

**NINE MILE METALS LTD.**

Condensed Interim Financial Statements

Nine Months Ended June 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

### **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM 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 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 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 Statements of Financial Position  
(Expressed in Canadian Dollars)

	June 30, 2023 \$	September 30, 2022 \$
	(unaudited)	
<b>ASSETS</b>		
Current assets		
Cash	1,021,826	1,073,662
Amounts receivable	48,384	82,715
Prepaid expenses	16,030	38,861
<b>Total current assets</b>	<b>1,086,240</b>	<b>1,195,238</b>
Non-current assets		
Exploration and evaluation assets (Note 3)	4,309,430	4,052,900
<b>Total assets</b>	<b>5,395,670</b>	<b>5,248,138</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	81,206	18,004
Due to related parties (Note 4)	8,049	4,000
<b>Total liabilities</b>	<b>89,255</b>	<b>22,004</b>
Shareholders' equity		
Share capital (Note 5)	15,754,678	13,753,731
Equity reserve (Note 7)	893,573	843,106
Deficit	(11,341,836)	(9,370,703)
<b>Total shareholders' equity</b>	<b>5,306,415</b>	<b>5,226,134</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,395,670</b>	<b>5,248,138</b>

Nature of operations and continuance of business (Note 1)  
Subsequent events (Note 11)

Approved and authorized for issuance on behalf of the Board of Directors on August 24, 2023:

/s/ "Patrick Cruickshank"  
Patrick Cruickshank, Director

/s/ "James Bordian"  
James Bordian, Director

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

**NINE MILE METALS LTD.**

## Condensed Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended June 30, 2023 \$	Three months ended June 30, 2022 \$	Nine months ended June 30, 2023 \$	Nine months ended June 30, 2022 \$
<b>Expenses</b>				
Consulting fees (Note 4)	156,787	62,258	394,491	104,878
Management fees (Note 4)	55,000	24,750	165,000	75,000
Mineral exploration costs (Note 3)	268,949	211,149	1,127,902	255,937
Office and miscellaneous	26,280	20,568	81,956	59,617
Professional fees	40,703	26,445	103,102	114,341
Rent (Note 4)	9,563	7,500	29,627	21,750
Share-based compensation (recovery) (Note 7)	(3,101)	57,117	15,716	410,573
Transfer agent and filing fees	13,383	8,019	45,663	43,114
Wages and benefits	4,087	3,997	13,439	11,983
<b>Total expenses</b>	<b>571,651</b>	<b>421,803</b>	<b>1,976,896</b>	<b>1,097,193</b>
<b>Net loss before other income (expense)</b>	<b>(571,651)</b>	<b>(421,803)</b>	<b>(1,976,896)</b>	<b>(1,097,193)</b>
<b>Other income (expense)</b>				
Interest income	7,883	–	16,280	–
Accretion of discount on loan payable	–	(1,914)	–	(5,548)
Loss on debt settlement (Note 5)	(10,517)	–	(10,517)	–
<b>Total other income (expense)</b>	<b>(2,634)</b>	<b>(1,914)</b>	<b>5,763</b>	<b>(5,548)</b>
<b>Net loss and comprehensive loss for the period</b>	<b>(574,285)</b>	<b>(423,717)</b>	<b>(1,971,133)</b>	<b>(1,102,741)</b>
<b>Loss per share, basic and diluted</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.03)</b>	<b>(0.03)</b>
<b>Weighted average shares outstanding</b>	<b>58,999,178</b>	<b>43,986,366</b>	<b>56,640,776</b>	<b>34,748,949</b>

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

**NINE MILE METALS LTD.**

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

	Share capital		Equity reserve \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$			
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	21,575,000	3,854,500	–	–	3,854,500
Shares issued for finder's fee on acquisition of exploration and evaluation assets	630,000	113,400	–	–	113,400
Share-based compensation	–	–	410,573	–	410,573
Net loss for the period	–	–	–	(1,102,741)	(1,102,741)
Balance, June, 2022	44,123,729	12,262,921	670,320	(8,750,804)	4,182,437
Balance, September 30, 2022	52,982,354	13,753,731	843,106	(9,370,703)	5,226,134
Units issued for cash	8,625,342	1,819,680	–	–	1,819,680
Share issuance costs	–	(162,597)	50,696	–	(111,901)
Shares issued upon exercise of finder's warrants	70,680	49,165	(15,945)	–	33,220
Shares issued for acquisition of exploration and evaluation assets	232,143	59,196	–	–	59,196
Shares issued for exploration and evaluation asset option payments	433,334	117,334	–	–	117,334
Shares issued for debt settlement	649,534	118,169	–	–	118,169
Share-based compensation	–	–	15,716	–	15,716
Net loss for the period	–	–	–	(1,971,133)	(1,971,133)
Balance, June 30, 2023	62,993,387	15,754,678	893,573	(11,341,836)	5,306,415

