,467
Current liabilities	(2,500)
Net income	\$ 51,642,002

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8. Restricted Cash

Other non-current assets comprised restricted cash of \$2,537,374 as at December 31, 2025 (December 31, 2024 - \$2,537,374), which is the reclamation deposit in accordance with statutory requirements for reclamation provisions to be incurred at the end of the mine life of the Company's Bucko Lake Mine. These funds are not available to finance the Company's day-to-day operations and therefore have been excluded from cash for the purposes of the statements of cash flows.

9. LOANS AND ADVANCES FROM RELATED PARTIES

	Interest bearing loans		Advances		Total
	(a)		(b)		
As at December 31, 2023	\$	100,085,979	\$	3,068,768	\$ 103,154,747
Interest accrued		12,855,870		182,808	13,038,678
Repayments		-		(1,291,676)	(1,291,676)
Foreign exchange		(2,367,279)		-	(2,367,279)
As at December 31, 2024		122,391,217		1,959,900	124,351,117
Repayments		14,000,045		1,959,900	15,959,945
As at December 31, 2025	\$	108,391,172	\$	-	\$ 108,391,172

(a) Interest-bearing loans

In May 2011, the Company arranged a one-year term unsecured debt facility of up to US\$5 million (the "Loan") with Hebei Wenfeng. The Loan was drawable at the option of the Company and bears interest at 10% per annum. The Company was also required to pay 2% of any funds drawn down under the Loan as a structuring fee to Hebei Wenfeng. Principal, interest and structuring fees are payable upon maturity. The Loan was subsequently extended to a three-year term but expired on May 28, 2014, and became payable on demand.

In July 2011, the Company entered into an unsecured debt facility of up to US\$15 million with Luckyup, an arm's-length party based in Hong Kong. In December 2011, this debt facility was increased to US\$25 million. This debt facility was drawable at the option of the Company and bears interest of 12% per annum. Principal and interest are payable upon maturity. In March 2012, this debt facility was extended from a one-year term to a three-year term but expired on July 22, 2014. In October 2014, Hebei Wenfeng and Luckyup entered into an Assignment Agreement whereby Luckyup assigned and transferred its right and interest in this debt facility to Hebei Wenfeng. Following this Assignment Agreement, Hebei Wenfeng waived a total interest of US\$3.5 million accrued on the above interest-bearing loans.

During the year ended December 31, 2024, the Company recognized interest expense of \$12,855,870 and a foreign exchange loss of \$9,449,368 related to the US dollar denominated interest-bearing loans. Effective January 1, 2025, the Company entered into a forbearance agreement with Hebei Wenfeng, pursuant to which (i) all outstanding loan and advances as at December 31, 2024, were converted to Canadian dollars; and (ii) Hebei Wenfeng agreed to waive interest on the outstanding balances for the year ended December 31, 2025. The loans and advances continue to be unsecured and payable on demand. Hebei Wenfeng retains sole discretion to extend the interest waiver period.

As at December 31, 2025, the total outstanding balance, including interest accretion, of the interest-bearing loans was \$108,391,172 (2024 - \$122,391,217 (US\$85,058,875)).

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(b) Advances

In 2021, the Company received an advance of \$2,000,000 from LJ Resources, the other partner of the Welichem Partnership and a company affiliated with Mr. Liu Wenfeng, a director of the Company. The advance bore interest at a rate of 3% per annum and had no fixed terms of repayment. In 2024, the Company repaid \$1,778,038 to LJ Resources and recognized interest expense of \$182,808. In addition, LJ Resources incurred administrative fees of \$60,786 which were charged to the Company.

In 2024, the Company advanced a loan of \$425,577 to LJ Resources. The loan was non-interest-bearing and had no fixed terms of repayment. During the year ended December 31, 2025, this receivable was fully repaid. As at December 31, 2025, there was no outstanding balance with LJ Resources (December 31, 2024 - \$425,577 receivable).

In addition, Hebei Wenfeng has advanced funds to the Company from time to time to support its operations. These advances are non-interest-bearing, unsecured, and repayable on demand. During the year ended December 31, 2025, the Company repaid a total of \$15,959,945 (2024 - \$nil) to Hebei Wenfeng. As at December 31, 2025, there was no outstanding balance of advances owing to Hebei Wenfeng (December 31, 2024 - \$1,959,900).

10. SITE CLOSURE AND RECLAMATION PROVISIONS

	December 31, 2025		December 31, 2024	
Balance, beginning of year	\$	8,108,259	\$	8,590,017
Accretion		270,005		259,419
Change in estimates		(68,210)		(741,177)
Balance, end of year	\$	8,310,054	\$	8,108,259

The site closure and reclamation provision represents the present value of reclamation costs related to the Bucko Lake Mine. The estimate is based on information provided by the Company's independent third-party consultant and incorporate assumptions reflecting current economic conditions. These estimates are reviewed at each reporting date and updated to reflect any material changes in underlying assumptions. The measurement of the provision involves significant measurement uncertainty, including assumptions regarding future cost of labour, materials, and services required to complete the work. A key assumption in the determination of the provision is the expected timing of reclamation activities, which requires significant management judgement.

