

STRATEGIC REPORT

For the year ended 31 December 2024

Industry/ Global Market Conditions

As of 2024, the nickel market continues to experience pronounced volatility, shaped by global supply-demand imbalances, geopolitical tensions, and evolving ESG regulations—particularly in Indonesia, one of the world's largest producers.

The sharp price surge of 2021–2022, fuelled by booming electric-vehicle (EV) battery demand and supply-chain disruptions stemming from COVID-19 and the outbreak of the Russia-Ukraine war, has been followed by persistent turbulence through 2023 and into 2024. The conflict in Ukraine still reverberates across metal markets, while logistical challenges in Indonesia and Russia keep supply fragile.

In 2024, price swings have been amplified by fluctuating demand from the EV sector, which consumes a large share of nickel for lithium-ion battery cathodes. Rapid EV adoption typically pushes prices higher, whereas macroeconomic uncertainty or sudden policy shifts can trigger sharp corrections. China's uneven economic trajectory and periodic adjustments to its industrial policy add another layer of unpredictability.

Structural demand, however, remains robust. The expansion of the EV market is expected to keep nickel consumption on a steady growth path, and stainless steel—still responsible for roughly 70% of global nickel use—continues to provide a solid baseline of demand.

In the short term, prices are likely to remain volatile as rising consumption collides with uncertain supply. Disruptions to Indonesian output or changes to its export rules could prompt swift price spikes. Likewise, new regulations in North America or Europe—especially those affecting automotive supply chains—may materially influence both production and pricing.

Over the long term, sustained growth in EV demand should lend upward pressure to nickel prices; if supply expansion lags, a prolonged up-cycle is possible.

Although nickel prices do not directly affect the project's cash flows within the going concern forecast horizon, they remain a critical factor in securing funding and determining the project's overall valuation.

Strategy of Company and Group

In 2024, Brazilian Nickel (BRN) solidified its position as a pre-production mining company focused on advancing the Piauí Nickel Project (PNP) towards project financing and construction readiness. Throughout the year, BRN concentrated on engineering, construction readiness, drilling programs to improve orebody knowledge, obtaining environmental and social permits, and capital-raising initiatives necessary to support these crucial activities. The company did not operate during the year.

By the end of 2024, BRN successfully completed 100% of the basic engineering required for the project, secured essential environmental licenses, executed a 2,000-meter geotechnical drilling campaign to refine the mine plan, optimized orebody extraction planning through updated resource assessments, and significantly advanced financing discussions with both multilateral and private lenders. These milestones positioned BRN closer to achieving a Final Investment Decision (FID).

BRN strategically positions itself within the market through its low-cost, low-carbon heap-leach technology designed to produce high-purity mixed hydroxide precipitate (MHP) targeted at the rapidly expanding Western electric vehicle (EV) market.

STRATEGIC REPORT (CONTINUED)

Strategy of Company and Group *(continued)*

Later in 2024, BRN and the U.S. International Development Finance Corporation (DFC) signed a Letter of Interest (LOI) for US\$550 million, covering approximately 40% of the project's capital expenditures (CAPEX). Additionally, Memorandums of Understanding (MoUs) were signed for offtake agreements with PBTG (Germany) and EMME (France) that could secure up to 60% of MHP production for ten years, substantially mitigating commercialization risk. BRN was also selected and continues to engage with various global development banks. In June 2025, the Piauí Nickel Project—together with other mining companies—was selected for a BNDES credit program aimed at strengthening critical-mineral supply chains for lithium, rare-earth elements, nickel, graphite, and silicon. The initiative will make roughly US\$1 billion in financing available to the cohort; individual company allocations have not been disclosed as of this report's date. These engagements strategically align the company within the global supply chain dynamics, especially in light of geopolitical shifts favouring increased domestic mineral production in the U.S. and substantial infrastructure investments across Europe.

The heap-leaching technology to be employed in the PNP offers substantial environmental advantages compared to traditional nickel extraction methods. It significantly reduces energy consumption and greenhouse gas emissions since it does not require high temperature nor high-pressure processes. Moreover, heap leaching uses water more efficiently than alternative hydrometallurgical methods, making it particularly suitable for regions experiencing water scarcity, such as the PNP location. This process also enables recycling of leachate solutions, further minimizing water usage.

