



## **Condensed Interim Financial Statements**

For the three-month periods ended  
March 31, 2023 and 2022

**NIO STRATEGIC METALS INC. (formerly Niocan Inc.)  
MANAGEMENT'S REPORT**

**Management's comments on unaudited Condensed Interim Financial Statements for the three-month periods ended March 31, 2023 and 2022**

**Notice of no auditor review of interim financial statements**

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, Guimond, Lavallée, Inc., has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Dated this 25th day of May 2023

(signed) *Hubert Marleau*  
Hubert Marleau, President and CEO

(signed) *Bruno Dumais*  
Bruno Dumais, CPA, Chief Financial Officer

## NIO STRATEGIC METALS INC. (FORMERLY NIOCAN INC.)

Condensed Interim Statements of Financial Position  
(in Canadian dollars)

	Note	Unaudited As at March 31, 2023	Audited As at December 31, 2022
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 284,613	\$ 1,636,519
Short-term deposits		1,250,000	–
Receivables	4	25,636	26,426
Prepaid	5	30,444	81,508
<b>Total current assets</b>		<b>1,590,693</b>	1,744,453
<b>Non-current assets</b>			
Land		506,887	506,887
<b>Total non-current assets</b>		<b>506,887</b>	506,887
<b>Total assets</b>		<b>\$ 2,097,580</b>	\$ 2,251,340
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6	\$ 249,830	\$ 256,590
Current maturity of long-term debt	8	30,000	30,000
<b>Total current liabilities</b>		<b>279,830</b>	286,590
<b>Non-current liabilities</b>			
Long-term debt	8	500,000	500,000
<b>Total non-current liabilities</b>		<b>500,000</b>	500,000
<b>Total liabilities</b>		<b>779,830</b>	786,590
<b>Equity (Deficiency)</b>			
Share capital	9	20,295,543	20,295,543
Warrants	10	645,987	645,987
Contributed surplus		1,808,468	1,753,582
Deficit		(21,432,248)	(21,230,362)
<b>Total equity (deficiency)</b>		<b>1,317,750</b>	1,464,750
<b>Total liabilities and equity (deficiency)</b>		<b>\$ 2,097,580</b>	\$ 2,251,340

The notes are an integral part of these condensed interim financial statements.

On behalf of the Board:

(signed) Hubert Marleau, Director

(signed) Guy Charette, Director

## NIO STRATEGIC METALS INC. (FORMERLY NIOCAN INC.)

Condensed Interim Statements of Income and Comprehensive Income  
For the three-month periods ended March 31, 2023 and 2022

Unaudited

(in Canadian dollars, unless otherwise stated)

	Note	Three-month periods ended	
		2023	March 31, 2022
<b>Revenue</b>		\$ 1,200	\$ 750
<b>Operating expenses</b>			
Professional fees		34,500	48,662
Office and administration		21,041	13,417
Directors' fees		10,799	5,389
Mining rights		47,281	46,875
Stock exchange, authorities, and shareholders relations		3,500	25,691
Rent		1,360	2,125
Taxes and permits		2,215	–
Travel and business development		21,389	–
Insurance		4,524	4,523
Telecommunications and website		883	303
Share-based compensation	12	54,886	25,788
Bank charges		78	118
<b>Total operating expenses</b>		<b>202,456</b>	172,891
<b>Net operating loss</b>		<b>(201,256)</b>	(172,141)
<b>Finance and other expenses (gain)</b>			
Finance costs		7,397	34,381
Interest income		(6,767)	–
Gain on debt settlement	7	–	(266,486)
<b>Total finance and other expenses (gain)</b>		<b>630</b>	(231,655)
<b>Net income (loss) and comprehensive income (loss)</b>		<b>\$ (201,886)</b>	\$ 59,964
<b>Income (loss) per outstanding common share</b>			
Basic	11	\$ (0.00)	\$ 0.00
Diluted	11	(0.00)	0.00
Basic weighted average number of shares		<b>75,718,338</b>	59,836,025
Diluted weighted average number of shares		<b>92,417,226</b>	87,427,800

The notes are an integral part of these condensed interim financial statements.

