ZEB NICKEL CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Expressed in Canadian Dollars

smythe

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ZEB NICKEL CORP.

Opinion

We have audited the consolidated financial statements of Zeb Nickel Corp. and its subsidiaries (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2022, and 2021;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholder's equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022, and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $983,735 during the year ended December 31, 2022 and has an accumulated deficit of $3,005,600 as of that date. As stated in Note 1, these events, or conditions, along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the Company'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 judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audits 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 the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to communicate in our auditors' report.

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Other Information

Management is responsible for the other information. The other information comprises 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 audits 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.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. 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 that 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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:

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- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance 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, related safeguards.

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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 auditors' 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 auditors' report is Kevin Yokichi Nishi.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 1, 2023

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ZEB NICKEL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian Dollars

		As At December 31, 2022		As At December 31, 2021
ASSETS				
Current				
Cash	$	424,380	$	1,922,185
Commodity tax receivable		53,485		32,124
Prepaid		74,124		55,089
		551,989		2,009,398
Long-term prepaid assets (Note 4)		-		27,133
Exploration and evaluation assets (Notes 4 and 7)		5,500,277		4,736,393
	$	6,052,266	$	6,772,924
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 7)	$	242,414	$	505,001
Note payable (Note 5)		802,901		-
		1,045,315		505,001
Note payable (Note 5)		-		623,874
		1,045,315		1,128,875
Shareholders' Equity				
Share capital (Note 6)		7,327,047		7,310,586
Accumulated other comprehensive income		53,870		53,870
Contributed surplus (Note 6)		631,634		301,458
Deficit		(3,005,600)		(2,021,865)
		5,006,951		5,644,049
	$	6,052,266	$	6,772,924

On behalf of the Board:

"John Zorbas" Director *"Richard Montjoie"* Director

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

ZEB NICKEL CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Expressed in Canadian Dollars
For the years ended December 31,

	2022	2021
EXPENSES		
Bank fees	$ 2,802	$ 704
Consulting fees (Note 7)	29,507	11,732
Filling and regulatory fees	28,417	9,242
Management fees (Note 7)	60,000	25,000
Office	116,055	7,904
Professional fees (Note 7)	127,711	148,457
Share-based compensation (Notes 6 and 7)	340,841	264,658
Transfer agent fees	9,183	4,431
Loss before other items	(714,516)	(472,128)
OTHER ITEMS		
Foreign exchange loss	(36,005)	-
Listing expenses (Note 3)	-	(667,941)
Gain on long-term payable (Note 5)	-	182,145
Accretion of long-term payable (Note 5)	(175,878)	(45,639)
Write-off of commodity tax receivable	(57,336)	-
NET LOSS FOR THE YEAR	(983,735)	(1,003,563)
OTHER COMPREHENSIVE LOSS		
Items that will be reclassified subsequently to profit or loss		
Currency translation differences	-	42,058
		-
Loss and comprehensive loss for the year	$ (983,735)	$ (961,505)
Basic and diluted loss per common share	$ (0.02)	$ (0.03)
Weighted average number of common shares outstanding	54,904,877	40,355,917

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

ZEB NICKEL CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Expressed in Canadian Dollars
For the years ended December 31, 2022 and 2021

	Number of shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total
December 31, 2020	120	$ 3,911,219	$ -	$ 11,812	$ (1,018,302)	$ 2,904,729
Shares of the Company on RTO	2,347,828	586,957	-	-	-	586,957
Eliminate shares of Zebediela	(120)	-	-	-	-	-
Shares issued to shareholders of Zebediela	41,000,000	-	-	-	-	-
Private placement	11,200,000	2,800,000	-	-	-	2,800,000
RTO finder's fee	250,000	62,500	-	-	-	62,500
Revaluation of options and warrants on RTO	-	-	86,000	-	-	86,000
Exercise of options	86,958	69,200	(49,200)	-	-	20,000
Share issuance costs	-	(119,290)	-	-	-	(119,290)
Share-based compensation	-	-	264,658	-	-	264,658
Currency translation adjustment	-	-	-	42,058	-	42,058
Loss for the year	-	-	-	-	(1,003,563)	(1,003,563)
December 31, 2021	54,884,786	7,310,586	301,458	53,870	(2,021,865)	5,644,049
Exercise of warrants	25,200	16,461	(10,665)	-	-	5,796
Share-based compensation	-	-	340,841	-	-	340,841
Loss for the year	-	-	-	-	(983,735)	(983,735)
December 31, 2022	54,909,986	7,327,047	631,634	53,870	(3,005,600)	5,006,951