From an economic perspective, heap leaching is less capital-intensive compared to traditional processing methods such as High-Pressure Acid Leaching (HPAL), which demands sophisticated and costly equipment. The infrastructure for heap leaching, comprising leach pads, piping systems, and collection ponds, is relatively straightforward. Operationally, the method's ambient-temperature operations significantly cut energy costs compared to pyrometallurgy, which relies on high temperatures and considerable energy input.

In contrast, nickel production practices in regions such as Indonesia frequently rely on potentially environmentally damaging methods, including high-emission smelting and high-intensity acid leaching. These practices lead to considerable ecological harm, increased carbon footprints, and excessive water consumption. This context provides BRN with a competitive advantage, aligning effectively with evolving global regulations and stringent ESG standards by demonstrating a more responsible, environmentally sustainable, and economically viable approach to nickel production for the global electric vehicle (EV) supply chain.

Developments during the year

Throughout the year, the Company concentrated on completing testing programs essential for defining design criteria and selecting optimal equipment for the full-scale project. The small-scale plant (PNP1000) facility played a pivotal role as a testing platform, supporting enhancements to the feasibility study, refining total capital expenditure (CAPEX) estimates for full-scale deployment, and facilitating the ongoing funding process.

In 2023, the Board of Directors approved a structured plan to wind down operations at the PNP1000 plant. The ramp-down began with reduced mining activity and progressed to a staged shutdown of the leach modules, concluding in April 2024.

STRATEGIC REPORT (CONTINUED)

Developments during the year (continued)

Insights and critical lessons from this period were consolidated into an updated Project Execution Plan (PEP), an adjusted schedule-level feasibility study, refreshed CAPEX estimates, and an executive summary—collectively strengthening the project's development roadmap.

Meanwhile, the Company completed all basic engineering and made substantial progress on detailed engineering for the full-scale project. Core infrastructure packages, especially the water pipeline and construction camp—were optimized for greater efficiency. An expanded 2,000-metre geotechnical drilling campaign supplied vital data to refine the mine plan and improve resource estimates. Operational-readiness planning has likewise advanced, ensuring a smooth transition from construction into production.

Sustainability remains central to the Company's strategy. Responsible gravel sourcing and comprehensive water-management plans safeguard local ecosystems and biodiversity. BRN also introduced a formal grievance-mechanism system, fostering transparency and continuous dialogue with local communities to reinforce stakeholder trust.

Strategic partnerships have progressed positively, notably in contract discussions with Chemetics regarding the integration of acid plant technology.

Internally, the Company has significantly improved governance structures and operational processes. The successful implementation of an Enterprise Resource Planning (ERP) system has provided a robust digital foundation, enhancing integrated operations, procurement transparency, and scalable business process management.

Finally, the Company conducted a comprehensive tax review aimed at optimizing its fiscal structure, which supports ongoing funding initiatives and long-term growth objectives.

The majority of funding throughout 2024 was sourced from TechMet Limited ("TechMet") (the Company's majority shareholder) through structured convertible debt as discussed on the Notes to the Financial Statements.

Developments since the year-end

Since the year-end, Brazilian Nickel (BRN) has continued its strategic progression toward achieving full Final Investment Decision (FID) readiness for the Piauí Nickel Project (PNP). The company has refined the Project Execution Plan, including updating capital expenditure (CAPEX), operating expenses (OPEX), and project schedules, supported by local engineering firm. These updates underwent an independent review in April 2025, ensuring robust validation and accuracy.

Significant strides were made in operational readiness and Environmental, Social, and Governance (ESG) leadership. BRN has strengthened its governance frameworks, scaling up project controls through the integration of CONTRUENT (formerly PRISM) software and enhancements to its Enterprise Resource Planning (ERP) system. These improvements bolster effective capital deployment and operational control. Additionally, BRN has advanced its land-rights programs and maintained compliance with the Nickel Mark assurance framework since its 2024 certification.

STRATEGIC REPORT (CONTINUED)

Developments since the year-end (continued)

From a financial perspective, BRN continues to secure and evaluate funding pathways to enable project execution readiness. This includes assessing various funding sources such as government-backed equity, grants, and loans, maintaining flexibility to potentially reach FID readiness sooner than initially anticipated, contingent on financing commitments.

Operationally, this year BRN is in the process of updating the Mineral Resources and Mineral Reserves, optimizing the mine plan based on results from the recent drilling campaign.

