

# **FILING STATEMENT**

**OF**

**BLUE RHINO CAPITAL CORP.  
(to be renamed “ZEB Nickel Corp.”)**

**QUALIFYING TRANSACTION INVOLVING THE ACQUISITION BY BLUE RHINO CAPITAL  
CORP. OF ALL OF THE ISSUED AND OUTSTANDING SECURITIES OF ZEBEDIELA NICKEL  
COMPANY (PTY) LTD. UNDER THE TSX VENTURE EXCHANGE’S POLICY 2.4 – CAPITAL POOL  
COMPANIES**

**Dated as of July 28, 2021**

**All information contained in this Filing Statement with respect to Zebediela Nickel Company (Pty) Ltd. was supplied by Zebediela Nickel Company (Pty) Ltd. for inclusion herein.**

*Neither the TSX Venture Exchange nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement.*

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## FORWARD LOOKING INFORMATION

This Filing Statement contains forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “does not expect”, “is expected”, “estimates”, “intends”, “anticipates”, “does not anticipate”, or “believes”, or variations of such words and phrases or states that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken to occur or be achieved. Forward-looking information includes all matters that are not historical facts. Forward-looking information appears in a number of places throughout this Filing Statement. Examples of such information includes: (i) the intention to complete, and expected closing date of, the Transaction, (ii) the description of the Resulting Issuer that assumes completion of the Transaction; and (iii) proposed exploration and development activities, and method for funding thereof, expectations regarding the ability to raise capital and to be able to obtain and maintain all applicable licenses and permits for proposed activities, treatment under governmental regulatory regimes, status assets, future growth and performance.

Forward-looking statements are necessarily based upon a number of factors and assumptions that, if untrue, could cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such statements. Forward-looking statements are based upon a number of estimates and assumptions that, while considered reasonable by Blue Rhino at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause Blue Rhino, ZEB or the Resulting Issuer’s actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the future price of precious and base metals, anticipated costs and the Resulting Issuer’s ability to fund its programs, the Resulting Issuer’s ability to carry on exploration and development activities, the timing and results of drilling programs, the discovery of mineral resources on the Resulting Issuer’s mineral properties, the timely receipt of required approvals and permits, including those approvals and permits required for successful project permitting, construction and operation of projects, the costs of operating and exploration expenditures, the Resulting Issuer’s ability to operate in a safe, efficient and effective manner, the Resulting Issuer’s ability to obtain financing as and when required and on reasonable terms and the continuing impact of the COVID-19 pandemic and the resumption of business.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Blue Rhino, ZEB or the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Although Blue Rhino has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Known and unknown factors could cause actual results or events to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets; changes in interest rates; disruption to the credit markets and delays in obtaining financing; inflationary pressures; risks arising from holding derivative instruments (such as credit risk, market liquidity risk and mark-to-market risk); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States of America, South Africa, or other countries in which the Resulting Issuer may, upon completion of the Transaction, carry on business; business opportunities that may be presented to, or pursued by the Resulting Issuer upon

completion of the Transaction; the Resulting Issuer's ability to successfully integrate acquisitions; operating or technical difficulties in connection with business activities; the possibility of cost overruns or unanticipated expenses; employee relations; the risks of obtaining and renewing necessary licenses and permits; diminishing quantities or grades of reserves; adverse changes in the Resulting Issuer's credit rating; the occurrence of natural disasters, hostilities, acts of war or terrorism; and the ongoing global pandemic involving the novel coronavirus. The factors identified above are not intended to represent a complete list of the factors that could affect Blue Rhino, ZEB or the Resulting Issuer. Additional factors are noted under the heading "*Risk Factors*".

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this Filing Statement. These factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this Filing Statement. All subsequent forward-looking information attributable to Blue Rhino, ZEB or the Resulting Issuer herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. Blue Rhino, ZEB and the Resulting Issuer do not undertake any obligation to release publicly any revisions to, or otherwise update, this forward-looking information to reflect events or circumstances that occur after the date of this Filing Statement or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

## INTRODUCTION

### MARKET DATA

Unless otherwise indicated, market data and industry forecasts contained in this Filing Statement have been obtained from publicly available sources (including industry publications, surveys and forecasts), and the good faith estimates of management of Blue Rhino and ZEB, respectively ("**Management**"). Unless otherwise indicated, Management estimates are derived from publicly available information released by independent industry analysts and third-party sources, as well as data from their internal research, and are based on assumptions made by Management based on such data and its knowledge of the industry and markets, which Management believes to be reasonable. The internal research of Management has not been independently verified by any independent source. While Management believes the market position, market opportunity and market share information included in this Filing Statement is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of the future performance of Blue Rhino, ZEB and the Resulting Issuer and their respective future performance is necessarily subject to a high degree of uncertainty and risk due to a variety of factors. See "*Forward-Looking Information*" and "*Risk Factors*".

### INFORMATION RELATING TO ZEB

The information contained or referred to in this Filing Statement relating to ZEB has been furnished by ZEB. In preparing this Filing Statement, Blue Rhino relied upon ZEB to ensure that the Filing Statement contains full, true and plain disclosure of all material facts relating to ZEB.

## **CURRENCY**

In this Filing Statement, references to “\$” or “dollars” are to the lawful currency of Canada, unless otherwise indicated. If applicable, all references to “US\$” or “USD” are to the lawful currency of the United States.

## **GENERAL**

Except as otherwise indicated in this Filing Statement, all information disclosed in this Filing Statement is as of July 28, 2021 and the phrase “as of the date hereof” and equivalent phrases refer to that date.

No Person is authorized to give any information or to make any representation not contained in this Filing Statement and, if given or made, such information or representation should not be relied upon as having been authorized by Blue Rhino or the directors and officers of Blue Rhino. This Filing Statement does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any Person in any jurisdiction in which such an offer or solicitation is not authorized or in which the Person making such offer or solicitation is not qualified to do so or to any Person to whom it is unlawful to make such an offer or proxy solicitation.

Neither delivery of this Filing Statement nor any distribution of the securities referred to in this Filing Statement will, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Filing Statement.

## GLOSSARY OF TERMS

The following is a glossary of certain definitions used in this Filing Statement. Terms and abbreviations used in the financial statements of Blue Rhino, ZEB and the Resulting Issuer in the appendices to this Filing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

<b>“Acquisition”</b>	means the acquisition of all of the issued and outstanding share capital of ZEB by Blue Rhino pursuant to the Definitive Agreement;
<b>“Affiliate”</b>	A company is an “Affiliate” of another company if (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same Person. A company is “controlled” by a Person if (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company. A Person beneficially owns securities that are beneficially owned by (a) a company controlled by that Person, or (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person;
<b>“Arm’s Length Transaction”</b>	means a transaction which is not a Related Party Transaction;
<b>“Associate”</b>	when used to indicate a relationship with a Person, means (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to all outstanding voting securities of the issuer, (b) any partner of the Person, (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity, (d) in the case of a Person who is an individual, (i) that Person’s spouse or child, or (ii) any relative of that Person or of his spouse who has the same residence as that Person; but (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D of the Exchange with respect to that Member firm, Member corporation or holding company;
<b>“BCBCA”</b>	means the <i>Business Corporations Act</i> (British Columbia);
<b>“Blue Rhino”</b>	means Blue Rhino Capital Corp., a corporation subsisting under the BCBCA;
<b>“Blue Rhino Shareholders”</b>	means the holders of the Blue Rhino Shares;
<b>“Blue Rhino Shares”</b>	means the 2,347,826 common shares issued and outstanding in the capital of Blue Rhino (calculated on a post-Consolidation basis);
<b>“Board of Directors”</b>	means the Board of Directors of ZEB, Blue Rhino, or the Resulting Issuer as applicable;

<b>“Broker Warrants”</b>	means the 86,957 broker warrants of Blue Rhino (calculated on a post-Consolidation basis) issued on July 14, 2020, each entitling the holder thereof to acquire one Blue Rhino Share at a price of \$0.23 per share until July 14, 2022;
<b>“Closing”</b>	means the closing of the Transaction;
<b>“Closing Date”</b>	means the date on which the Closing occurs;
<b>“company”</b>	unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;
<b>“Completion Date”</b>	means the date of the Final Exchange Bulletin;
<b>“Concurrent Private Placement”</b>	means the non-brokered private placement of 11,200,000 Subscription Receipts in ZEB, at a price of \$0.25 per Subscription Receipt, for aggregate gross proceeds of \$2,800,000, which proceeds are being held in escrow pending satisfaction of the Escrow Release Conditions;
<b>“Consideration Shares”</b>	means the 41,000,000 Blue Rhino Shares (on a post-Consolidation basis), issuable to URU in connection with the Acquisition;
<b>“Consolidation”</b>	means the consolidation of the Blue Rhino Shares on a 2.3-for-1 basis;
<b>“Control Person”</b>	means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;
<b>“CPC”</b>	means a capital pool company pursuant to Policy 2.4 – <i>Capital Pool Companies</i> of the Exchange;
<b>“CPC Escrow Agreement”</b>	means the escrow agreement dated April 15, 2020, as amended, pursuant to which Blue Rhino Shares held by certain investors are held in escrow by the Escrow Agent in its capacity as escrow agent for the CPC Escrowed Shares;
<b>“CPC Escrowed Shares”</b>	means the Blue Rhino Shares issued to certain investors of Blue Rhino that are held in escrow pursuant to the CPC Escrow Agreement;
<b>“Definitive Agreement”</b>	means the Definitive Agreement dated effective March 2, 2021, between Blue Rhino and URU, setting forth the terms pursuant to which Blue Rhino will acquire all of the issued and outstanding share capital of ZEB;
<b>“DMRE”</b>	means the South African Department of Mineral Resources and Energy;
<b>“Escrow Agent”</b>	means Odyssey Trust Company;

<b>“Escrow Release Conditions”</b>	means the escrow release conditions in connection with the Concurrent Private Placement, as follows: <ul style="list-style-type: none"> <li>(a) Blue Rhino having received all applicable regulatory for the Concurrent Private Placement;</li> <li>(b) Blue Rhino having completed the Acquisition;</li> <li>(c) Blue Rhino having completed the Consolidation;</li> <li>(d) Blue Rhino having received conditional acceptance of the Exchange to the listing of the Blue Rhino Shares, following the completion of the Transaction;</li> <li>(e) the receipt by Blue Rhino from the holders of Subscription Receipts, in form and content satisfactory to Blue Rhino in its sole discretion, of any other documents required by the Exchange and applicable securities laws which Blue Rhino requests; and</li> <li>(f) the truth, at the time of issuance of the Subscription Receipts, of the representations and warranties of the holders of the Subscription Receipts under the terms of their respective subscription agreements entered into with Blue Rhino;</li> </ul>
<b>“Exchange”</b>	means the TSX Venture Exchange;
<b>“Exchange Policies”</b>	means the policies of the Exchange and all bulletins, orders, policies, rules, regulations and by-laws of the Exchange as amended from time to time;
<b>“Filing Statement”</b>	means this filing statement, together with all appendices attached hereto and including the summary hereof;
<b>“Final Exchange Bulletin”</b>	means the bulletin which is issued by the Exchange following Closing and the submission of all Post-Approval Documents which evidences the final Exchange acceptance of the Transaction;
<b>“Finders Shares”</b>	means the 250,000 post-Consolidation Blue Rhino Shares issuable to Anton Drescher (director and officer of Blue Rhino) in consideration for facilitating the negotiation and completion of the Transaction;
<b>“IFRS”</b>	means the International Financial Reporting Standards;
<b>“Insider”</b>	if used in relation to an issuer, means: (a) a director or senior officer of the issuer; (b) a director or senior officer of a company that is an Insider or subsidiary of the issuer; (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or (d) the issuer itself if it holds any of its own securities;
<b>“Listing”</b>	means the listing of the Resulting Issuer Shares on the Exchange following Closing;
<b>“LPU”</b>	means Lesego Platinum Uitloop (Pty) Ltd., a subsidiary of ZEB;

<b>“MD&amp;A”</b>	means management’s discussion and analysis;
<b>“Member”</b>	means a member of the Exchange as defined in the Exchange Policies;
<b>“Mining Right Application”</b>	means the mining right application (Reference: LP30/5/1/2/2/10174MR) which was submitted on July 26, 2019 and is currently being processed by the DMRE;
<b>“Named Executive Officer” or “NEO”</b>	has the meaning ascribed to it in Form 51-102F6 – <i>Statement of Executive Compensation</i> under National Instrument 51-102 entitled “ <i>Continuous Disclosure Obligations</i> ”;
<b>“NI 43-101”</b>	means National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i> ;
<b>“Non-Arm’s Length Party”</b>	means (a) in relation to a company: a promoter, officer, director, other Insider or Control Person of that company (including an issuer) and any Associates or Affiliates of any such Persons; and (b) in relation to an individual, any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person;
<b>“Odyssey”</b>	means Odyssey Trust Company;
<b>“Person”</b>	means a company or individual;
<b>“Post Approval Documents”</b>	means the documents prescribed as such by Exchange Policy 2.4 – <i>Capital Pool Companies</i> ;
<b>“Project” or “Zebediela Nickel Project”</b>	means the various portions of the farms Uitloop 3 KS, Amatava 41 KS, Bloemhof 4 KS and Piet Potgietersrust Town and Townlands 44 KS, located in the Mogalakwena Local, and Waterberg District Municipalities of the Limpopo Province, South Africa and consists of three Prospecting areas, which will be covered by a single Mining Right (Reference: LP30/5/1/2/2/10174MR) that is currently under application (submitted 26 July 2019);
<b>“Related Party Transaction”</b>	has the meaning ascribed to that term under Multilateral Instrument 61-101 – <i>Protection of Minority Security Holders in Special Transactions</i> , and includes a related party transaction that is determined by the Exchange to be a Related Party Transaction;
<b>“Release Deadline”</b>	means 5:00 p.m. (Vancouver time) on July 31, 2021;
<b>“Resulting Issuer”</b>	means Blue Rhino, after giving effect to the Transaction;
<b>“Resulting Issuer Broker Warrants”</b>	means the broker warrants of the Resulting Issuer outstanding upon Closing;
<b>“Resulting Issuer Escrow Agreement”</b>	means the agreement to be entered into among the Resulting Issuer, Odyssey and certain shareholders of the Resulting Issuer pursuant to which the Resulting Issuer Escrow Shares owned by such shareholders will be held in escrow in accordance with the requirements of the Exchange;

<b>“Resulting Issuer Escrow Shares”</b>	means the Resulting Issuer Shares to be held in escrow pursuant to the Resulting Issuer Escrow Agreement;
<b>“Resulting Issuer Options”</b>	means the incentive stock options of the Resulting Issuer outstanding upon Closing;
<b>“Resulting Issuer Shares”</b>	means the common shares in the capital of the Resulting Issuer;
<b>“Royalty”</b>	means the 2.5% revenue royalty payable to URU and Unmex Mineral Holdings (Pty) Ltd. from all revenue generated from the Project
<b>“Stock Option Plan”</b>	means the Blue Rhino incentive stock option plan, as approved by the Blue Rhino Shareholders at its most recent annual general meeting, or the proposed stock option plan for the Resulting Issuer;
<b>“Stock Options”</b>	means the 86,957 incentive stock options of Blue Rhino (calculated on a post-Consolidation basis) issued pursuant to the Stock Option Plan, each entitling the holder thereof to acquire one Blue Rhino Share at a price of \$0.23 per share until July 14, 2030;
<b>“Subscription Receipts”</b>	means the 11,200,000 subscription receipts in ZEB, issued pursuant to the Concurrent Private Placement, with each Subscription Receipt automatically converting into one Blue Rhino Share (on a post-Consolidation basis) on satisfaction of the Escrow Release Conditions on or before the Release Deadline;
<b>“Technical Report”</b>	means the independent NI 43-101 technical report entitled “ <i>Independent NI 43-101 Technical Report on the Zebediela Nickel Sulphide Project, Limpopo Province, South Africa</i> ” prepared for Blue Rhino, authored by Scott Jobin-Bevans, Principal Geoscientist and Philip John Hancox, Associate Geologist and dated March 26, 2021;
<b>“Transaction”</b>	means, collectively, the Acquisition, the fulfilment of the Escrow Release Conditions, the Consolidation and the change of name of “Blue Rhino Capital Corp.” to “ZEB Nickel Corp.”;
<b>“URU”</b>	means URU Metals Limited;
<b>“UML”</b>	means Umnex Minerals Limpopo (Pty) Ltd., a subsidiary of ZEB;
<b>“ZEB”</b>	means Zebediela Nickel Company (Pty) Ltd., a company registered under the laws of the Republic of South Africa;
<b>“ZEB Shares”</b>	means the 120 ordinary shares in the capital of ZEB as constituted prior to completion of the Transaction;

## SUMMARY OF FILING STATEMENT

*The following is a summary of information relating to Blue Rhino, ZEB and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. Certain capitalized words and terms used in this summary are defined in the Glossary of Terms.*

### BLUE RHINO

Blue Rhino was incorporated on February 6, 2019, pursuant to the provisions of the BCBCA under the name “Blue Rhino Capital Corp.”