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

ZEB NICKEL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Expressed in Canadian Dollars
For the years ended December 31,

	2022	2021
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the year	$ (983,735)	$ (1,003,563)
Item not affecting cash:		
Share-based compensation	340,841	264,658
Listing expenses	-	667,941
Gain on long-term payable	-	(182,145)
Accretion of long-term payable	175,878	45,639
Unrealized foreign exchange loss	3,636	-
Write-off of commodity tax receivable	57,336	
Changes in non-working capital items:		
Commodity tax receivable	(78,697)	(32,124)
Prepaid	(19,035)	(82,222)
Accounts payable and accrued liabilities	19,118	(220,940)
Net cash used in operating activities	(484,658)	(542,756)
INVESTING ACTIVITIES		
Exploration and evaluation costs	(1,018,456)	(412,025)
Cash received on acquisition	-	134,198
Net cash used in investing activities	(1,018,456)	(277,827)
FINANCING ACTIVITIES		
Share issuance proceeds	-	2,800,000
Share issuance costs	-	(119,290)
Proceeds from exercise of warrants	5,796	20,000
Net cash provided by financing activities	5,796	2,700,710
Effect of foreign currency translation on cash	(487)	42,058
Change in cash for the year	(1,497,805)	1,922,185
Cash, beginning of year	1,922,185	-
Cash, end of year	$ 424,380	$ 1,922,185

Supplemental cash flow disclosures		
Exploration and evaluation expenditures in accounts payable and accrued liabilities	$ 131,444	$ 413,149
RTO finder’s fee	$ -	$ 62,500
Conversion of accounts payable to promissory note	$ -	$ 760,380
Reclassification of long-term prepaid asset to exploration and evaluation assets	$ 27,133	$ -

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

1. NATURE OF BUSINESS AND GOING CONCERN

ZEB Nickel Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on February 6, 2019. The Company's principal business activity is the acquisition, exploration and development of mineral properties located in South Africa.

The Company's head office is Suite 507 – 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6, Canada. The Company's registered and records office is located at 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada. The Company's shares trade on the TSX Venture Exchange (the "Exchange") under the ticker symbol "ZBNI".

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Realization values may be substantially different from the carrying values shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company's continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing. The Company has not achieved profitable operations and has accumulated losses since inception. During the year ended December 31, 2022, the Company incurred a net loss of $983,735 (2021 - $1,003,563) and as of that date has an accumulated deficit of $3,005,600 (2021 - $2,021,865). The Company will need to raise additional capital resources to fund its exploration programs and administrative expenses beyond the next twelve months. The above conditions may cast significant doubt about the Company's ability to continue as a going concern.

COVID-19 has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, rapid spread of COVID-19 may have an adverse effect on the Company's financing capabilities. The extent to which COVID-19 may impact the Company's business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the United States, and other countries to contain and treat the virus. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of these financial statements, these conditions could have a significant adverse impact on the Company's financial position and results of operations for future periods. To date, COVID-19 has not had a material impact on the Company's business activities, cash flow and liquidity.

Reverse Takeover

On July 30, 2021, the Company completed the acquisition of all of the issued and outstanding shares of a private company, Zebediela Nickel Company (Pty) Ltd. ("Zebediela"), through a reverse takeover ("RTO") thereby completing its Qualifying Transaction (the "Transaction"). Zebediela was incorporated in South Africa on November 6, 2020.

Upon completion of the RTO, the shareholders of Zebediela obtained control of the consolidated entity. Accordingly, Zebediela was identified as the acquirer for accounting purposes, and the consolidated entity is considered to be a continuation of Zebediela, with the net assets of the Company at the date of the RTO deemed to have been acquired by Zebediela (Note 3). The consolidated financial statements for the year ended December 31, 2021 include the results of operations of Zebediela from January 1, 2021 and of the Company from July 30, 2021, the date of the RTO. The comparative figures are those of Zebediela Nickel Company (Pty) Ltd. The Company continues to carry on the business of Zebediela as currently constituted, which is the exploration and development of mineral properties in South Africa.

Immediately prior to completion of the Transaction, the Company also consolidated its issued and outstanding common shares on a 2.3:1 basis. These consolidated financial statements have been retrospectively adjusted to reflect the share consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance and basis of presentation

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

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 1, 2023.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, or fair value through other comprehensive loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements are presented in Canadian dollars unless otherwise noted which is also the Company's and its subsidiaries' functional currency (see below).

