

**Enerev5 Metals Inc.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL**  
**STATEMENTS**

For the three months ended August 31, 2022 and 2021  
(Expressed in Canadian Dollars)

## **RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The accompanying unaudited condensed consolidated interim financial statements (the "Financial Statements") for Enerev5 Metals Inc. (the "Company") have been prepared by management in accordance with International Financial Reporting Standards consistently applied ("IFRS"). These financial statements have been prepared on a historical cost basis with the exception of financial instruments classified as fair value through profit and loss. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

## **NOTICE OF NO AUDITOR REVIEW OF REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these 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.

# **Enerev5 Metals Inc.**

## **Condensed Consolidated Interim Statements of Financial Position**

(Expressed in Canadian dollars)

As at	August 31 2022 \$	May 31 2022 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash	12,227	27,617
Other receivables	4,097	21,738
Prepaid expenses	11,197	16,199
	<b>27,521</b>	65,554
<b>Non-current</b>		
Right of use asset (note 3)	23,164	31,850
Property, plant and equipment	-	1,448
<b>Total assets</b>	<b>50,685</b>	<b>98,852</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Trade and other payables	131,713	79,100
Short term loans (note 4)	85,313	83,127
Current portion of lease liabilities (note 3)	26,526	36,115
<b>Total current liabilities</b>	<b>243,552</b>	198,342
Other liabilities (note 5)	164,336	164,336
<b>Total liabilities</b>	<b>407,888</b>	361,678
<b>SHAREHOLDERS' EQUITY</b>		
Common shares, reserves and contributed surplus (note 6)	36,506,002	36,393,508
Deficit	(36,863,205)	(36,657,334)
<b>Total shareholders' equity</b>	<b>(357,203)</b>	(263,826)
<b>Total liabilities and shareholders' equity</b>	<b>50,685</b>	<b>98,852</b>

*Nature of operations and going concern (note 1)*

*Contingencies (note 10)*

Approved on behalf of the board:

(signed) "M. Cachia"  
Director

(signed) "S. Peralta"  
Director

*The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.*

## **Enerev5 Metals Inc.**

### **Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**

(Expressed in Canadian dollars)

	For the three months ended	
	August 31	August 31
	2022	2021
	\$	\$
<b>Expenses</b>		
General and administrative (note 7)	183,859	205,275
Depreciation	9,589	9,144
Share based compensation	6,679	14,533
Interest	5,744	1,394
Gain on settlement of debt	-	(379,346)
<b>Net loss and comprehensive loss for the period</b>	<b>(205,871)</b>	<b>148,945</b>
<b>Gain (loss) per share – basic and fully diluted</b>	<b>(0.00)</b>	<b>0.00</b>
<b>Weighted average shares outstanding – basic and fully diluted</b>	<b>226,826,240</b>	<b>217,202,118</b>

*The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.*

## **Enerev5 Metals Inc.**

### Condensed **Consolidated Interim Statements of Cash Flows**

(Expressed in Canadian dollars)

For the three months ended August 31	2022	2021
	\$	\$
<b>Operating activities</b>		
Net gain (loss) for the period	(205,871)	148,945
Items not affecting cash:		
Depreciation	10,134	9,144
Share based compensation	6,679	14,533
Interest on right-of-use asset	2,186	1,394
Gain on settlement of debt	-	(379,290)
Net change in non-cash working capital balances related to operating activities:		
Other receivables	17,641	31,775
Prepaid expenses	5,002	1,440
Trade and other payables	52,613	(176,286)
<b>Cash used in operating activities</b>	<b>(111,616)</b>	<b>(348,345)</b>
<b>Financing activities</b>		
Issuance of common shares for cash	116,280	-
Share issuance costs	(10,465)	-
Repayment of lease liabilities	(9,589)	(8,854)
<b>Cash provided from financing activities</b>	<b>96,226</b>	<b>(8,854)</b>
Net decrease in cash	(15,390)	(357,199)
<b>Cash and cash equivalents, beginning of the period</b>	<b>27,617</b>	<b>548,894</b>
<b>Cash and cash equivalents, end of the period</b>	<b>12,227</b>	<b>191,695</b>

*The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.*

## **Enerev5 Metals Inc.**

### **Condensed Consolidated Interim Statements of Shareholders' Equity**

(Expressed in Canadian dollars)

