



Consolidated Financial Statements

For the years ended
December 31, 2024 and 2023

NIO STRATEGIC METALS INC.**MANAGEMENT'S REPORT****Management's comments on Consolidated Financial Statements for the years ended December 31, 2024 and 2023**

The accompanying consolidated financial statements of NIO STRATEGIC METALS INC. (the "Corporation") are the responsibility of management and have been approved by the Board of Directors.

These consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") and necessarily include some amounts that are based on management's best estimates and judgements.

A system of administrative, internal accounting and disclosure controls have been developed and are maintained by management to provide reasonable assurance that assets are safeguarded, and that consolidated financial information is accurate and reliable.

The Board of Directors must ensure that management fulfils its financial reporting responsibilities and is ultimately responsible for reviewing and approving the consolidated financial statements. The Audit Committee meets regularly with management to discuss the financial reporting issues. The Committee also reviews the annual consolidated financial statements and the external auditors' report and reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the Corporation's shareholders. The auditors appointed by the shareholders have full access to the Audit Committee, with or without management being present.

The consolidated financial statements as at December 31, 2024 and 2023 and for the years then ended have been audited by the auditors, Audacie Inc.

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

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

INDEPENDENT'S AUDITOR REPORT

To the shareholders of
NIO STRATEGIC METALS INC.,

Opinion

We have audited the accompanying consolidated financial statements of NIO STRATEGIC METALS INC. and its subsidiary (together, the Corporation), which comprise the consolidated statements of financial position as at December 31, 2024 and December 31, 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders deficiency and statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2024 and 2023, and its consolidated financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in Material uncertainty related to going concern section, we have determined the matter described below to be the key audit matter to be communicated in our report:

Key audit matter

Accounting of a business acquisition

We draw attention to note 4 to the consolidated financial statements. The Corporation completed an acquisition as of June 4, 2024, with a purchase consideration of \$354,903.

The strategic importance of the transaction for the Company's future development, the consideration paid for the acquisition, and the analysis performed by management to ensure that the fair value was appropriately attributed to the mining rights acquired made this matter significant to our audit.

How our audit addressed the key audit matter

Our approach to addressing the matter included the following procedures, among others:

- Reviewing the acquisition agreement to understand the terms and conditions of the transaction;
- Validate that the acquisition was accounted for at the date of the transfer of control;
- Assessing the accounting treatment applied by management, including the recognition of the acquired mining rights;
- Evaluating the methodology and assumptions used by management to allocate the purchase consideration to the acquired assets;
- Assessing the adequacy of the related disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's consolidated financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statement, including the disclosures, and whether the consolidated financial statement represents the underlying transactions and events in a manner that achieves fair presentation;
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Corporation as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe

these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Bédard.

The logo for Audacie 1 inc. features the word "Audacie" in a large, elegant, cursive script. A small superscript "1" is positioned above the end of the word. A horizontal line is drawn beneath "Audacie", and the letters "inc." are written in a smaller, sans-serif font to the right of this line.

Chartered Professional Accountant Corporation

Brossard (Quebec)
April 29, 2025

¹ CPA auditor, public accountancy permit No. A128615

NIO STRATEGIC METALS INC.

Consolidated Statements of Financial Position

As at December 31, 2024 and 2023

(in Canadian dollars)

	Note	2024	2023
Assets			
Current assets			
Cash and cash equivalent		\$ 1,164,021	\$ 1,304,411
Receivables	5	28,072	77,080
Prepaid	6	24,560	17,722
Total current assets		1,216,653	1,399,213
Non-current asset			
Land		506,887	506,887
Total non-current asset		506,887	506,887
Total assets		\$ 1,723,540	\$ 1,906,100
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7	\$ 116,041	\$ 105,403
Flow-through premium liability	10	51,695	–
Current maturity of long-term debt	8	450,000	500,000
Total current liabilities		617,736	605,403
Total liabilities		617,736	605,403
Equity			
Share capital	10	21,579,344	20,980,963
Warrants	11	3,827	–
Contributed surplus		2,352,096	2,279,388
Deficit		(22,829,463)	(21,959,654)
Total equity		1,105,804	1,300,697
Total liabilities and equity		\$ 1,723,540	\$ 1,906,100

Subsequent events

1-8-19

Commitment

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

On behalf of the Board:

(signed) Hubert Marleau, Director

(signed) Hubert Vallée, Director

NIO STRATEGIC METALS INC.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31, 2024 and 2023

(in Canadian dollars, unless otherwise stated)