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries:

Name of Subsidiary	Place of Domicile	Percentage Ownership
Zebediela Nickel Company (Pty) Ltd. ("Zebediela")	South Africa	100%
Umnex Minerals Limpopo (Pty) Ltd. ("Umnex") - inactive	South Africa	74%
Lesego Platinum Uitloop (Pty) Ltd. ("Lesego") - inactive	South Africa	67%

All material intercompany balances and transactions have been eliminated upon consolidation. Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. Umnex and Lesego are inactive and solely own interests in the Company's exploration property.

Estimates, judgments and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

<u>Significant Judgments</u>

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Estimates, judgments and assumptions (continued)

Significant Judgments (continued)

- Asset acquisition versus business combination – Management had to apply judgment with respect to whether an acquisition is an asset acquisition or business combination. The assessments require management to assess the inputs, processes, and outputs of the companies acquired at the time of acquisition. Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions.

- Determination of the acquirer in the reverse takeover transaction – Management had to apply judgment to determine which party obtains control of the combining entities. Management applies judgment in determining control by assessing the following three factors: whether the Company has power over an entity; whether the Company has exposure or rights to variable returns from its involvement; and whether the Company has the ability to use its powers over the entity to affect the amount of its returns.

- The determination of the Company and its subsidiaries' functional currency – The Company applied judgment in determining its functional currency and the functional currency of its subsidiaries. The functional currency was determined based on the currency in which funds are sourced and the currency of the main economic environment in which the Company and its subsidiaries operate.

- Indicators of impairment of property and equipment and exploration and evaluation assets – Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

  Significant judgment is required when determining whether facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The retention of regulatory permits and licenses, the Company's ability to obtain financing for exploration and development activities and its future plans on the exploration and evaluation assets, current and future metal prices, and market sentiment are all factors considered by the Company.

Significant Estimates

- Share-based compensation – The fair value of stock options granted are measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free rate. The Company estimates volatility based on historical share price of comparable companies, excluding specific time frames in which volatility was affected by specific transactions that are not considered to be indicative of the entities' expected share price volatility. The expected life of the options is based on historical experience and general option holder behaviour. Dividends were not taken into consideration as the Company does not expect to pay dividends.

- Fair value of consideration in reverse takeover transaction – The fair value of consideration to acquire the Company in the reverse takeover transaction comprised common shares. Common shares were valued on the date of issuance. The Company applied IFRS 2 Share-based Payment in accounting for the Transaction.

- Discount rate applied to promissory note – The Company estimates the appropriate discount rate utilized in calculating the present value of the future cash flows for the promissory note.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Exploration and Evaluation Assets

Exploration costs incurred prior to the Company obtaining an exploration license are expensed as incurred.

Once the right to explore a property has been acquired, all costs related to the acquisition, exploration, and evaluation of mineral properties are capitalized by property. These expenditures include costs for consulting geologists, surveying, geophysics, sampling, drilling, assaying and depreciation on equipment during the exploration phase.

Option payments to acquire an exploration and evaluation asset, made at the sole discretion of the Company under an option agreement, are capitalized at the time of payment. Option payments received are treated as a reduction of the carrying value of the related acquisition cost for the exploration and evaluation assets until the payments are in excess of acquisition costs, at which time they are then credited to profit or loss. Option payments are at the discretion of the optionee and, accordingly, are accounted for when payment is made or receipt is reasonably assured.

The Company is in the exploration stage and is in the process of determining whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of amounts recorded as exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, maintenance of the Company's legal interests in its mineral claims, obtaining further financing for exploration and development of its mineral claims and commencement of future profitable production, or receiving proceeds from the sale of all or an interest in its mineral properties. Management reviews the carrying value of exploration and evaluation assets on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for exploration and evaluation assets represent costs incurred, net of write-downs and recoveries, and are not intended to represent present or future values.

Capitalized exploration and evaluation costs are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work being carried out by the Company or its partners on a property, when a property is abandoned or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount. The recoverability of the carrying amount of mineral properties is dependent on the successful development and commercial exploitation or the sale of the respective areas of interest.

Impairment

At each reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell ("FVLCS") and value in use ("VIU"). FVLCS is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is established to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss for the period.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Financial instruments

The Company classifies all financial instruments as fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income ("FVTOCI"), or financial assets/liabilities at amortized cost. Management determines the classification of its financial assets and liabilities at initial recognition.