	Share Capital		Warrants	Share based compensation	Restricted stock units	Contributed surplus	Sub-total	Deficit	Total
	#	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance, May 31, 2021</b>	<b>217,202,118</b>	<b>28,342,437</b>	<b>(1,071,880)</b>	<b>1,732,643</b>	<b>450,000</b>	<b>4,330,143</b>	<b>35,927,103</b>	<b>(36,080,844)</b>	<b>(153,741)</b>
Share based compensation	-	-	-	14,533	-	-	14,533	-	14,533
Net loss for the period	-	-	-	-	-	-	-	148,945	148,945
<b>Balance, August 31, 2021</b>	<b>217,202,118</b>	<b>28,342,437</b>	<b>(1,071,880)</b>	<b>1,747,176</b>	<b>450,000</b>	<b>4,330,143</b>	<b>35,941,636</b>	<b>(35,931,899)</b>	<b>9,737</b>
Common shares issued for cash	4,310,000	176,701	38,799	-	-	-	215,500	-	215,500
Share issuance costs	-	(13,136)	(2,884)	-	-	-	(16,020)	-	(16,020)
Warrants exercised	4,395,000	622,770	(463,356)	-	-	-	159,414	-	159,414
Broker warrants	-	-	60,336	-	-	-	60,336	-	60,336
Restricted stock units cancelled	-	-	-	-	(450,000)	450,000	-	-	-
Share based compensation	-	-	-	32,642	-	-	32,642	-	32,642
Stock options cancelled	-	-	-	(1,133,512)	-	1,133,512	-	-	-
Net loss for the period	-	-	-	-	-	-	-	(725,435)	(725,435)
<b>Balance, May 31, 2022</b>	<b>225,907,118</b>	<b>29,128,772</b>	<b>704,775</b>	<b>646,306</b>	<b>-</b>	<b>5,913,655</b>	<b>36,393,508</b>	<b>(36,657,334)</b>	<b>(263,826)</b>
Common shares issued for cash	2,325,600	102,072	14,208	-	-	-	116,280	-	116,280
Share issue costs	-	(10,951)	486	-	-	-	(10,465)	-	(10,465)
Stock options cancelled	-	-	-	(382,986)	-	(382,986)	-	-	-
Share based compensation	-	-	-	6,679	-	-	6,679	-	6,679
Net loss for the period	-	-	-	-	-	-	-	(205,871)	(205,871)
<b>Balance, August 31, 2022</b>	<b>228,232,718</b>	<b>29,219,893</b>	<b>719,469</b>	<b>269,999</b>	<b>-</b>	<b>6,296,641</b>	<b>36,506,002</b>	<b>(36,863,205)</b>	<b>(357,203)</b>

*The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements*

# ***Enerev5 Metals Inc.***

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

August 31, 2022

(Expressed in Canadian dollars)

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### **1. Nature of operations, basis of presentation and going concern uncertainty**

Enerev5 Metals Inc., (the “Company”), was incorporated under the laws of the Province of Ontario. The Company’s shares are listed on the TSX Venture Exchange. The registered head office of the Company is located at 141 Adelaide Street West, Suite 340, Toronto, Ontario, M5H 3L5.

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company has presented the Financial Statements for the three-month period ended August 31, 2022, and the comparative figures for the three-month period ended August 31, 2021. The Financial Statements have been prepared by management and approved by the Board of Directors on October XX, 2022.

These Financial Statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. AFR is at an early stage of development and as is common with many exploration companies, it raises financing for its exploration and acquisition activities. As at August 31, 2022, the Company had no sources of operating cash flows. The Company will therefore require additional funding which, if not raised, would result in the curtailment of activities and project delays. As at August 31, 2022, Enerev5 had a working capital deficit of \$216,031 (a working capital deficit of \$132,788 as at May 31, 2022), and has incurred losses since inception resulting in an accumulated operating deficit of \$36,863,205. The Company’s ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurance that the Company will be successful in this regard, and therefore, there is substantial doubt regarding the Company’s ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. These Financial Statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption were not appropriate for these Financial Statements, then adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary. The Company is not at risk as to its ability to meet its financial obligations or its administrative expenses in the reasonably foreseeable future as it has sufficient cash to meet obligations for at least the next 12 months.

### **2. Significant accounting policies**

These Financial Statements have been prepared in accordance with IFRS as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The Financial Statements do not include all financial risk management information and disclosures as required in the audited annual financial statements. The Financial Statements should be read in conjunction with the audited annual financial statements for the year ended May 31, 2022, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and methods of computation remain the same as presented in the audited annual financial statements for the year ended May 31, 2022.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these Financial Statements. The interim results for the three-month period ended August 31, 2022, may not be indicative of the results for the year ending May 31, 2023.