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

**NINE MILE METALS LTD.**

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

	Nine months ended June 30, 2023 \$	Nine months ended June 30, 2022 \$
Operating activities		
Net loss for the period	(1,971,133)	(1,102,741)
Items not involving cash:		
Accretion of discount on loan payable	–	5,548
Share-based compensation	15,716	410,573
Loss on debt settlement	10,517	–
Changes in non-cash operating working capital:		
Amounts receivable	34,331	(31,132)
Prepaid expenses	22,831	(64,799)
Accounts payable and accrued liabilities	170,854	19,854
Due to related parties	4,049	–
Net cash used in operating activities	(1,712,835)	(762,697)
Investing activities		
Acquisition of exploration and evaluation assets	(80,000)	(85,000)
Net cash used in investing activities	(80,000)	(85,000)
Financing activities		
Proceeds from exercise of finder's warrants	33,220	–
Proceeds from issuance of units	1,819,680	–
Share issuance costs	(111,901)	–
Net cash provided by financing activities	1,740,999	–
Change in cash	(51,836)	(847,697)
Cash, beginning of period	1,073,662	947,358
Cash, end of period	1,021,826	99,661
Non-cash investing and financing activities:		
Fair value of finder's warrants for share issuance costs	50,696	–
Fair value of finder's warrants reclassified upon exercise	15,945	–
Shares issued for acquisition of exploration and evaluation assets	59,196	3,854,500
Shares issued for finder's fee on acquisition of exploration and evaluation assets	–	113,400
Shares issued for exploration and evaluation asset option payments	117,334	–
Shares issued for debt settlement	118,169	–

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

## **NINE MILE METALS LTD.**

Notes to the Condensed Interim Financial Statements  
Nine Months Ended June 30, 2023  
(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. On June 14, 2022, the Company dissolved its wholly-owned subsidiary, Lynx Gold Exploration Corp. 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 shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “NINE” and are trading on the OTCQB Venture Market (“OTCQB”) under the stock symbol “VMSXF”. The Company’s registered office is located at 350 – 1650 West 2nd Avenue, Vancouver, BC.

These condensed interim 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 nine months ended June 30, 2023, the Company had no revenues and incurred negative cash flow from operations of \$1,712,835. At June 30, 2023, the Company had an accumulated deficit of \$11,341,836. 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 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 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 financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company’s functional currency.

#### **(b) Use of Estimates and Judgments**

The preparation of these condensed interim 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 Financial Statements  
Nine Months Ended June 30, 2023  
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### 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 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 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 financial statements.

### 3. Exploration and Evaluation Assets

#### Acquisition costs:

	Canoe Landing Lake West Project \$	Canoe Landing Lake East Project \$	Nine Mile Brook Project \$	West Nine Mile Brook Project \$	California Lake Project \$	Wedge Project \$	Total \$
Balance, September 30, 2022	979,600	36,250	2,990,800	–	46,250	–	4,052,900
Additions	–	49,167	50,000	59,196	59,167	39,000	256,530
Balance, June 30, 2023	979,600	85,417	3,040,800	59,196	105,417	39,000	4,309,430



## NINE MILE METALS LTD.

Notes to the Condensed Interim Financial Statements  
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### 3. Exploration and Evaluation Assets (continued)

*Mineral exploration costs:*

Nine months ended June 30, 2023:

	Canoe Landing Lake West Project \$	Canoe Landing Lake East Project \$	Nine Mile Brook Project \$	West Nine Mile Brook Project \$	California Lake Project \$	Wedge Project \$	Total \$
Assays	–	–	44,403	–	13,410	3,633	61,446
Drilling	–	–	456,313	–	130,496	–	586,809
Consulting fees	–	–	5,095	–	1,040	1,550	7,685
Camp supplies	–	2,250	29,364	–	24,065	2,623	58,302
Geological and geophysics	10,800	8,125	257,288	–	70,333	14,542	361,088
Staking fees	–	120	970	1,000	480	3,420	5,990
Rentals	–	200	25,825	–	16,645	3,912	46,582
	10,800	10,695	819,258	1,000	256,469	29,680	1,127,902

(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).