	Note	2024	2023
Revenue		\$ 8,500	\$ 12,100
Operating expenses			
Professional fees		221,014	179,932
Exploration expenses (net of a tax credit of \$57,109 (2023 - \$ nil))		(27,250)	127,680
Office and administration		129,017	90,398
Directors' fees, net of a gain on payable write-off of \$24,061 (2023 - \$ nil)		18,348	37,399
Mining rights	4	365,092	64,527
Stock exchange, authorities, and shareholders relations		41,867	49,998
Rent		11,403	13,085
Taxes and permits		10,623	9,947
Travel and business development		22,226	92,381
Insurance		18,094	18,421
Telecommunications and website		1,120	1,846
Maintenance		1,692	—
Share-based compensation	12	72,708	72,965
Bank charges		1,610	492
Total operating expenses		887,564	759,071
Net operating loss		(879,064)	(746,971)
Finance and other expenses (gain)			
Finance costs		27,822	30,025
Interest income		(37,077)	(47,704)
Total finance and other expenses (gain)		(9,255)	(17,679)
Net loss and comprehensive loss		\$ (869,809)	\$ (729,292)
Loss per outstanding common share	13		
Basic		\$ (0.01)	\$ (0.01)
Diluted		(0.01)	(0.01)
Basic weighted average number of shares		82,699,467	76,592,200
Diluted weighted average number of shares		82,699,467	76,592,200

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

NIO STRATEGIC METALS INC.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2024 and 2023

(in Canadian dollars, unless otherwise stated)

	Share capital		Contributed surplus	Warrants	Deficit	Total
	Number	Amount				
Balance as at January 1, 2024	79,860,672	\$20,980,963	\$ 2,279,388	\$ –	\$(21,959,654)	\$ 1,300,697
Issuance of shares upon an acquisition (note 4)	3,998,633	279,903	–	–	–	279,903
Issuance of shares for services agreements (note 10)	1,142,857	60,000	–	–	–	60,000
Issuance of flow-through shares (notes 10 and 11)	5,483,334	258,478	–	3,827	–	262,305
Net loss and comprehensive loss	–	–	–	–	(869,809)	(869,809)
Share-based compensation	–	–	72,708	–	–	72,708
Balance as at December 31, 2024	90,485,496	\$21,579,344	\$ 2,352,096	\$ 3,827	\$(22,829,463)	\$ 1,105,804

	Share capital		Contributed surplus	Warrants	Deficit	Total
	Number	Amount				
Balance as at January 1, 2023	75,718,338	\$20,295,543	\$ 1,753,582	\$ 645,987	\$(21,230,362)	\$ 1,464,750
Net loss and comprehensive loss	–	–	–	–	(729,292)	(729,292)
Shares issued upon warrants exercise (net of issuance cost of \$4,805)	4,142,334	685,420	–	(193,146)	–	492,274
Expiration of warrants	–	–	452,841	(452,841)	–	–
Share-based compensation	–	–	72,965	–	–	72,965
Balance as at December 31, 2023	79,860,672	\$20,980,963	\$ 2,279,388	\$ –	\$(21,959,654)	\$ 1,300,697

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

NIO STRATEGIC METALS INC.

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(in Canadian dollars, unless otherwise stated)

	Note	2024	2023
Cash flows related to operating activities			
Net loss		\$ (869,809)	\$ (729,292)
Adjustments for:			
Mining rights - Portion of share-based payments related to the business acquisition	4	279,903	–
Gain on settlement payable		(24,061)	–
Professional fees paid in shares	10	60,000	–
Share-based compensation	12	72,708	72,962
Net changes in non-cash operating items	14	76,869	(81,055)
Net cash related to operating activities		(404,390)	(737,382)
Cash flows related to financing activities			
Shares issuance upon warrants exercise	10	–	435,274
Proceeds from Flow-through shares issuance (net of \$15,000 of issuance cost)	10	314,000	–
Repayment of long-term debt	8	(50,000)	(30,000)
Net cash related to financing activities		264,000	405,274
Net change in cash		(140,390)	(332,108)
Cash and cash equivalent - Beginning of the year		1,304,411	1,636,519
Cash and cash equivalent - End of the year		\$ 1,164,021	1,304,411
Supplemental information	14		

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

NIO STRATEGIC METALS INC.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

(in Canadian dollars, unless otherwise stated)

1. Reporting entity and going concern

Nio Strategic Metals Inc. (the "Corporation") is domiciled in Canada. The address of the Corporation's registered office is 1, Place Ville-Marie, Suite 1670, Montreal, Quebec. The Corporation, incorporated under the Quebec *Business Corporation Act* on August 29, 1995, holds an exploration niobium property in Oka, Quebec, an exploration property of critical minerals near Mont-Laurier, Quebec ("Fafnir") since June 2024 and an exploration iron property in the James Bay area, Quebec. The Corporation is a publicly traded company listed on the TSX Venture Exchange (the "TSX-V") under the symbol "NIO".