### **3. Right-of-use asset and lease liability**

The Company has a lease for its office premises until April 30, 2023. The associated lease liability and right-of-use asset information is summarized below.

	<b>For the three months ending August 31, 2022</b>	<b>For the year ending May 31, 2022</b>
<b>Right-of-use asset</b>		

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# Enerev5 Metals Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2022

(Expressed in Canadian dollars)

Balance, beginning of period	31,850	66,596
Less depreciation	(8,686)	(34,746)
Balance end of period	23,164	31,850
<b>Lease liability</b>		
Balance, beginning of period	36,115	72,617
Lease payments	(10,248)	(40,992)
Finance expenses	659	4,490
Total lease liability	26,526	36,115
Less current portion	(26,526)	(36,115)
Long term portion	-	-
<b>Lease commitments</b>		
2023	27,328	37,576
Less finance charges	(802)	(1,461)
	26,526	36,115

#### 4. Short term loans

On December 9, 2021 the Company entered into an unsecured loan agreement for an amount of \$87,500 for a period of one year. Interest of 10% per annum is payable on the loan in arrears. The loan may be repaid in part or in full at any time without penalty to the Company. The discount on issuance of the short-term loan totaling \$8,134 has been offset against the carrying amount of the short-term loan and is being amortized to net loss using the effective interest method, resulting in an effective interest rate of 10%. A total of \$4,051 of accrued interest is included in accounts payable and accrued liabilities at August 31, 2022. The loan was measured at amortized cost using a discount rate of 10%.

	\$
Principle amount of loan issued on December 10, 2021	87,500
Initial discount	(8,134)
Value allocated to debt on issue date	79,366
Accretion of discount	5,947
Carrying value as at August 31, 2022	85,313

#### 5. Other liabilities

As at August 31, 2022, the Company had other liabilities of \$164,336 (May 31, 2021 - \$164,336), relating to the transfer of \$164,336 of accounts payable (the "Statute-barred Claims") to other liabilities on the basis that any claims in respect of the Statute-barred Claims were statute-barred under the Limitations Act (Ontario). The Statute-barred Claims related to third party liabilities incurred by prior management of the Company prior to August 2018. However, for accounting purposes under IFRS, a debt can only be removed from the Company's Statement of Financial Position when it is extinguished meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation, but it does not formally extinguish the debt for accounting purposes. It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors, do not create any obligation for the Company to pay out any cash and do not affect the financial or working capital position of the Company. The Statute-barred Claims are required to be reflected on the Company's Statement of Financial Position as a result of the current interpretation of IFRS, but they are classified as other liabilities since the Company has no intention or obligation to pay these Statute-barred Claims and the creditors cannot enforce payment. While inclusion of these items is intended solely to comply with the requirements of IFRS, the Company in no way acknowledges any of the Statute-barred Claims.



# Enerev5 Metals Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2022

(Expressed in Canadian dollars)

### 5. Shareholders' equity

The authorized share capital of the Company is unlimited shares without par value.

#### Share capital

Share capital comprises the following:

	Number of shares	Amount \$
<b>Balance, May 31, 2021</b>	<b>217,202,118</b>	<b>28,342,437</b>
Common shares issued for cash	4,310,000	163,565
Warrants exercised	1,445,000	293,769
Broker warrants exercised	2,000,000	223,610
Broker warrants exercised	950,000	105,391
<b>Balance, May 31, 2022</b>	<b>225,907,118</b>	<b>29,128,772</b>
Common shares issued for cash	2,325,600	102,072
Share issuance costs	-	(10,951)
<b>Balance, August 31, 2022</b>	<b>228,232,718</b>	<b>29,219,893</b>

On July 5, 2022, the Company issued 725,600 units at a price of \$0.05 pursuant to a brokered private placement for gross proceeds of \$36,280. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.10 for a period of two years. In connection with the private placement, the Company paid agent's commission of \$3,265, and issued 72,560 non-transferable broker warrants. Each broker warrant entitles the holder to acquire one unit of the Company, having the same terms as the units issued to subscribers, at a price of \$0.05. Cash share issuance costs of \$3,265 were incurred. A fair value of \$4,589 was allocated to the warrants using the relative fair value method. The Black-Scholes pricing model was used with the following assumptions: share price - \$0.15, expected life - 2 years, risk free interest rate - 3.14%, volatility - 101.7% and expected dividend -nil.

