

NINE MILE METALS LTD.

Condensed Interim Consolidated Financial Statements

Six Months Ended March 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

NINE MILE METALS LTD.Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	March 31, 2022 \$	September 30, 2021 \$
	(unaudited)	
ASSETS		
Current assets		
Cash	552,361	947,358
Amounts receivable	12,498	10,530
Prepaid expenses	71,982	24,512
Total current assets	636,841	982,400
Non-current assets		
Exploration and evaluation assets (Note 3)	3,970,400	–
Total assets	4,607,241	982,400
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	66,697	25,322
Total current liabilities	66,697	25,322
Non-current liabilities		
Loan payable (Note 4)	54,007	50,373
Total liabilities	120,704	75,695
Shareholders' equity		
Share capital (Note 6)	12,200,421	8,295,021
Share-based payment reserve	613,203	259,747
Deficit	(8,327,087)	(7,648,063)
Total shareholders' equity	4,486,537	906,705
Total liabilities and shareholders' equity	4,607,241	982,400

Nature of operations and continuance of business (Note 1)

Subsequent event (Note 12)

Approved and authorized for issuance on behalf of the Board of Directors on May 30, 2022:

/s/ "Terry Fields"
Terry Fields, Director

/s/ "James Bordian"
James Bordian, Director

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

NINE MILE METALS LTD.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended March 31, 2022 \$	Three months ended March 31, 2021 \$	Six months ended March 31, 2022 \$	Six months ended March 31, 2021 \$
Expenses				
Consulting fees (Note 5)	22,860	259,629	42,620	392,735
Impairment of mineral property costs	–	–	–	6,615
Management fees (Note 5)	24,750	27,000	50,250	46,500
Mineral exploration costs (Notes 3 and 5)	44,788	95,393	44,788	164,819
Office and miscellaneous (Note 5)	29,320	30,949	39,049	53,481
Professional fees	53,370	40,061	87,896	85,741
Rent (Note 5)	7,500	10,500	14,250	21,000
Share-based compensation (Note 8)	353,456	–	353,456	14,473
Interest	–	915	–	915
Transfer agent and filing fees	18,584	14,084	35,095	26,241
Wages and benefits	3,996	3,990	7,986	6,644
Total expenses	(558,624)	(482,521)	(675,390)	(819,164)
Other income or expense				
Accretion of discount on loan payable (Note 4)	(1,829)	–	(3,634)	–
Government assistance (Note 4)	–	13,949	–	13,949
Net loss and comprehensive loss for the period	(560,453)	(468,572)	(679,024)	(805,215)
Loss per share, basic and diluted	(0.01)	(0.01)	(0.02)	(0.02)
Weighted average shares outstanding	38,524,229	40,318,883	30,130,240	35,787,361

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

NINE MILE METALS LTD.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Share capital		Share-based payment reserve \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$			
Balance, September 30, 2020	8,598,517	1,449,312	181,867	(1,379,027)	252,152
Units issued for cash	4,557,058	1,805,273	–	–	1,805,273
Share issuance costs	–	(181,261)	64,220	–	(117,041)
Units issued to settle debt	230,555	83,000	–	–	83,000
Shares issued for services	156,600	100,000	–	–	100,000
Shares issued for acquisition of Lynx Gold Mining Corp.	7,372,399	4,423,440	–	–	4,423,440
Shares issued for finder's fee	500,000	300,000	–	–	300,000
Shares issued for exploration and evaluation asset option payment	500,000	300,000	–	–	300,000
Shares issued upon exercise of broker's warrants	3,600	2,505	(813)	–	1,692
Share-based compensation	–	–	14,473	–	14,473
Net loss for the period	–	–	–	(805,215)	(805,215)
Balance, March 31, 2021	21,918,729	8,282,269	259,747	(2,184,242)	6,357,774
Balance, September 30, 2021	21,918,729	8,295,021	259,747	(7,648,063)	906,705
Shares issued for acquisition of exploration and evaluation assets	21,750,000	3,792,000	–	–	3,792,000
Shares issued for finder's fee on acquisition of exploration and evaluation assets	630,000	113,400	–	–	113,400
Share-based compensation	–	–	353,456	–	353,456
Net loss for the period	–	–	–	(679,024)	(679,024)
Balance, March 31, 2022	43,623,729	12,200,421	613,203	(8,327,087)	4,486,537