The head office of Blue Rhino is located at Suite 507, 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6 and the registered and records office of Blue Rhino is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

### ZEB

ZEB was incorporated on November 6, 2020 under the laws of South Africa.

The head office of ZEB is located at Suite 401, 4 King Street Toronto, Ontario, M5H 1B6 and the registered office is located at 21 Fourth Avenue Houghton, Johannesburg, Gauteng, South Africa, 2196. ZEB is a privately held mineral exploration company (and a wholly-owned subsidiary of URU), whose principal business activity is the acquisition and exploration of mineral property interests in South Africa.

### THE ACQUISITION

On March 2, 2021, Blue Rhino entered into the Definitive Agreement with URU pursuant to which Blue Rhino agreed to acquire all of the issued and outstanding shares of URU’s wholly-owned subsidiary, ZEB, where Blue Rhino will issue 41,000,000 Consideration Shares to URU in consideration for all of the outstanding ZEB Shares and Blue Rhino will change its name to “ZEB Nickel Corp.” Following completion of the Acquisition, ZEB will be a wholly-owned subsidiary of the Resulting Issuer and URU will be a control person of the Resulting Issuer.

ZEB controls the ZEB Nickel Project located in the Limpopo Province in the Republic of South Africa, near the platinum mining town of Mokopane.

Blue Rhino’s proposed acquisition of ZEB constitutes a “Qualifying Transaction” for Blue Rhino pursuant to Exchange Policy 2.4 – *Capital Pool Companies*. The Acquisition is not a Non-Arm’s Length Qualifying Transaction within the meaning of the policies of the Exchange. Upon Closing, the Resulting Issuer will be engaged in the existing business of ZEB and will become a Tier 2 Mining Issuer under the policies of the Exchange. See “Part IV - Information Concerning the Resulting Issuer” and “Part II – Information Concerning ZEB”.

### CONCURRENT PRIVATE PLACEMENT

In connection with the Transaction, Blue Rhino has completed the Concurrent Private Placement to raise aggregate proceeds of \$2,800,000 through the sale of 11,200,000 Subscription Receipts, at a price of \$0.25 per Subscription Receipt. Upon notice of satisfaction of the Escrow Release Conditions, prior to the Release Deadline, escrowed proceeds from the Concurrent Private Placement will be released to the Resulting

Issuer, and each Subscription Receipt will be automatically converted (without any further action on the part of the holder and for no additional consideration) into one post-Consolidation Blue Rhino Share. Those Blue Rhino Shares will then constitute Resulting Issuer Shares upon completion of the Transaction.

In connection with the Concurrent Private Placement, upon Closing, Blue Rhino will pay an aggregate of \$84,700 in finder's fees to certain arms-length brokerage firms who assisted in introduction subscribers to the Concurrent Private Placement.

Upon release from escrow to the Resulting Issuer, the proceeds raised through the Concurrent Private Placement will be used to continue funding the Resulting Issuer's business plan, satisfy the Resulting Issuer's financial obligations and for general working capital purposes.

## **CONSOLIDATION**

In connection with the Transaction, Blue Rhino will complete the Consolidation, such that all issued and outstanding shares will be consolidated on a 2.3-to-1 basis.

## **DEFINITIVE AGREEMENT**

On March 2, 2021, Blue Rhino and URU entered into a Definitive Agreement pursuant to which, on Closing, the Resulting Issuer will acquire ZEB, in exchange for the issuance of an aggregate of 41,000,000 Consideration Shares to URU.

The Acquisition will be effected on the Closing Date subject to obtaining Exchange approval and the issuance of the Final Exchange Bulletin. Pursuant to the Definitive Agreement, Blue Rhino will acquire all of the issued and outstanding share capital of ZEB.

It is intended that the Acquisition will constitute the "Qualifying Transaction" of Blue Rhino, as such term is defined in the policies of the Exchange, and that, as a result of the Acquisition, ZEB will be a wholly-owned subsidiary of the Resulting Issuer and will be renamed "Zebediela Property Holdings Inc."

In connection with the Definitive Agreement, Blue Rhino will:

- i. issue to URU, 41,000,000 Consideration Shares; and
- ii. assume all ongoing liabilities and obligations of ZEB, which will include the 2.5% Royalty. Two percent of the Royalty can be purchased for a one-time cash payment of US\$2,000,000.

Completion of the Acquisition is subject to a number of conditions, including requisite shareholder and regulatory approvals of the Acquisition and certain other conditions typical of a transaction of this nature.

## **NAME CHANGE**

Blue Rhino will change its name to "ZEB Nickel Corp." immediately prior to or upon completion of the Transaction.

## **INTERESTS OF INSIDERS**

Insiders of Blue Rhino will be treated in the same manner as the present holder of ZEB Shares in connection with the Transaction, with the exception that Anton Drescher (Director, President, Chief Executive Officer

and Corporate Secretary) will also receive the 250,000 Finders Shares in consideration for facilitating the negotiation and completion of the Transaction.

### ARM'S LENGTH PARTY TRANSACTION

The Transaction is not a Non-Arm's Length Qualifying Transaction within the meaning of the policies of the Exchange.

### SHAREHOLDER APPROVAL

At a meeting of Blue Rhino Shareholders held on April 7, 2021, the Blue Rhino Shareholders approved various matters in connection with the Qualifying Transaction, including, among other things: electing the directors following completion of the Transaction, approving the issuance of the Finders Shares and approving a reduction in the length of the escrow period in respect of the CPC Escrowed Shares (from 36 months to 18 months). Please refer to the information circular of Blue Rhino dated February 9, 2021, a copy of which is available under Blue Rhino's profile at on SEDAR at [www.sedar.com](http://www.sedar.com), for additional details regarding the matters approved at the meeting, including the level of securityholder approval required for each matter, and the category of parties whose votes were required to be excluded from the vote on any matter.

### AVAILABLE FUNDS AND PRINCIPAL PURPOSES

The Resulting Issuer is expected to have approximately \$2,488,855 in working capital available on Closing. The Resulting Issuer is expected to use the funds available to it in furtherance of its stated business objectives which are summarized in the table appearing below.

	Estimated Amount
<b>Sources of Funds:</b>	
Estimated working capital <sup>(1)</sup>	\$188,855
Gross proceeds from the Concurrent Private Placement	\$2,800,000
<b>Total Sources</b>	<b>\$2,988,855</b>
<b>Uses of Funds:</b>	
Costs related to the Transaction (including Concurrent Private Placement) <sup>(2)</sup>	\$150,000
Finders fees related to Concurrent Private Placement	\$84,700
Repayment of Current Portion of Liabilities owing to URU by ZEB	\$327,000 <sup>(3)</sup>
Carrying and Maintenance Costs for the Project	\$180,000
Phase 1 Exploration Program for the Project	\$314,000 <sup>(4)</sup>
Corporate marketing and travel costs	\$60,000

	<b>Estimated Amount</b>
Salaries and Consulting Fees	\$240,000
General and administrative expenses for the first 12 months <sup>(5)</sup>	\$180,000
Unallocated working capital to fund ongoing operations	\$1,453,155
<b>Total Uses</b>	<b>\$2,988,855</b>

Notes:

- (1) Based on the estimated working capital of Blue Rhino as at June 30, 2021 in the amount of \$188,855 and assuming nil working capital of ZEB as at June 30, 2021.
- (2) Consisting of legal fees, filing fees, accounting fees and other professional advisory fees related to the Transaction.
- (3) Representing USD\$260,000 based on the rate of exchange published by the Bank of Canada for conversion of US dollars into Canadian dollars as of July 27, 2021.
- (4) Representing USD\$250,000 based on the rate of exchange published by the Bank of Canada for conversion of US dollars into Canadian dollars as of July 27, 2021.
- (5) Comprised of: \$48,000 (office and rent); \$80,000 (professional fees); \$37,000 (travel); and \$15,000 (listing and filing fees).

Based on current projections, the Resulting Issuer's working capital available for funding ongoing operations is expected to meet its expenses for a minimum period of 12 months commencing immediately after the completion of the Transaction.

For additional information, see "*Part IV - Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*".

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to affect the planned activities of the Resulting Issuer. For these reasons, management of Blue Rhino considers it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates. See "*Forward-Looking Information*".

## **PROPOSED DIRECTORS AND OFFICERS OF THE RESULTING ISSUER**

Upon Closing, the Resulting Issuer's Board of Directors will be reconstituted to consist of Wayne Isaacs, Tom Panoulis, Anton Drescher, Gregory McKenzie, Jacinto Vieira and Richard Montjoie. Officers of the Resulting Issuer will consist of Wayne Isaacs as Chief Executive Officer ("**CEO**") and Corporate Secretary and David Cross as Chief Financial Officer ("**CFO**"). In addition, Martin Vydra will act as a strategic advisor to the Board of Directors, and Justin Cochran as an advisor to the Board of Directors.

## **SELECTED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

Upon completion of the Transaction, Blue Rhino (the Resulting Issuer) will have no short term debt and approximately \$2,988,855 in working capital. The issued share capital of the Resulting Issuer will be 54,797,826 Resulting Issuer Shares (See "*Part IV - Information Concerning the Resulting Issuer – Pro Forma Capitalization*" and the unaudited Pro Forma Financial Statements of the Resulting Issuer as at April 30, 2021 attached to this Filing Statement as Appendix "C").

The following table contains certain pro forma financial information regarding the Resulting Issuer. This table should be read in conjunction with the pro forma consolidated financial statements of the Resulting Issuer included in this Filing Statement as Appendix “C” hereto.

**Pro Forma Consolidated Balance Sheet**

	<b>Pro Forma Balance Sheet as at April 30, 2021</b>
Total assets	\$2,552,000
Total long and short term liabilities	\$45,000

The following information should be read in conjunction with the financial statements and reports thereon included in this Filing Statement, being:

- interim unaudited (reviewed) financial statements of Blue Rhino for the three months ended April 30, 2021;
- audited financial statements of Blue Rhino for the period from incorporation (February 6, 2019) to January 31, 2020, and for the year ended January 31, 2021;
- interim unaudited (reviewed) financial statements of ZEB for the three months ended March 31, 2021;
- audited condensed financial statements of ZEB for the period from incorporation (November 6, 2020) to December 31, 2020;
- interim unaudited (reviewed) financial statements of URU for the six-month period ended September 30, 2020; and
- audited financial statements of URU for the year ended March 31, 2020.

**MARKET FOR SECURITIES AND MARKET PRICE**

The Blue Rhino Shares are listed on the NEX board of the TSX Venture Exchange under the trading symbol “RHNO” and were halted from trading on January 8, 2021 pending Closing of the Transaction. The closing market price of the Blue Rhino Shares on January 7, 2021, the last trading day on which there was a trade of Blue Rhino Shares prior to the trading halt was \$0.145. It is anticipated that the Resulting Issuer Shares will begin trading on the Exchange upon completion of the Transaction under the symbol “ZBNI”. There is no public market for the shares of ZEB.

**SPONSOR AND AGENT RELATIONSHIP**

Blue Rhino has applied for and received an exemption from the Sponsorship requirements of the Exchange.

## **CONFLICTS OF INTEREST**

Some of the individuals proposed for appointment or acting as directors or officers of the Resulting Issuer upon the completion of the Transaction are also directors, officers and/or promoters of other reporting and non-reporting issuers. As of the date of this Filing Statement and to the knowledge of the directors and officers of Blue Rhino and ZEB, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment or acting as directors or officers following the completion of the Transaction. Conflicts of interest, if any, will be subject to, and will be resolved in accordance with, the procedures and remedies under the BCBCA.

## **RISK FACTORS**

Blue Rhino and the Resulting Issuer, and thus the securities thereof, should be considered highly speculative investments and the transactions contemplated herein should be considered to be of a high-risk nature. For a comprehensive discussion of the risk factors relating to Blue Rhino, ZEB and the Resulting Issuer, see “*Risk Factors*”.

## **CONDITIONAL APPROVAL OF EXCHANGE**

The Exchange has conditionally accepted the Transaction, subject to Blue Rhino fulfilling all of the requirements of the Exchange. There is no assurance that Blue Rhino will be able to meet all of such requirements. If Blue Rhino is unable to meet all of such requirements, the Transaction will not be completed.

