

# **EV Minerals Corporation**

## **Condensed Interim Financial Statements**

**March 31, 2023**

(expressed in Canadian dollars)  
(unaudited)

# EV Minerals Corporation

## Statements of Financial Position

(expressed in Canadian dollars)  
(unaudited)

	Notes	March 31, 2023 \$	December 31, 2022 \$
<b>Assets</b>			
<b>Current</b>			
Cash		501,551	89,320
Receivables		51,678	56,490
Prepaid expenses		11,587	11,587
Non-refundable default judgment payment	6	-	295,000
		<u>564,816</u>	<u>452,397</u>
Exploration and evaluation	4	248,257	226,023
		<u>813,073</u>	<u>678,420</u>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		104,725	82,991
Due to related parties	5	187,004	141,762
Default judgment payable	6	-	39,835,907
		<u>291,730</u>	<u>40,060,660</u>
<b>Shareholders' deficit</b>			
Share capital	7	56,237,585	55,625,895
Warrants		11,000	-
Contributed surplus		3,948,590	3,948,590
Deficit		(59,675,832)	(98,956,725)
		<u>521,343</u>	<u>(39,382,240)</u>
<b>Total liabilities and shareholders' deficit</b>		<u>813,073</u>	<u>678,420</u>
<b>Going concern</b>	2		
<b>Subsequent event</b>	11		
<b>Approved by the Board:</b>			
	Nicholas Konkin Director	Chris Irwin Director	

# EV Minerals Corporation

## Statements of Changes in Shareholders' Deficit

(expressed in Canadian dollars)  
(unaudited)

	Share capital Common shares		Warrants	Contributed surplus	Currency translation adjustment
	Number	\$			
<b>Balance, December 31, 2022</b>	60,497,890	55,625,895	-	3,948,590	-
Private placement of common shares	5,400,000	540,000	-	-	-
Fair value of broker warrants issued	-	(11,000)	11,000	-	-
Share issue costs	-	(27,758)	-	-	-
Issue of common shares for settlement of default judgment payable	1,104,485	110,449	-	-	-
Net income	-	-	-	-	-
<b>Balance, March 31, 2023</b>	<b>67,002,375</b>	<b>56,237,585</b>	<b>11,000</b>	<b>3,948,590</b>	<b>-</b>

  

	Share capital Common shares		Warrants	Contributed surplus	Currency translation adjustment
	Number	\$			
<b>Balance, December 31, 2021 (restated - note 12)</b>	60,497,890	53,322,661	-	3,269,005	2,042,394
Foreign currency adjustment	-	3,596,061	-	220,460	(1,282,237)
Change in accounting policy (note 12)	-	-	-	-	(760,157)
Net loss	-	-	-	-	-
<b>Balance, March 31, 2022</b>	<b>60,497,890</b>	<b>56,918,722</b>	<b>-</b>	<b>3,489,465</b>	<b>-</b>

# EV Minerals Corporation

## Statements of Changes in Shareholders' Deficit

(expressed in Canadian dollars)

(unaudited)

	Share capital Common shares		Warrants	Contributed surplus	Currency translation adjustment	Deficit	Total
	Number	\$					
<b>Balance, December 31, 2022</b>	60,497,890	55,625,895	-	3,948,590	-	(98,956,725)	(39,382,240)
Private placement of common shares	5,400,000	540,000	-	-	-	-	540,000
Fair value of broker warrants issued	-	(11,000)	11,000	-	-	-	-
Share issue costs	-	(27,758)	-	-	-	-	(27,758)
Issue of common shares for settlement of default judgment payable	1,104,485	110,449	-	-	-	-	110,449
Net income	-	-	-	-	-	39,280,893	39,280,893
<b>Balance, March 31, 2023</b>	<b>67,002,375</b>	<b>56,237,585</b>	<b>11,000</b>	<b>3,948,590</b>	<b>-</b>	<b>(59,675,832)</b>	<b>521,344</b>

  

