

**EV Nickel Inc.**

**Financial Statements**

**For the six months ending December 31, 2021**

[Unaudited - expressed in Canadian Dollars]

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim financial statements of EV Nickel Inc. (“the Company”) for the six months ended December 31, 2021, have been prepared by management and have not been reviewed by the Company’s external independent auditors.

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**EV Nickel Inc.**  
Interim Financial Statements  
Six months ended December 31, 2021 (Expressed in Canadian Dollars)

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EV Nickel Inc.  
Statement of Financial Position  
As at December 31, 2021  
(Unaudited – in Canadian Dollars)

|   | Note | As at                |                     |
|---|------|----------------------|---------------------|
|   |      | December 31,<br>2021 | June 30, 2021       |
| <b>Assets</b>                                     |      |                      |                     |
| <b>Current Assets</b>                             |      |                      |                     |
| Cash  |      | \$ 3,941,261         | \$ 1,374,506        |
| HST recoverable                                   |      | 251,443              | 12,963              |
| Prepaid expenses                                  | 4    | 456,405              | 261,729             |
|   |      | <b>4,649,109</b>     | 1,649,198           |
| Property, plant, and equipment                    | 5    | 22,784               | 24,890              |
| <b>Total assets</b>                               |      | <b>\$ 4,671,893</b>  | <b>\$ 1,674,088</b> |
| <b>Liabilities</b>                                |      |                      |                     |
| Accounts payable and accrued liabilities          |      | \$ 521,262           | \$ 191,450          |
| FT Share Premium                                  |      | 149,679              | -                   |
| <b>Total liabilities</b>                          |      | <b>\$ 670,941</b>    | <b>\$ 191,450</b>   |
| <b>Shareholders' equity</b>                       |      |                      |                     |
| Share Capital                                     | 7    | \$ 5,878,920         | \$ 4,020,766        |
| Reserves  | 7    | 2,350,489            | 435,634             |
| Deficit   |      | (4,228,457)          | (2,973,762)         |
| <b>Total shareholders' equity</b>                 |      | <b>\$ 4,000,952</b>  | <b>1,482,638</b>    |
| <b>Total liabilities and shareholders' equity</b> |      | <b>\$ 4,671,893</b>  | <b>\$ 1,674,088</b> |

Exploration and evaluation assets (note 4)

Commitments (note 11)

Subsequent events (note 12)

The accompanying notes are an integral part of these financial statements

Approved by:

(Signed) "Sean Samson," Director

(Signed) "Gadi Levin," Director

EV Nickel Inc.  
Statement of Loss and Comprehensive Loss  
For six months ended December 31, 2021  
(Unaudited - in Canadian Dollars)

|   | Note | Six months<br>ended<br>December 31,<br>2021 | Fiscal year<br>ended June<br>30, 2021 |
|---|------|---|---------------------------------------|
| <b>Operating expenses</b>                               |      |   |                                       |
| Exploration expenditures                                | 4    | \$ 1,086,687                                | \$ 2,432,802                          |
| Stock based compensation                                |      | -   | 435,634                               |
| General and administrative                              |      | 176,970                                     | 105,326                               |
| <b>Total expenses</b>                                   |      | <b>(1,263,657)</b>                          |                                       |
| Future income tax recovery                              |      | 8,963                                       | -                                     |
| <b>Net loss for the period</b>                          |      | <b>\$ (1,254,695)</b>                       | <b>(2,973,762)</b>                    |
| <b>Comprehensive loss for the period</b>                |      | <b>\$ (1,254,695)</b>                       | <b>(2,973,762)</b>                    |
| Weighted average number of shares,<br>Basic and diluted |      | 26,211,652                                  | 18,442,699                            |
| <b>Loss per share, basic and diluted</b>                |      | <b>\$ (0.05)</b>                            | <b>(0.16)</b>                         |