## **RISK FACTORS**

*There are a number of risk factors associated with Blue Rhino, ZEB and the Transaction. Upon completion of the Transaction, ZEB’s current business will be the business of the Resulting Issuer. Accordingly, risk factors relating to ZEB’s current business will be risk factors relating to the Resulting Issuer’s business and references to ZEB in these risk factors should, where the context requires, be read to include the risks to the Resulting Issuer. An investment in the securities of the Resulting Issuer involves significant risks. Investors should carefully consider the risks described below and the other information contained in this Filing Statement before making an investment in the Resulting Issuer. Additional risks and uncertainties not presently known to Blue Rhino and ZEB or that Blue Rhino and ZEB currently consider immaterial may also impair the business and operations of the Resulting Issuer and cause the trading price of the Resulting Issuer Shares to decline. If any of the following or other risks occur, the Resulting Issuer’s business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of the Resulting Issuer Shares could decline and you could lose all or part of your investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.*

## **RISK FACTORS RELATED TO THE CONSOLIDATION AND THE TRANSACTION**

### **Completion of the Consolidation and the Transaction**

Completion of the Transaction is subject to, among other things, the acceptance of the Exchange and the receipt of all necessary regulatory approvals. There can be no certainty, nor can either party provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. In the event that any of those conditions are not satisfied or waived, the Transaction may not be completed. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a material adverse effect on the business and affairs of Blue Rhino or the

trading price of Blue Rhino Shares after completion of the Transaction. In addition, there are other risks associated with the Transaction including (i) market reaction to the Transaction and the future trading prices of the Resulting Issuer Shares cannot be predicted; and (ii) uncertainty as to whether the Transaction will have a positive impact on the entities involved therein.

In addition to the foregoing, each of Blue Rhino and URU has the right to terminate the Definitive Agreement in certain circumstances. Accordingly, there is no certainty, nor can either party provide any assurance, that the Definitive Agreement will not be terminated before the completion of the Transaction.

### **Following Completion of the Transaction, the Resulting Issuer may Issue Additional Equity Securities**

Following completion of the Transaction, the Resulting Issuer may issue equity securities to finance its activities, including to finance acquisitions. If the Resulting Issuer were to issue Resulting Issuer Shares, existing holders of such shares may experience dilution in the Resulting Issuer. Moreover, if the Resulting Issuer's intention to issue additional equity securities becomes publicly known, the Resulting Issuer's share price may be materially adversely affected.

### **Change of Shareholder Influence**

Immediately after the completion of the Transaction, URU will own approximately 74.82% of the Resulting Issuer Shares on a non-diluted basis. URU may therefore be in a position to exercise significant influence over all matters requiring shareholder approval, including the election of directors, determination of significant corporate actions, amendments to the Resulting Issuer's articles of incorporation and the approval of any business combinations, mergers or takeover attempts, in a manner that could conflict with the interests of other shareholders. URU can exert more influence over the Resulting Issuer during shareholder votes than the former Blue Rhino Shareholders.

As a result, the Resulting Issuer will be controlled by URU, whose interests may be different from those of the other shareholders. Where certain transactions, require the approval of shareholders, though URU may not be able to unilaterally authorize the transaction they may be able to unilaterally block it. This concentration of ownership and voting power may also delay, defer or prevent an acquisition by a third party or other change of control of URU and may make some transactions more difficult or impossible without the support of URU even if they are in the best interests of the shareholders. Collectively, these considerations may have a negative effect on the price of Resulting Issuer Shares. URU's interests may not be fully aligned with those of the other shareholders which, given URU's power and influence, could lead to actions that are not in the best interests of the other shareholders. For example, URU may have a different tax position from the other shareholders, which could influence its decisions regarding whether and when the Resulting Issuer should dispose of assets or incur new, or refinance existing, indebtedness. URU might also be motivated to take actions to retain its controlling stake in the Resulting Issuer at the expense of maximizing the overall value of the Resulting Issuer. URU's fiduciary duties and the consent rights of the shareholders may serve as a check on any such motivation, but shareholders cannot be assured that the potential divergence of URU's interests and theirs might not hurt the value of the Resulting Issuer Shares.

## **GENERAL RISKS**

### **Limited Operating History**

Neither Blue Rhino nor ZEB has a history of earnings or profitability and the Resulting Issuer will have no history of earnings or profitability. The likelihood of success of the Resulting Issuer must be considered in light of the problems, expenses, difficulties, complication and delays frequently encountered in connection

with the establishment of any business. The Resulting Issuer will have limited financial resources and there is no assurance that additional funding will be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Resulting Issuer will be able to generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

### **Negative Operating Cash Flow and Dependence on Third Party Financing**

Neither Blue Rhino nor ZEB has a source of operating cash flow and there can be no assurance that the Resulting Issuer will ever achieve profitability. Accordingly, it is dependent on third party financing to continue business activities, maintain capacity and satisfy contractual obligations. The amount and timing of expenditures will depend on a number of factors, including in material part the progress of ongoing exploration, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the entering into of any strategic partnerships and the acquisition of additional property interests. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Resulting Issuer's properties or require it to sell, one or more of its properties.

### **Uncertainty of Additional Funding**

As stated above, the Resulting Issuer will be dependent on third party financing, whether through debt, equity, or other means. There is no assurance that it will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Resulting Issuer. Volatile resource markets, a claim against the Resulting Issuer, a significant event disrupting the Resulting Issuer's business, or other factors may make it difficult or impossible to obtain financing through debt, equity, or other means on favourable terms, or at all. In addition, any future financing may also be dilutive to existing shareholders of the Resulting Issuer.

### **Competitive Conditions**

The Resulting Issuer will actively compete for resource acquisitions, exploration leases, licenses and concessions and skilled industry personnel with a substantial number of other mining companies, many of which have significantly greater financial resources than the Resulting Issuer. The Resulting Issuer's competitors will include major integrated mining companies and numerous other independent mining companies and individual producers and operators.

### **Reliance Upon Management**

The Resulting Issuer will be dependent upon the continued support and involvement of its principals and management. Should the Resulting Issuer lose the services of one or more of the principals or management, the ability of the Resulting Issuer to achieve its objectives could be adversely affected.

### **Title to Properties**

The Resulting Issuer will diligently investigate all title matters concerning the ownership of all mining claims and plans to do so for all new claims and rights to be acquired. Any newly acquired options entitling the Resulting Issuer to acquire mining properties may be affected by undetected defects in title, such as the reduction in size of the mining titles and other third party claims affecting the Resulting Issuer's interests. Maintenance of such interests is subject to ongoing compliance with the terms governing such mining titles. Mining properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Resulting Issuer does not have title to any of its mining properties could cause the Resulting Issuer to lose any rights to explore, develop and extract any ore on that property, without compensation for its prior expenditures relating to such property.

## **Conflicts of Interest**

The Board of Directors may become directors of other reporting companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Resulting Issuer may participate, the Board of Directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Resulting Issuer and the Board of Directors will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the Board of Directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, the Resulting Issuer will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA. The provisions of the BCBCA require a director or officer of a corporation who has a material interest in a contract or transaction of the corporation, or a director or officer of a corporation who is a director or officer of or has a material interest in a Person who has a material interest in a contract or transaction with the corporation, to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless permitted under the BCBCA, as the case may be. Other than as indicated, the Resulting Issuer has no other procedures or mechanisms to deal with conflicts of interest.

## **Permits and Licences**

The operations of the Resulting Issuer will require licences and permits from various governmental and nongovernmental authorities. The Resulting Issuer will obtain all necessary licences and permits required to carry on with activities which it proposes to conduct under applicable laws and regulations. However, such licences and permits are subject to changes in regulations and in various operating circumstances. There can be no assurance that the Resulting Issuer will be able to obtain all necessary licences and permits required to carry out exploration, development and extraction operations on its mining properties. See *Part III: "Information concerning the Project"*.

## **Environmental and other Regulatory Requirements**

Environmental and other regulatory requirements will affect the future operations of the Resulting Issuer, including exploration and development activities and commencement of production on the Resulting Issuer's mining properties. Such projects will require permits from various federal and local governmental authorities and such operations are and will be governed by laws and regulations governing exploration, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. The Resulting Issuer believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. Companies engaged in the development and operation of mines and related facilities often experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits.

Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the Resulting Issuer's mining properties and there can be no assurance that the Resulting Issuer will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of ore extraction facilities at the Resulting Issuer's mining properties on terms which enable operations to be conducted at economically justifiable costs. See *Part III: "Information concerning the Project"*.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those

suffering loss or damage by reason of the mining exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of new mining properties.

### **Political Regulatory Risks**

Any changes in government policy may result in changes to laws affecting ownership of assets, exploration policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations and return of capital. This may affect both the Resulting Issuer's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

### **COVID-19**

The Resulting Issuer may face risks related to COVID-19, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions. In December 2019, a novel strain of the coronavirus emerged in China, and the virus has now spread globally, including Canada, resulting in a global pandemic. The extent to which COVID-19 will impact the Resulting Issuer's business, including its business and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Resulting Issuer's business, including, without limitation, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, and other factors that will depend on future developments beyond the Resulting Issuer's control, which may have a material and adverse effect on the its business, financial condition and results of its business. There can be no assurance that the Resulting Issuer's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. In addition, a significant outbreak of COVID-19 could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the Resulting Issuer's future prospects.

### **Volatility of Share Price**

In recent years, the securities markets in the United States and Canada, and the Exchange in particular, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Resulting Issuer Shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Resulting Issuer in creating revenues, cash flows or earnings.

**Liquidity**

The Resulting Issuer cannot predict at what prices the Resulting Issuer Shares will trade upon completion of the Transaction, and there can be no assurance that an active trading market in the Resulting Issuer Shares will develop or be sustained. Acceptance of the Exchange has not yet been obtained. There is a significant liquidity risk associated with an investment in the Resulting Issuer Shares.

**Dividends**

At the present time it is unlikely shareholders will receive a dividend on the Resulting Issuer Shares.

**MINING RELATED RISKS****No Known Mineral Reserves or Mineral Resources**

There are no known bodies of commercial minerals on the Project. The exploration programs undertaken and proposed constitute an exploratory search for mineral resources or programs to qualify identified mineralization as mineral resources. There is no assurance that the Resulting Issuer will be successful in its search for mineral resources and mineral reserves.

**Exploration Risks**

The Project is in early exploration stages and is without a known body of commercially exploitable ore. Exploration for mineral resources involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The risks and uncertainties inherent in exploration activities include but are not limited to: general economic, market and business conditions, the regulatory process and actions, failure to obtain necessary permits and approvals, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. The discovery of mineral deposits is dependent upon a number of factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs. The cost of conducting exploration programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that the Resulting Issuer's mineral exploration activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that even if commercial quantities of ore are discovered that a new ore body will be developed and brought into commercial production. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, most of which factors are beyond the control of the Resulting Issuer and may result in the Resulting Issuer not receiving adequate return on investment capital.

## **PART I - INFORMATION CONCERNING BLUE RHINO**

*The following information is presented on a pre-Transaction basis and prior to giving effect to the Transaction. See “Part IV - Information Concerning the Resulting Issuer” for pro forma business, financial and share capital information relating to the Resulting Issuer.*

### **NAME AND INCORPORATION**

The full name of Blue Rhino is “Blue Rhino Capital Corp.”

The head office of Blue Rhino is located at Suite 507, 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6. The registered and records office of Blue Rhino is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

The Company is a CPC within the meaning of the policies of the Exchange, has not commenced commercial operations and has no assets other than cash. Blue Rhino currently has no subsidiaries.

On Closing, it is anticipated that the Resulting Issuer will change its name to “ZEB Nickel Corp.”

### **GENERAL DEVELOPMENT OF BUSINESS**

#### **History**

The Blue Rhino Shares are listed on the Exchange under the trading symbol “RHNO”. Trading in the Blue Rhino Shares was halted on January 8, 2021, following the entering into of a letter of intent in respect of the Acquisition. The closing market price of the Blue Rhino Shares on January 7, 2021, the last trading day on which there was a trade of Blue Rhino Shares prior to the trading halt was \$0.145. Trading in the Blue Rhino Shares remains halted as of the date of this Filing Statement.

Blue Rhino is a CPC, meaning that its principal business is to identify and evaluate opportunities for the acquisition of an interest in assets or businesses, and, once identified and evaluated, to negotiate an acquisition or participation in such assets or business in order to complete a Qualifying Transaction. Until Blue Rhino completes a Qualifying Transaction, it will not carry on any business other than the identification and evaluation of assets or businesses in connection with a potential Qualifying Transaction. The Acquisition is intended to be Blue Rhino’s Qualifying Transaction.

On April 16, 2020, Blue Rhino completed its initial public offering in respect of which it issued 869,565 Blue Rhino Shares (calculated on a post-Consolidation basis) to the public at a price of \$0.23 per Blue Rhino Share. Blue Rhino also paid a cash commission of \$20,000, a corporate finance fee of \$10,000, and other share issuance costs of \$14,250 and granted 86,957 Broker Warrants (calculated on a post-Consolidation basis). Each Broker Warrant entitles the holder thereof to acquire one Blue Rhino Share at a price of \$0.23 per share until July 14, 2022.

#### **Definitive Agreement**

On March 2, 2021, Blue Rhino and URU entered into a Definitive Agreement pursuant to which, on Closing, the Resulting Issuer will acquire ZEB, in exchange for the issuance of an aggregate of 41,000,000 Consideration Shares to URU.

The Acquisition will be effected on the Closing Date subject to obtaining Exchange approval and the issuance of the Final Exchange Bulletin. Pursuant to the Definitive Agreement, Blue Rhino will acquire all of the issued and outstanding share capital of ZEB. ZEB will be a wholly-owned subsidiary of the Resulting Issuer upon completion of the Acquisition.

Completion of the Acquisition is subject to a number of conditions, including regulatory approvals of the Acquisition and certain other conditions typical of a transaction of this nature.

### Existing Business

As at the date of this Filing Statement, Blue Rhino does not have any active business operations or sources of revenue and is currently in the process of searching for and evaluating new business opportunities.

## SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

### Selected Financial Information

A summary of selected financial information of Blue Rhino for the three-month unaudited interim period ended April 30, 2021, and for the year ended January 31, 2021 is as follows and should be read in conjunction with Blue Rhino's interim unaudited financial statements for the three months ended April 30, 2021 and the audited financial statements for the year ended January 31, 2021 attached as Appendix "A" hereto:

	<b>Three Months Ended April 30, 2021 (unaudited)</b>	<b>Financial Year Ended January 31, 2021 (audited)</b>
Total revenues	Nil	Nil
Total deficit	\$(208,594)	\$(136,910)
Net income/(loss) and comprehensive income/(loss) for the period	\$(71,684)	\$(113,541)
Basic and diluted loss per share	\$(0.02)	\$(0.04)
Total assets	\$2,552,037	\$315,152
Total current liabilities	\$45,181	\$36,612
Total long-term financial liabilities	Nil	Nil
Cash dividends declared per share	Nil	Nil
Amounts deferred in connection with the Transaction	Nil	Nil

Note:

- (1) The information presented is derived from the respective interim and annual audited financial statements which have been prepared by management and are in accordance with IFRS and presented in Canadian dollars.

## Management's Discussion and Analysis

Blue Rhino's MD&A for the year ended January 31, 2021 and for the three-month interim period ended April 30, 2021 are attached as Appendix "D" hereto.