	Share capital Common shares		Warrants	Contributed surplus	Currency translation adjustment	Deficit	Total
	Number	\$					
<b>Balance, December 31, 2021 (restated - note 12)</b>	60,497,890	53,322,661	-	3,269,005	2,042,394	(91,945,930)	(33,311,870)
Foreign currency adjustment	-	3,596,061	-	220,460	(1,282,237)	(4,049,722)	(1,515,438)
Change in accounting policy (note 12)	-	-	-	-	(760,157)	-	(760,157)
Net loss	-	-	-	-	-	(1,042,313)	(1,042,313)
<b>Balance, March 31, 2022</b>	<b>60,497,890</b>	<b>56,918,722</b>	<b>-</b>	<b>3,489,465</b>	<b>-</b>	<b>(97,037,965)</b>	<b>(36,629,778)</b>

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

# EV Minerals Corporation

## Statements of Cash Flows

(expressed in Canadian dollars)  
(unaudited)

	Notes	3 months ended March 31, 2023 \$	2022 \$ (Restated - note 12)
<b>Cash provided by (used in) :</b>			
<b>Operating activities</b>			
Loss		39,280,893	(1,042,313)
Item not affecting cash			
Foreign exchange loss		391,182	519
Interest not paid	5	965,450	1,037,253
Gain on settlement of default judgment payable		(40,787,091)	-
Changes in non-cash operating working capital			
Receivables		4,812	(30)
Accounts payable and accrued liabilities		21,734	(2,368)
		<u>(123,019)</u>	<u>(6,939)</u>
<b>Financing activities</b>			
Advances from related parties		45,242	-
Private placement		540,000	-
Share issue costs		(27,758)	-
		<u>557,484</u>	<u>-</u>
<b>Investing activities</b>			
Exploration and evaluation		(22,234)	-
		<u>(22,234)</u>	<u>-</u>
<b>Net change in period</b>		412,231	(6,939)
<b>Cash, beginning of period</b>		89,320	20,282
<b>Cash, end of period</b>		<u>501,551</u>	<u>13,343</u>
<b>Non-cash transaction</b>			
Issue of common shares			
Settlement of default judgment payable		110,449	-

# **EV Minerals Corporation**

## **Notes to Condensed Interim Financial Statements**

### **March 31, 2023**

**(expressed in Canadian dollars)**  
**(unaudited)**

#### **1. Nature of operations**

EV Minerals Corporation (the "Company") is a public company engaged in the exploration and development of a nickel-copper-cobalt property in Québec.

The Company is incorporated under the laws of Ontario and its registered office is located at 100 King Street West, Suite 5600, Toronto, Ontario, M5X 1C9.

#### **2. Going concern**

The Company is a mineral exploration company which does not generate revenue. For the 3 months ended March 31, 2023, the Company incurred a cashflow deficit from operations of \$123,019 (2022 - \$6,939). The cashflow deficits from operations limit the Company's ability to fund its operations and the acquisition, exploration and development of its mineral properties.

The continued operation of the Company is dependent upon the Company's ability to secure equity financing to fund its operations and the acquisition, exploration and development of mineral properties. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to 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. These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption was deemed inappropriate. Such adjustments could be material.

#### **3. Basis of presentation**

##### **Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board.

The accounting policies used in these condensed interim financial statements are consistent with those disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2022.

These condensed interim financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2022.

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on May 30, 2023.

##### **Functional and presentation currency**

These financial statements are presented in Canadian dollars, which is the Company's functional currency. See note 12, *Change in functional and presentation currency*.

#### **4. Exploration and evaluation**

On September 26, 2022, the Company was granted an option to acquire a 100% interest in Poissons Blanc, a nickel-copper-cobalt property comprised of 32 mineral claims covering approximately 1,797 hectares in the Saguenay Mining district in the Province of Québec ("Option").

In order to complete the acquisition of Poissons Blanc, the Company must make option payments, issue common shares and incur exploration expenditures, as follows:

	Option payments		Common shares		Exploration
	US\$	C\$	Number	Fair value C\$	expenditures US\$
July 29, 2022 (paid and issued)	12,600	58,000	1,250,000	62,500	–
April 15, 2023 (see note 11, <i>Subsequent event, Option</i> )	25,000	50,000	1,250,000	–	400,000
April 15, 2024	25,000	50,000	1,250,000	–	400,000
April 15, 2025	500,000	500,000	1,250,000	–	400,000
	562,600	658,000	5,000,000	62,500	1,200,000

The Company has the option to pay the \$500,000 due on April 15, 2025 by issuing common shares based on the 20-day weighted average trading price per common share.