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. The Company classifies cash as FVTPL.

Financial assets at amortized cost are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets carried at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the financial asset.

In relation to the impairment of financial assets, IFRS 9, *Financial Instruments,* requires an expected credit loss model. The expected credit loss model requires the Company to account for expected credit losses ("ECL") and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on de-recognition of financial assets classified as FVTPL or amortized cost are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. The Company classifies accounts payable and accrued liabilities and note payable as measured at amortized cost.

Financial instruments that are measured at fair value use inputs which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3	Inputs that are not based on observable market data.

Their carrying values of the Company's cash, accounts payable and accrued liabilities, and note payable approximate fair value due to their short-term maturity.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share Capital

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Shares issued as consideration for goods or services provided to those other than employees or others providing similar services are measured at the fair value of the goods or services received, except when the fair value cannot be measured reliably, in which case they are measured at the fair value of the equity instrument granted.

Warrants issued by the Company typically accompany an issuance of shares in the Company (a "unit") and entitle the warrant holder to exercise the warrants for a stated price and a stated number of common shares in the Company. The fair value of units issued is measured using the residual value approach, with the allocation of proceeds first to shares based on the fair value of the shares on the date of issuance and the remainder to warrants.

Share-based compensation

The Company records all share-based compensation at fair value. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized through profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received.

When the value of goods or services received in exchange for the share-based compensation cannot be reliably estimated, the fair value is measured by use of a valuation model.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Share-based compensation (continued)

At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options, agent options and warrants, share capital is recorded for the consideration received and for the fair value amounts previously recorded to share-based payments reserve. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based compensation.

Options and warrants issued as consideration in connection with common share placements are recorded at their fair value on the date of issuance as share issuance costs.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Restoration, Rehabilitation and Environmental Obligations

An obligation to incur restoration, rehabilitation, and environmental costs arise when an environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, and amount or timing of the underlying cash flows needed to settle the obligation. Costs for the restoration of subsequent site damage, which is created on an ongoing basis during production, are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation, and environmental costs as the disturbance to date is minimal.

Expressed in Canadian Dollars

3. REVERSE TAKEOVER ("RTO")

On July 30, 2021, the Company completed the acquisition of Zebediela by way of issuing 41,000,000 common shares of the Company to the shareholders of Zebediela (the "Transaction"). As a result, the shareholders of Zebediela acquired control of the Company, thereby constituting an RTO. The Transaction is considered a purchase of the Company's net assets by the Zebediela shareholders. The Transaction is accounted for in accordance with guidance provided in *IFRS 2, Share-Based Payment* as the Company did not qualify as a business according to the definition in *IFRS 3, Business Combinations* as there were no substantive processes in place. For RTO accounting purposes, the Transaction is recognized as if Zebediela had proceeded to issue the Company's shares outstanding before the Transaction in exchange for the net assets acquired. The fair value of the 2,347,828 common shares of the Company was determined to be $0.25 per common share, based on the fair value at July 30, 2021.

Consideration paid:	
Fair value of Blue Rhino common shares	$ 586,957
Fair value of Blue Rhino agent warrants *	36,800
Fair value of Blue Rhino options **	49,200
Transaction costs – Fair value of common shares issued to finders	62,500
Total consideration paid	**$ 735,457**
Identifiable assets acquired:	
Cash	$ 134,198
Trade and other payables	(66,682)
Net assets acquired	**$ 67,516**
Listing expense	**$ 667,941**

* The fair value of agent warrants was valued using the Black-Scholes option pricing model using the following inputs:
- 150% volatility; 0.28% risk-free interest rate; $0.25 fair value; $0.10 exercise price, 2 year expected life; 0% expected dividend rate.

** The fair value of options was valued using the Black-Scholes option pricing model using the following inputs:
- 150% volatility; 0.54% risk-free interest rate; $0.25 fair value; $0.10 exercise price, 10 year expected life; 0% expected dividend rate.

4. EXPLORATION AND EVALUATION ASSETS

The Company controls the rights to the Zebediela Nickel Project located in the Limpopo Province in the Republic of South Africa.