Through structured and methodical efforts, BRN is strategically positioned to navigate the coming year with strengthened execution readiness, enhanced financial resilience, and continued strategic growth. The company remains committed to regular stakeholder engagement and transparent communication of ongoing project developments.

Going concern

The financial statements are prepared on a going concern basis, notwithstanding that the Group has reported a loss before tax of \$28.7 million for the year ended 31 December 2024 (2023: \$40.1 million).

During 2024, the Group successfully completed the ramp-down of its small-scale PNP1000 plant operations, a decision informed by a comprehensive review of technical insights gained from the PNP campaign. By year-end, the Group had achieved several major technical milestones, including the completion of 100% of the basic engineering for the project, securing of key environmental licenses, execution of a 2,000-meter geotechnical drilling campaign to refine the mine plan and update resource assessments to optimize orebody extraction.

Since the conclusion of detailed engineering operations at the PNP1000 plant, the Group has been actively managing liquidity and cash commitments, particularly in the context of continued market volatility and delays in concluding the broader funding process. Liquidity and cash flow management are regularly reviewed by the Board of Directors, who assess the Group's short and medium-term financial needs and strategies to ensure continued viability.

Currently, the Group's day-to-day operations are financed through debt financing provided by TechMet, its major shareholder. In 2024, the Group secured a series of Convertible Loan financing arrangements, including an initial facility of US\$5.5 million in January, which was increased to US\$13.5 million in April, followed by a US\$30 million facility in August, and a further US\$30 million in December (undrawn at the reporting date). These facilities mature in November 2025 and are required to be repaid in full if the conversion option is not exercised by the shareholder.

In 2025, the Group entered into two additional convertible loan facility agreements with TechMet for US\$2.6 million in April and a US\$10 million facility in May. These facilities mature in May 2026 and are required to be repaid in full if the conversion option is not exercised by the shareholder.

STRATEGIC REPORT (CONTINUED)

Going concern (continued)

Notwithstanding the need to have sufficient funding to meet its existing financial obligations over the forecast period, in order to advance the PNP to full-scale production, substantial additional funding will be required. Despite active engagement with potential investors throughout 2024 and into 2025, ongoing volatility in the nickel market, driven largely by global oversupply, has contributed to delays and heightened uncertainty regarding the timing of new financing. As of the date of approval of these financial statements, no further funding has been secured, although several parties are engaged in the project showing a very good level of interest.

The Directors have prepared a cash flow forecast covering at least 12 months from the date of approval of these financial statements. This forecast incorporates management's measures to reduce discretionary expenditures and preserve cash. While efforts to raise new funding continue, for going concern purposes the forecast assumes no additional investment related to advancing the PNP project to full-scale production. The forecast further assumes that the convertible loans will be fully converted to equity rather than being repaid at maturity. The forecast indicates that the Group will require additional funding within the forecast period to meet its obligations as they fall due.

Nonetheless, the Directors believe there is a reasonable expectation that the Group will secure the necessary funding to meet its current financial obligations, either by the shareholders issuing new convertible loans or through obtaining funding to advance the full scale PNP project and continue with development and operational activities aligned with groups full-scale project strategy.

Accordingly, the Directors consider it appropriate to prepare the financial statements on a going concern basis. However, the circumstances outlined above indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If the Group and Company is unable to obtain sufficient funding, it may be unable to realise their assets and settle their liabilities in the normal course of business. These financial statements do not include any adjustments that may be necessary should the going concern assumption prove inappropriate.

Review of performance for the year and financial position of the Group

Financial performance

During the year, the company solidified its position as a pre-production mining company focused on advancing the Piauí Nickel Project (PNP) towards project financing and construction readiness. Throughout the year, BRN concentrated on detailed engineering, comprehensive drilling programs, obtaining environmental and social permits, and capital-raising initiatives necessary to support these crucial activities. The company did not operate during the year. The Group incurred administrative expenses of USD 18.8 million in connection with its corporate administration and project financing activity. This included remuneration expense of USD 5.1 million throughout the Group. After adjustment for non-cash charges in respect of the derivative valuation of the fair value of options, the Group incurred an operating loss of USD 21.4 million.