Upon completion of the Option, the Company will grant a 5% net smelter royalty (“NSR”). The Company will have the option to reduce the NSR to 2.5% by making a payment of \$2,000,000 within 3 years from the date of issuance of the NSR.

## 5. Due to related parties

The amounts due to a related parties are unsecured, non-interest bearing and due on demand:

	As at March 31, 2023 \$	As at December 31, 2022 \$
Companies controlled by directors and an officer	187,004	141,762

See note 11, *Subsequent events, Debt settlements*.

## 6. Default judgment payable

	\$
Balance, December 31, 2022	39,835,907
Interest to March 14, 2023	965,450
Foreign exchange loss to March 14, 2023	391,183
Settlement	
Non-refundable default judgment payment	(295,000)
Issue of common shares (note 7)	(110,449)
Gain on settlement	(40,787,091)
Balance, March 31, 2023	–

On September 26, 2022, the Company entered into a settlement agreement to settle the default judgment payable. In exchange for release of the default judgment payable, the Company agreed to issue 7,004,485 common shares. At December 31, 2022, the Company had issued 5,900,000 common shares with a fair value of \$295,000 based on the common share price of \$0.05 for the private placement completed on September 15, 2022, which was recorded as non-refundable default judgment payment on the statement of financial position.

On March 14, 2023, the Company completed the settlement of the default judgment payable by issuing 1,104,485 common shares with a fair value of \$110,449 based on the common share price of \$0.10 for the private placement completed on March 14, 2023. The Company recorded a gain of \$40,787,091 on the settlement of the default judgment payable.

## 7. Share capital

### Authorized

An unlimited number of special shares issuable in series

An unlimited number of common shares.

## Issued

	Number of common shares	\$
Balance, December 31, 2022	66,472,791	55,625,895
Private placement of common shares	5,400,000	540,000
Fair value of warrants	–	(11,000)
Share issue costs	–	(27,758)
Settlement of default judgment payable (note 6)	1,104,485	110,449
Balance, March 31, 2023	72,977,276	56,237,585

### Private placement of common shares

On March 14, 2023, the Company announced its intention to complete a private placement of up to 10,000,000 common shares at a price of \$0.10 per common share for gross proceeds of up to \$1,000,000 ("Private Placement") and the closing of the first tranche of 5,400,000 common shares for gross proceeds of \$540,000. In connection with the first tranche, the Company paid a cash commission of \$20,800 and issued 208,000 broker warrants entitling the holder to purchase one common share for \$0.10 until March 14, 2025. See note 11, *Subsequent events, Private Placement*.

The fair value of the broker warrants was calculated using the Black-Scholes option pricing model with the following inputs and assumptions:

Issue date	March 14, 2023
Expiry date	March 14, 2025
Warrants issued	208,000
Exercise price	\$0.10
Share price	\$0.10
Risk-free interest rate	3.72%
Expected volatility based on historical volatility	100%
Expected life of warrants	2 years
Expected dividend yield	0%
Forfeiture rate	0%
Fair value	\$11,000
Fair value per warrant	\$0.05

### Warrants

A continuity of the Company's warrants is presented below:

	Weighted-average exercise price \$	Number of warrants
Balance, December 31, 2022	–	–
Issued		
Broker warrants	0.10	208,000
Balance, March 31, 2023	0.10	208,000

A summary of the Company's outstanding warrants is presented below:

Exercise price	Expiry date	Number of warrants
\$0.10	March 14, 2025	208,000

The weighted average remaining contractual life of the outstanding warrants is 2 years.

### 8. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.



#### *Receivables, accounts payable and accrued liabilities and due to related parties*

The fair value of receivables, accounts payable and accrued liabilities and due to related parties approximates their carrying values due to the short term to maturity.

#### *Classification of fair value of financial instruments*

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1: quoted prices in active markets for identical assets and liabilities;
- Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3: inputs for the asset or liability that are not based on observable market data.