The Corporation is in a development stage and has mineral exploration and development properties in the province of Quebec. The Corporation does not capitalize the exploration and evaluation expenses. The Oka mining property consists of mining rights comprised of 56 claims covering 5,409 acres, the Fafnir property consists of 107 claims covering 15,394 acres and the Great Whale property consists of surface and mining rights comprised of 63 claims covering 7,687 acres on the Hudson Bay territory. Substantially, all the Corporation's efforts are currently devoted to financing, developing and obtaining permits for its niobium property in Oka. Although the Corporation 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 Corporation's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These consolidated financial statements have been prepared on a going concern basis which supposed that the Corporation 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 Corporation 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 Corporation does not have any revenues coming from its operations that would enable the Corporation to discharge its obligations in the ordinary course of its operations. The consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Corporation 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 Corporation has determined in 1999 that the property contains ore resources which provide a conceptual indication of the potential of the property. Management is currently working to obtain social acceptance from local stakeholders and all the required permits and authorization to develop the Oka property. The Corporation recently launched (see note 19) a development project to improve innovation into metallurgic and mining waste water processes to enable niobium production of its exploration-stage Oka project. In order to improve its balance sheets, the Corporation entered into shares for debt agreement (see note 19) to satisfy an aggregate of \$495,000 of the Corporation's outstanding debt.

The Corporation'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 Corporation's ability to continue as a going concern.

2. Basis of preparation

a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issuance by the Board of Directors on April, 29, 2025.

NIO STRATEGIC METALS INC.

Notes to the Consolidated Financial Statements For the years ended December 31, 2024 and 2023

(in Canadian dollars, unless otherwise stated)

b) Basis of measurement:

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

c) Functional and presentation currency:

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

d) Use of estimates and judgements:

The preparation of the consolidated 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 Corporation'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 Corporation, expected volatility, expected life and expected forfeiture rates, which could affect the Corporation's results if the current estimates change. Expected volatility was based on the Corporation's historical volatility.

Income taxes

Significant judgment is required in determining the provision for income taxes due to the judgments around the use of flow-through share financing. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Business combination

In a business combination, the Company allocates the purchase price to the identifiable assets acquired and liabilities assumed at their fair value at the acquisition date, in accordance with IFRS 3. This valuation requires the use of valuation techniques involving significant assumptions and estimates.

3. Significant accounting policies

The accounting policies set out below were applied consistently to all years presented in these consolidated financial statements.

a) Basis of consolidation:

The consolidated financial statements consolidate the accounts of the Corporation and its subsidiary, 1478472 B.C Ltd. for the year ended December 31, 2024.

Control exists when an investor is exposed or has rights to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Subsidiary is consolidated from the date on which the Corporation obtains control and is de-consolidated from the date that control ceases to exist.

NIO STRATEGIC METALS INC.

Notes to the Consolidated Financial Statements For the years ended December 31, 2024 and 2023

(in Canadian dollars, unless otherwise stated)

All intercompany balances and transactions, and any unrealized gains and loss from intercompany transactions are eliminated on consolidation.

b) Cash and cash equivalent:

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

c) Refundable credit on mining duties and refundable tax credit related to resources:

The Corporation could be entitled to refundable credits on duties for losses under the Mining Tax Act. Those refundable credits on duties for losses are applicable on exploration costs incurred in the Province of Quebec.

Furthermore, the Corporation could be entitled to refundable tax credits for resources for mining companies on qualified exploration expenditures incurred.

The credits are recorded against the exploration costs incurred as stated in IAS 20, Government Assistance, when a notice of assessment is received due to the uncertainty around the timing and amount of any tax credits (\$57,109 in 2024, \$ nil in 2023).

d) Land:

Land is recognized at cost. The carrying amount is reviewed at least at each financial year-end. Gains or losses arising on the disposal of the land is determined as the difference between the disposal proceeds and the carrying amount of the assets and is recognized in the consolidated statement of loss and comprehensive loss.

When the land is no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts and the difference is immediately recognized in the consolidated statement of loss and comprehensive loss.

e) Mining properties and exploration and evaluation expenses:

Mining properties and exploration and evaluation expenses include mining properties and other exploration and evaluation costs. Mining properties correspond to acquired interests in mining exploration permits / claims which include the rights to explore for, mine, extract and sell all minerals from such claims. Costs incurred include appropriate technical and administrative overheads.

All exploration and evaluation costs are expensed as incurred.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Corporation stops expensing exploration and evaluation costs for that area and record the amounts either as tangible or intangible mining assets under development according to the nature of the assets.

f) Business combinations:

The Corporation applies the acquisition method in accounting for business combinations. The consideration transferred by the Corporation to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Corporation, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

If the Corporation acquires a controlling interest in a business in which it previously held an equity interest, that equity interest is remeasured to fair value at the acquisition date with any resulting gain or loss recognised in profit or loss or other comprehensive income, as appropriate.