The undiscounted inflation-adjusted value of these obligations is estimated to be \$17,486,008 as at December 31, 2025 (December 31, 2024 - \$15,454,513), calculated using an average inflation rate of 2.50% (2024 - 2.00%). Applying a discount rate of 3.85% (2024 - 3.33%), the present value of the site closure and reclamation provisions as at December 31, 2025, was estimated to be \$8,310,054 (2024 - \$8,108,259). The expected cash outflows are estimated to occur between 2045 to 2051.

The provision is sensitive to changes in timing of cash outflows. Management performed a sensitivity analysis on this key assumption by assuming an earlier closure period while holding other variables constant. The table below presents the resulting increase in the present value of the obligation if the estimated timing of cash outflows were accelerated.

Closure timing	Assumptions	Incremental increase present value	
year 2040 to 2046	Shorter development period followed by production prior to closure	\$	562,000
year 2031 to 2037	Orderly closure following a reasonable planning and funding period, with no restart of operations	\$	1,671,000
year 2026 to 2031	immediate closure	\$	2,345,000

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11. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value.

Unlimited Class A and Class B preferred shares without par value.

No Class A and Class B preferred shares are issued and outstanding.

No common shares were issued during the years ended December 31, 2025 and 2024.

(b) Share- based compensation

The Company has a stock option plan designed to encourage directors, officers, employees and consultants of the Company to have equity participation in the Company through the acquisition of common shares. Under the plan, the Company may grant options to purchase common shares equal to 10% of the issued and outstanding common shares of the Company.

Options are non-transferable, non-assignable and may be granted for a term not exceeding five years. The exercise price of the options and vesting terms, if any, are fixed by the Board of Directors of the Company at a price not below the market price of the Company's common shares at the time of grant, subject to all applicable regulatory requirements. The options do not include cash settlement alternatives.

No options were granted or outstanding as at December 31, 2025 and 2024.

12. RELATED PARTY TRANSACTIONS

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these consolidated financial statements are listed below (also see Notes 7 and 9):

(a) Advance to a related party

In 2024, the Company advanced a non-interest-bearing loan of \$425,577 to LJ Resources. During the year ended December 31, 2025, this receivable was fully repaid. As at December 31, 2025, there was no outstanding balance with LJ Resources (December 31, 2024 - \$425,577 receivable).

(b) Transactions

During the year ended December 31, 2025, the Company purchased certain mining equipment from LJ Resources for total consideration of \$1,400,000 (Note 6).

(c) Key management compensation

The Company has identified its directors and senior officers as its key management personnel. The compensation cost for key management personnel, including fees paid or payable to company controlled by key management personnel, is as follows:

	Year ended December 31,	
	2025	2024
Salaries and fees	\$ 168,999	\$ 202,786
	\$ 168,999	\$ 202,786

13. FAIR VALUE MEASUREMENT AND FINANCIAL INSTRUMENTS

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The Company manages its exposure to key financial risks in accordance with its financial risk management framework. The objective of this framework is to protect the Company's future financial security by identifying and managing potential exposures. The main risks that could adversely affect the Company's financial assets, liabilities, or future cash flows are liquidity risk, credit risk, and market risk, which includes currency risk, interest rate risk, and other price risk.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's risk management policies on an ongoing basis.

As at and for the year ended December 31, 2025, there were no significant changes in the Company's approach to managing financial risks compared to the prior year. Similarly, there have been no changes in the nature or extent of the Company's exposure to financial risks compared to the prior year.

The Company does not currently apply any form of hedge accounting.

a) Fair value

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Management has assessed that the fair value of cash, restricted cash, and accounts payable approximates their carrying amounts. This assessment is based on the nature and terms of these instruments:

- Cash and accounts payable have short-term maturities and are settled in the near term, which aligns their carrying values with their fair values.
- Restricted cash, although classified as a long-term asset, consists of cash held in trust or on deposit, and is not subject to significant credit or liquidity risk.

The following table provides the quantitative disclosures of fair value measurement hierarchy of the Company's financial assets and liabilities measured on a recurring basis.

	December 31, 2025			December 31, 2024		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets and liabilities measured at fair value						
Cash and cash equivalents	\$ 11,291,426	\$ -	\$ -	\$ 398,488	\$ -	\$ -
Restricted cash	\$ 2,537,374	\$ -	\$ -	\$ 2,537,374	\$ -	\$ -

There was no transfer between fair value levels during the years ended December 31, 2025 and 2024.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk on its cash and related party receivables.