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

EV Nickel Inc.  
Statement of Changes in Shareholders' Equity  
For the six months ended December 31, 2021  
(Unaudited – expressed in Canadian Dollars)

|   | Number of<br>common<br>shares | Share capital       | Reserve             | Deficit               | Total               |
|---|-------------------------------|---------------------|---------------------|-----------------------|---------------------|
| Balance, January 28, 2021 (date of incorporation)                   | 100                           | \$ -                | \$ -                | \$ -                  | -                   |
| Founders' shares (note 7)   | 13,333,233                    | 1,333               | -                   | -                     | 1,333               |
| Private placement (note 7)  | 6,813,467                     | 2,044,040           | -                   | -                     | 2,044,040           |
| Share issue costs (note 7)  | -                             | (24,607)            | -                   | -                     | (24,607)            |
| Shares issued for exploration and evaluation assets (notes 4 and 7) | 6,666,667                     | 2,000,000           | -                   | -                     | 2,000,000           |
| Stock based compensation (note 7)                                   | -                             | -                   | 435,634             | -                     | 435,634             |
| Comprehensive loss for the period                                   | -                             | -                   | -                   | (2,973,762)           | (2,973,762)         |
| <b>Balance, June 30, 2021</b>                                       | <b>26,813,467</b>             | <b>\$ 4,020,766</b> | <b>\$ 435,634</b>   | <b>\$ (2,973,762)</b> | <b>\$ 1,482,638</b> |
| Founders' shares (note 7)   | (3,500,000)                   | \$ (35)             | \$ -                | \$ -                  | (35)                |
| Common shares issued at IPO (note 7)                                | 5,600,000                     | 2,683,168           | 1,516,832           | -                     | 4,200,000           |
| Flow-through shares issued at IPO (note 7)                          | 1,442,200                     | 1,240,292           | -                   | -                     | 1,240,292           |
| Flow-through share premium (note 7)                                 | -                             | (158,642)           | -                   | -                     | (158,642)           |
| Share issue costs (note 7)  | -                             | (1,512,806)         | -                   | -                     | (1,512,806)         |
| Share issue costs, non-cash (note 7)                                | -                             | (398,023)           | 398,023             | -                     | -                   |
| Broker warrants issued at IPO (note 7)                              | -                             | 4,200               | -                   | -                     | 4,200               |
| Net loss for the period   | -                             | -                   | -                   | (1,254,695)           | (1,254,695)         |
| <b>Balance, December 31, 2021</b>                                   | <b>30,355,667</b>             | <b>\$ 5,878,920</b> | <b>\$ 2,350,489</b> | <b>\$ (4,228,457)</b> | <b>\$ 4,000,952</b> |

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

EV Nickel Inc.  
 Statements of Cash Flows  
 For the six months ended December 31, 2021  
 (Unaudited – expressed in Canadian Dollars)

|  | Notes | December 31, 2021   | June 30, 2021       |
|--|-------|---------------------|---------------------|
| <b>Cash used from operations</b>                 |       |                     |                     |
| Net loss for the period                          |       | \$ (1,254,695)      | \$ (2,973,762)      |
| Share issued for exploration property            | 4, 7  | -                   | 2,000,000           |
| Stock based compensation                         | 7     | -                   | 435,634             |
| Depreciation                                     |       | 2,106               | 351                 |
| <i>Changes in non-cash working capital:</i>      |       |                     |                     |
| Prepaid expenses                                 |       | (194,676)           | (261,729)           |
| HST recoverable                                  |       | (238,480)           | (12,963)            |
| Accounts payable and accrued liabilities         |       | (41,534)            | 191,450             |
| <b>Net cash used from operations</b>             |       | <b>(1,727,279)</b>  | <b>(621,019)</b>    |
| <b>Cash generated from investing</b>             |       |                     |                     |
| Purchase of property, plant, and equipment       | 5     | -                   | (25,241)            |
| <b>Net cash generated from financing</b>         |       | <b>-</b>            | <b>(25,241)</b>     |
| <b>Cash generated from financing</b>             |       |                     |                     |
| Financing proceeds, gross                        | 7     | 5,444,492           | 2,044,040           |
| Share issuance cost                              | 7     | (1,512,806)         | (24,607)            |
| Accounts payable related to share issuance costs | 7     | 362,348             | -                   |
| <b>Net cash generated from financing</b>         |       | <b>4,294,034</b>    | <b>2,020,766</b>    |
| Net change in cash                               |       | 2,566,755           | 1,374,506           |
| Cash, beginning of period                        |       | 1,374,506           | -                   |
| <b>Cash, end of period</b>                       |       | <b>\$ 3,941,261</b> | <b>\$ 1,374,506</b> |