NIO STRATEGIC METALS INC.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(in Canadian dollars, unless otherwise stated)

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss.

Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

g) Current and deferred Income tax:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

h) Share capital:

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Flow-through shares

From time to time, the Corporation finances a portion of its exploration activities through the issuance of flow-through shares. Under the terms of a flow-through share agreement, the tax attributes of the related expenditures are renounced to the subscribers. The stated capital recorded on flow-through share issuances is equal to the estimated fair value of the common shares, exclusive of the flow-through component, on the date of issue. The difference between the gross proceeds received and the stated capital recorded is a liability ("flow-through" premium) until qualifying expenditures are incurred.

Warrants

The Corporation accounts for warrants using the fair value method. Under this method, the value of warrants is measured at fair value at the grant date using the Black-Scholes option pricing model,

NIO STRATEGIC METALS INC.

Notes to the Consolidated Financial Statements For the years ended December 31, 2024 and 2023

(in Canadian dollars, unless otherwise stated)

using management's assumptions and recorded as share capital when the warrants are exercised. Warrants are reclassified as contributed surplus when they expire.

Warrants that are derivatives over the Corporation's own equity that will be settled only by the Corporation exchanging a fixed amount of cash for a fixed number of the Corporation's own equity instruments are classified as equity.

Warrants that include a contractual obligation to deliver cash or do not meet the fixed requirements of IAS 32 are classified as financial liabilities.

i) Contributed surplus:

Contributed surplus is used to record the accumulated fair value of stock options recognized as share-based payments. Contributed Surplus is increased by the fair value of these items on vesting and is reduced by the corresponding amounts when options are exercised.

j) Leases:

Leases contracts which contain the legal form of a lease are classified as either finance or operating leases. Finance leases represent leases that transfer substantially all of the risks and rewards of ownership of the leased asset. To assess whether a contract transfer substantially all the risks and rewards of ownership of an identified asset, the Corporation assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Corporation has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Corporation has the right to direct the use of the asset. The Corporation has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Corporation recognizes a right-of-use asset and a lease liability at the commencement of the lease. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option.

The Corporation has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (less than \$ 8,000). The lease payments associated with these leases are classified as operating lease and are recognized as an expense on a straight-line basis over the lease term.

k) Share-based payments:

The grant date fair value of share-based payment awards granted to employees and directors is recognized as an employee expense, with a corresponding increase in contributed surplus, over

NIO STRATEGIC METALS INC.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(in Canadian dollars, unless otherwise stated)

the year that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Share-based payment arrangements in which the Corporation receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Corporation. The Corporation measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, except when that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted.

l) Earnings per share:

The Corporation presents basic and diluted loss per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise warrants and share options granted to employees.

m) Financial instruments:

Classification and measurement

Financial assets are classified and valued according to three categories: at amortized cost, at fair value through other comprehensive loss ("FVTOCL") and at fair value through profit or loss ("FVTPL"). Financial liabilities are classified and measured according to two categories either at amortized cost or at FVTPL.

In accordance with IFRS 9, derivatives embedded in contracts where the host contract is a financial asset falling within the scope of the standard are not separated, but the hybrid financial instrument as a whole is valued for the purposes of ranking.

The following table provides a summary of the financial instruments of the Corporation:

Financial Instruments	Category
Cash and cash equivalent	Amortized cost
Receivables, with the exception of sales tax receivable	Amortized cost
Accounts payable and accrued liabilities, with the exception of payroll benefits payable	Amortized cost
Long-term debt	Amortized cost

After their initial recognition, the financial assets are not reclassified, unless the Corporation detects a change in the economic model that it follows for the management of financial assets and that it reassesses the classification of its financial assets.

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument in question. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Corporation has substantially transferred all of the risks and rewards of ownership. A financial liability is derecognized in the event of extinction, termination, cancellation or expiration.

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Financial assets and liabilities are offset and the net balance is presented in the consolidated statement of financial position when there is a legally enforceable right to offset the amounts recognized and an intention either to settle on a net basis or to realize the asset and settle liabilities simultaneously.

At the time of initial recognition, the Corporation classifies its financial instruments according to the following categories, depending on the purposes for which the instruments were acquired:

Financial assets and liabilities designated at fair value through profit or loss (FVTPL)

Financial instruments in this category include assets voluntarily classified in this category and are recognized initially and subsequently at fair value. Gains and losses arising from changes in fair value are presented in the consolidated statement of loss and comprehensive loss.

Financial assets or liabilities at amortized cost

Financial assets or liabilities are initially measured at fair value net of transaction costs. Then they are measured at amortized cost using the effective interest method, unless they are accompanied by an embedded derivative. In such cases, the Corporation designates the entire hybrid instrument as at fair value through profit or loss.