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

NINE MILE METALS LTD.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Six months ended March 31, 2022 \$	Six months ended March 31, 2021 \$
Operating activities		
Net loss for the period	(679,024)	(805,215)
Items not involving cash:		
Impairment of exploration and evaluation assets	–	6,615
Accretion of discount on loan payable	3,634	915
Share-based compensation	353,456	14,473
Shares issued for services	–	28,571
Government assistance	–	(13,949)
Changes in non-cash operating working capital:		
Amounts receivable	(1,968)	(17,438)
Prepaid expenses	(47,470)	(31,848)
Accounts payable and accrued liabilities	41,375	10,674
Net cash used in operating activities	(329,997)	(807,202)
Investing activities		
Acquisition of exploration and evaluation assets	(65,000)	(6,615)
Cash acquired upon acquisition of Lynx Gold Mining Corp.	–	17,813
Net cash (used in) provided by investing activities	(65,000)	11,198
Financing activities		
Proceeds from issuance of units, net	–	1,688,232
Proceeds from exercise of broker's warrants	–	1,692
Proceeds from loan	–	60,000
Net cash provided by financing activities	–	1,749,924
Effect of foreign currency translation on cash	–	1,111
Change in cash	(394,997)	955,031
Cash, beginning of period	947,358	258,604
Cash, end of period	552,361	1,213,635
Non-cash investing and financing activities:		
Fair value of broker's warrants issued for share issuance costs	–	64,220
Fair value of shares issued for acquisition of Lynx Gold Mining Corp.	–	4,423,440
Shares issued for finder's fee on acquisition of Lynx Gold Mining Corp.	–	300,000
Shares issued for acquisition of exploration and evaluation assets	3,792,000	–
Shares issued for finder's fee on acquisition of exploration and evaluation assets	113,400	–
Shares issued for exploration and evaluation asset option payment	–	300,000
Shares issued for prepaid services	–	71,429
Units issued to settle debt	–	178,821

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

NINE MILE METALS LTD.

Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended March 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of Operations and Continuance of Business

Nine Mile Metals Ltd. (the “Company”) was incorporated under the Business Corporations Act in British Columbia on June 8, 2018 as 1167609 B.C. Ltd. On November 19, 2018, the Company changed its name to Stevens Gold Nevada Inc. On April 12, 2021, the Company filed a Certificate of Amalgamation, whereby the Company and its wholly-owned subsidiaries, Lynx Gold Mining Corp., and Lynx Gold Corp. were amalgamated as one company under the name Stevens Gold Nevada Inc. On January 18, 2022, the Company changed its name to Nine Mile Metals Ltd. The principal business of the Company is to acquire, explore, and develop mineral properties and ultimately seek earnings by exploiting mineral claims. The Company’s registered office is located at 350 – 1650 West 2nd Avenue, Vancouver, BC.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been significant, but management continues to monitor the situation.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will realize the carrying value of its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the six months ended March 31, 2022, the Company had no revenues and incurred negative cash flow from operations of \$329,997. At March 31, 2022, the Company had an accumulated deficit of \$8,327,087. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing through debt or equity. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors may cast significant doubt on the Company’s ability to continue as a going concern. These condensed interim consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, “*Interim Financial Reporting*”. These condensed interim consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company’s functional currency.

These condensed interim consolidated financial statements include the accounts of the Company, and its wholly owned subsidiary, Lynx Gold Exploration Corp. All intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, have been eliminated on consolidation.

(b) Use of Estimates and Judgments

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

NINE MILE METALS LTD.

Notes to the Condensed Interim Consolidated Financial Statements
Six Months Ended March 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

2. Significant Accounting Policies (continued)

(b) Use of Estimates and Judgments (continued)

Significant areas requiring the use of estimates include recoverability of exploration and evaluation assets, fair value of share-based payments, and unrecognized deferred income tax assets. Actual results could differ from those estimates.

Judgments made by management include the factors used to determine the assessment of whether the going concern assumption is appropriate. The assessment of the going concern assumption requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the condensed interim consolidated statement of operations in the period when the new information becomes available.

(c) Accounting Standards Issued But Not Yet Effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

3. Exploration and Evaluation Assets

Acquisition costs:

	Canoe Landing Lake West Project \$	Nine Mile Brook Project \$	Total \$
Balance, September 30, 2021	—	—	—
Additions	979,600	2,990,800	3,970,400
Balance, March 31, 2022	979,600	2,990,800	3,970,400

Mineral exploration costs:

Six months ended March 31, 2021:

	Black Point Property \$	Millennium Property \$	Total \$
Assays	17,784	5,739	23,523
Geological and geophysics	5,810	93,497	99,307
Staking fees	—	39,035	39,035
Travel	—	2,954	2,954
	23,594	141,225	164,819

NINE MILE METALS LTD.

Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended March 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

3. Exploration and Evaluation Assets (continued)

Mineral exploration costs (continued):

Six months ended March 31, 2022:

	Canoe Landing Lake West Project \$	Nine Mile Brook Project \$	Total \$
Geological and geophysics	8,550	34,828	43,378
Staking fees	–	1,410	1,410
	8,550	36,238	44,788

- (a) On November 28, 2021, the Company entered into a mineral property purchase and sale agreement (the “Agreement”) with Fiddlehead Mining Corp. (“Fiddlehead”) to acquire 100% of the rights, title, and interest in the Canoe Landing Lake West Project (the “Canoe Project”) and 50% of the rights, title, and interest in the Nine Mile Brook Project (the “Nine Mile Project”), each located in New Brunswick, Canada. Under the terms of the Agreement, the Company was required to pay \$25,000 in cash (paid) and issue 21,000,000 common shares (issued - Note 6(b)).

In addition, under the terms of the Agreement, the Company also acquired a mineral property option to acquire the remaining 50% of the rights, title, and interest in Nine Mile Project (“Option Agreement”). Under the terms of the Option Agreement, the Company is required to make the following payments:

- \$25,000 upon signing the Agreement (“Option Fee”) (paid);
- \$50,000 upon each anniversary of the Agreement (“Annual Option Fee”); and
- An additional payment of \$3,000,000 less the Option Fee and all Annual Option Fees paid

The Company is also required to incur an aggregate of \$1,000,000 of expenditures on the Nine Mile Project, including at least \$500,000 of expenditures on or before 12 months following the effective date of the Agreement and a minimum of \$150,000 per year of expenditures after the first 12 months.

Fiddlehead shall retain a 3% Net Smelter Return Royalty on the properties.

In connection with the Agreement, the Company also issued 630,000 common shares as a finder’s fee (Note 6(b)). The finder’s fee was considered a transaction-related cost, and the Company recognized the fair value of the 630,000 common shares as part of the acquisition costs of the exploration and evaluation assets.

- (b) On March 1, 2022, the Company entered into a property purchase agreement (the “Agreement”) with two individuals (the “Vendors”) to acquire 100% of the rights, title, and interest in 35 claim units around the Nine Mile Brook Project, located in New Brunswick, Canada. Under the terms of the Agreement, the Company is required to pay \$15,000 in cash (paid) and issue 75,000 common shares (issued - Note 6(c)).

The vendors shall retain a 1% Net Smelter Return Royalty on the property, which the Company has the right to purchase for \$1,000,000 at any time prior to commencement of commercial production.

NINE MILE METALS LTD.

Notes to the Condensed Interim Consolidated Financial Statements

Six Months Ended March 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

4. Loan Payable

In February 2021, the Company opened a Canada Emergency Business Account (“CEBA”) and received a loan of \$60,000 funded by the Government of Canada. The loan is interest-free and may be repaid any time before December 31, 2023, at which time, if unpaid, the remaining balance will convert to a 2 year term loan at an interest rate of 5% per annum. If the Company repays the loan prior to December 31, 2023, there will be loan forgiveness of the loan of up to \$20,000. Although the forgivable portion of the loan of \$20,000 is not repayable if the Company repays the amount of \$40,000 by December 31, 2023, this amount will be recognized in income when the Company has reasonable assurance that it will comply with the terms of early repayment of this aid. The Company measured the loan at a fair value of \$46,051 resulting in an adjustment of \$13,949 recognized in the condensed interim consolidated statement of operations as government assistance. During the six months ended March 31, 2022, the Company recognized accretion of the loan of \$3,634, increasing the carrying value of the loan payable to \$54,007.

5. Related Party Transactions

- (a) During the six months ended March 31, 2022, the Company incurred management fees of \$45,000 (2021 – \$40,500) to the Chief Executive Officer (“CEO”) of the Company.
- (b) During the six months ended March 31, 2022, the Company incurred mineral exploration costs of \$13,000 (2021 – \$Nil) to a company controlled by a director of the Company.
- (c) During the six months ended March 31, 2022, the Company incurred management fees of \$5,250 (2021 – \$6,000) to the Chief Financial Officer (“CFO”) of the Company.
- (d) During the six months ended March 31, 2022, the Company incurred mineral exploration costs of \$7,000 (2021 – \$Nil) to a company controlled by a significant shareholder of the Company.
- (e) During the six months ended March 31, 2022, the Company incurred consulting fees of \$37,000 (2021 – \$33,000) to a company controlled by the son of the CFO of the Company.
- (f) During the six months ended March 31, 2022, the Company incurred rent of \$14,250 (2021 – \$21,000), and office and miscellaneous of \$5,250 (2021 – \$1,500) to a company with common officers and directors.