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

## **1. Incorporation and Nature of Operations**

EV Nickel Inc. (the “**Company**”) was incorporated on January 28, 2021 under the Business Corporations Act (Ontario). The Company was formed for the purposes of exploring, development, and acquisition of mineral properties. On May 25, 2021, the Company filed on SEDAR materials related to its planned Initial Public Offering. These materials included an Independent NI 43-101 Technical Report on the Langmuir Nickel Project, prepared by Caracle Creek International Consulting Inc and a preliminary long form prospectus (the “Preliminary Prospectus”). The Preliminary Prospectus was filed under Multilateral Instrument 11-102 Passport System in each of the provinces of Canada other than Quebec. The final prospectus long form was filed on November 19, 2021 and an updated technical report was also filed on November 19, 2021. The Company completed its initial public offering on December 2, 2021. The company is listed on the TSX-Venture Exchange (the “TSX.V”), trading under the symbol “EVNI.” The registered, head, and records office of the Company is Suite 200, 150 King St West, Toronto, Ontario, M5H 1J9.

## **2. Basis of Presentation**

These unaudited condensed interim consolidated financial statements of the Company for the six months ended December 31, 2021 have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

The preparation of these unaudited condensed interim consolidated financial statements is based on accounting principles and methods consistent with those used in the preparation of the audited consolidated financial statements for the year ended June 30, 2021. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended June 30, 2021. The Company’s interim results are not necessarily indicative of its results for a full year.

These statements have been approved by the Board of Directors on February 24, 2022.

## **3. Critical Accounting Judgements and Estimates**

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

Areas of significant judgement and estimates made by management for the three months ended December 31, 2021 in the application of IFRS that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the current and



following fiscal years are discussed in Note 2 of the Company's audited financial statements for the year ended June 30, 2021 and remain valid for the current period.

#### **4. Mineral Exploration and Evaluation**

##### **Langmuir Property**

The Langmuir Property comprises 156 claims near Timmins, Ontario that hosts a nickel and copper mineral resource and other prospective nickel/copper targets.

On March 4, 2021, the Company entered into an agreement under which it would acquire a 100% interest (subject to an existing royalty agreement for a 2% net-smelter royalty) in the Langmuir Property from Rogue Resources Inc. ("Rogue") in exchange for a \$150,000 cash payment and the issuance of 6,666,667 common shares of the Company.

One of the conditions of closing was the completion of a concurrent financing at a price of \$0.30 per share. The Company closed the concurrent financing on March 31, 2021 (note 7) and paid \$150,000 cash and issued 6,666,667 common shares, valued at \$2,000,000 by reference to the subscription price of the concurrent financing, in exchange for the interest in the Langmuir Property.

Under the terms of the agreement, within 24 months of the closing date, the Company must complete and announce the results of an updated mineral resource estimate that classifies the nickel deposits acquired as either equal to or above 0.6% nickel or below 0.6% nickel. The Company will then have the option to pay the "EV Resource Payment":

The EV Resource Payment is to be calculated as:

- 1) \$1.00 for each 30 nickel equivalent pounds of indicated mineral resources with a grade of 0.6% nickel or greater which are in excess of the 2010 Mineral Resource Estimate, plus
- 2) \$1.00 for each 1,500 nickel equivalent pounds of indicated mineral resources with a grade of less than 0.6% nickel;

to an aggregate maximum of \$5,000,000.

At the Company's discretion, the EV Resource Payment may be paid in cash or common shares of the Company based on the 10-day volume weighted average share price.

If the Company fails to complete and announce the updated mineral resource estimate within 24 months of the closing date or it elects not to make the EV Nickel Payment, Rogue has the option to reacquire a 51% interest in the Langmuir Property for \$150,000.