The financial liabilities are classified as current or non-current 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.

Impairment of financial assets

At each reporting date of the consolidated statement of financial position, the Corporation assesses whether there is objective evidence that a financial asset, except for those at fair value through profit or loss, is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition (a "loss event") and that loss event has an impact on the estimated cash flows of the financial assets that can be reliably estimated.

If such evidence exists, the Corporation recognizes an impairment loss, as follows:

Impairment loss is the difference between the amortized cost of the loan or receivable and the present value of discounted future cash flows estimated at the original instrument's effective interest rate. The carrying amount of the financial asset is reduced by this amount either directly or through the use of a reserve account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the impairment loss decreases and it can be related objectively to an event occurring after the impairment devaluation.

n) Impairment of non-financial assets:

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment, and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that their carrying amount may not be recoverable, an asset or a cash-generating unit are reviewed for impairment. In addition, when technical feasibility and commercial viability of extracting a mineral resource are proven, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property, plant and equipment.

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An impairment loss is recognized in net loss for the amount by which the asset or cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value-in-use.

The impairment loss reduces the asset or is allocated pro-rata on the basis of the carrying amount of each asset in the cash-generating unit. All the assets are assessed whether there is any indication that an impairment loss recognized in prior periods may no longer exist. An impairment charge is reversed if the asset or cash generating unit's recoverable amount exceeds its carrying amount.

o) 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, 2024, and has been applied in preparing these consolidated financial statements:

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.

p) Future accounting standards:

Certain pronouncements were issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee that are mandatory for accounting years beginning on or after January 1, 2025. They are not applicable or not expected to have a significant impact on the Corporation.

Annual improvements to IFRS Accounting Standards

In July 2024, the IASB issued narrow amendments to IFRS Accounting Standards and accompanying guidance as part of its regular maintenance of the Standards. The amended Standards are:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

These amendments are effective for annual periods beginning on or after January 1, 2026, with earlier application permitted. Annual improvements are limited to changes that either clarify the wording in an IFRS Accounting Standard or correct relatively minor unintended consequences or oversights in the Accounting Standards. They also correct minor conflicts between the requirements of the Accounting Standards.

Amendments to IFRS 9 Financial instruments and IFRS 7 Financial instruments: Disclosures

In May 2024, the IASB issued amendments to the classification and measurement requirements in IFRS 9. The amendments will address diversity in accounting practice by making the requirements more understandable and consistent. These include:

Clarifying the classification and assessment of contractual cash flows of financial assets with environmental, social and corporate governance ("ESG"). Settlement of liabilities through electronic

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payment systems - the amendments clarify the date on which a financial asset or financial liability is derecognized. The IASB also decided to develop an accounting policy option to allow a company to derecognize a financial liability before it delivers cash on the settlement date if specified criteria are met.

With these amendments, the IASB has also introduced additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets. The amendments are effective for annual reporting periods beginning on or after January 1, 2026.

IFRS 18 Presentation and disclosure in financial statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") which introduces:

- (i) new requirements on presentation within the statement of profit or loss;
- (ii) disclosure standards regarding management defined performance measures; and
- (iii) principles for aggregation and disaggregation of financial information in the financial statements and the notes.

IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027 but companies can apply it earlier. IFRS 18 replaces IAS 1. It carries forward many requirements from IAS 1 unchanged.

4. Business acquisition

Effective June 4, 2024, the Corporation completed the acquisition of 100% of the shares of 1478472 B.C. Ltd. ("1478472") for a total consideration of \$354,903. The purchase was financed by the issuance of 3,998,633 common shares of the Corporation, with fair value of \$279,903 and a cash consideration of \$75,000. The common shares were valued at \$0.07 per common share using the share price of the Corporation on the acquisition date.

The consideration paid was entirely attributed to the fair value of the acquired mining claims. This amount was recorded to the mining rights expenses in accordance with the accounting policy applied by the Corporation.

1478472 holds 85 mining claims comprising the Fafnir Project in Quebec. According to its accounting standards, and since the project remains an exploration project, the Corporation will expense all costs. Aside from the claims, the acquisition carries various benefits for the Corporation including a better positioning in critical mineral properties and a site accessible from the roads.

1478472 was incorporated on April 29, 2024. Since its incorporation, the only transaction undertaken was the acquisition of the 85 mining claims. No other operations or investments occurred prior to the acquisition of its shares by the Corporation.

This transaction has been accounted for as a business combination using the acquisition method whereby the net assets acquired are recorded at fair value as follows:

	\$
Mining rights expenses	\$ 354,903
Total net assets acquired	\$ 354,903
Consideration paid:	
Cash	\$ 75,000
Common shares	279,903
Total consideration paid	\$ 354,903

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Under the acquisition, the Corporation is committed to an exploration work program involving the expenditure of a minimum \$200,000 on the Fafnir project, which must be incurred before June 2026 with a specific supplier.