STRATEGIC REPORT (CONTINUED)

Review of performance for the year and financial position of the Group (continued)

Group cash

During the period, the Group secured gross proceeds of USD 42.9 million—comprising USD 13.5 million in new convertible debt issued in January 2024 (“Second Convertible Loan Agreement”) and USD 29.4 million drawn under the USD 30.0 million (“Third Convertible Loan Agreement”), which replaced an interim USD 11.0 million bridge facility in August 2024—and, after funding capital and operating requirements, reported cash and cash equivalents of USD 1.7 million at the balance-sheet date.

Impairment and classification of fixed assets

In accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources, the Directors have evaluated whether any facts or circumstances exist that would trigger an impairment test under IAS 36 and have determined that no such indicators are present. All expenditure incurred during the period is directly attributable to advancing the project toward full-scale construction and therefore forms part of the exploration and evaluation asset. The processing plant, mining properties and related technical studies are situated in the same geographic area and constitute a single cash-generating unit, as they are integral to the overall development and do not generate independent cash inflows nor possess standalone economic value.

In addition, the PNP1000 demonstration plant was pivotal in securing the financing framework that supports the project’s ongoing development. The facility will remain a development-stage, training and de-risking asset and is not expected to generate economic production. In accordance with IFRS 6, depreciation charges and inventory costs relating to the PNP1000 plant have been capitalised to exploration and evaluation assets, as they are directly attributable to constructing and processing nickel ore in a sub-economic-scale plant to validate the flowsheet and product specification. Management has identified no indicators of impairment for these exploration and evaluation assets in any reporting period.

Based on internal valuations, the project’s value in use significantly exceeds the combined carrying amounts of the related assets as of December 31, 2024. Therefore, no impairment loss is recognized.

Payables related to acquired mining rights

The Group commenced the year with a liability of USD 2,500,000 payable to Vale S.A. and a liability of USD 2,500,000 payable to JLC, relating to the 2013 Asset Purchase Agreement for the acquisition of the Piauí Project. At the reporting date, the Group is in discussion with the controlling director and shareholder of JLC with regards to how the payment shall be made.

The Group has recognised the fair values regarding Vale liabilities that is classified in non-current liabilities in the financial statements at 31 December 2024 on the basis that the Directors continue to expect to pay the amounts due and has been updated the value of JLC liability according to the Brazilian INDEX – SELIC, the basic interest rate of the Brazilian economy.

STRATEGIC REPORT (CONTINUED)

Key performance indicators

During the 2024 financial period, the usual financial key performance indicators (“KPIs”) were neither applicable nor appropriate to the measurement of value creation of a company which during the reporting period was involved in pre-operations construction. However, without the use of formal KPIs, throughout the reporting period the Board closely monitored performance of construction progress against plan and the relative availability of cash and undrawn facilities to ensure the liquidity and continuity of the Group. Since the period end, the Group has invested in and developed a range of interrelated KPIs to better measure and understand all of its technical, operational and financial performance.

Principal risks and uncertainties facing the Group

The principal risks faced by the Group are as follows:

Financing risk

The parent company's ability to obtain sufficient funds through the issue of equity or debt from external sources, as referred to above, in order to continue funding the PPN full-scale development, PNP small-scale plant and other corporate operating expenditure.

Currency exchange risk

The Group reports its financial results in US dollars, while a proportion of the Group's costs in relation to the Project are incurred in Brazilian Real. Accordingly, if the Brazilian Real was to strengthen against the US dollar, this could have a detrimental effect on the Group's results or financial condition. The Group's assets and liabilities will be subject to the same exchange rate fluctuations which could also have a significant effect on the Group. Fluctuations in exchange rates between currencies in which the Group operates relative to the US dollar may cause fluctuations in its financial results. The Group cannot predict the effect of exchange rate fluctuations upon future operating results and there can be no assurance that exchange rate fluctuations will not have a material adverse effect on its business, operating results or financial condition.

Group's strategy may not be fulfilled

Despite a clearly defined strategy and the ability of the Board to implement the Group's strategy, it could be adversely affected by changes in the global economy, and more specifically development of the electrical vehicle and batteries market, impacting on demand primarily for the nickel and, to a lesser extent, the cobalt which the Group plans to produce.

Commodity prices and demand for product

The future profitability and viability of the Group's operations will be dependent upon the global and regional market prices of and demand for the products able to be sold by the Group and the purchase price of materials used in production. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Group.