On May 28, 2021, the Company entered into a non-binding LOI with 2812794 Ontario Inc. to complete due diligence on claims contiguous to the Langmuir Project. The Company is currently completing due diligence on this transaction. In order to secure exclusivity, the Company paid a \$100,000 deposit to 2812794 Ontario Inc. of which \$50,000 is non-refundable and is included in prepaid expenses.

#### 4. **Mineral Exploration and Evaluation (continued)**

Included in prepaid expenses is a \$68,855 deposit toward the Company's current drilling program.

The Company's exploration expenditures for the six months ended December 31, 2021 are outlined below:

| <b>Langmuir Property Expenditures</b> | <b>Six months ended<br/>December 31,<br/>2021</b> | <b>Year ended<br/>June 30, 2021</b> |
|---------------------------------------|---|-------------------------------------|
| Support Costs                         | \$ 10,816   | \$ 44,529                           |
| Project team (note 6)                 | 82,885  | 91,886                              |
| Drilling                              | 989,887   | 88,995                              |
| Geophysics                            | 3,099   | 8,620                               |
| Technical studies                     | -   | 28,822                              |
| Acquisition                           | -   | 2,170,000                           |
| <b>Total</b>                          | <b>\$ 1,086,687</b>                               | <b>\$ 2,432,802</b>                 |

#### 5. **Property, plant, and equipment**

|  | <b>Equipment</b> |
|--|------------------|
| Balance as at January 28, 2021 (date of incorporation) | \$ -             |
| Additions  | 25,241           |
| Depreciation   | (351)            |
| <b>Balance as at June 30, 2021</b>                     | <b>\$ 24,890</b> |
| Depreciation   | (2,106)          |
| <b>Balance as at December 31, 2021</b>                 | <b>\$ 22,784</b> |

#### 6. **Related party transactions**

The Company's key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and consist of its directors, President and Chief Executive Officer, Chief Financial Officer and VP, Exploration. Compensation of the directors, officers and/or companies controlled by these individuals for the six months ended December 31, 2021, were as follows:

|   |           |               |
|---|-----------|---------------|
| Key management compensation                           |           |               |
| Exploration expenditures                              | \$        | 36,000        |
| General and administrative                            |           | 63,313        |
| Stock based compensation                              |           | -             |
| <b>Total compensation of key management personnel</b> | <b>\$</b> | <b>99,313</b> |

## 7. Share capital

The Company is authorized to issue an unlimited number of common shares.

The Company was incorporated on January 28, 2021, with 100 common shares issued at \$0.0001 per share.

On March 3, 2021, the Company issued 13,333,233 common shares at \$0.0001 per share.

On March 31, 2021, the Company closed a private placement financing issuing 6,813,467 common shares for gross proceeds of \$2,044,040. As part of the financing, the Company incurred costs of \$24,607.

Concurrent with the closing of the private placement financing, the Company satisfied the requirements for the closing of the Langmuir Property purchase agreement and issued 6,666,667 shares at \$0.30 per share and paid \$150,000 for the acquisition Langmuir Property (note 4).

On April 15, 2021, the Company issued 2,000,002 share purchase warrants exercisable at \$0.30 for two years in exchange for general consulting services provided to the Company valued at \$435,634. This expense was recorded as stock-based compensation in the statement of loss and comprehensive loss. The warrants were valued using the Black-Scholes option pricing model using the following assumptions: Share price - \$0.30; Exercise price - \$0.30; Expected life – 2 years; Annualized volatility – 154%; Dividend yield – 0%; Risk-free rate – 0.3%.

On October 1, 2021, the Company cancelled 3,500,000 of the common shares it had issued on March 31, 2021, valued at \$0.0001 per share.

On December 2, 2021, the Company completed its initial public offering (“IPO”) and listing on the TSX-Venture Exchange, trading under the ticker symbol “EVNI.” The Company issued 5,600,000 IPO units at \$0.75 per unit for a total of \$4,200,000 consisting of one common share and one common share purchase warrant (“Warrant”). The Warrant has an exercise period of 24 months and have an exercise price of \$1.05. The Company also issued 1,442,200 Flow Through shares (“FT shares”) issued at \$0.86 per FT share for a total of \$1,240,292.