5. Receivables

	2024	2023
Sales tax receivable	\$ 14,987	\$ 5,858
Subscriptions receivable	12,000	57,000
Other receivables	1,085	14,222
	\$ 28,072	\$ 77,080

6. Prepaid

Oka property:

The Oka mining property consists of surface and mining rights comprised of 56 claims (98 - 2023) covering 5,409 acres (5,409 - 2023).

Great Whale property:

The Corporation owns mining rights for the iron property of Great Whale comprising 63 claims (63 - 2023) covering 7,687 acres (7,687 - 2023) on the Hudson Bay territory.

Fafnir property:

The Corporation owns mining rights for the critical minerals property of Fafnir comprising 107 claims (nil - 2023) covering 15,394 acres (nil - 2023) located around 60 kilometers away from Mont-Laurier.

7. Accounts payable and accrued liabilities

	Note	2024	2023
Accounts payable and accrued liabilities	19	\$ 81,082	\$ 74,322
Accrued interest		12,936	10,027
Payroll benefits payable		22,023	21,054
		\$ 116,041	\$ 105,403

8. Long-term debt

	2024	2023
Loan, 6%, unsecured, interest payable quarterly starting In September 2021, maturing in April 2025 ^(a)	\$ 450,000	\$ 500,000
	\$ 450,000	\$ 500,000
Current portion	(450,000)	(500,000)
	\$ -	\$ -

^(a) In 2021, the Corporation entered into an agreement with Nio-Metals Holdings LLC ("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 Corporation and the lender agreed to extend the maturity date from March 2023 to March 2024.

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On April 24, 2024, Nio-Metals and the Corporation amended the value of the Bridge Loan to \$ 450,000 following a \$ 50,000 cash reimbursement from the Corporation; and extended the maturity date to April 30, 2025, subject to no other condition.

On April 15, 2025, the Corporation agreed on a share for debt conversion agreement with Nio-Metals to convert the Loan in the amount of \$450,000 into Shares at a price of \$0.045 per share for an aggregate number of 10,000,000 Shares to be issued. The approximately amount accrued interest of \$19,600 at this date (\$12,936 as of December 31, 2024) was paid in cash.

9. Income and mining taxes

Effective income tax expense differs from income tax expense computed based on the combined federal and provincial income tax rate of 26.5% (2023 - 26.5%) as a result of the following:

	2024	2023
Loss before income and mining tax	\$ (869,809)	\$ (729,292)
Tax recovery using the Corporation's domestic tax rate	(230,500)	(193,262)
Tax effect of temporary differences and others	77,035	35,978
Non-deductible share-based compensations	19,268	19,336
Tax free government assistance	(2,049)	—
Current year losses for which no deferred tax assets is recognized	136,246	137,948
	\$ —	\$ —

Unrecognized deferred tax assets:

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Corporation can utilize benefits therefrom.

	2024	2023
Non-capital losses carry forwards	\$ 2,773,495	\$ 2,636,976
Tax basis of exploration expenses in excess of carrying value	945,425	950,624
Tax basis of mining properties	218,350	115,790
Financing cost	26,903	43,660
Tax basis of capital assets in excess of carrying value	8,023	8,023
Capital losses carry forwards	1,020	1,020
	\$ 3,973,216	\$ 3,755,092

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The non-capital losses expire as follows:

	Federal	Quebec
2026	\$ 68,497	\$ 68,497
2027	328,025	328,025
2028	461,358	461,358
2029	449,845	449,845
2030	430,422	430,422
2031	1,051,711	1,051,711
2032	951,827	951,827
2033	910,315	910,315
2034	737,928	737,928
2035	660,158	660,158
2036	514,841	514,841
2037	460,302	460,302
2038	488,689	488,689
2039	449,795	445,914
2040	412,563	412,563
2041	615,968	614,729
2042	436,495	436,495
2043	525,996	524,547
2044	515,727	512,057
	\$ 10,470,462	\$ 10,460,223

The Corporation also has available unrecognized exploration tax credits of \$ 131,235 (2023 - \$ 150,360), which will expire between 2025 and 2034.

10. Share capital

The number of shares issued and outstanding as at December 31, 2024 was 90,485,496 (2023 - 79,860,672). The Corporation is authorized to issue an unlimited number of common shares, without par value.

On June 6, 2024, the Corporation issued 3,998,633 common shares to complete an acquisition.

On August 27, 2024, the Corporation issued 1,142,857 common shares further to shares for services agreements. The issuance was measured at the fair value of the shares on the transaction date.