Balance December 31, 2020	$ 4,025,640
Additions	
Drilling	337,943
Field work, administration and other (Note 7)	372,810
Balance December 31, 2021	4,736,393
Additions	
Assays	221,820
Equipment and rental costs	36,319
Field crew, camp costs and supplies	33,414
Geological consulting	71,025
Project management, administration and other (Note 7)	401,306
Balance December 31, 2022	$ 5,500,277

Expressed in Canadian Dollars

5. PROMISSORY NOTE

Upon completion of the Transaction, $812,640 (US$600,000) of accounts payable due to a related party was converted into a non-interest bearing promissory note payable maturing January 30, 2023 (18 months from after the completion of the acquisition) (Note 3). The Company applied an effective interest rate of 20% to discount the promissory note to its fair value and recognized a gain of $182,145 during the year ended December 31, 2021. The note has not yet been repaid subsequent to year end and is considered payable on demand.

Continuity of the promissory note is as follows:

Balance, December 31, 2020	$ -
Addition	578,235
Accretion	45,639
Balance, December 31, 2021	623,874
Accretion	175,878
Foreign exchange translation	3,149
Balance, December 31, 2022	**$ 802,901**

6. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued and outstanding

During the year ended December 31, 2022, the Company:

- Issued 25,200 common shares pursuant to the exercise of options for gross proceeds of $5,796, and accordingly, reallocated $10,665 from contribution surplus to share capital.

During the year ended December 31, 2021, the Company:

- Issued 41,000,000 common shares pursuant to the RTO (Note 3).
- Completed a non-brokered private placement via the issuance of 11,200,000 common shares at $0.25 per share for gross proceeds of $2,800,000. The Company paid $119,290 as share issuance costs in connection with the private placement.
- Issued 250,000 common shares to a director of the Company as finder's fee in connection with the RTO (Note 3).
- Issued 86,958 common shares pursuant to the exercise of options for gross proceeds of $20,000, and accordingly, allocated $49,000 from contribution surplus to share capital.

Escrow shares

At December 31, 2022, the Company had 33,009,238 shares held in escrow. 4,309,239 shares vest January 29, 2023, 6,149,999 shares vest July 29, 2023, 6,150,000 shares vest January 29, 2024, and 16,400,000 shares vest on July 29, 2024.

Expressed in Canadian Dollars

6. SHARE CAPITAL (CONTINUED)

Stock option plan

The Company has a stock option plan in place under which it is authorized to grant options to directors, senior officers, employees, management company employees, and consultants to acquire up to 10% of the issued and outstanding common shares. Under the plan, the maximum issuance in any 12-month period is limited for any consultant or person providing investor relations services to 2%, and 5% for any other participant. The exercise price of the shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange. The options can be granted for a maximum term of ten years. Options issued for investor relations services will be subject to a vesting schedule of at least 12 months whereby no more than 25% of the options granted may vest within any three-month period. All other vesting terms are determined by the Board of Directors.

Stock options

During the year ended December 31, 2021, the Company granted 2,785,000 stock options to directors, officers, and consultants, exercisable at a price of $0.25 and an expiry date of November 9, 2025. The options have a fair value of $605,500, calculated using the Black-Scholes option pricing model using the following inputs: (i) Volatility of 150.00%; (ii) Term of 4 years; (iii) Discount rate of 1.26%; (iv) Dividend rate of Nil; and (v) market stock price of $0.25. The options vest 20% every three months starting November 9, 2021. During the year ended December 31, 2022, the Company recorded $340,841 (2021 - $264,658) of share-based compensation relating to the vesting period.

A summary of the Company's stock option activity is as follows:

	Options	Weighted Average Exercise Price
Balance, at December 31, 2020	-	$ -
Additions on acquisition (Note 3)	86,958	0.23
Granted	2,785,000	0.25
Exercised	(86,958)	0.23
Balance, at December 31, 2021	2,785,000	0.25
Cancelled	(25,000)	0.25
Balance, at December 31, 2022	2,760,000	$ 0.25
Exercisable, December 31, 2022	2,760,000	$ 0.25

Details of options outstanding as at December 31, 2022:

Exercise price	**Number of options outstanding**	**Expiry date**	**Number of options exercisable**
$0.25	2,760,000	November 9, 2025	2,760,000
	2,760,000		2,760,000

The weighted average remaining contractual life of options outstanding as at December 31, 2022 is 2.86 years (2021 - 3.86 years).

Expressed in Canadian Dollars

6. SHARE CAPITAL (CONTINUED)

Warrants

A summary of the Company's warrant activity is as follows:

	Warrants	Weighted Average Exercise Price
Balance, at December 31, 2020	-	$ -
Additions on acquisition (Note 3)	86,958	0.23
Balance, December 31, 2021	86,958	0.23
Exercised	(25,200)	0.23
Expired	(61,758)	0.23
Balance, December 31, 2022	-	$ -

7. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. Key management personnel includes the Company's executive officers and Board of Director members.