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 (“NSR”) on the properties.

In connection with the Agreement, the Company also issued 630,000 common shares as a finder’s fee. 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.

## **NINE MILE METALS LTD.**

Notes to the Condensed Interim Financial Statements  
Nine Months Ended June 30, 2023  
(Expressed in Canadian Dollars)  
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### **3. Exploration and Evaluation Assets (continued)**

- (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).

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.

- (c) 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, located in 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 (paid and issued);
- \$20,000 and 333,334 common shares on the first anniversary of the date of the Agreement (paid and issued);
- \$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 vender 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.

- (d) On January 11, 2023, the Company entered into a property purchase agreement (“Agreement”) with a vendor to acquire 100% of the rights, title, and interest in the West Nine Mile Brook Project consisting of 29 claim units, located in New Brunswick, Canada. Under the terms of the Agreement, the Company is required to issue 232,143 common shares (issued).

The vender shall retain a 2% Net Smelter Return Royalty (“NSR”) on the property. The Company has the right to purchase half of the NSR for \$500,000 at any time.

- (e) On February 9, 2023, the Company entered into a mineral property option agreement (“Agreement”) with a vendor to acquire 100% of the rights, title, and interest in the Wedge Project consisting of 114 claim units, located in New Brunswick, Canada. To exercise its option to acquire the mineral claims, the Company must pay \$150,000 and issue 1,200,000 common shares during a period of up to four years as follows:

- \$10,000 and 100,000 common shares on the date of the Agreement (paid and issued);
- \$20,000 and 200,000 common shares on the first anniversary of the date of the Agreement;
- \$30,000 and 200,000 common shares on the second anniversary of the date of the Agreement;
- \$40,000 and 300,000 common shares on the third anniversary of the date of the Agreement; and
- \$50,000 and 400,000 common shares on the fourth anniversary of the date of the Agreement.

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

## **NINE MILE METALS LTD.**

Notes to the Condensed Interim Financial Statements

Nine Months Ended June 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

### **4. Related Party Transactions**

- (a) During the nine months ended June 30, 2023, the Company incurred management fees of \$67,500 (2022 – \$67,500) to the President and former Chief Executive Officer (“CEO”) of the Company. As at June 30, 2023, the Company owed the President and former CEO \$705 (September 30, 2022 – \$nil). The amounts are unsecured, non-interest bearing and due on demand.
- (b) During the nine months ended June 30, 2023, the Company incurred management fees of \$76,500 (2022 – \$nil) to a company controlled by the CEO of the Company. As at June 30, 2023, the Company owed the CEO \$3,234 (September 30, 2022 – \$nil). The amounts are unsecured, non-interest bearing and due on demand.
- (c) During the nine months ended June 30, 2023, the Company incurred management fees of \$9,000 (2022 – \$7,500) to the Chief Financial Officer (“CFO”) of the Company.
- (d) During the nine months ended June 30, 2023, the Company incurred a total of \$12,000 in directors’ fees (2022 – \$nil) to two directors of the Company. As at June 30, 2023, the Company owed the directors \$4,000 (September 30, 2022 – \$4,000). The amounts are unsecured, non-interest bearing and due on demand.
- (e) During the nine months ended June 30, 2023, the Company incurred mineral exploration costs of \$72,000 (2022 – \$17,500) to companies controlled by a director of the Company. As at June 30, 2023, the Company owed the director \$110 (September 30, 2022 – \$nil). The amounts are unsecured, non-interest bearing and due on demand.
- (f) During the nine months ended June 30, 2023, the Company incurred an aggregate of \$9,100 (2022 – \$70,465) in mineral exploration costs by a company controlled by directors of the Company.
- (g) During the nine months ended June 30, 2023, the Company incurred mineral exploration costs of \$58,143 (2022 – \$6,350) to a company controlled by the sons of the CEO of the Company.
- (h) During the nine months ended June 30, 2023, the Company incurred consulting fees of \$63,000 (2022 – \$58,000) to a company controlled by the son of the CFO of the Company. As at June 30, 2023, the Company owed the son of the CFO of the Company \$nil (September 30, 2022 – \$3,594 included in accounts payable and accrued liabilities). The amounts are unsecured, non-interest bearing and due on demand.
- (i) During the nine months ended June 30, 2023, the Company incurred rent of \$10,500 (2022 – \$21,750), and office and miscellaneous of \$nil (2022 – \$8,250) to a company with common officers and directors.
- (j) During the nine months ended June 30, 2023, the Company incurred mineral exploration costs of \$nil (2022 – \$7,618) to a director of the Company.
- (k) During the nine months ended June 30, 2023, the Company incurred mineral exploration costs of \$nil (2022 – \$2,930) to the CEO of the Company.