## NIO STRATEGIC METALS INC. (formerly Niocan Inc.)

Statements of Changes in Shareholders' Equity (Deficiency)

For the three-month periods ended March 31, 2023 and 2022

Unaudited

(in Canadian dollars, unless otherwise stated)

	Share capital		Contributed surplus	Warrants	Deficit	Total
	Number	Amount				
<b>Balance as at January 1, 2023</b>	<b>75,718,338</b>	<b>\$20,295,543</b>	<b>\$ 1,753,582</b>	<b>\$ 645,987</b>	<b>\$(21,230,362)</b>	<b>\$ 1,464,750</b>
Net loss comprehensive loss	–	–	–	–	(201,886)	<b>(201,886)</b>
Share-based compensation	–	–	54,886	–	–	<b>54,886</b>
<b>Balance as at March 31, 2023</b>	<b>75,718,338</b>	<b>\$20,295,543</b>	<b>\$ 1,808,468</b>	<b>\$ 645,987</b>	<b>\$(21,432,248)</b>	<b>\$ 1,317,750</b>

	Share capital		Contributed surplus	Warrants	Deficit	Total
	Number	Amount				
<b>Balance as at January 1, 2022</b>	<b>51,894,868</b>	<b>\$16,989,649</b>	<b>\$ 1,612,972</b>	<b>\$ 650,037</b>	<b>\$(20,753,164)</b>	<b>\$(1,500,506)</b>
Net income and comprehensive income	–	–	–	–	59,964	<b>59,964</b>
Share-based compensation	–	–	25,788	–	–	<b>25,788</b>
Issuance of units under a debt conversion agreement (note 7)	25,823,470	3,307,035	–	–	–	<b>3,307,035</b>
<b>Balance as at March 31, 2022</b>	<b>75,718,338</b>	<b>\$20,296,684</b>	<b>\$ 1,638,760</b>	<b>\$ 650,037</b>	<b>\$(30,693,200)</b>	<b>\$ 1,892,281</b>

The notes are an integral part of these condensed interim financial statements.

## NIO STRATEGIC METALS INC. (formerly Niocan Inc.)

Condensed Interim Statements of Cash Flows

For the three-month periods ended March 31, 2023 and 2022

Unaudited

(in Canadian dollars, unless otherwise stated)

	Note	2023	2022
<b>Cash flows related to operating activities</b>			
Net income (loss)		\$ (201,886)	\$ 59,964
Adjustments for:			
Share-based compensation	12	54,886	25,788
Gain on debt conversion	7	-	(266,486)
Net changes in non-cash operating items		45,094	30,307
<b>Net cash related to operating activities</b>		<b>(101,906)</b>	<b>(150,527)</b>
<b>Cash flows related to investing activities</b>			
Short-term deposits variation		(1,250,000)	-
<b>Net cash related to investing activities</b>		<b>(1,250,000)</b>	<b>-</b>
<b>Net change in cash</b>		<b>(1,351,906)</b>	<b>(150,527)</b>
Cash - Beginning of the period		1,636,519	1,943,289
<b>Cash - End of the period</b>		<b>\$ 284,613</b>	<b>\$ 1,792,762</b>
<b>Supplemental information</b>			
Non-cash transactions			
Fair value of shares issued on debenture conversion		\$ -	\$ 2,185,916
Fair value of shares issued on interest accrued		-	1,149,370
Interest paid		-	31,225

The notes are an integral part of these condensed interim financial statements.

## **NIO STRATEGIC METALS INC. (FORMERLY NIOCAN INC.)**

Notes to the Condensed Interim Financial Statements

For the three-month periods ended March 31, 2023 and 2022

Unaudited

*(in Canadian dollars, unless otherwise stated)*

---

### **1. Reporting entity and going concern**

Nio Strategic Metals Inc. (formerly Niocan Inc.). (the "Company") is domiciled in Canada. The address of the Company's registered office is 1, Place Ville-Marie, Suite 1670, Montreal, Quebec. The Company, incorporated under the Quebec *Business Corporation Act* on August 29, 1995, holds an exploration niobium property in Oka, Quebec and an exploration iron property in the James Bay area, Quebec. The Company is a publicly traded company listed on the TSX Venture Exchange (the "TSX-V") under the symbol "NIO".

On May 6, 2022, the Company approved its name change for Nio Strategic Metals. The change confirmed the Company's intention to expend its activities to source strategic metals and minerals essential to advancing modern life and national security in beneficially environmental, social and ethical manner.

The Company is in a development stage and has mineral exploration and development properties in the province of Quebec. The Company does not capitalize the exploration and evaluation expenses. The Oka mining property consists of mining rights comprised of 98 claims covering 5,429 acres and the Great Whale property consists of surface and mining rights comprised of 98 claims covering 11,964 acres on the Hudson Bay territory. Substantially, all the Company's efforts are currently devoted to financing, developing and obtaining permits for its niobium property in Oka.