On December 18, 2024, the Corporation completed a private placement of 5,483,334 common shares of the Corporation at a price of \$0.06 per common share issued as flow-through shares for aggregate gross proceeds of \$329,000. The flowthrough shares were issued at a premium of \$0.01 to the closing market price of the Corporation's common shares on the day of issue. The premium was recognized as a liability for \$51,695 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures are incurred. The transaction costs, amounted to \$18,828, were deducted from the gross proceeds at closing on a pro rate between share capital and the long-term liability, for \$15,690 and \$3,138, respectively.

11. Warrants

The number of warrants outstanding as at December 31, 2024 was 187,500 (2023 - nil). On December 18, 2024, at the time of the private placement, 187,500 warrants issued to an agent.

The weighted average exercisable price for the warrants outstanding as at December 31, 2024 was \$ 0.08 (2023 - \$ nil) and the average time until maturity was 1.96 years as at December 31, 2024.

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Changes in the warrants were as follows during the year:

	2024		2023	
	Number of warrants	Weighted average Exercisable price	Number of warrants	Weighted average Exercisable price
Balance at beginning	–	\$ –	13,968,750	\$ 0.12
Issued	187,500	\$ 0.08	–	\$ –
Exercised	–	\$ –	4,142,334	\$ 0.12
Expired	–	\$ –	9,826,416	\$ 0.12
Balance at the end	187,500	\$ 0.08	–	\$ –

The value of warrant is estimated at the date of issuance using the Black-Scholes option pricing model with the following assumptions:

	2024	2023
Number of warrants issued	187,500	–
Risk-free interest rate	3.05%	–
Expected dividend yield	0.00%	–
Expected volatility	97.39%	–
Expected term	2 ans	–

12. Share-based payments

Under the stock option plan, the Corporation 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 Corporation's annual general meeting of shareholders. The number of exercisable stock options outstanding fluctuated as during the year:

	2024		2023	
	Number of stock options	Weighted average Exercisable price	Number of stock options	Weighted average Exercisable price
Balance at beginning	4,450,000	\$ 0.15	3,750,000	\$ 0.15
Granted	2,200,000	0.10	700,000	0.15
Balance at the end	6,650,000	\$ 0.13	4,450,000	\$ 0.15

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

	2024	2023
Number of options granted	2,200,000	700,000
Risk-free interest rate	2.94%	3.28%
Expected dividend yield	0.00%	0.00%
Expected volatility	83.2%	104.59%
Expected term	5 years	5 years

The estimated fair value of the options granted during the year ended December 31, 2024 is \$ 113,407 (2023 - \$ 48,352). This amount is amortized and charged to earnings as the rights to exercise are vested.

The calculation of the yearly earnings per diluted weighted average share for the year excluded, as they were anti-dilutive, the impact of 6,650,000 stock options (December 31, 2023 - 4,450,000).

Share-based compensation expense for the year ended December 31, 2024, totaled \$ 72,708 (December 31, 2023 - \$ 72,965) and was credited to the contributed surplus.

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

December 31, 2024					
Options outstanding				Options exercisable	
Exercise price range	Number of options	Weighted average remaining contractual life	Weighted average exercise price	Number of options	Weighted average exercise price
\$		(in years)	\$		\$
0.09	2,000,000	4.68	0.09	666,667	0.09
0.15	4,650,000	2.19	0.15	4,283,333	0.15
	6,650,000	2.94	0.13	4,950,000	0.14

December 31, 2023					
Options outstanding				Options exercisable	
Exercise price range	Number of options	Weighted average remaining contractual life	Weighted average exercise price	Number of options	Weighted average exercise price
\$		(in years)	\$		\$
0.15	4,450,000	3.09	0.15	3,916,667	0.15

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13. Net loss per share

The calculation of basic net loss per share at December 31, 2024 was based on the loss attributable to common shareholders which corresponds to the loss for the year of \$ 869,809 (2023 - \$ 729 292) and a weighted average number of common shares of 82,699,467 (2023 - 76,592,200).

The calculation of diluted net loss per share at December 31, 2024 is the same as the basic net loss per share as all options had an anti-dilutive effect (2023 same).