## DESCRIPTION OF SECURITIES

### Common Shares

The authorized capital of Blue Rhino consists of an unlimited number of common shares and an unlimited number of preferred shares without par value. As of the date of the Filing Statement, and calculated on a post-Consolidation basis, there are 2,347,826 common shares issued and outstanding, each share carrying the right to one vote. Blue Rhino is authorized to issue an unlimited number of common shares. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the common shares. The holders of common shares are entitled to dividends, if, as and when declared by the Board of Directors, to one vote per share at meetings of the shareholders of Blue Rhino and, upon liquidation, to share equally in such assets of Blue Rhino as are distributable to the holders of Blue Rhino Shares.

### STOCK OPTIONS

Blue Rhino has implemented the Stock Option Plan pursuant to which the Board of Directors may grant options to purchase Blue Rhino to officers, directors and employees of the Company or affiliated corporations and to consultants retained by Blue Rhino.

The purpose of the Stock Option Plan is to attract, retain, and motivate officers, directors, employees and other service providers by providing them with the opportunity, through options, to acquire an interest in Blue Rhino and benefit from Blue Rhino's growth. Under the Stock Option Plan, the maximum number of Blue Rhino Shares reserved for issuance, including options currently outstanding, is equal to ten (10%) percent of the Blue Rhino Shares outstanding from time to time (the "**10% Maximum**"). The 10% Maximum is an "evergreen" provision, meaning that, following the exercise, termination, cancellation or expiration of any options, a number of Blue Rhino Shares equivalent to the number of options so exercised, terminated, cancelled or expired would automatically become reserved and available for issuance in respect of future option grants.

The number of Blue Rhino Shares which may be the subject of options on a yearly basis to any one Person cannot exceed five (5%) percent of the number of issued and outstanding Blue Rhino Shares at the time of the grant. Options may be granted to any employee, officer, director, consultant, affiliate or subsidiary of Blue Rhino exercisable at a price which is not less than the Discounted Market Price (as such term is defined in the Exchange Policies) of Blue Rhino Shares on the date of the grant. The directors of Blue Rhino may, by resolution, determine the time period during which any option may be exercised, provided that the exercise period does not contravene any rule or regulation of the Exchange. All options will terminate on the earliest to occur of (a) the expiry of their term; (b) the date of termination of an optionee's employment, office or position as director, if terminated for just cause; (c) ninety (90) days (or such other period of time as permitted by the Exchange) following the date of termination of an optionee's position as a director or officer, if terminated for any reason other than the optionee's disability or death; (d) thirty (30) days following the date of termination of an optionee's position as a consultant engaged in investor relations

activities, if terminated for any reason other than the optionee's disability, death, or just cause; and (e) the date of any sale, transfer or assignment of the option.

Options are non-assignable and are subject to early termination in the event of the death of a participant or in the event a participant ceases to be an officer, director, employee, consultant, affiliate, or subsidiary of Blue Rhino, as the case may be. Subject to the foregoing restrictions, and certain other restrictions set out in the Stock Option Plan, the Board of Directors is authorized to provide for the granting of options and the exercise and method of exercise of options granted under the Stock Option Plan.

As of the date of the Filing Statement, calculated on a post-Consolidation basis, there are 86,957 Stock Options granted under the Stock Option Plan.

## PRIOR SALES

During the 12-month period prior to the date of this Filing Statement, Blue Rhino has issued the following securities:

Date	Number and Type of Securities <sup>(1)</sup>	Issue Price <sup>(1)</sup>	Aggregate Issue Price <sup>(1)</sup>	Consideration Received
July 28, 2021	500,000 Subscription Receipts	\$0.25	\$500,000	Cash
February 24, 2021	9,200,000 Subscription Receipts	\$0.25	\$2,300,000	Cash
July 14, 2020	608,696 Blue Rhino Shares	\$0.23	\$140,000	Cash
July 14, 2020	869,565 Blue Rhino Shares	\$0.23	\$200,000	Cash
July 14, 2020	86,957 Broker Warrants <sup>(2)</sup>	-	-	-

Notes:

(1) Calculated on a post-Consolidation basis.

(2) Issued as compensation in connection with the issuance of the 869,565 Blue Rhino Shares on July 14, 2020. The estimated fair value of the Broker Warrants was \$41,300 (calculated as of the date hereof).

## STOCK EXCHANGE PRICE

The following table sets out trading information for the Blue Rhino Shares for the periods indicated.

Trading Periods	High <sup>(1)</sup>	Low <sup>(1)</sup>	Trading Volume <sup>(1)</sup>
July 1, 2021 to July 27, 2021	Nil	Nil	Nil
June 2021 <sup>(2)</sup>	Nil	Nil	Nil
May 2021 <sup>(2)</sup>	Nil	Nil	Nil
April 2021 <sup>(2)</sup>	Nil	Nil	Nil
March 2021 <sup>(2)</sup>	Nil	Nil	Nil
February 2021 <sup>(2)</sup>	Nil	Nil	Nil

<b>Trading Periods</b>	<b>High<sup>(1)</sup></b>	<b>Low<sup>(1)</sup></b>	<b>Trading Volume<sup>(1)</sup></b>
January 2021 <sup>(2)</sup>	\$0.46	\$0.32	57,391
December 2020	\$0.44	\$0.37	16,087
November 2020	\$0.53	\$0.37	47,391
August 2020 - October 2020	\$0.44	\$0.35	45,217
May 2020 - July 2020 <sup>(3)</sup>	\$0.46	\$0.35	6,087

Notes:

- (1) Calculated on a post-Consolidation basis.
- (2) Trading of Blue Rhino Shares were halted on January 8, 2021 in connection with the announcement of the Transaction.
- (3) The Blue Rhino Shares were listed and immediately halted on July 13, 2020 and resumed trading on July 16, 2020.

### **ARM'S LENGTH TRANSACTIONS**

The Acquisition is not a Non-Arm's Length Qualifying Transaction within the meaning of the policies of the Exchange.

### **CONDITIONAL LISTING APPROVAL**

The Exchange has conditionally accepted the Transaction, subject to Blue Rhino fulfilling all of the requirements of the Exchange. There is no assurance that Blue Rhino will be able to meet all of such requirements. If Blue Rhino is unable to meet all of such requirements, the Transaction will not be completed.

### **LEGAL PROCEEDINGS**

Blue Rhino is not currently a party to any actual or pending material legal proceedings to which it is or is likely to be a party or of which any of its assets are or are likely to be subject. Management of Blue Rhino is currently not aware of any legal proceedings contemplated against it.

### **AUDITOR, TRANSFER AGENT AND REGISTRAR**

The independent auditor of Blue Rhino is Smythe LLP, Chartered Professional Accountants located at Suite 1700, 475 Howe Street, Vancouver, British Columbia, V6C 2B3.

The transfer agent and registrar of Blue Rhino is Odyssey Trust Company located at United Kingdom Building, Suite 323, 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

### **MATERIAL CONTRACTS**

Blue Rhino is a party to the Definitive Agreement dated March 2, 2021 between Blue Rhino and URU.

A copy of the Definitive Agreement will be available for inspection at the registered office of Blue Rhino located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, during ordinary business hours from the date hereof until completion of the Transaction and for a period of 30 days thereafter, as well as on Blue Rhino's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## PART II - INFORMATION CONCERNING ZEB

*The following information provided by ZEB and is reflective of the current business, financial and share capital positions of ZEB. See “Part IV - Information Concerning the Resulting Issuer” for pro forma business, financial and share capital information relating to the Resulting Issuer following the Transaction.*

### NAME AND INCORPORATION

ZEB is a private company, incorporated under the name “Zebediela Nickel Company (Pty) Ltd.” on November 6, 2020, pursuant to the provisions of the laws of the Republic of South Africa. The registered and records office of ZEB is located at 21 Fourth Avenue, Houghton, Johannesburg, South Africa, 2198. No public market exists for the ZEB Shares.

ZEB has two subsidiaries: (i) Lesego Platinum Uitloop (Pty) Ltd., a company incorporated under the laws of South Africa (“LPU”); and (ii) Umnex Minerals Limpopo (Pty) Ltd., a company incorporated under the laws of South Africa (“UML”). Mr. Jacinto Viera and Mr. John Zorbas are the directors of both LPU and UML.

### GENERAL DEVELOPMENT OF THE BUSINESS

#### The Project

ZEB is a privately held company which controls the rights to the Project located in the Limpopo Province in the Republic of South Africa, near the platinum mining town of Mokopane. Following completion of the Acquisition, it is anticipated that exploration and development of the Project will be the primary focus of the Resulting Issuer.

#### *The Project*

The Project comprises various portions of the farms Uitloop 3 KS, Amatava 41 KS, Bloemhof 4 KS and Piet Potgietersrust Town and Townlands 44 KS, and is located approximately 9 km northeast of the town of Mokopane, in the Mogalakwena Local, and Waterberg District Municipalities of the Limpopo Province, South Africa. The Project consists of three prospecting areas, which have now been amalgamated into a single area by a mining right application that is currently being processed by the DMRE (submitted 26 July 2019) (the “**Mining Right Application**”). See “Part IV - Information Concerning the Project.”

#### Definitive Agreement

On March 2, 2021, Blue Rhino and URU entered into a Definitive Agreement pursuant to which, on Closing, the Resulting Issuer will acquire ZEB, in exchange for the issuance of an aggregate of Resulting Issuer Shares to URU.

It is intended that the Acquisition will constitute the “Qualifying Transaction” of Blue Rhino, as such term is defined in the policies of the Exchange, and that, as a result of the Acquisition, ZEB will be a wholly-owned subsidiary of the Resulting Issuer and be renamed “Zebediela Property Holdings Inc.”

The Acquisition will be effected on the Closing Date subject to obtaining Exchange approval and the issuance of the Final Exchange Bulletin. Pursuant to the Definitive Agreement, Blue Rhino will acquire all of the issued and outstanding share capital of ZEB. ZEB will be a wholly-owned subsidiary of the Resulting Issuer upon completion of the Acquisition.

Completion of the Acquisition is subject to a number of conditions, including regulatory approvals of the Acquisition and certain other conditions typical of a transaction of this nature.

## SIGNIFICANT ACQUISITIONS

ZEB acquired LPU pursuant to the terms of a share purchase agreement between ZEB and URU dated December 1, 2020, in consideration for which ZEB paid USD\$3,136,000 for 74% interest in UML the “**Share Purchase Transaction**”). The Share Purchase Transaction was an intercompany transfer. LPU owns the mining concessions comprising the Project.

## NARRATIVE DESCRIPTION OF THE BUSINESS

ZEB is a junior exploration company engaged in the acquisition, exploration and development of mineral rights. ZEB expects to explore and develop the Project with the intent to identify additional mineralization. Mr. John Zorbas and Mr. Richard Montjoie are the directors of ZEB.

ZEB, following completion of the Transaction, is planning to conduct various exploration activities on its Project, including the recommended work programs on the Project (*See “Information Concerning the Project”*).

## SELECTED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS

### Selected Financial Information

#### ZEB

A summary of selected financial information of ZEB for the three-month unaudited interim period ended March 31, 2021, and for the period from incorporation through to December 31, 2020 is as follows and should be read in conjunction with ZEB’s interim unaudited financial statements for the three-months ended March 31, 2021 and the audited financial statements for the period from incorporation through to December 31, 2020 , attached as Appendix “B” hereto:

	<b>Three Months Ended March 31, 2021 (unaudited)</b>	<b>Period Ended December 31, 2020 (audited)</b>
Total revenues	Nil	Nil
Total deficit	US\$(807,000)	US\$(787,000)
Net income/(loss) and comprehensive income/(loss) for the period	US\$(20,000)	US\$(787,000)
Total equity	US\$2,329,000	US\$2,349,000

Total assets	US\$3,226,000	US\$3,226,000
Total liabilities	\$897,000	US\$877,000

Note:

- (1) The information presented is derived from ZEB's audited financial statements for which the financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

### *URU*

Although ownership of the Project was reorganized, such that effective December 31, 2020, the Project is now held by ZEB (indirectly through its ownership of LPU), the historic operations of URU have consisted primarily of exploring and advancing the Project. Accordingly, for historic informational purposes, a summary of selected financial information of URU for the six-month unaudited interim period ended September 30, 2020, and for the year ended March 31, 2020 is as follows and should be read in conjunction with URU's interim unaudited financial statements for the six-months ended September 30, 2020 and the audited financial statements for year ended March 31, 2020, attached as Appendix "B" hereto:

	<b>Six Months Ended September 30, 2020 (unaudited)</b>	<b>Year Ended March 31, 2020 (audited)</b>
Total revenues	Nil	Nil
Total deficit	US\$(54,873,000)	US\$(54,571,000)
Net income/(loss) for the period	US\$(302,000)	US\$(732,000)
Comprehensive income/(loss) for the period	US\$(125,000)	US\$(794,000)
Total equity	US\$1,847,000	US\$1,258,000
Total assets	US\$3,391,000	US\$2,898,000
Total liabilities	US\$1,544,000	US\$1,640,000

### **DESCRIPTION OF SECURITIES**

ZEB is authorized to issue 1,000 ZEB Shares of which 120 are issued and outstanding as at the date of this Filing Statement.

#### **Common Shares**

ZEB is authorized to issue 1,000 ordinary shares. As at the date of this Filing Statement, there are 120 ZEB Shares issued and outstanding. Holders of ZEB Shares are entitled to receive notice of and to attend at all meetings of the holders of ZEB Shares and to one vote for each ZEB Share. Holders of ZEB Shares are entitled to receive dividends as and when declared by the Board of Directors of ZEB. Upon a liquidation event, subject to the prior rights of any shares ranking senior to the ZEB Shares with respect to priority in

the distribution of the assets of ZEB, holders of ZEB Shares will be entitled to receive the remaining assets of ZEB. All of the outstanding ZEB Shares are held by URU.

### Options

There were no stock options of ZEB issued or outstanding as of the date of this Filing Statement.

### CONSOLIDATED CAPITALIZATION

The following table outlines the capitalization of ZEB:

Designation of Security	Amount Authorized	Amount outstanding as at March 31, 2021	Amount Outstanding as at the date of this Filing Statement prior to giving effect to the Transaction
ZEB Shares	1,000	120	120

### PRIOR SALES

The following table sets out the dates and prices at which securities of ZEB were sold (pursuant to private placements) within the 12 months preceding this Filing Statement.

Date	Type of Security	Price per Security (\$)	Number of Securities
November 6, 2020	ZEB Shares	-(1)	120

Note:

- (1) The ZEB Shares were issued at 403,483 Rand per share with a par value of one rand per share. This resulted in a share premium of US\$3,136,000.

### STOCK EXCHANGE PRICE

The ZEB Shares are not listed on any stock exchange.

### EXECUTIVE COMPENSATION

Mr. John Zorbas and Mr. Richard Montjoie are the directors of ZEB. ZEB does not presently, and since incorporation, has not, appointed any officers. As of the hereof, ZEB has not paid any form of compensation to its directors.