On August 4, 2022, the Company issued 1,600,000 units at a price of \$0.05 pursuant to a brokered private placement for gross proceeds of \$80,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.10 for a period of two years. In connection with the private placement, the Company paid agent's commission of \$7,200, and issued 160,000 non-transferable broker warrants. Each broker warrant entitles the holder to acquire one unit of the Company, having the same terms as the units issued to subscribers, at a price of \$0.05. Cash share issuance costs of \$7,200 were incurred. A fair value of \$9,619 was allocated to the warrants using the relative fair value method. The Black-Scholes pricing model was used with the following assumptions: share price - \$0.15, expected life - 2 years, risk free interest rate - 3.19%, volatility - 100% and expected dividend -nil.

#### Warrants

Certain issuances of common shares include warrants entitling the holder to acquire additional common shares of the Company. A summary of the warrant activity is as follows:

	Warrants #	Weighted average exercise price \$
<b>Balance, May 31, 2021</b>	<b>48,501,602</b>	<b>0.182</b>
Issued - private placements	7,260,000	0.10
Broker warrants	356,000	0.05
Exercised	(4,395,000)	0.05
<b>Balance, May 31, 2022</b>	<b>51,722,602</b>	<b>0.186</b>

# Enerev5 Metals Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2022

(Expressed in Canadian dollars)

Issued – private placements	2,325,600	0.05
Broker units	232,560	0.05
Broker warrants	232,560	0.10
Expired	(22,000,000)	0.20
<b>Balance, August 31, 2022</b>	<b>32,513,322</b>	<b>0.169</b>

The composition of the outstanding warrants as at August 31, 2022 consists of the following:

	Expiry date	Number	Exercise Price
Warrants	January 11, 2023	24,902	\$0.05
Warrants	February 5, 2023	450,000	\$0.053
Warrants – Broker warrants	February 13, 2023	75,000	\$0.20
Warrants	September 2, 2024	2,166,667	\$0.20
Warrants	March 15, 2024	133,333	\$0.20
Warrants	March 15, 2024	96,700	\$0.20
Warrants	September 18, 2022	20,176,337	\$0.20
Warrants – Broker warrants	September 18, 2022	983,663	\$0.05
Warrants	September 18, 2022	950,000	\$0.20
Warrants	March 7, 2024	3,000,000	\$0.10
Warrants – Broker warrants	March 7, 2024	300,000	\$0.05
Warrants	April 26, 2024	750,000	\$0.10
Warrants	May 30, 2024	560,000	\$0.10
Warrants – Broker warrants	May 30, 2024	56,000	\$0.05
Warrants	July 5, 2024	725,600	\$0.10
Warrants – Broker units	July 5, 2024	72,560	\$0.05
Warrants – Broker warrants	July 5, 2024	72,560	\$0.10
Warrants	August 5, 2024	1,600,000	\$0.10
Warrants – Broker units	August 5, 2024	160,000	\$0.05
Warrants – Broker warrants	August 5, 2024	160,000	\$0.10
		<b>32,513,322</b>	

### Stock options

The Company has adopted an incentive stock option plan (the “Plan”). The essential elements of the Plan provide that the aggregate number of shares of the Company’s share capital issuable pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares.

Options granted under the Plan may have a maximum term of five years. The exercise price of options granted under the Plan will not be less than the discounted market price of the shares (defined as the last closing market price of the Company’s shares immediately preceding the issuance of a news release announcing the granting of the options, less the maximum discount permitted by TSX Venture Exchange Policy) or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange. All options granted under the Plan will become vested in full upon grant, except options granted to consultants performing investor relations activities, which options are subject to vesting restrictions such that one-quarter of the options shall vest every three months subsequent to the date of the grant of the options.

The following summary sets out the activity in the Plan:

	Options #	Weighted average exercise price \$
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# Enerev5 Metals Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

August 31, 2022

(Expressed in Canadian dollars)

<b>Outstanding May 31, 2021</b>	<b>15,795,307</b>	<b>0.062</b>
Cancelled	(4,995,307)	0.050
Granted	900,000	0.050
<b>Outstanding, May 31, 2022</b>	<b>11,700,000</b>	<b>0.066</b>
Cancelled	(6,700,000)	0.065
<b>Balance, August 31, 2022</b>	<b>5,000,000</b>	<b>0.067</b>

On November 9, 2021, the Company granted 200,000 stock options at an exercise price of \$0.05 exercisable for a period of 5 years. The options vest 25% on the date of grant, and 25% each on the 6, 12 and 24 month anniversaries of the grant. The fair value of the options was estimated to be \$9,051 using the Black-Scholes option pricing model with the following weighted average assumptions: share price - \$0.05, dividend yield - 0%; expected volatility – 147.9%; risk-free interest rate – 1.4%; and an expected life – 5 years.