## **NINE MILE METALS LTD.**

Notes to the Condensed Interim Financial Statements  
Nine Months Ended June 30, 2023  
(Expressed in Canadian Dollars)  
(Unaudited)

### **5. Share Capital**

Authorized: Unlimited number of common shares without par value.

Share transactions during the nine months ended June 30, 2023:

- (a) On November 7, 2022, the Company issued 70,680 common shares for proceeds of \$33,220 pursuant to the exercise of finder's warrants. The fair value of the finder's warrants exercised of \$15,945 was transferred from share-based payment reserve to share capital upon exercise.
- (b) On December 7, 2022, the Company issued 534,375 flow-through units ("FT Unit") at \$0.32 per FT Unit for proceeds of \$171,000. Each FT Unit consisted of one flow-through common share of the Company and one-half of one non-flow-through common share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one common share at \$0.45 per share expiring on December 7, 2024. In connection with the private placement, the Company incurred share issuance costs of \$4,245.
- (c) On December 12, 2022, the Company issued 1,875,000 flow-through units ("FT Unit") at \$0.32 per FT Unit for gross proceeds of \$600,000. Each FT Unit consisted of one flow-through common share of the Company and one-half of one non-flow-through common share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one common share at \$0.45 per share expiring on December 12, 2024. In connection with the private placement, the Company incurred finders' fees of \$36,000, share issuance costs of \$4,245, and issued 112,500 finders' warrants with a fair value of \$18,303. Each finder's warrant is exercisable at \$0.45 per share expiring on December 12, 2024.
- (d) On December 19, 2022, the Company issued 1,562,500 flow-through units ("FT Unit") at \$0.32 per FT Unit for gross proceeds of \$500,000. Each FT Unit consists of one flow-through common share of the Company and one-half of one non-flow-through share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one common share at \$0.45 per share expiring on December 19, 2024. In connection with the private placement, the Company incurred finders' fees of \$35,000, share issuance costs of \$4,246, and issued 109,375 finders' warrants with a fair value of \$22,934. Each finder's warrant is exercisable at \$0.45 per share expiring on December 19, 2024.
- (e) On February 7, 2023, the Company issued 232,143 common shares with a fair value of \$59,196 pursuant to a property purchase agreement to acquire 100% of the rights, title and interest in the West Nine Mile Brook Project (Note 3(d)).
- (f) On February 16, 2023, the Company issued 100,000 common shares with a fair value of \$29,000 pursuant to a mineral property option agreement to acquire 100% of the rights, title and interest in the Wedge Project (Note 3(e)).
- (g) On April 5, 2023, the Company issued 150,457 common shares with a fair value of \$42,128 for pursuant to an agreement to settle debt of \$35,884 and recognized a loss of \$6,244.
- (h) On April 25, 2023, the Company issued 333,334 common shares with a fair value of \$88,334 pursuant to a mineral property option agreement to acquire mineral claims in the California Lake, Canoe Landing Lake East, and Nine Mile Brook areas (Note 3(c)).
- (i) On May 3, 2023, the Company issued 149,330 common shares with a fair value of \$41,066 pursuant to an agreement to settle debt of \$35,884 and recognized a loss of \$5,182.
- (j) On May 31, 2023, the Company issued 1,666,667 flow-through units ("FT Unit") at \$0.15 per FT Unit for gross proceeds of \$250,000. Each FT Unit consists of one flow-through common share of the Company and one non-flow-through share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one common share at \$0.23 per share expiring on May 31, 2025. In connection with the private placement, the Company incurred finders' fees of \$17,500, share issuance costs of \$5,333, and issued 116,667 finders' warrants with a fair value of \$6,722. Each finder's warrant is exercisable at \$0.23 per share expiring on May 31, 2025.