### Compensation Discussion and Analysis

The ZEB Board of Directors does not have a compensation committee as the ZEB Board of Directors is responsible for determining all forms of compensation, including long-term incentive compensation in the form of stock options, to be granted to the directors, if any.

ZEB does not have written employment agreements with its Named Executive Officers (as defined above).

### **Summary Compensation Table**

ZEB does not presently, and since incorporation, has not, appointed any officers. As of the hereof, ZEB has not paid any form of compensation to its directors.

### **TERMINATION AND CHANGE OF CONTROL BENEFITS**

ZEB does not have any plans or arrangements in place with its officers that provides for payment following or in connection with any termination, resignation, retirement, or change of control of ZEB.

### **DIRECTOR COMPENSATION**

Other than as set out below, there are no other arrangements, standard or otherwise, pursuant to which the directors are compensated by ZEB for his services in their capacity as director. The directors are reimbursed for expenses incurred in carrying out his or her duties as director but does not otherwise receive remuneration for serving on the ZEB Board of Directors.

### **MANAGEMENT CONTRACTS**

ZEB is not a party to a management contract with anyone.

### **ARM'S LENGTH TRANSACTION**

ZEB has not completed a transaction involving a Non-Arm's Length Party since its incorporation, other than as disclosed in ZEB's financial statements. The proposed Acquisition is an Arm's Length Transaction.

### **LEGAL PROCEEDINGS**

There are no legal proceedings material to ZEB in which it is a party or which any of its properties is the subject matter and, to the knowledge of ZEB, no such proceedings are known to be contemplated as at the date of this Filing Statement.

### **AUDITORS**

The independent auditor of ZEB is Moore Kingston Smith LLP, Statutory Auditor located at Devonshire House 60 Goswell Road London EC1M 7AD.

### **MATERIAL CONTRACTS**

Other than contracts entered into the ordinary course of business, the following are the only contracts material to ZEB that have been entered into since incorporation;

- (a) Definitive Agreement dated March 2, 2021 between Blue Rhino and URU;
- (b) Mining Right Application IP30/5/1/2/2/10174MR;
- (c) Share transfer between URU and ZEB dated December 1, 2020 whereby the shares held by URU in UML were transferred to ZEB as an intercompany transfer.

Copies of all material contracts may be inspected at the offices of Cassels Brock & Blackwell LLP, counsel to Blue Rhino, located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

## PART III - INFORMATION CONCERNING THE PROJECT

### THE PROJECT

#### Source of Information and Data

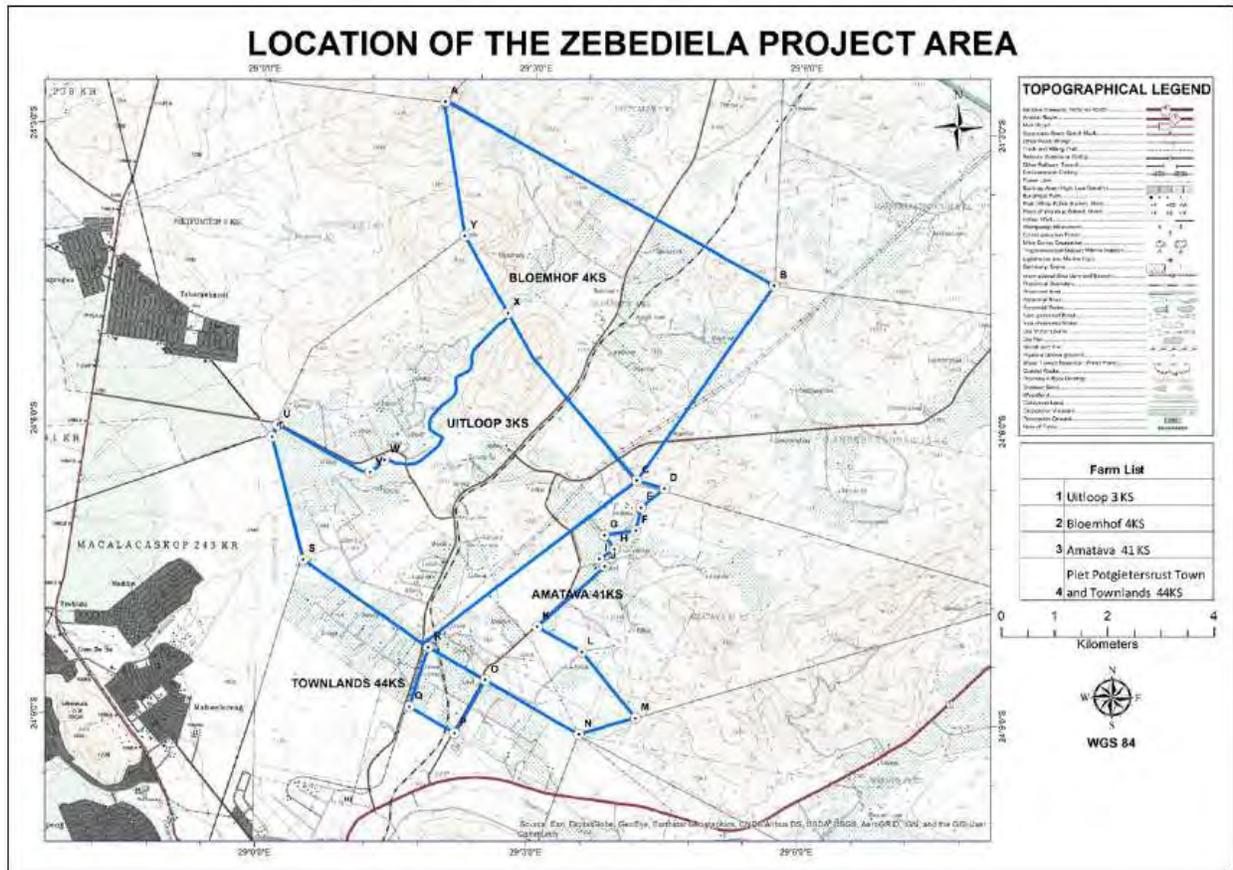
The below is a summary of the Technical Report. The Technical Report is available in its entirety on SEDAR at [www.sedar.com](http://www.sedar.com) and readers should review it in its entirety for a full description of the Project.

Definitions contained in this Part and not otherwise defined in this Filing Statement, shall have the meanings ascribed to such definitions in the Technical Report.

#### PROJECT DESCRIPTION, LOCATION AND ACCESS

The Project comprises various portions of the farms Uitloop 3 KS, Amatava 41 KS, Bloemhof 4 KS and Piet Potgietersrust Town and Townlands 44 KS, and is located approximately 9km northeast of the town of Mokopane, in the Mogalakwena Local, and Waterberg District Municipalities of the Limpopo Province, South Africa.





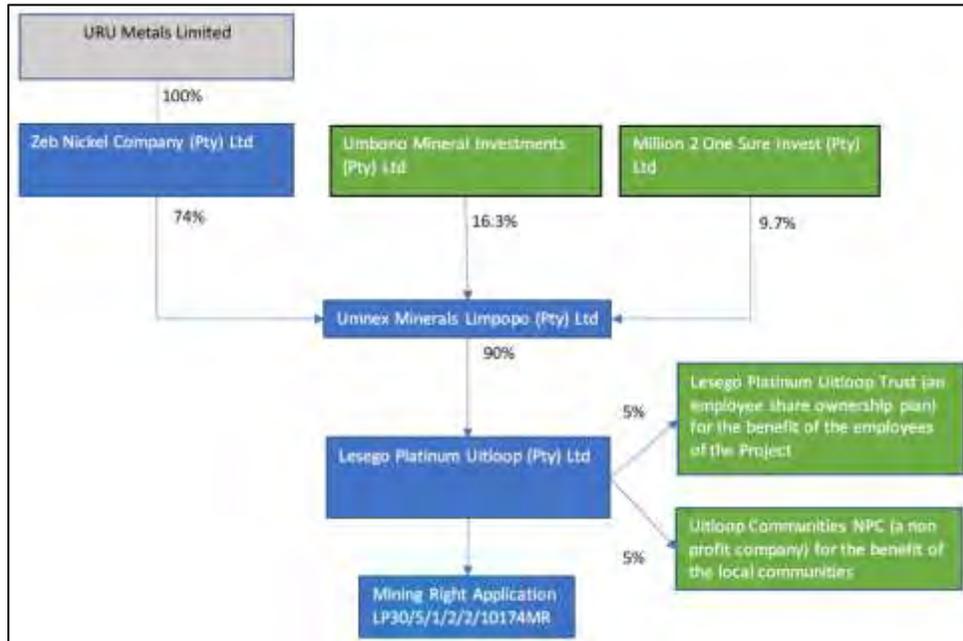
The Project comprises various portions of the farms Uitloop 3 KS (prospecting right reference number LP30/5/1/1/2/148PR), Amatava 41 KS and Bloemhof 4 KS (prospecting right reference number LP30/5/1/1/2/1074PR) and Piet Potgietersrust Town and Townlands 44 KS (prospecting right reference number LP30/5/1/1/2/1787PR), and is located approximately 9km northeast of the town of Mokopane, in the Mogalakwena Local, and Waterberg District Municipalities of the Limpopo Province, South Africa.

The prospecting right over the farm Uitloop 3 KS has been renewed and is currently valid. The other two prospecting rights, although an application has been made for their renewal, these applications will not be processed further as the process has been superseded by a submitted and accepted mining right application which includes all three of these prospecting rights.

The Project consists of these three prospecting areas, which will be amalgamated into a single area upon the granting of the mining right application (Reference: LP30/5/1/2/10174MR) that is currently being processed by the DMRE (submitted on July 26, 2019) (the “**Mining Right Application**”).

Pending the granting of the Mining Right Application, LPU is the holder of a valid renewed prospecting right over the farm Uitloop 3 KS under reference number LP30/5/1/1/2/148PR (“**Prospecting Right**”). While the processing of the Mining Right Application is pending, LPU is permitted to prospect on the farm Uitloop 3 KS under the Prospecting Right. The prospecting activities that are currently permitted include drilling, mineral resources estimation, bulk sampling for metallurgical studies, metallurgical studies, geotechnical and geophysical surveys, and groundwater investigations.

The Project is held 100% by LPU, which in turn is held 90% by UML, which is held by Million 2 One Sure Invest (Pty) Ltd. (9.7%), Umbono Minerals Investment (Pty) Ltd (16.3%) and by ZEB (74%). Accordingly the Resulting Issuer will own 74% of the Project by virtue of its ownership of ZEB following the completion of the Transaction. The remainder of the shares in LPU have been pledged (5% for the benefit of the Lesego Platinum Uitloop Trust (an Employee Share Ownership Plan) and 5% for the Uitloop Communities NPC). The ownership structure of the Project is as follows:



In accordance with the South African mineral right legislation, and in order to facilitate Black Economic Empowerment in the South African Mining Industry, LPU is held by various black economic empowerment entities as shown in the ownership structure above. The shareholding held by these black economic empowerment entities are as follows:

- The interest held by Umbono Mineral Investments (Pty) Ltd and Million 2 One Sure Invest (Pty) Ltd are carried.
- The interest of the Employee Share Ownership Plan and the Uitloop Communities NPC are non-transferable and carried.

There are several communities adjacent to the Project area and consultation with the relevant authorized representatives from these communities is ongoing. A register of interested and affected parties has been established and consultation is ongoing. Land access agreements are signed with relevant landowners to allow for prospecting activities to proceed. The major population and commercial centre nearest the Project is Mokopane, a well-serviced town in an established mining district, in close proximity to national roads, the north-south national railway line, electricity, and bulk water supplies. Access to the Project is year-round, taking about 10 minutes to reach from Mokopane on sealed roads.

LPU is the holder of a valid and effective renewed prospecting right over the farm Uitloop 3 KS. Prospecting activities are in line with the prospecting work program submitted to the DMRE as part of the Prospecting Right application and renewal application. All activities are conducted in line with the approved

Environmental Management Plan and annual prospecting reports and environmental compliance reports are submitted to the DMRE.

In terms of the MPRDA (Act No. 28 of 2002) all mineral exploration activities, as per the approved Prospecting Works Program, are to be conducted in accordance with the provisions provided for in the approved Environmental Management Plan, which forms part of the New Order Prospecting Right. Environmental liabilities associated with the mineral exploration activities conducted to date are limited to the agreed upon environmental rehabilitation activities within this approved Environmental Management Plan.

The Project is located approximately 250km north-northeast of Johannesburg. Year-round access to the Project area is by paved, all-weather National freeway (N1), from Johannesburg to Mokopane (formerly Potgietersrus), and regional tarred roads to the site, from which several all-weather unpaved (dirt) roads lead to the various drill sites.

Both Polokwane (Pietersburg Civil Aerodrome) and Mokopane (Rudolf Hiemstra Aerodrome) have airstrips that which may be used for private flights. Polokwane (formerly Pietersburg), approximately 30km north of Mokopane, has an International Airport which opened in 1996 on the site of a former air force base and is located 5km north of the city. The airport has daily scheduled flights to Johannesburg.

The Project is subject to a cumulative 2.5% revenue royalty payable to URU as the current majority holder of the Project, and Umnex Mineral Holdings (Pty) Ltd as the local partner and operator. Further to this revenue royalty, there is a royalty capped at 7% payable to the South African Government in terms of the Royalty Act of 2008.

## **HISTORY**

The region has a long history of mineral exploration and metals production dating back to the late 1800s. Historical exploration work within and immediate to the current tenements dates to the 1960s, with the most intense exploration starting in the late 1990s.

The Project area has been the focus of several historical exploration programs for which information is available, including Rand Mines (1967 - 1971), Southern Era (1998 - 1999) and Falconbridge Ventures of Africa (1999 - 2001). All available exploration data from these programs have been consolidated and are presented and discussed in the Technical Report. Previous exploration programs consisted of soil geochemistry, airborne and ground geophysical surveys, trenching, mapping and rock sampling, and several diamond drilling (core) programs.

### **Rand Mines (1967-1971)**

Rand Mines conducted a nickel and copper soil sampling program over portions of the farm Uitloop 3 KS between 1967 and 1971, however, this data and results are not available. It was reported that a reconnaissance ground magnetic survey was also undertaken during this time. Rand Mines commissioned an Induced Polarisation (“**IP**”) survey over portions of Uitloop 3 KS in 1972. The data and associated maps of this work are not available, however, a report on the findings was located during the desktop study. Four target horizons located within the Bushveld Igneous Complex (“**BIC**”) lithologies were identified, with a further target horizon located in the Malmani Subgroup dolomites of the Transvaal Supergroup.