Financial statements have been prepared on a going concern basis which supposed that the Company will pursue its activities in a foreseeable future and will be able to realize its assets or discharge its obligations in the ordinary course of operations. The Company is in the process of exploring and evaluating its mineral properties and projects and has not yet determined whether its properties and projects contain ore reserves that are economically recoverable. The Company does not have any revenues coming from its operations that would enable the Company to discharge its obligations in the ordinary course of its operations. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its obligations in the ordinary course of operations.

With respect to the niobium property in Oka, the Company has determined in 1999 that the property contains ore resources which provide a conceptual indication of the potential of the property. The Company's application is under study with the Quebec Ministry of Sustainable Development, Environment and Parks ("MDDEP") and the community of Oka to obtain all permits, certificates and other authorizations to allow the Company to operate the niobium property. Management is currently working to obtain all the required permits and authorization to develop the Oka property.

In March 2022, \$ 2,345,000 in principal and \$ 1,233,018 accrued interest owing under the terms of a secured debenture initially issued by the Company to Nio-Metals on February 19, 2013 has been converted into an aggregate of 23,823,470 common shares of the Company.

The Company's ability to meet its commitments as they come due, including the final acquisition of properties and the development of mining projects, depends on its ability to obtain the necessary financing. These factors raise the existence of a material uncertainty that could cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not reflect the adjustments that would be necessary to make to the carrying values of assets and liabilities if the Company were unable to realize its assets and discharge its obligations in the normal course of its activities. Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

## **NIO STRATEGIC METALS INC. (FORMERLY NIOCAN INC.)**

Notes to the Condensed Interim Financial Statements

For the three-month periods ended March 31, 2023 and 2022

Unaudited

*(in Canadian dollars, unless otherwise stated)*

---

### **2. Basis of preparation**

#### **Statement of compliance**

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") under international accounting standard IAS 34, Interim Financial Reporting, using the same basis of presentation, accounting policies and methods of computation that were applied for the annual financial statements for the year ended December 31, 2022.

The financial statements were authorized for issue by the Board of Directors on May 25, 2023.

#### **Basis of measurement**

The financial statements have been prepared on the historical cost basis.

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

These financial statements are presented in Canadian dollars, unless otherwise stated, which the Company's functional currency is.

#### **Use of estimates and judgements**

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income 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 year in which the estimates are revised and in any future years affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year include, but are not limited to:

##### *Going concern*

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually assessed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *Black & Scholes valuation*

The calculation of the fair value of units, stock options and warrants granted require management to make estimates and assumptions about the fair value of the underlying common shares of the Company, expected volatility, expected life and expected forfeiture rates, which could affect the Company's results if the current estimates change. Expected volatility was based on the Company's historical volatility.

### **3. Significant accounting policies**

The Company's significant accounting policies and estimates under IFRS are disclosed in the audited annual financial statements for the year ended December 31, 2022 and were applied consistently to all years.

Adoption of new accounting standards:

The Company has adopted the following new standard and amendment to standards and interpretations, with a date of initial application of January 1, 2023 and have been applied in preparing these condensed interim financial statements:

## NIO STRATEGIC METALS INC. (FORMERLY NIOCAN INC.)

Notes to the Condensed Interim Financial Statements

For the three-month periods ended March 31, 2023 and 2022

Unaudited

(in Canadian dollars, unless otherwise stated)

### *Amendments to IAS 1 - Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

### *Amendment to IAS 12 - Income taxes*

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as leases.

The adoption of these amendments did not have a significant impact on the condensed interim financial statements.

## 4. Receivables

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Sales tax receivable	\$ 23,236	\$ 25,226
Other receivables	2,400	1,200
	<b>\$ 25,636</b>	<b>\$ 26,426</b>

## 5. Prepaid

Prepaid expenses consist mostly of payment of rights on mining properties.

### *Oka property:*

The Oka mining property consists of surface and mining rights comprised of one mining lease and 98 claims (102 in 2022) covering 5,429 acres (6,025 in 2022).

### *Great Whale property:*

The Company owns surface and mining rights for the iron property of Great Whale comprising 98 claims (140 in 2022) covering 11,964 acres (17,098 in 2022) on the Hudson Bay territory.