14. Additional information

The net changes in non-cash operating items were as follows as at:

	2024	2023
Receivables	\$ 49,008	\$ 6,346
Prepays	(6 838)	63,786
Accounts payable and accrued liabilities	34,699	(151,187)
	\$ 76,869	\$ (81,055)

Cash and cash equivalents consist of the following as at:

	2024	2023
Cash at bank in hand	\$ 293,803	\$ 543,537
Short-term deposit	870,218	760,874
	\$ 1,164,021	\$ 1,304,111

Additional information:

	2024	2023
Interest received	\$ 37,077	\$ 45,618
Interest paid	25,014	42,575

The non-cash transactions for the year were as follows:

	2024	2023
Expired warrants reclassified to contributed surplus	\$ –	\$ 193,146
Exercised warrants into shares	–	452,841
Gain in settlement payable	24,061	–
Subscription receivables	–	57,000

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15. Financial instruments and financial risk management

a) Financial instruments fair value as at:

	December 31, 2024		December 31, 2023	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets (amortized costs)				
Cash and cash equivalent	\$ 1,164,021	\$ 1,164,021	\$ 1,304,411	\$ 1,304,411
Receivables, except for sales tax receivable	13,085	13,085	71,222	71,222
	\$ 1,177,106	\$ 1,177,106	\$ 1,375,633	\$ 1,375,633
Financial liabilities (amortized costs)				
Accounts payable and accrued liabilities (except for payroll benefits payable)	94,018	94,018	84,349	84,349
Long-term debt	450,000	450,000	500,000	500,000
	\$ 544,018	\$ 544,018	\$ 584,349	\$ 584,349

In determining fair value, the Corporation 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 and cash equivalent, receivables (except for sale tax receivable), accounts payable and accrued liabilities (except for payroll benefits payable) and the long-term debt is considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

b) Risks overview:

The Corporation has exposure to the following risks from its use of financial instruments. The Corporation's overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on the Corporation's financial performance. The Corporation does not use derivative financial instruments to hedge these risks.

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 Corporation to concentrations of credit risk consist of cash and cash equivalents and receivables (except for sale tax receivable). Cash and cash equivalents are 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 Corporation has at its disposal sufficient sources of financing such as private placements. The Corporation establishes cash budgets to ensure it has the necessary funds to fulfill its obligations. Being able to obtain new funds allows the Corporation to pursue its activities and even though the

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Corporation was successful in the past, there is no guarantee that it will succeed in the future. The Corporation has financial commitments outstanding as at December 31, 2024 (note 18).

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

	0 - 12 months	13 - 24 months	More than 24 months
Accounts payable and accrued liabilities (except for payroll benefits payable)	\$ 94,018	\$ –	\$ –
Long-term debt	450,000	–	–
	\$ 544,018	\$ –	\$ –

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 Bridge Loan issued by the Corporation bear fixed-rate interest. As a result, the Corporation is not exposed to significant cash flow interest rate risk for the period ended December 31, 2024.

16. Related party transactions

Key management personnel compensation

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

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

	2024	2023
Management fees included in office and administration	\$ 128,817	\$ 93,618
Professional fees paid to an officer	–	33,238
Directors' fees	42,410	37,399
Share-based compensation	15,427	69,256

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

	2024	2023
Loan	\$ 450,000	\$ 500,000
Accrued interest	12,936	10,027

During the period, interest expenses of \$ 27,822 (2023 - \$ 30,025) were incurred on the loan, of which \$ 25,014 were paid (2023 - \$ 42,575).

17. Capital disclosures

The Corporation's objectives when managing its capital are to safeguard the Corporation'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.

The Corporation's capital items are the following as at:

	2024	2023
Cash and cash equivalent	\$ 1,164,021	\$ 1,304,411
Long-term debt	450,000	500,000
Share capital	21,579,344	20,980,963

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The Corporation 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 Corporation 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 Corporation is not subject to externally imposed capital requirements. The Corporation's management of capital remained unchanged since the last year.

18. Commitment

As of December 31, 2024, the Corporation has the following flow-through funds to be spent by December 31, 2025:

Closing Date of Financing	Province	Deadline	Remaining Flow-through Funds
December 18, 2024	Québec	December 31, 2025	\$329,000

19. Subsequent events

On February 4, 2025, the Corporation announced that it had signed a collaboration agreement to develop an optimal metallurgic treatment process and reduce environmental impact from mining wastewater in collaboration with the Centre technologique des résidus industriels ("CTRI"). This program supports companies in the mineral exploration sector in carrying out their projects aimed at developing critical and strategic minerals from deposits in Quebec and ensuring responsible and sustainable mining. The Corporation was engaged to providing to the CTRI a monetary contribution of \$101,200 to support its activities required to the project. A first instalment of \$50,600 was made in February 2025.

On April 15, 2025, subject to the approval of the TSXV, the Corporation entered into an agreement to issue a total of 1,000,001 shares at a price of \$0.045 per share for unpaid services as of April 2025 representing \$45,000 (\$20,000 as of December 31, 2024) to Key management personnel.

On April 15, 2025, subject to the approval of the TSXV, the Corporation entered into a shares-for-debt agreement to settle a total of \$450,000 of the Corporation's outstanding debt. An aggregate of 10,000,000 common shares in the capital of the Corporation at a deemed price of \$0.045 per common share were issued in accordance with the policies of the TSXV to improve balance sheets.