The carrying value of cash and restricted cash represents the maximum credit exposure. The Company mitigates credit risk with respect to cash as it uses a significant Canadian bank. The Company undertakes credit evaluations on counterparties as necessary and has monitoring processes intended to mitigate credit risks.

c) Liquidity risk

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NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars, except share data and otherwise stated)

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through regular forecasting and the management of its capital structure. As at December 31, 2025, the Company has \$11,291,426 to meet its short-term financial liabilities, excluding \$108,391,172 loans and advances from a shareholder. In the event that Hebei Wenfeng discontinues its support and demands the repayment of its loans, the Company would be insolvent and material adjustments would have to be made to these financial statements.

Based on the contractual obligations of the Company as at December 31, 2025, cash outflow of those obligations based on contractual undiscounted payments, are estimated and summarized as follows:

Contractual Obligations	Payment Due by Period			
	Less than 1 year	1 - 3 years	After 3 years	Total
Accounts payable and accrued liabilities	\$ 102,500	\$ -	\$ -	\$ 102,500
Loans and advances from related parties	108,391,172	-	-	108,391,172
Total Contractual Obligations	\$ 108,493,672	\$ -	\$ -	\$ 108,493,672

d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk, and other price risk. Financial instruments affected by market risk include cash, receivables, accounts payable and accrued liabilities, and loans and advances from related parties.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash subject to fluctuations in interest rates. The Company's current policy is to invest excess cash in short-term deposits issued by financial institutions. As at December 31, 2025, the Company had \$108,391,172 in loans payable bearing fixed interest rates of 12% per annum. While the Company entered into a forbearance agreement with Hebei Wenfeng on January 1, 2025, in which Hebei Wenfeng agreed to waive interest on the outstanding balances for the year ended December 31, 2025, Hebei Wenfeng retains sole discretion to extend the interest waive period. Interest risk exists as the loans are due on demand. Currently, the Company does not hedge against interest rate risk.

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and the majority of its transactions are denominated in Canadian dollars.

Prior to December 31, 2024, the Company was exposed to foreign exchange risk as certain financing arrangements were denominated in US dollars. The Company's exposure to foreign exchange risk was significantly reduced since January 1, 2025, when the Company entered into a forbearance agreement with Hebei Wenfeng, in which all outstanding loans and advances denominated in foreign currencies as at December 31, 2024 were converted to Canadian dollars.

As at December 31, 2025, the Company had no assets and liabilities denominated in foreign currencies.

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(Expressed in Canadian Dollars, except share data and otherwise stated)

Expressed in Canadian dollar equivalents	December 31, 2025	December 31, 2024
Financial assets denominated in US Dollars		
Cash	\$ -	\$ 6,276
		\$ 6,276
Financial liabilities denominated in US Dollars		
Loans and advances from related parties	\$ -	\$ 122,391,217
Net liabilities	\$ -	\$ 122,391,217

iii) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity market prices.

As at December 31, 2025, the Company does not have any financial instruments exposed to commodity price risk, as the Company has no sales, receivables, or derivative instruments linked to commodity price. While changes in nickel prices do not directly impact the Company's financial instruments, they may affect the recoverable amount of the Company's mineral properties and mine assets.

14. CONTINGENCIES

The Company entered into a Purchase and Sale of Indebtedness Agreement dated July 2, 2025 with Pacifica Mortgage Investment Corporation ("Pacifica"), pursuant to which the Company acquired certain mortgage-related indebtedness, including associated security interests and rights, for total consideration of approximately \$25.2 million. The acquisition was completed at a discount to the face value of the underlying loan.

Subsequent to the acquisition, the borrower fully repaid the mortgage on or about August 25, 2025. As a result, the Company recognized total income of \$757,185 consisting of interest income of \$656,635 and \$100,550 representing the realization of the purchase discount, which has been included in interest income.

In September 2025, the borrower filed a civil claim alleging that the Company overcharged interest under the mortgage arrangement. The Company filed its response in October 2025, denying all allegations, and intends to vigorously defend its position. Management believes the claim is without merit; however, the ultimate outcome of the matter cannot be determined at this time. As of the date of these financial statements, no further actions have been taken by the claimant following the filing of the Company's response.

15. SUPPLEMENTAL CASH FLOW INFORMATION

	2025	2024
Net change in non-cash working capital		
Decrease (increase) in receivables and prepaid expenses	\$ 15,813	\$ (11,074)
(Increase) decrease in accounts payable and accrued liabilities	(145,520)	34,634
	\$ (129,707)	\$ 23,560

16. SEGMENTED INFORMATION

The Company currently operates in a single reportable segment and is focused on nickel mining and related activities, including exploration and the extraction and processing of nickel-containing ore. All assets of the Company are in Canada. The investment in associate is not considered a separate segment as the Company is not making operational decisions of the associate.