## 6. Accounts payable and accrued liabilities

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Accounts payable and accrued liabilities	\$ 228,917	\$ 217,947
Accrued payable to a director	4,426	4,426
Accrued interest	30,000	22,603
Payroll benefits payable	13,487	11,614
	<b>\$ 249,830</b>	<b>\$ 256,590</b>

## NIO STRATEGIC METALS INC. (FORMERLY NIOCAN INC.)

Notes to the Condensed Interim Financial Statements

For the three-month periods ended March 31, 2023 and 2022

Unaudited

*(in Canadian dollars, unless otherwise stated)*

### 7. Debenture

On February 19, 2013, the Company completed a private placement with Nio-Metals Holdings LLC ("Nio-Metals") pursuant to which Nio-Metals subscribed for a unit comprising of \$1,200,000 aggregate principal amount of a secured subordinated debenture of the Company (the "Debenture") and 1,000,000 warrants to purchase common shares, representing aggregate gross proceeds of \$1,200,000. The Debenture bear interest at an annual rate of 10%, payable quarterly as originally set to mature August 19, 2015 and got extended until December 30, 2021, subject to the ability of the Company to repay them at any time without penalty. The warrants expired on February 19, 2015. The Debenture was secured by all property and assets of the Company.

Since 2016, the Company amended the debenture to consider various cash injections totaling \$1,145,000.

In March 2022, the Company converted the Debenture with a nominal value of \$2,345,000 and the accrued interest totalling \$1,233,018 into 23,823,470 common shares of the Company. Under IFRIC 19, a gain on debt settlement of \$242,732 was recorded by the Company during 2022.

### 8. Long-term debt

	March 31, 2023	December 31, 2022
Loan, 6%, unsecured, interest payable quarterly starting In September 2021, maturing in March 2024 <sup>(a)</sup>	\$ 500,000	\$ 500,000
Loan, without interest, secured by the Federal government, maturing in December 2023 <sup>(b)</sup>	30,000	30,000
	<b>\$ 530,000</b>	<b>\$ 530,000</b>
Current portion	(30,000)	(30,000)
	<b>\$ 500,000</b>	<b>\$ 500,000</b>

<sup>(a)</sup>In 2021, the Company entered into an agreement with Nio-Metals for an unsecured bridge loan facility of \$500,000 (the "Bridge Loan"). The Bridge Loan has a 24-month term to maturity, bears interest of 6% per annum payable quarterly, starting in September 2021, and is not convertible. The Bridge Loan may be repaid at any time prior to maturity without penalty. In March 2022, the Company and the lender agreed to extend the maturity date from March 2023 to March 2024.

<sup>(b)</sup>The loan secured by the Federal government considers a subvention of \$10,000 if the loan is reimbursed before December 31, 2022. If the loan is not repaid in full by December 31, 2023, the entire loan can be converted in a term loan, bearing interest at the rate of 5 %, payable monthly, without payment of capital before maturity, and maturing on December 31, 2025. The Company expects reimbursing the loan by December 31, 2023. Therefore, during the year ended December 31, 2022, the Company recognized a loan forgiveness of \$10,000 as a gain in the statement of loss and comprehensive loss and considered this transaction as change in accounting estimates and presented the loan as a short-term liability.

### 9. Share capital

The number of shares issued and outstanding as at March 31, 2023 was 75,718,338 (March 31, 2022 - 75,718,338). The Company is authorized to issue an unlimited number of common shares, without par value.

## NIO STRATEGIC METALS INC. (FORMERLY NIOCAN INC.)

Notes to the Condensed Interim Financial Statements

For the three-month periods ended March 31, 2023 and 2022

Unaudited

(in Canadian dollars, unless otherwise stated)

During the year, 23,823,470 common shares of the Company at an issue price of \$0.14 per share in full repayment of the debenture and related accrued interest (see note 7).

### 10. Warrants

The number of warrants outstanding as at March 31, 2023 was 13,968,750 (March 31, 2022 - 13,968,750).

The weighted average exercisable price for the warrants outstanding as at March 31, 2023 was \$ 0.12 (March 31, 2022 - \$ 0.12) and the average time until maturity is 0.54 year.