In 1972, a drilling program on the IP survey defined target was conducted. The program originally consisted of seven diamond drill holes, with an additional seven holes drilled on geologically and geochemically

defined targets. An additional drilling program of six boreholes was recommended to further test the soil geochemical anomalies. This program was never implemented, and Rand Mines reportedly did not undertake any further work on the Project. Only the boreholes positioned on the Cu and Ni soil anomalies returned PGE (Pt + Pd = 2PGE), Cu and Ni concentrations, with borehole UL8 returning a continuous mineralized zone of 6m grading at 2.1 g/t PGE+Au, with a peak nickel value of 2.05% Ni.

A recurring problem of the Rand Mines drilling program was the significant core loss in the upper 30m of drill core for almost all the boreholes. Further evaluation of this data was also hampered by inconsistencies in the sampling of the core as Rand Mines only sampled isolated areas of the core where there was visible sulphide development. These samples were only assayed for Ni and in some cases Cu. If interesting results were obtained further analysis for PGE+Au was undertaken. This resulted in the majority of the cores not being assayed. It is now industry practice to assay all Platreef core continuously, as PGM rich sulphides are often very finely disseminated and can be overlooked.

### **Southern Era Resources (1998-1999)**

In 1998, as part of a desktop study, Minex Projects identified the potential of Uitloop 3 KS to host Platreef style mineralization and approached Southern Era Resources to develop the Project further. During the same time period, Falconbridge Ventures of Africa (“FVA”) was performing a regional airborne EM survey in the area which overlapped on to Uitloop 3 KS.

Fieldwork undertaken on behalf of Southern Era commenced in 1998 with geochemical soil sampling on a 25m x 400m grid. Samples collected were assayed for acid soluble Ni and Cu. This initial work highlighted a broad, moderate to low level Cu-anomaly on the western portion of Uitloop 3 KS, with sympathies to nickel. This grid was also mapped in detail. The southern portion of the farm displayed a very strong Cu and Ni occurrence in the vicinity of the positive UL8 borehole drilled by Rand Mines. A large area of highly anomalous Cu values in the northern area was attributed to the agricultural use of CuSO<sub>4</sub>. As a prelude to drilling, a 10m by 100m grid was sampled over the southern area to provide a highly resolved drill target. Samples were assayed again for acid soluble Ni and Cu and produced a very well-defined sympathetic Cu and Ni anomaly.

In 1999, the exploration budget for Uitloop was cut by Southern Era and funds were diverted to the then recently acquired Messina Project, and thus no drilling was undertaken.

### **Falconbridge Ventures of Africa (1999-2001)**

Starting in 1998, Falconbridge Ventures of Africa began assembling a mineral portfolio, targeting massive Ni-sulphide occurrences, through fixed wing airborne QUESTEM and heliborne magnetic and EM surveys. The portfolio consisted of the properties Potgietersrus Townlands and Amatava, with interest in the Uitloop 3 KS property. In 1999, FVA entered into discussions with Southern Era regarding possible farm-in options for the Uitloop 3 KS property, and in 2000 a Joint Venture Agreement between FVA and Southern Era was formed. Work undertaken consisted of detailed field mapping of the western portion of Uitloop 3 KS and the cutting of approximately 80km of lines for ground geophysical work. Work completed included detailed field mapping of the western portion of Uitloop 3 KS, a ground magnetic survey, and a time-domain electro-magnetic survey by Spectral Geophysics.

## Historical Mineral Resource Estimates

The most recent mineral resource estimate on nickel mineralization in the Lower Zone Uitloop II body was completed by MSA Geoservices (Proprietary) Limited (“MSA”) in March 2012 as part of a Preliminary Economic Assessment (“PEA”) of the Project.

Drilling results allowed for an Indicated Resource of 485.4 million tonnes averaging 0.245% nickel to be stated, with an additional Inferred Resources of 1,115.1 million tonnes at 0.248% nickel using a cut-off grade of 0.1% total nickel grade (TNi). The resource was quoted as Total Nickel (“TNi”) and was restricted to mineralization in the Sulphide Zone. They were stated as in-situ resources with no geological losses applied. The 2012 historical mineral resource estimate used categories that conformed to CIM Definition Standards on Mineral Resources and Mineral Reserves (CIM, 2010) at the time of completion of the estimate, as outlined in NI 43-101 - *Standards of Disclosure for Mineral Projects*. However, neither the author of the Technical Report nor another qualified person have done sufficient work to classify any of the historical estimates as current mineral resources and as such the author and the Company are treating the tonnages and grades reported as historical mineral resources. Investors are cautioned that the historical mineral resource estimates do not mean or imply that economic deposits exist on the Property.

## GEOLOGICAL SETTING, MINERALIZATION AND DEPOSIT TYPES

### Regional Geology

The Project area is underlain by rocks belonging to the mafic-ultramafic BIC, the metasedimentary floor rocks of the Transvaal Supergroup, and crystalline granites of the Archaean basement complex. The BIC is the world’s largest repository of PGEs, chrome, and vanadium, and was emplaced into the ca. 2.2Ga Pretoria Group of the Transvaal Supergroup at 2.06 Ga. The BIC comprises the mafic-ultramafic Rustenburg Layered Suite (“RLS”), which is overlain by the Lebowa Granite Suite. The RLS locally attains true (stratigraphic) thicknesses up to 9km and has an extent of 66,000km<sup>2</sup>.

The Northern Limb is markedly different from the main Eastern and Western limbs of the BIC due to the supposed absence of the platiniferous UG2 and Merensky reefs. By contrast, the PGE endowment of the Northern Limb is carried by the Platreef, a product of contamination of mafic magmas with the reactive, predominantly dolomitic floor rocks of the Pretoria Group and Archaean basement granitoids.

Locally, emplacement of the RLS was discordant to the floor rocks, resulting in marked transgressions into the underlying crystalline Archaean basement. This is particularly evident in the Northern Limb, which oversteps the Pretoria Group northwards to rest directly on the basement granites and gneiss.

The RLS is characterised by its centroclinal dip, with the Eastern and Western limbs dipping centrally inwards and the dip of the Eastern, Western and Northern limbs flattening with depth, giving the body a broad saucer shape in profile. The Northern Limb is separated from the Eastern Limb by the Thabazimbi-Murchison Lineament (“TML”), a prominent crustal scale feature that has been periodically reactivated since the Archean and has been postulated as a feeder for the RLS magmas, with magmas being fed laterally from a dyke-like feeder at the TML north-eastwards into the Northern Limb and south-eastwards into the western and Eastern Limbs.

### Northern Limb Geology

The Northern Limb is generally north-south striking and west-southwest dipping over a strike length of about 110km. The RLS north of the TML is generally shallowly buried (<500m depth) with an approximate

area of 160km by 125km. The thickness of the Northern Limb is not well constrained but varies from <1,000m to >10,000m with an average thickness of about 4,000m.

South of Mokopane the RLS of the Northern Limb is north-east trending with a westward dip between 15° and 27°. Northwards the strike changes to the northwest and eventually due north, with westward dips decreasing upwards through the layered mafic-ultramafic rocks from 45° to 10°. The Lower and Critical zones are only exposed at the southern portion of the Northern Limb whereas the volumetrically more substantial Main and Upper zones occur along the entire length of the limb.

A characteristic feature of the Northern Limb is the pronounced transgression of the layered mafic succession northwards from the TML, across different Transvaal Supergroup metasedimentary strata. The <12km thick Transvaal Supergroup sediments were deposited on the Archean basement between 2,670 to 2,100 Ma. The footwall units of the layered cumulates, from south moving northwards, consist of: a thin basal clastic unit of the Black Reef Formation; interbedded quartzites and shales of the Magaliesberg Formation; clastics with minor volcanics of the Timeball Hill Formation; shales of the Deutschland Formation; the Penge Formation; the Malmani Subgroup dolomites; and in the far north the RLS rests on Archean granites and gneisses.

The stratigraphy of the Northern Limb does not correlate exactly with the stratigraphy of the other limbs of the BIC south of the TML, although all stratigraphic zones of the RLS can be recognised. These differences are seen both north of the Zebediela fault and the Ysterberg Planknek fault which are both branches of the TML.

### **Property Geology**

The Project area is underlain by the RLS which discordantly intruded the Transvaal floor rocks and the Archean granite basement. The geometry of the body is uncertain and while its extent has been mapped on surface, its three-dimensional form remains unclear.

The RLS of the BIC intrudes into the footwall lithologies within the Project area. Two ultramafic bodies of Lower Zone affinity occur on the Project area and these were historically interpreted as satellite bodies to the RLS. These Lower Zone bodies are known as “Uitloop I” (northeastern portion of the Project area) and “Uitloop II” (southwestern portion of the Project area).

The majority of the bodies are overlain by a brucite-enriched calcrete cap (up to about 7m based on borehole data) developed from the weathering of the underlying ultramafic body. Two distinct sub-bodies have been mapped in the southwestern portion of the prospecting right the Uitloop II body is shown to be underlain by calcareous metasedimentary rocks and overlain by quartzites and hornfels shales, both belonging to the Chuniespoort Group. The Uitloop I body in the northeast of the Project area, is underlain by Archean granitoids and overlain by dolomites and metasediments that form the footwall to the main south-western body.

### **Project Mineralization**

There are three target mineralization types that occur within the Project, with each target type having a different style of mineralization, mineralization mechanism, and differing host lithologies and stratigraphic units.

- “Target 1” (Lower Zone): This target type includes existing historical nickel sulphide resources associated with low-grade, disseminated nickel-rich sulphide mineralization within the Lower Zone

Uitloop II body. The Lower Zone Uitloop II body also contains significant iron minerals in the form of magnetite which is also a potential by-product. Nickel mineralization associated with the Lower Zone Uitloop II body is hosted mostly in a thick package of alternating dunite, serpentinized dunite, serpentinite, pyroxenite and harzburgite. Like the Uitloop II body, the Uitloop I body has the potential to host low-grade, disseminated nickel sulphides.

- “Target 2”: referred to as Platreef/Critical Zone mineralization, this type is characterized by two styles, Platreef stratabound and contact-style. Platreef stratabound mineralized zones contain Ni-Cu-PGE mineralization hosted by disseminated and/or bleb sulphides in a stratigraphic unit up to 150m thick. Contact-style Ni-Cu-PGE mineralization is intimately associated with the footwall contact of the intrusion. Both styles of mineralization have been intercepted in historical and current boreholes on the Project.
- “Target 3”: comprises nickel-rich massive-sulphide bodies which may be located within the ultramafic lithologies close to, or on the footwall contact, or injected up to several hundred metres into the granitic rocks of the footwall.

### Deposit Types

Globally, layered igneous intrusions are the most important source of PGE, which form as a result of sulphide immiscibility in the magma triggered by magma mixing/contamination or physical changes in the magma chamber that may result in changes to the stability fields of various metal-enriched phases. The Paleoproterozoic (2.06 Ga) BIC is a large layered igneous intrusion (covering >65,000km<sup>2</sup>), comprising an early bimodal volcanic sequence (Rooiberg Group), followed by a thick (up to 9km) mafic-ultramafic basal sequence (RLS), and overlain by a felsic roof with granitic and granophyric constituents (Lebowa Granite and Rashoop Granophyre suites). It is the largest global repository of PGEs, hosting about 75% of the world’s platinum resources, along with chromitite and vanadium, and also hosts a significant amount of Ni and Cu within its lower mafic-ultramafic portion. The upper parts of the complex host large, laterally extensive magnetite layers which are highly enriched in vanadium and titanium. Two main PGE deposit types occur within the BIC:

1. Relatively narrow (maximum 1m wide) stratiform layers (reefs) that occur towards the top of the Upper Critical Zone (UCZ), typically 2km above the base of the intrusion (Merensky reef-style), mainly found in the Western and Eastern Limbs. These narrow zones have been the principal targets for mining in the past; however, more recently wider zones with more irregular footwall contacts have been mined (referred to as potholes).
2. Contact-style mineralization at the base of the intrusion (Platreef-type) occurs mainly in the Northern Limb.

The term Platreef style mineralization is referred to mineralization that forms from contamination and sulphur precipitation mechanism rather than the specific strata-bound unit and is generally concentrated proximal to the footwall of the BIC. The precipitating mechanism is attributed to either additional influx of new magma, a change in pH of the cooling magma, the assimilation of silica or the incorporation of additional sulphur compounds from external sources. The Platreef style lithologies contain bleb PGE (mainly Pt and Pd) mineralization as well as nickel and copper. The Platreef is considered to have formed from multiple complex sill-like intrusions of mafic and ultramafic compositions. The distribution of discrete PGE horizons within the Platreef is generally controlled by stratigraphic position with the uppermost part of the Platreef hosting the highest PGE grades.

The BIC and its mafic-ultramafic portion, the RLS, is not typically regarded as a globally important nickel source, as most economic nickel deposits globally are produced from massive sulphide layers associated with ultramafic rocks such as komatiites or ultramafic intrusions. In terms of contained nickel, the Platreef contains three of the top ten global nickel sulphide deposits in the form of Ivanhoe Mine's Platreef Project, Anglo American Platinum's Mogalakwena Mine and the Project. The possibility for massive sulphide bodies (similar to the Nkomati Mine within the Uitkomst Complex) also exists within the Project area.

## **EXPLORATION**

ZEB, through various subsidiaries and related companies, has completed mineral exploration programs on the Project since 2007.

### **LPU (2007)**

MSA was appointed to undertake and manage an exploration program aimed at investigating and delineating platinum and base metal mineralization on Uitloop 3 KS. Previous soil sampling and drilling programs had indicated the existence of anomalous copper and nickel values on Uitloop 3 KS. All samples were believed to be representative, except for samples near the centre of the surveyed area which were later identified to be caused by agricultural features. The exploration model interpreted these values as possible Platreef style mineralization. To follow up on previous work, a soil sampling program was completed in February 2007. The 2007 soil sampling program consisted of 985 soil samples collected and analysed for 19 elements: Ag, Al, As, Ba, Ca, Co, Cr, Cu, Fe, K, Mg, Mn, Ni, P, Pb, Sc, Sr, V and Zn. Twenty-six lines (UL001 through UL026) were planned across the entire Uitloop 3KS farm area, and samples were collected every 50m along the lines. The primary laboratory used for the assay function was independent Genalysis Laboratories an ISO17025 accredited laboratory.

Soil sampling results confirmed and outlined more precisely historical geochemical anomalies. Nickel is elevated along a broad strip in the southwestern portion of the Project, running parallel to, and approximately bounded by the outcropping of banded iron formation ("**BIF**"). A further, less intense semi-rectangular anomaly occurs to the east of the banded iron formation outcrop.

The previously identified copper anomaly in the southernmost corner of the Project has been further outlined. This highly anomalous copper zone and an adjacent relatively lower tenor copper zone are also bounded along their northwestern boundary by the outcrop position of the banded iron formation. The large copper anomaly near the centre of the surveyed area was previously trenched by FVA and confirmed to be caused by contamination from agricultural chemicals.