On December 20, 2021, the Company granted 700,000 stock options at an exercise price of \$0.05 exercisable for a period of 5 years. The options vest 25% on the date of grant, and 25% each on the 6, 12 and 24 month anniversaries of the grant. The fair value of the options was estimated to be \$18,418 using the Black-Scholes option pricing model with the following weighted average assumptions: share price - \$0.03, dividend yield - 0%; expected volatility – 147.6%; risk-free interest rate – 0.41%; and an expected life - 5 years.

Reserves for stock options are transferred to contributed surplus upon expiry of the stock options.

### 6. Related party transactions

#### Compensation of key management and directors

Key management compensation expense includes the Chief Executive Officer, the Executive Vice-President, the Chief Financial Officer.

For the three months ended August 31	2022	2021
	\$	\$
Management fees to CEO	92,500	75,000
Management fees to Hooper Mining Services, a company controlled by a director and officer	-	33,000
Accounting fees to 1765271 Ontario Inc., a company controlled by an officer	30,000	30,000
Directors fees paid or accrued	20,250	19,749
	<b>142,750</b>	<b>157,749</b>

Included in accounts payable and accrued liabilities are amounts due to related parties. The total amount due to related parties as of August 31, 2022, was \$28,250 (May 31, 2022 - \$31,000).

### 7. General and administrative expenses

For the three months ended August 31	2022	2021
	\$	\$
Consulting, management and directors' fees	137,750	163,000
Professional fees (legal & audit)	20,073	15,416
Office and general	20,606	17,848
Rent	5,430	9,011
	<b>183,859</b>	<b>205,275</b>

# **Enerev5 Metals Inc.**

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

August 31, 2022

(Expressed in Canadian dollars)

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### **8. Capital management**

The mineral properties of the Company are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The Company intends to raise such funds as and when required to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the issuance of share and debt instruments. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the periods of these financial statements. The Company is not subject to any externally imposed capital requirements.

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

#### **a) Fair value of financial instruments**

The carrying value of cash, other receivables, trade and other payables approximates fair value due to the short-term nature of these financial instruments.

As of August 31, 2022, except for cash, none of the Company's financial instruments are recorded at fair value in the statements of financial position. Cash is classified as level 1 fair value.

#### **b) Risk management**

##### **Credit risk**

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company is exposed to credit risk with respect to its cash. To minimize this risk, cash has been placed with major Canadian financial institutions.

##### **Liquidity risk**

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, against cash and short-term investments. As at August 31, 2022, the Company has \$12,227 in cash and current liabilities of \$247,268. As the Company does not have operating cash flow, the Company has and will continue to rely primarily on equity financing to meet its capital requirements.

##### **Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

##### **Foreign currency risk**

The Company's functional currency is the Canadian Dollar. There were minimal operational expenses and expenditures incurred by the Company in US Dollars.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

##### **Interest rate risk**

# ***Enerev5 Metals Inc.***

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

August 31, 2022

(Expressed in Canadian dollars)

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Cash flow interest rate risk is the risk that future cash flow of financial instruments will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk.

### **Price Risk**

The Company has no operating revenue, as a result the market price of the commodities it is exploring for does not have a material effect on the financial results of the Company.

## **10. Contingencies**

On August 17, 2020, the Company entered into a consultancy agreement with 1765251 Ontario Inc. for the provision of consultancy services at a fee of \$10,000 per month. The agreement may be terminated by the Company giving 90 days' notice of termination, except under changes of control, when a fee equal to 18 times the monthly fee is payable.

As announced on April 28, 2021, the Company received correspondence on behalf of a former independent contractor claiming entitlement to payment of alleged outstanding "salary" and expenses of US\$329,000, 300,000 common shares of the Company, and payment in respect of the termination of services. The Company considers the claims to be without merit. No amounts have been recognized in the financial statements related to this matter.

## **11. Subsequent events**

On September 23, 2022, the Company issued 2,100,000 units at a price of \$0.05 pursuant to a brokered private placement for gross proceeds of \$105,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.10 for a period of five years. In connection with the private placement, the Company paid agent's commission of \$9,450, and issued 210,000 non-transferable broker warrants. Each broker warrant entitles the holder to acquire one unit of the Company, having the same terms as the units issued to subscribers, at a price of \$0.05.

6,700,000 stock options exercisable at \$0.065 were cancelled and the term of 2,500,000 options was reduced to August 31, 2023.

On September 18, 2022, 22,110,000 warrants expired unexercised.