As part of the IPO, the Company issued 468,728 broker warrants to purchase that number of units (“Broker Units”). Each Broker Unit consists of one Common Share and one Common Share purchase warrant (a “Broker Offered Warrant”), such Brokered Offered Warrant is exercisable to acquire one Common Share at an exercise price of \$1.05 for a period of 24 months from the date of Closing. The brokers also exercised their option pursuant to the agency agreement and paid \$4,200 to purchase 840,000 additional broker offered warrants (the “**Additional Brokered Offered Warrants**”) with the same terms as the Brokered Offered Warrants.

## 7. Share capital (continued)

A summary of the Company's warrant activity for the six months ended December 31, 2021 is as follows:

|                                    | Warrants         | Weighted Average<br>Exercise Price |
|------------------------------------|------------------|------------------------------------|
| Balance, June 30, 2021             | 2,000,002        | \$0.30                             |
| Broker offered warrants            | 468,728          | \$0.75                             |
| Additional broker offered warrants | 840,000          | \$1.05                             |
| Warrants                           | 5,600,000        | \$1.05                             |
| <b>Balance, December 31, 2021</b>  | <b>8,908,730</b> | <b>\$0.85</b>                      |

A summary of the Company's warrants outstanding as at December 31, 2021 is as follows:

| Expiry Date                       | Exercise Price | Number of Warrants |
|-----------------------------------|----------------|--------------------|
| April 15, 2023                    | \$ 0.30        | 2,000,002          |
| December 2, 2023                  | \$ 0.75        | 468,728            |
| December 2, 2023                  | \$ 1.05        | 840,000            |
| December 2, 2023                  | \$ 1.05        | 5,600,000          |
| <b>Balance, December 31, 2021</b> |                | <b>8,908,730</b>   |

As at December 31, 2021, the weighted average remaining contractual life of the Company's share purchase warrants is 1.8 years and the weighted average exercise price is \$0.85.

## 8. Management of capital

The Company considers its capital to include the components of equity attributable to common shareholders and comprises share capital and deficit.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to develop, market, and maintain its ongoing exploration operations. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of debt or equity.

The Company is not subject to externally imposed capital requirements at December 31, 2021.

## **9. Financial risk management**

### *Fair value hierarchy*

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 Inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data.
- Level 3 Inputs for assets and liabilities not based upon observable market data.

**Currency risk:** Currency risk is the risk that fluctuations in the rates of exchange on foreign currencies would impact the Company's future cash flows. The Company is currently not exposed to the foreign exchange market.

**Interest rate risk:** The Company does not believe it is exposed to any significant risk related to the movements in interest rates.

**Price risk:** Price risk is the risk of a decline in the value of a security or an investment portfolio due to multiple factors. The Company doesn't own any marketable securities.

**Credit risk:** The Company is not exposed to any significant concentration of credit risk.

**Liquidity risk:** Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures (see note 8).

As at December 31, 2021, the Company has current liabilities of \$670,941 due within 12 months, cash of \$3,685,555, and working capital of \$3,978,168.

## **10. Segmented Information**

The Company currently has one operating segment; the exploration and development of its mineral and exploration interest in Canada (note 4).

## 11. Commitments

As part of the Company's IPO, it entered into flow-through share subscription agreements whereby it is obligated to incur a total of \$1,240,292 of flow-through eligible expenditures. As of December 31, 2021, the Company had incurred \$70,072 of qualifying resource expenditures and had an unspent flow-through commitment of \$1,170,220.

As at December 31, 2021, the Company had entered into an equipment lease agreement to lease a vehicle for the mine, beginning in January 2022. The lease ends December 2023. The commitments for these leases (including HST) are as follows:

| Fiscal year | Amount          |
|-------------|-----------------|
| 2022        | \$ 4,566        |
| 2023        | 4,566           |
|             | <u>\$ 9,132</u> |

## 12. Subsequent Events

There are no subsequent events.