### **LPU (2018)**

In 2018, LPU conducted further geological mapping to determine a more detailed geological understanding of the Project area. The first mapping exercise took place along the Rooisloot River section. The second phase of mapping took place on the farm Bloemhof 4 KS and on a small portion of the farm Uitloop 3 KS. Here, only two major rock types were identified; medium-grained orthopyroxene associated with the Uitloop I Lower Zone body and medium to coarse-grained granite associated with the Archean granite-gneiss basement. On the small portion of the farm Uitloop 3 KS extremely weathered and altered (mainly serpentinite) dunite were associated with the base of the Uitloop I body. Towards the southwestern portion of the mapping area on the farm Uitloop 3 KS altered Malmani dolomite was mapped. There was also a high amount of overburden and calcrete in areas of this mapping exercise.

During August 2018, GAP Geophysics carried out a ground geophysical program comprising time-domain Induced Polarization (IP)/ Resistivity (Res) and ground magnetometer surveys over the Project area on the farm Uitloop, on behalf of URU Metals Ltd. The geophysical survey aimed at: (a) mapping highly polarizable, sheet-like disseminated sulphide bodies hosting nickel (pentlandite) mineralization in the BIC Lower Zone rocks; and (b) mapping the distribution of serpentinized units via the IP and magnetic responses of accessory magnetite released in the serpentinization process, along with any significant pyrrhotite in the sulphide-rich zone.

Historical aeromagnetic surveys and recent ground magnetometer surveys along 19.6km of line have mapped the serpentinized northern contact of a large satellite pyroxenite body (Uitloop II body) over the southern sector of the grid area, along with the strike trace of the Penge BIF.

Aeromagnetic interpretation indicates that over its western sector the area is structurally complex and characterized by multiple north-northwest-south-southeast faults showing significant lateral displacements, along with younger northeast-southwest faults. Time-domain induced polarisation and resistivity (RES) surveys along 19.6km of line over some 11 north-northeast orientated traverses have mapped up to five individual IP chargeability anomalies per traverse reflecting wide causative sources at depths of around 10m to 80m (exceptionally 140m) with an average of 50 metres. Confident line-to-line correlation of multiple anomalies is not always possible where line spacing is large (>200m), but the general trend appears to be northwest-southeast in line with regional strike trends. Higher priority anomalies have chargeability responses in the range of 40msec to 75msec, which is some two to three times background, and have been grouped into four sets of subparallel, short to long strike extent zones.

Zone IP-1 spatially correlates with the serpentinized northern contact of Uitloop II and may reflect a magnetite-only or magnetite plus sulphide zone whose width ranges from approximately 100m to 350m (average 200m) and whose depth of burial ranges from 0m to 60m (exceptionally 100m) with an average of 30 metres. Anomaly IP-2 correlates with the locale of the interpreted Penge marker horizon. This marker horizon is also imaged a resistivity “LO” over the southeastern and northern sectors of the survey block. Other zones may (IP-4C and 4D) or may not (IP-3, 4A, 4B and 4E) correlate with magnetic horizons. Certain IP zones may have been intersected (at least peripherally) in recent drilling exercises, these being IP-2 (borehole Z022), IP-1 (boreholes Z01, Z10 and UIT13) and IP-2C (borehole UIT015). In all, some eight IP targets were recommended for drill-testing.

## **DRILLING**

A number of drilling programs were completed on the Project between 2007 and 2020.

### **LPU (2007)**

In 2007, three boreholes (U series) were completed to further investigate the subsurface extensions of soil geochemistry anomalies. In keeping with the Platreef style mineralization model, the surface anomalies were expected to extend below the surface in a zone sub-parallel to the contact between the Uitloop II Lower Zone body and the Transvaal Supergroup metasedimentary rocks.

Zaaiman Exploration Drilling was contracted to carry out the drilling. Borehole core was NXC for casing requirements and NQ (47.6mm core diameter) for coring. Drill hole core sample intervals reported in what follows are core lengths and are not representative of true width. Sufficient enough work has not been performed to determine the attitude of the mineralized zones and to provide an estimate of true width.

Borehole U1: positioned to test the prominent Ni soil anomaly and a less pronounced Cu soil anomaly. The hole intersected very olivine-rich rocks (dunite and harzburgite) to a depth of 660m. In terms of Cu and

PGEs, no units of economic interest were encountered. Average concentrations across the hole were: 4.5 ppb Au, 39 ppb Pd, 24 ppb Pt and 119 ppm Cu.

Borehole U2: sited close to the margin of the prominent Ni-in-soil anomaly and to test a Cu-in-soil anomaly which appeared to be spatially unrelated to the Ni anomaly. The upper part of borehole U2 (0m – 214m) intersected a succession of harzburgite and dunite very similar to that encountered in borehole U1. The dunite/harzburgite rocks returned relatively high Ni values over significant portions of the unit, while the upper and more metasomatised sequence has generally lower Ni values. The most significant nickel concentrations occur in the approximately 220m thick dunite/harzburgite unit in the upper part of the hole. Spikes in mineralization do, however, occur in other portions of the hole. Relatively elevated Ni and Cu values with very low PGE tenor occur between 235m and 240 metres. This interval consists of feldspathic pyroxenite with high concentrations of fine, disseminated sulphides. Further, Ni and Cu mineralization with a high PGE tenor occurs from 276m to 292m, associated with a relatively coarse-grained pyroxenite unit. A medium-grained pyroxenite unit at 344.50m contains low to moderate Cu and Ni concentrations, with elevated PGE values.

Borehole U3: sited to the east of the large Ni soil anomaly (tested by holes U1 and U2) and aimed to intersect a prominent Cu soil anomaly. The borehole intersected predominantly pyroxenitic lithologies, without olivine-dominant rocks such as those encountered in boreholes U1 and U2, except for a strongly altered, serpentinized unit at the contact with the footwall rock. In terms of its mineralization borehole U3 shares a few common features with the other boreholes as well as exhibiting some unique features. Of note is the lack of broad zones containing elevated Ni values, but rather that four distinct pyroxenitic zones, characterised by magnetic mottles (serpentinized olivine), returned elevated Ni (1,500-2,500 ppm) and PGE values (500-1,500 ppb). Anomalous PGE concentrations, related to zones of increased sulphide mineralization, occur at 120m to 129 m, 255m to 258 m, 273m to 308 m, 342 m, 351 m, and 367m to 372m.

The 2007 drilling program made a number of valuable contributions towards the understanding of the general geology and potential economic mineralization on the Uitloop 3 KS property. The drilling further delineated general geological features such as lithologies, stratigraphy and footwall contacts.

#### **LPU - South African Nickel JV (2011-2012)**

In 2011, South African Nickel pursuing further nickel targets associated with the BIC in South Africa, formed a JV partnership on the Project with LPU. SAN was targeting the Uitloop II body. The 16 hole diamond drilling program, totalling 5,062.54m, was undertaken from October 2011 to January 2012, to determine the extent and average grade of the peridotite Lower Zone Uitloop II body.

All holes, with the exception of Z16, were inclined at 50 degrees to the northeast, with the intention of intersecting the internal layering of the intrusion, which dips moderately to the southwest, orthogonally. By contrast, Z16 was drilled towards the southeast, subparallel to the plunge of the body, with the aim of testing the Uitloop body hanging wall contact on the edge of the Prospecting Right.

Boreholes Z01, Z03, Z04, Z06, Z012, Z013 and Z014 were heel-toe boreholes along the same section, drilled to evaluate the full width of the peridotite Lower Zone body. Borehole Z01 was drilled close to the bottom contact and the other boreholes were drilled to intersect peridotite stratigraphically deeper into the Lower Zone Uitloop II body. Boreholes Z05, Z07 to Z011, Z015 and Z016 were positioned to define the strike extent of the Lower Zone Uitloop II body, together with historical boreholes U1 and U2.

The 2011-2012 drilling program complemented the two historical boreholes (U1 and U2) previously drilled into the north-eastern contact of the peridotite body, which had intersections of 552m at 0.25% Ni and 220m at 0.25% Ni, respectively. Drilling and assay results have shown very little variation in both host rocks

dunite and harzburgite compositions, and the Ni mineralization found throughout the Lower Zone Uitloop II body.

### **LPU (2017-2018)**

From April 2017 through to early 2018, LPU, funded by URU conducted a six borehole drilling program (Z017 to Z022) targeting Platreef style (stratabound) sulphide mineralization, semi-massive sulphide contact-style mineralization, and fresh material from the Uitloop II body for metallurgical test work.

Boreholes Z017 and Z018 were positioned on the Uitloop II Lower Zone body and drilled to intercept the Lower Zone footwall contact. Borehole Z017 intercepted a low-grade, disseminated Ni sulphide zone associated with pyroxenite, harzburgite and dunite, as well as a semi-massive sulphide associated with the metasedimentary footwall lithologies at a depth of 260.31m below surface, with an interval of 2.25m at 1.66% Ni and minor PGE and Cu. Drill hole Z018 intercepted the low-grade disseminated Ni sulphide mineralization associated with the Lower Zone body, however, no semi-massive sulphides were intercepted at the hornfels/shale footwall contact.

## **SAMPLING, ANALYSIS AND DATA VERIFICATION**

### **Sampling and Analysis**

#### Soil Sampling 2007

In 2007, 985 soil samples were collected and analysed for 19 elements: Ag, Al, As, Ba, Ca, Co, Cr, Cu, Fe, K, Mg, Mn, Ni, P, Pb, Sc, Sr, V and Zn. Twenty six lines (labelled UL001 to UL026) were planned across the entire Uitloop 3KS farm area and samples were taken every 50 m along the lines. The primary laboratory used for the assay function was independent Genalysis Laboratories (Genalysis). Genalysis is an ISO17025 accredited laboratory for all of the elements mention above. No information exists on the QA/QC, sampling methodology and program specifics.

#### Diamond Drilling Program 2017 - 2018

In order to optimise core handling and preparation the following procedures were rigorously applied:

- The site geologist checked the core at the drill rig and only removed it from the drill site once the depth and core recovery were verified.
- The core was then checked against the relative depths as reported in the Daily Drilling Report (“DDR”).
- Any core loss was recorded and positioned in the core box by inserting a block with loss or gain clearly inscribed on the marker. The geologist recorded the core loss on the DDR or in the book provided at the rig before removing the core trays from site.
- Geological field assistants arranged all core pieces in the core box such that it would represent a column of unbroken core in the borehole. Each two consecutive core pieces should fit properly. A mark (with a china marker) across the break, from one piece of core to the other, indicated a proper fit and will ease later refitting. Any misfit indicated mixed core or grinding on the core edges.
- Where limited grinding occurred, the core can in most cases be lined up to some extent, using matching structural or lithological features on each side of the break.
- The ground surfaces on core ends are rarely indicative of the extent of grinding. Minor grinding (with no or insignificant core loss) can occur by insufficient hydraulic pressure. The drilling crew should address such malpractice immediately and instances of this recorded in the drill record and brought to the attention of the driller as quickly as possible.

- Field assistants measured and, or verified the driller's depth marks (in waterproof marker) at one metre intervals on the core, taking in account core losses and fractured core on the same day as the run/s were drilled. Any discrepancies were reported to the responsible geologist and if necessary the driller would be requested (by recording in an instruction book) to do a proper depth check – measure stick-up with rods down the hole at rod weight and count the number of rods to the end of the hole.
- Core boxes were permanently marked with waterproof markers and stencils.
- The following information was recorded on the label:
  - Borehole and deflection number.
  - Box number.
  - The “From” and “To” depths applicable for that specific box.

The core was logged before splitting and was checked and amended, if necessary, after splitting. Consistency is essential for proper stratigraphic correlation, mineral resources estimation and electronic data capture prior to digital modelling, therefore, predefined parameters for geological descriptions were applied, being coded to standardise and to save time and space. Non-parametric descriptions are brief and do not reiterate coded parameters. Logging information was stored off site in a custom designed Excel database.

A register with the core box information was kept and incorporated in the database. Core splitting was performed according to the following protocols:

- A rotary saw, equipped with a diamond-impregnated blade is used to split each sample into two equal segments along the cut line. A V-shape channel on a sliding table is used to support the core past the saw blade.
- The split core is cleaned and returned to the angle iron, such that the marked half (with the red line) is placed at the bottom of the V-shape channel. A close fit is again established.
- The one metre marks are carried over onto the cut surface of the bottom half and the borehole depth recorded at these marks, using a waterproof marker. The top half is then split into two ¼ samples.
- Sample interval marks (yellow chinagraph) are now extended onto the cut surface of the bottom core and at the break at the end of each sample.
- The one of the two ¼ samples from each sample interval is removed and placed in a plastic sample bag. One sample ticket is placed inside the sample bag and a second is stapled on the inside of the bag before the bag is folded over.
- A corresponding sample number is written with a chinagraph marker on the cut surface of the remaining core
- The end depth of each sample is measured from the one metre depth marks on the core and is marked on the cut surface of the remaining core.
- Sample numbers and depths are recorded and captured on the database. The spreadsheet is formulated to highlight any anomaly in sample widths and to verify sample data entry.
- The number of samples dispatched is checked against the number of data entries.
- A duplicated sample dispatch notice was completed with every dispatch and signed by the site geologist and by the lab.
- A checklist of samples dispatched was captured on database and kept up to date.

The following core sampling procedures were followed. The core was sampled at one metre intervals, generally corresponding to the one metre marks. Core loss, or the occurrence of lithological variations or contacts, may require variation from the metre to metre procedure. Sample numbers combine a borehole

code with a sequential number. The borehole code combines the letter U (for Uitloop) with a second letter corresponding to the number of the hole (e.g., samples from Bh U1 contain the prefix UA, followed by the number 1,2,3, etc.). In certain instances, where lithologies were unvarying over significant intervals, and were considered unlikely to return significant grades, compositing of the samples was done. The samples were still taken as before (metre by metre) and sent to the laboratory. The laboratory was instructed to composite five samples into one. A list was given to the laboratories detailing which samples were to be composited, and a new composite sample number was provided. The pulverisation of the samples took place individually, with 100g taken from each individual 1m sample.

The primary laboratory used for the Run of Program assay function was Setpoint in the town of Mokopane. Setpoint is an ISO17025 accredited laboratory for all of the elements being analysed for, namely Lead collection PGE+Au analysis and acid soluble Ni and Cu.

Quality Assurance/Quality Control was undertaken on an ongoing basis to ensure that assay results from the exploration program could be confidently relied upon. This procedure involved the introduction of appropriately inserted Certified Reference Material (“CRM”), and material containing trace (or reasonably assumed to contain trace) quantities of the element being assayed for. Further QA/QC checks were in the form of intra and extra lab duplicates. If undertaken diligently, the use of these protocols ensures that the laboratory procedures are not introducing a bias to the results.

Reference materials used:

- Standard – 70 to 100g of CRM
- Blank – barren samples (e.g., quartzite) Blanks and standards were inserted every 10 samples on an alternating basis. The assay laboratory is requested to use internal standards and duplicates in each tray in the fusion furnace. The results of the internal QC samples were then reported by the lab. The laboratory was also requested to make available its replicate assay checks.