6. Share Capital

Authorized: Unlimited number of common shares without par value.

During the six months ended March 31, 2022

- (a) On December 20, 2021, the Company completed a 2-for-1 consolidation of its issued and outstanding common shares. All share and per share amounts in these condensed interim consolidated financial statements have been retroactively restated for all periods presented.
- (b) On January 21, 2022, the Company issued 21,000,000 common shares with a fair value of \$3,780,000 pursuant to a mineral property purchase and sale agreement (Note 3(a)) to acquire 100% of the Canoe Landing Lake West Project and 50% of the Nine Mile Brook Project.

In connection with the agreement, the Company issued 630,000 common shares with a fair value of \$113,400 as finder’s fees.
- (c) On March 4, 2022, the Company issued 75,000 common shares with a fair value of \$12,000 pursuant to a property purchase agreement to acquire mineral property claim units around the Nine Mile Brook Project (Note 3(b)).

NINE MILE METALS LTD.

Notes to the Condensed Interim Consolidated Financial Statements
Six Months Ended March 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

7. Share Purchase Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, September 30, 2021, and March 31, 2022	5,070,879	0.51

As at March 31, 2022, the following share purchase warrants were outstanding:

Exercise price \$	Expiry date	Warrants outstanding	Weighted average remaining contracted life (years)
0.47	November 12, 2022	2,859,607	0.6
0.56	February 25, 2023	2,211,272	0.9

8. Stock Options

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding, September 30, 2021	800,000	0.50
Granted	2,600,000	0.18
Cancelled	(150,000)	0.50
Outstanding and exercisable, March 31, 2022	3,250,000	0.24

Additional information regarding stock options outstanding as at March 31, 2022, is as follows:

Outstanding and exercisable		
Number of options	Weighted average remaining contracted life (years)	Weighted average exercise price \$
650,000	3.47	0.50
2,600,000	5.00	0.18
3,250,000	4.69	0.24

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the six months ended March 31, 2022, the Company recognized share-based compensation expense of \$353,456 (2021 – \$14,473) in share-based payment reserve. During the six months ended March 31, 2022, the weighted average fair value of each option granted was \$0.14 (2021 – \$0.10).

NINE MILE METALS LTD.

Notes to the Condensed Interim Consolidated Financial Statements
Six Months Ended March 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

8. Stock Options (continued)

The weighted average assumptions used in calculating the fair value of share-based compensation expense, assuming no dividends or expected forfeitures, are as follows:

	2022	2021
Risk-free interest rate	2.42%	0.27%
Dividend yield	0%	0%
Expected volatility	113%	64%
Expected life (years)	5	2

9. Fair Value Measurements and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the Company's financial instruments, which include cash, accounts payable and accrued liabilities, and loan payable approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate 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 and reporting currency is the Canadian dollar. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. As at March 31, 2022, the Company has a cash balance of US\$517 denominated in U.S. dollars. The Company has not entered into foreign exchange rate contracts to mitigate this risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

NINE MILE METALS LTD.

Notes to the Condensed Interim Consolidated Financial Statements
Six Months Ended March 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

9. Fair Value Measurements and Risk Management (continued)

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

10. Capital Management

The Company's objectives when managing capital are to raise the necessary equity financing to fund its projects and to manage the equity funds raised which best optimizes its programs and the interests of its equity shareholders at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may raise additional equity funds. The Company is not subject to externally imposed capital requirements.

11. Segmented Information

The Company operates in one industry, the mineral resource industry, with all current exploration activities conducted in Canada.

12. Subsequent Event

On April 25, 2022, the Company entered into a mineral property option agreement ("Agreement") with a vendor to acquire 100% of the rights, title, and interest in 12 mineral claims: California Lake (6 claims), Canoe Landing Lake East (4 claims); and Nine Mile Brook area (2 claims) of the Bathurst Mining Camp, New Brunswick, Canada. To exercise its option to acquire the mineral claims, the Company must pay \$100,000 and issue 1,500,000 common shares during a period of up to three years as follows:

- \$20,000 and 500,000 common shares on the date of the Agreement;
- \$20,000 and 333,334 common shares on the first anniversary of the date of the Agreement;
- \$30,000 and 333,334 common shares on the second anniversary of the date of the Agreement; and
- \$30,000 and 333,334 common shares on the third anniversary of the date of the Agreement.

The vendor shall retain a 2% Net Smelter Return Royalty ("NSR") on the property. The Company has the right to purchase half of the NSR or \$1,000,000 at any time.