## NINE MILE METALS LTD.

Notes to the Condensed Interim Financial Statements  
Nine Months Ended June 30, 2023  
(Expressed in Canadian Dollars)  
(Unaudited)

### 5. Share Capital (continued)

- (k) On June 7, 2023, the Company issued 349,747 common shares with a fair value of \$34,975 pursuant to an agreement to settle debt of \$35,884 and recognized a gain of \$909.
- (l) On June 14, 2023, the Company issued 2,986,800 units at \$0.10 per unit for gross proceeds of \$298,680. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one common share at \$0.15 per share expiring on June 14, 2025. In connection with the private placement, the Company incurred share issuance costs of \$5,332 and issued 42,000 finders' warrants with a fair value of \$2,736. Each finder's warrant is exercisable at \$0.15 per share expiring on June 14, 2025.

Share transactions during the nine months ended June 30, 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 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)).
- (d) On April 25, 2022, the Company issued 500,000 common shares with a fair value of \$62,500 pursuant to a mineral property option agreement to acquire 100% of the rights, title and interest in 12 mineral claims related to the California Lake Project, Canoe Landing Lake East Project and Nine Mile Brook Project (Note 3(c)).

### 6. 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, 2022	13,931,984	0.37
Issued	5,526,546	0.26
Exercised	(70,680)	0.47
Expired	(5,000,199)	0.51
Balance, June 30, 2023	14,387,651	0.29

## NINE MILE METALS LTD.

Notes to the Condensed Interim Financial Statements  
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(Unaudited)

### 6. Share Purchase Warrants (continued)

As at June 30, 2023, the following share purchase warrants were outstanding:

Exercise price \$	Expiry date	Warrants outstanding	Weighted average remaining contracted life (years)
0.38	July 28, 2024	492,080	1.08
0.28	July 28, 2024	8,369,025	1.08
0.45	December 7, 2024	267,187	1.44
0.45	December 12, 2024	1,050,000	1.45
0.45	December 19, 2024	890,625	1.47
0.23	May 31, 2025	1,783,334	1.92
0.15	June 14, 2025	1,535,400	1.96

### 7. Stock Options

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

	Number of options	Weighted average exercise price \$
Outstanding, September 30, 2022	4,650,000	0.25
Cancelled	(300,000)	0.25
Outstanding, June 30, 2023	4,350,000	0.25
Exercisable, June 30, 2023	4,350,000	0.25

Additional information regarding stock options outstanding as at June 30, 2023, is as follows:

Number of options outstanding	Number of options exercisable	Weighted average remaining contracted life (years)	Weighted average exercise price \$
650,000	650,000	2.22	0.50
2,600,000	2,600,000	3.75	0.18
100,000	100,000	0.93	0.25
500,000	500,000	0.96	0.25
500,000	500,000	1.13	0.25
4,350,000	4,350,000	2.90	0.25

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the nine months ended June 30, 2023, the Company recognized share-based compensation expense of \$15,716 (2022 – \$410,573) in share-based payment reserve. During the nine months ended June 30, 2023, the weighted average fair value of each option granted or vested was \$0.21 (2022 – \$0.15).

## NINE MILE METALS LTD.

Notes to the Condensed Interim Financial Statements  
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### 7. 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:

	2023	2022
Risk-free interest rate	3.91%	2.59%
Expected volatility	138%	114%
Expected life (years)	1.63	4.21

### 8. 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, amounts receivable, accounts payable and accrued liabilities, and due to related parties 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 June 30, 2023, the Company has a cash balance of US\$3,281 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 Financial Statements  
Nine Months Ended June 30, 2023  
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### **8. Fair Value Measurements and Risk Management**

#### (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.

### **9. 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.

### **10. Segmented Information**

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

### **11. Subsequent Events**

- (a) Effective July 1, 2023, the Company entered into an office lease for a term of 1 year with a base rent of \$2,491 per month.
- (b) In July 2023, the Company received approval for a grant of up to \$50,000 from the New Brunswick Department of Natural Resources and Energy Development's Junior Mining Assistance Program for work on the California Lake Project. The grant is for private or publicly traded junior mineral exploration companies and covers up to 50% of eligible costs of mineral exploration projects to a maximum of \$50,000.