Changes in the warrants were as follows as at:

	March 31 2023		December 31, 2022	
	Number of warrants	Weighted average Exercisable price	Number of warrants	Weighted average Exercisable price
<b>Balance at beginning</b>	<b>13,968,750</b>	<b>\$ 0.12</b>	13,968,750	\$ 0.12
<b>Balance at the end</b>	<b>13,968,750</b>	<b>\$ 0.12</b>	<b>13,968,750</b>	<b>\$ 0.12</b>

### 11. Net loss per share

The calculation of basic net loss per share at March 31, 2023 was based on the loss attributable to common shareholders which corresponds to the loss for the period of \$201,886 (March 31, 2022 - gain of \$59,964) and a weighted average number of common shares of 75,718,338 (March 31, 2022 - 59,836,025).

The calculation of diluted net loss per share at March 31, 2023 is the same as the basic net loss per share as all options had an anti-dilutive effect (March 31, 2022 - 87 427 800).

### 12. Share-based payments

Under the stock option plan, the Company may grant options to directors, officers and consultants to purchase common shares provided that the aggregate number of shares subject to such option may not exceed 10% of the issued and outstanding common shares at the time of any option grant on a rolling basis. The exercise price of each option is determined by the Board of Directors and is required not to be lower than the discounted market price based on last closing market price of the common shares before the date of the grant of the option. The options vest immediately upon issuance and their life may not exceed 5 years. All options are recorded at fair value when granted.

The plan must receive shareholder and TSX-V approval annually at the Company's annual general meeting of shareholders. The number of exercisable stock options outstanding fluctuated as follows as at:

	As at March 31, 2023		As at December 31, 2022	
	Number of stock options	Weighted average Exercisable price	Number of stock options	Weighted average Exercisable price
<b>Balance at beginning</b>	<b>3,750,000</b>	<b>\$ 0.15</b>	3,550,000	\$ 0.15
Granted	-	-	200,000	0.15
<b>Balance at the end</b>	<b>3,750,000</b>	<b>\$ 0.15</b>	<b>3,750,000</b>	<b>\$ 0.15</b>

## NIO STRATEGIC METALS INC. (FORMERLY NIOCAN INC.)

Notes to the Condensed Interim Financial Statements

For the three-month periods ended March 31, 2023 and 2022

Unaudited

(in Canadian dollars, unless otherwise stated)

Some options were granted by the Company during the previous year and the value of each option is estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Number of options granted	–	<b>200,000</b>
Risk-free interest rate	–	<b>2.74%</b>
Expected dividend yield	–	<b>0.00%</b>
Expected volatility	–	<b>113.82%</b>
Expected term	–	<b>5 years</b>

The estimated fair value of the options granted for the 3-month period ended March 31, 2023 is \$ nil (March 31, 2022 - \$nil). This amount is amortized and charged to earnings as the rights to exercise are vested.

The calculation of the diluted earnings per share excluded, as they were anti-dilutive, 3,750,000 stock options (March 31, 2022 - 3,550,000).

Share-based compensation expense for the period ended March 31, 2023, totaled \$ 54,886 (March 31, 2022 - \$ 25,788) and was credited to the contributed surplus.

The following table summarizes certain information on outstanding stock options as:

				<b>March 31, 2023</b>	
<b>Options outstanding</b>				<b>Options exercisable</b>	
<b>Exercise price range</b>	<b>Number of options</b>	<b>Weighted average remaining contractual life</b>	<b>Weighted average exercise price</b>	<b>Number of options</b>	<b>Weighted average exercise price</b>
\$ 0.15	3 750,000	(in years) 3.58	\$ 0.15	2,780,138	\$ 0.15

				<b>December 31, 2022</b>	
<b>Options outstanding</b>				<b>Options exercisable</b>	
<b>Exercise price range</b>	<b>Number of options</b>	<b>Weighted average remaining contractual life</b>	<b>Weighted average exercise price</b>	<b>Number of options</b>	<b>Weighted average exercise price</b>
\$ 0.15	3 750,000	(in years) 3.83	\$ 0.15	2,433,333	\$ 0.15

## NIO STRATEGIC METALS INC. (FORMERLY NIOCAN INC.)

Notes to the Condensed Interim Financial Statements

For the three-month periods ended March 31, 2023 and 2022

Unaudited

(in Canadian dollars, unless otherwise stated)

### 13. Financial instruments and financial risk management

a) Financial instruments fair value as at:

	March 31, 2023		December 31, 2022	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets (amortized costs)</b>				
Cash	\$ 284,613	\$ 284,613	\$ 1,636,519	\$ ,636,5191
Short-term deposits	1,250,000	1,250,000	–	–
Receivables, except for sales tax receivable	2,400	2,400	1,200	1,200
	<b>\$ 1,537,013</b>	<b>\$ 1,537,013</b>	<b>\$ 1,637,719</b>	<b>\$ 1,67,719</b>
<b>Financial liabilities (amortized costs)</b>				
Accounts payable and accrued liabilities	249,830	249,830	256,590	256,590
Long-term debt	530,000	530,000	530,000	530,000
	<b>\$ 779,830</b>	<b>\$ 779,830</b>	<b>\$ 786,590</b>	<b>\$ 786,590</b>

In determining fair value, the Company uses observable data based on different levels which are defined as follows:

- First level includes quoted prices (unadjusted) in an active market of identical assets or liabilities;
- Second level includes data that are not based on observable inputs other than quoted prices included in the first level; and
- Third level includes data that are not based on observable market data.

The carrying value of cash, short-term deposits, receivables (except for sale tax receivable), accounts payable and accrued liabilities are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments. The carrying value of the long-term debt were accounted at amortized cost, and its fair value approximates its carrying value (Level 2).

The carrying value of debentures is considered to be a reasonable approximation of fair value as they are all past their maturity date (Level 2).

b) Risks overview:

The Company has exposure to the following risks from its use of financial instruments:

i) Credit risk:

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents. Cash is maintained with high-credit, quality financial institutions. The maximum credit risk is equivalent to the book value.

ii) Liquidity risk:

Management serves to maintain a sufficient amount of cash and to ensure that the Company has at its disposal sufficient sources of financing such as private placements. The Company

## NIO STRATEGIC METALS INC. (FORMERLY NIOCAN INC.)

Notes to the Condensed Interim Financial Statements

For the three-month periods ended March 31, 2023 and 2022

Unaudited

(in Canadian dollars, unless otherwise stated)

establishes cash budgets to ensure it has the necessary funds to fulfill its obligations. Being able to obtain new funds allows the Company to pursue its activities and even though the Company was successful in the past, there is no guarantee that it will succeed in the future.

The following are the contractual maturities of the financial liabilities' amounts:

	<b>0 - 12 months</b>	<b>13 - 24 months</b>	<b>More than 24 months</b>
Accounts payable and accrued liabilities	\$ 284,613	\$ –	\$ –
Long-term debt	30,000	500,000	–
	<b>\$ 314,613</b>	<b>\$ 500,000</b>	<b>\$ –</b>

iii) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuates because of variations in market interest rates. The debentures and the Bridge Loan issued by the Company bear fixed-rate interest and expose the Company to the risk of fair value variation resulting from interest rate fluctuations.

A 1% change in the interest rate would have an impact of approximately \$5,000 on the Company's cash flow on an annual basis.

### 14. Related party transactions

*Key management personnel compensation*

Key management personnel correspond to the directors and the corporate officers of the Company.

During the period, the Company incurred the following expenses with key management personnel:

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Management fees included in office and administration	\$ 21,041	\$ 13,417
Professional fees paid to an officer	12,000	12,000
Professional fees paid to a corporation controlled by a director	–	15,000
Directors' fees	10 800	5,389
Share-based compensation	54.886	25,246

The Company has the following amounts owing to a Major shareholder as at:

	<b>March 31, 2023</b>	<b>December 31, 2023</b>
Loan	\$ 500,000	\$ 500,000
Accrued interest	30,000	22,603

During the period, interest expenses of \$ 7,397 (March 31, 2022 - \$ 34,281) were incurred on the loan, of which \$ nil were paid (March 31, 2023 - \$ 31,151).

### 15. Capital disclosures

The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern to support ongoing exploration programs and development of its mining assets, to provide sufficient working capital to meet its ongoing obligations and to pursue potential investments.

## NIO STRATEGIC METALS INC. (FORMERLY NIOCAN INC.)

Notes to the Condensed Interim Financial Statements

For the three-month periods ended March 31, 2023 and 2022

Unaudited

*(in Canadian dollars, unless otherwise stated)*

The Company's capital items are the following as at December 31:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Cash	<b>\$ 284,613</b>	\$ 1,636,519
Short-term deposits	<b>1,250,000</b>	–
Long-term debt	<b>530,000</b>	530,000
Share capital	<b>20,295,543</b>	20,295,543

The Company manages its capital structure and adjusts it in accordance with the objectives, as well as considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new debentures, shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents. There is no dividend policy. The Company is not subject to externally imposed capital requirements. The Company's management of capital remained unchanged since the last year.