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties facing the Group *(continued)*

Foreign country government regulation and legal risk

The Group's project interest is located in Brazil and subject to certain risks, including currency fluctuations and possible political or economic instability in the country, or in the Latin America region which may result in the impairment or loss of mineral concessions or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry. While the Group believes that it is in substantial compliance with all material current laws and regulations affecting its activities, future changes could affect existing licences and permits and lead to adverse impact on the Group's current operations or planned development projects.

Title matters and land access

Title to, and the area of, mining concessions may be disputed. While the Group has diligently investigated title to all of its mineral concessions and, to the best of its knowledge, title to all of its concessions is in good standing, the concessions may be affected by undisclosed and undetected defects. The holder of a mineral concession in Brazil has in law relevant land access through private property, including the soil and subsoil in the area in question as well as in neighbouring areas, for performance of the relevant work, but any challenge from landowners relating to land access, rent and compensation for those parts of a property and preventing or delaying access to Group operations, could have a material effect on the results of operations.

Litigation

The Group is not engaged in any material litigation, claim or arbitration, however in the ordinary course of the Group's business, legal actions, claims against and by the Company and arbitrations involving the Group may arise.

Force majeure events

Catastrophic events, terrorist attacks or acts of war, and global pandemics may lead to an abrupt interruption of business activities and the Group may be subject to losses resulting from such disruptions.

Insurance against losses and damages

Catastrophic events, such as earthquakes, floods, hurricanes, terrorism or acts of war, and global pandemics may be uninsurable or may not be economically insurable, and the Company's insurance policies may be subject to exclusions of liability and limitations of liability both in amount and with respect to the insured loss events and could have a material adverse effect on the Group's business, financial condition and results of operations.

COVID-19

The impact of and response to the current Covid-19 pandemic has made the Group aware that, despite the implementation of robust policies and procedures for the Group's internal operations and with its external suppliers and customers, global pandemics may lead to both unpredictable and uncontrollable economic consequences for the Group and the markets in which it operates.

STRATEGIC REPORT (CONTINUED)

Companies Act 2006 s172 Statement

The following disclosure describes how the Directors have had regard to the matters set out in section 172 (1) (a) to (f) and forms the Directors' statement required under 414CZA of the Companies Act 2006 in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members, as a whole, and in doing so having regard to the various stakeholders in the matters outlined in s172(1). Engagement with our key stakeholder groups in the period is outlined below.

Shareholders

As a privately held unlisted public company with a relatively small group of individually known shareholders, the board receives and considers shareholders' views and objectives and how they are reflected in the Group's development of its long-term strategic plans. Shareholder engagement is positively embraced by the Board, with feedback obtained from annual report circulation and general meetings, shareholder access to executive management, and from regular correspondence and updates from the Group's Chief Executive Officer.

Other funders

The Group has obtained funding from a royalty holder with rights over future revenue from the mine. This type of alternative funder is considered fundamental to the future financing of the Group and management have frequent ongoing dialogue with the royalty holder as stakeholder, keeping them apprised of activities, the development plans for the Group and discussing future funding requirements.

Employees

The Group's board and key management personnel are based in the United Kingdom and Canada whereas the operational workforce is based in Brazil. The Group's continuity and successful development is predicated on their commitment to the Group's vision and the demonstration of Group values on a daily basis. The Group maintains continuous communication with its employees, senior management regularly visiting the operations in Brazil and engaging with personnel through Group presentations, employee events and involvement in the Group's corporate social responsibility program. Safety is an overarching factor in the governance of the Group and senior management hold frequent safety meetings with employees, contractors and suppliers' personnel.

Government bodies

The Group relies on procurement, award and continued compliance and good standing of a number of licences for the construction and operation the Piauí nickel project.

Management actively engaged with the relevant regional, state and federal government agencies over the project development as part of ongoing stakeholder engagement with those respective government bodies. The Group also has a dedicated corporate social responsibility team which, both in its normal development and during exceptionally challenging times such as during the Covid-19 pandemic, ensures that the Group is actively engaged as a good corporate citizen in its support of the wider social community.



STRATEGIC REPORT (CONTINUED)

Approval

The Strategic Report was approved by the Board on 25 september 2025.

Signed by:

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MJ Travers
Director
25 september 2025