The Company classified the fair value of the settlement of the default judgment payable with common shares as level 3.

### **9. Financial risk management**

The Company's activities expose it to a variety of financial risks that arise as a result of its operations and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

#### ***Credit risk***

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from the Company's cash and receivables. The Company's limits its exposure to credit risk on its cash by holding its cash in deposits with a Canadian chartered bank.

#### ***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due, other than amounts owing to related parties. The continued operation of the Company is dependent upon the Company's ability to settle its outstanding liabilities including the default judgment payable and secure equity to identify, evaluate and acquire assets, properties or businesses, meet its existing obligations and fund its operations. See note 2, *Going concern*.

#### ***Market risk***

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments.

#### ***Foreign exchange risk***

Foreign exchange risk is the risk of financial loss to the Company due to a change in foreign exchange rates. The Company is exposed to foreign currency fluctuations in US dollars. Such exposure arises primarily from exploration option payments that are denominated in US dollars.

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk.

#### ***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. At March 31, 2023, with the settlement of the default judgment payable, which was denominated in US dollars, the Company is not exposed to interest rate risk.

## Capital management

Capital of the Company consists of share capital, contributed surplus and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire a business for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is a mineral exploration company which does not generate revenue, its principal source of capital is from the issuance of common shares. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

## 10. Related party transactions

### Compensation of key management personnel

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	3 months ended March 31,	
	2023	2022
	\$	\$
<b>Consulting fees</b>		
Grove Corporate Services Limited, a company controlled by Nicholas Konkin, a director and officer, for management, finance and accounting, corporate administration and communication, and capital markets support services	37,500	—
Marlborough Management Limited, a company controlled by Miles Nagamatsu, for his services as Chief Financial Officer	18,000	—
<b>Professional fees/share issue costs</b>		
Irwin Lowy LLP, a law firm with a partner, Chris Irwin, a director of the Company	23,812	26,274

Amounts due to related parties are disclosed in note 5, *Due to related parties*.

## 11. Subsequent events

### Option

With respect to the obligations under the Option that were due on April 15, 2023, the Company issued 1,250,000 common shares and the optionee agreed to defer the payment of the option payments of US\$25,000 and \$50,000 and the exploration expenditures of US\$400,000 until the Company completes a private placement.

### Private Placement

With respect to the Private Placement, on May 29, 2023, the Company completed the closing of the second tranche of 1,950,000 common shares at a price of \$0.10 per common share for gross proceeds of \$195,000.

### Debt settlements

On May 29, 2023, the Company settled \$93,340 of indebtedness to arm's length and non-arm's length creditors through the issuance of 933,400 common shares at a price of \$0.10 per common share.

## 12. Change in functional and presentation currency

Considering that the Company completed a Canadian dollar private placement and acquired an option to acquire a Canadian mineral property and future financings and expenditure will be denominated in Canadian dollars, effective September 1, 2022, the Company changed its functional currency from US dollars to Canadian dollars. The effect of the change in functional currency is accounted for prospectively.

Effective September 1, 2022, the Company changed its presentation currency from the US dollar to the Canadian dollar. The change in presentation currency is to better reflect the Company's business activities. This change has been applied retrospectively as if the new presentation currency had always been the Company's presentation currency.

For comparative purposes, the statements of loss and comprehensive loss for the 3 months ended March 31, 2022 include adjustments to reflect the change in presentation currency from US dollars to Canadian dollars. The amounts previously reported in US dollars have been translated into Canadian dollars at the average annual exchange rate of \$1.3166 for the 3 months ended March 31, 2022. The effect of the translation is as follows:

	<b>3 months ended March 31, 2022</b>	
	<b>As reported US\$</b>	<b>Translated C\$</b>
<b>Expenses</b>		
Professional fees	2,226	2,931
Public company costs	1,170	1,540
General and administration	53	70
Foreign exchange loss	394	519
Interest	787,827	1,037,253
	<hr/> 791,670	<hr/> 1,042,313
<b>Loss and comprehensive loss</b>	<hr/> (791,670)	<hr/> (1,042,313)