During the year ended December 31, 2022, the Company paid or accrued:

i) $60,000 (2021 - $25,000) in management fees to the CEO.
ii) $87,500 (2021 - $25,000) in professional fees to an accounting firm in which the CFO has an interest.
iii) $24,000 (2021 - $10,085) in consulting fees to a director.
iv) $469,540 (2021 - $252,633) in exploration expenditures, relating to project management, administration, and other, to a corporation who has an officer who is also a director of the Company.

During the year ended December 31, 2021, the Company granted 2,785,000 stock options, of which 1,597,500 stock options were to its directors and officers, and recorded $151,810 of share-based compensating related to the vesting period to the related parties.

During the year ended December 31, 2022, the Company recorded $195,510 of share-based compensating related to the vesting period to the related parties.

During the year ended December 31, 2021, the Company recorded listing expenses of $112,500 related to $50,000 accrued cash costs and $62,500 in common shares issued to a director in consideration for facilitating the negotiation and completion of the Transaction (Note 3).

At December 31, 2022, the Company had $120,823 (2021 - $318,338) in accounts payable and accrued liabilities relating to amounts owed to officers and directors of the Company.

At December 31, 2022, the Company had $Nil (2021 - $80) in loan payable relating to amounts owed to a director of the Company.

Expressed in Canadian Dollars

8. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. There were no changes in the Company's approach to capital management during the year ended December 31, 2022. The Company is not subject to externally imposed capital requirements.

9. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with counterparty's inability to fulfil its obligations. The Company's credit risk is primarily attributable to its cash. The Company's management believes it has no significant credit risk as its cash is held with a major Canadian financial institution.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2022, the Company had a cash balance of $424,380 (2021 - $1,922,185), and $1,045,315 (2021 - $505,001) of current liabilities. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subjected to normal trade terms.

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 prices. The Company is not exposed to any significant interest rate risk.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to fluctuations in foreign currencies through its operations in South Africa. The Company monitors this exposure but has no hedge positions. As at December 31, 2022 and 2021, the Company was exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	December 31, 2022		December 31, 2021	
	South African Rand ($CAD equivalent)	**US Dollars** ($CAD equivalent)	**South African Rand** ($CAD equivalent)	**US Dollars** ($CAD equivalent)
Cash	$ 51,710	$ -	$ 100,987	$ -
Commodity tax receivable	104,586	-	25,553	-
Accounts payable and accrued liabilities	(131,444)	-	(413,150)	-
Note payable	-	(802,901)	-	(623,874)
	$ 24,852	**$ (802,901)**	**$ (286,610)**	**$ (623,874)**

Based on the above net exposures at December 31, 2022, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in an increase or decrease of approximately $77,800 (2021 - $91,000) in the Company's after-tax net loss, respectively.

Expressed in Canadian Dollars

10. SEGMENTED INFORMATION

The Company's operations comprise a single reporting segment. As the operations comprise a single reporting segment, amounts disclosed in the financial statements for expenses and loss for the period also represent segmented amounts.

All of the Company's exploration and evaluation assets are in South Africa.

11. INCOME TAXES

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rate of 27% as follows:

		December 31, 2022		December 31, 2021
Pre-tax loss for the year	$	(983,737)	$	(1,003,563)
Statutory tax rate		27%		27%
Estimated income tax recovery		(265,609)		(270,962)
Permanent differences		101,514		251,775
Differences between Canadian and foreign tax rates		73,434		2,487
Unused tax losses and tax offsets not recognized		90,630		25,231
Origination and reversal of temporary differences		-		(8,531)
Total income tax		-		-

Tax attributes are subject to review, and potential adjustments, by tax authorities. The significant components of the Company's deferred tax assets and liabilities are as follows:

		December 31, 2022		December 31, 2021
Share issue costs	$	25,635	$	35,233
Non-capital losses available for future periods		514,632		319,248
Note payable		11,906		-
Net deferred income tax assets not recognized	$	552,173	$	354,481

The Company has accumulated Canadian non-capital losses of approximately $797,000, which may be deducted in the calculation of taxable income in future years. The losses expire in 20 years after the losses incurred, commencing 2039. The Company has accumulated South African non-capital losses of approximately $1,069,000, which may be deducted in the calculation of taxable income in future years. The losses can be carried forward indefinitely.