The QA/QC results for the AMIS standards and lab duplicates were generally good and individual element concentrations were within acceptable levels.

### **Data Verification**

The Technical Report author has reviewed historical data and information regarding past exploration work on the Project. More recent exploration work (i.e., 2011 to 2020), having complete databases and documentation such as assay certificates, could be thoroughly reviewed. Older historical records (pre-2011) are, however, not as complete and so the Principal Author does not know the exact methodologies used in the data collection.

Historically MSA conducted a complete audit of the Project exploration database held by LPU in February of 2012. Minor, non-material, issues were identified and corrected in consultation with LPU staff, following which MSA considered the database and the data contained therein to support a code-compliant Mineral Resource Estimate.

Dr. Hancox, who resides in South Africa, completed the personal inspection (site visit) of the Project on the December 2, 2020, accompanied by Mr. Innes Burman (Project Geologist, Umbono Natural Resources (Pty) Ltd), Dr. Matthew McCreesh (Project Geologist, Umbono Natural Resources (Pty) Ltd), and Mr. Malesela Makhafola (CEO, Malren Geo). The visit was required for the purposes of inspection, ground truthing, procedural review and information data collection and collation. The condition of the general Project access were observed, and the location of some older and more recent drill hole collars were

verified. Mineralized drill core intersections were reviewed and verified. Logging and sampling procedures were also checked and validated. Outcrop is scarce on the Project, so no surface grab samples of target mineralization or lithologies were collected. After the existing drill core logs and assay results were verified against drill core observations, the Technical Report author did not think it was necessary to re-sample the drill core. The Technical Report author has no reason to doubt the adequacy of historical sample preparation, security and analytical procedures in the historical information and data that was reviewed.

## **MINERAL RESOURCES AND MINERAL RESERVES**

The Project is an early stage exploration project, and there are no current mineral resource or mineral reserve estimates.

## **MINERAL PROCESSING AND METALLURGICAL TESTING**

Metallurgical test work was completed on material from drill cores from the Uitloop II for the 2012 PEA, which was commissioned by LPU and completed by MSA. Results from the early stage metallurgical test offer preliminary information as to the recoverability of the main style of mineralization on the Project. Samples tested thus far are representative of the main style of mineralization on the Project but further mineralogical and metallurgical test work is required.

Petrographic examination (transmitted and reflected light) and Scanning Electron Microscope (“SEM”) studies were completed in 2006 by Microsearch CC, South Africa. In 2011, LPU undertook metallurgical test work through several work program partners. Diamond core drill holes Z05 and Z08 were selected as being representative of the Uitloop II mineralized deposit. Initial test work was performed on Z05 and then continued on Z08 as the Z05 material was depleted during testing. The top 45m of each core is representative of the mineralized oxide and transition zone material, while the core below to depth is representative of the zone containing significant Ni mineralization. The quarter cores for each sample were combined and crushed to create a representative composite sample for each mineralized zone. A 750kg composite sample was produced for mineralogical and metallurgical test work during the PEA phase.

### **Minerology**

Mineralogical test work on the Uitloop II samples was conducted and reported by SGS. The Sulphide Zone sample consisted primarily of serpentine (90%) with lesser amounts of magnetite (5%), magnesite/brucite (1.7%) and chromite (1.8%). This material has an average TNi grade of 0.29% of which 62% occurs as the nickel sulphide pentlandite. Approximately 8% of the total mass of the sample can be attributed to sulphide and/or magnetite containing particles. Processing and upgrading of the nickel via froth flotation and magnetite via magnetic separation is considered viable. Recovery of all the sulphides would account for 62% of the TNi in the feed. The liberated and middling sulphide particles account for only 1.3% of the total sample mass at a grind of P80 75 µm and represent a recovery of approximately 54% of the Ni by froth flotation.

The Oxide Zone sample consists primarily of dolomite (28%) with lesser amounts of serpentine (17%), magnetite (1%), calcite (13%) and clay (10%). This material has an average TNi grade of 0.15%, of which magnetite and serpentine host 36% and 30% of the Ni respectively. Only 5% of the TNi occurs as pentlandite. The Oxide Zone sample contains very little sulphides and all indications are that Ni recovery from the Oxide Zone would be uneconomical. The oxide material does however contain quantities of magnetite, which could be extracted using magnetic separation.

## **Metallurgical Testwork**

Comminution test work has confirmed that crushing and milling indices are in-line with expectation and reference Projects. The Project material is classified as medium to hard. Rougher flotation test work has confirmed that 60% of the feed nickel can be recovered to a sulphide concentrate while cleaner test work confirmed that concentrates of 16% Ni are achievable.

Based on the open circuit test work it has been confirmed that 50% overall nickel recovery at 15% nickel concentration is achievable under lock cycle conditions. This compares well with the conclusions from optical investigations (Particle Map, Size and Distribution Analysis) of the sample which reported that approximately 54% of the TNi content of the Sulphide Zone could be recovered. Rougher LIMS test work confirmed that 64% of the feed iron could be recovered to a magnetite concentrate.

### Comminution

Sag Mill Comminution (“SMC”) tests were performed on ¼ core samples from the Sulphide Zone by GeoMet laboratories and the crushability parameters were determined and reported by JKTech. Standard Bond Ball Mill Index (BBMI) test work was performed and reported by Mintek laboratories. The SMC test was designed for the breakage characterization of drill core and it generates a relationship between input energy (kWh/t) and the percent of broken product passing a specified sieve size. The results are used to determine the strength of the rock when broken under impact conditions (expressed as kWh/t).

The SMC test is a precision test, which uses particles that are cut from drill core using a diamond saw to achieve close size replication. The particles are then broken at a number of prescribed impact energies. The high degree of control imposed on both the size of particles and the breakage energies used, means that the test is largely free of the repeatability problems associated with tumbling-mill based tests.

The BBMI test provides useful information for the design of grinding circuits, and, in particular, to estimate the energy requirements for closed circuit ball milling. It is also used to predict and continually evaluate the performance of commercial ball mills.

With a conventional crusher index of 6.1 kWh/t and a high pressure grinding roll index of 11.8 kWh/t, the Project’s crushability was classified as medium hardness within the lower 50 percentile of the JKTech database. The Bond work index was found to be 18.7 kWh/t, indicating that the sample is hard.

### Flotation

Flotation tests were conducted using a standard Denver laboratory flotation machine. Airflow into the flotation cell was by an induced draught system and froth recovery was achieved by scraping at constant depth and intervals. Flotation tests were performed on the Sulphide Zone composite sample and reported by Maelgwyn Mineral Services. The products from these tests were assayed for Ni, Fe and S at SGS Laboratories, Johannesburg.

The Uitloop II deposit consists mainly of magnesium silicate gangue minerals and the main proportion of nickel occurs as pentlandite and associated with iron sulphides. A large proportion of the nickel, however, occurs as ultra-fine grains or solid solution in the gangue minerals and therefore is not recoverable by flotation. Mineralogical investigations determined that the nickel sulphides account for 62% of the TNi, with 54% of TNi potentially recoverable by flotation. The mineralogy is such that conventional sulphide flotation conditions do not result in acceptable nickel concentrate grades and recoveries. Typical poor Ni flotation is associated with flotation bubbles coalescing, slow flotation rate, very low nickel recovery, high

gangue recovery and finally poor concentrate cleaning and grade. The test work performed set out to address these issues and aimed at producing a high-grade concentrate. The resultant reagent configuration and specific flotation conditions are deemed proprietary and handled as confidential in the context of this report.

The results show an overall Ni recovery of around 60% which is what was estimated during the mineralogical investigations. A final concentrate grade of 16% Ni is achievable at a recovery of around 33% in open circuit. The cleaners' tails contain about 27% of the nickel and in closed circuit a larger proportion of that will report to the final concentrate and a smaller proportion to the final tails.

It is noted that lock-cycle flotation tests, which represent actual closed circuit plant operation, would result in an estimated overall nickel recovery of 50% and a concentrate of >15% nickel. It is further noted from the flotation program that it will be critical to address the flotation mechanisms present to ensure high nickel recoveries and concentrate grades

### Magnetic Separation

Magnetic separation tests (LIMS) were performed on the Sulphide Zone composite and reported by Mintek. The magnetite potential of the South Zone sample was determined by Satmangan analysis. This analysis involves measuring the total magnetic moment of a sample in a saturating magnetic field and is a quick, accurate and reliable method of measuring the magnetic material content of the sample.

A 1 kg Sulphide Zone sample was passed through a laboratory LIMS at 20% solids. The LIMS is used to remove particles with a high magnetic susceptibility namely magnetite (Fe<sub>3</sub>O<sub>4</sub>). This method utilizes a drum with permanent magnets which generate a magnetic field of about 900 Gauss at the surface of the drum. The drum rotates and the magnetics adhering to the drum move co-currently with the feed. The magnetics are removed with a scraper from the surface of the drum opposite from the feed in an area where the magnetic attraction ends. The rougher LIMS magnetic fraction was dried, weighed and prepared for chemical analysis. The remaining non-magnetic fraction was filtered and processed through the LIMS as a scavenger stage. The magnetic and non-magnetic fraction from the scavenger stage was collected, dried and sub-sampled for chemical analysis. The Satmangan analysis confirmed a feed grade of 5.5% magnetite for the Sulphide Zone material. The rougher-scavenger LIMS circuit upgraded the Fe from 6% to 20% at a recovery of 64% and mass pull of 20% to the magnetic fraction. Forty percent of the Ni reported to the magnetic fraction at a grade of 0.6%. Since the nickel recovered to a magnetite concentrate would not attract any credit, the plant flowsheet would implement nickel recovery prior to magnetite recovery. Based on these positive results further lock cycle test work was recommended for the next phase.

## **EXPLORATION AND DEVELOPMENT**

The Project is located over what is interpreted to be the largest structurally controlled basin in the Northern Limb. This geological feature could yield Platreef (stratabound) and/or contact-style mineralization close to surface as seen in the rest of the Northern Limb of the BIC and/or deeper semi-massive to massive sulphides associated with footwall contact embayments and within basement rocks as seen at the Nkomati Mine within the Uitkomst Complex.

Historical exploration work within and immediate to the current tenements dates to the 1960s, with modern exploration starting in the late 1990s. This work has identified three different styles of mineralization on the Project, hosted by different lithologies and stratigraphic units.

As noted above, there are three prospective target types within the Project area (referred to above as Target 1, Target 2 and Target 3).

- Target 1: Ultramafic-hosted, large-tonnage, low-grade disseminated nickel sulphide, is associated with the serpentinized Lower Zone of the Uitloop II body and may be potentially found within the Uitloop I body to the northeast. Most of the mineralization in the serpentinized Lower Zone ultramafic lithologies (Uitloop I and II bodies) takes the form of disseminated sulphide (mainly finegrained pentlandite (Fe,Ni)<sub>9</sub>S<sub>8</sub>), containing potentially large tonnages of low-grade nickel. At the current exploration stage of the Project, this mineralization style is considered a secondary target.
- Target 2: Platreef (stratabound) and Contact-style mineralization, containing bleb sulphide mineralization with elevated PGE, nickel, and copper mineralization, occurs along the northeast margin of the Uitloop II body and is the primary target of current exploration work. There is potential for a 6.3km strike length of Platreef and/or Contact-style mineralization. There is also the potential for up-dip extension of this target type where the Platreef potentially intruded beneath the sedimentary cover, creating a “raft or bridge”, and which may host disseminated and/or semimassive sulphide.
- Target 3: massive-sulphide (Ni-Cu-PGE) deposits associated with ultramafic rocks at or near the base of the ultramafic rocks, within structurally controlled, contact-associated embayments or within footwall lithologies that could include Archean granite basement up to 1km away from BIC rocks. Contact associated, footwall embayments could form a trap site for BIC magmas to assimilate footwall lithologies and precipitate larger concentrations of sulphur. A continuous flow of magma during emplacement of higher stratigraphic Platreef magmas, would have allowed for sulphur to be constantly replenished and to interact with fresh magma containing additional Ni, Cu and PGE concentrations which would preferentially partition into sulphur-rich liquids and precipitate as massive sulphides within the footwall embayments. This target type, although not a top priority at this stage of the Project, could be encountered as a result of priority Target 1 exploration. Based on the location of the Project in the Northern Limb of the BIC, the known styles and extent of mineralization, and the multitude of targets to be tested in future work programs, the area shows excellent exploration potential for discovery of potentially economic sulphide deposits.

It is the opinion of the Technical Report authors that, after reviewing historical results and other publicly available information and data from the Project, that significant opportunity exists for Blue Rhino to continue to develop the Project.

A two-phase program is recommended, totalling USD\$950,000, with the second phase (drilling) contingent on the success of the first phase (ground-based geophysics for drill targeting). The newly discovered Platreef style mineralization (Target 2) in particular, deserves further exploration to prove the estimated 6,500m strike extent and down-dip extent of the mineralization, and for resource definition drilling, with the goal to outline maiden PGE resources.

The recommended multi-phase budget (US\$950,000) is as follows:

**Phase 1** (USD\$250,000)

Conduct ground-based geophysics in the form of IP and/or EM. The actual location of the geophysical survey will be determined once the geophysical consulting group has been appointed and consulted in order to optimise line spacing, location and methodology. This work would all be located on Uitloop 3 KS.

**Phase 2** (USD\$700,000)

Six-hole diamond drilling program totalling approximately 3,600m. Exact locations of these holes would be determined by the results from Phase 1.

A budget covering both phases of exploration has been estimated by ZEB and is contained in the table below. ZEB recommends a budget of approximately USD\$250,000 for Phase 1 exploration and approximately USD\$700,000 for Phase 2.

**Exploration Budget**

Category and Requirements	Phase 1 - Totals	Phase 2 - Totals	Total Exploration
Geological Studies			
<b>Exploration</b>	<b>\$ 341 840</b>	<b>\$ 622 518</b>	<b>\$ 764 358</b>
Geophysics - Electromagnetics and/or Induced Polarisation	\$ 96 708	\$ -	\$ 96 708
Exploration Drilling	\$ -	\$ 326 394	\$ 326 394
Rig setup per hole (site clear and prep)	\$ -	\$ 8 059	\$ 8 059
Downhole survey (Exploration)	\$ -	\$ 12 089	\$ 12 089
Core boxes	\$ -	\$ 30 776	\$ 30 776
Geological Supervision:	\$ -	\$ -	\$ -
Project Geologist	\$ 20 148	\$ 51 041	\$ 71 189
Senior Exploration Geologist	\$ 12 089	\$ 48 268	\$ 48 358
Geotechnician	\$ 5 641	\$ 10 880	\$ 16 521
Core Yard Worker 1	\$ 2 015	\$ 3 358	\$ 5 373
Core Yard Worker 2	\$ 2 015	\$ 3 358	\$ 5 373
Core Yard Worker 3	\$ 2 015	\$ 3 358	\$ 5 373
Labour 1	\$ 1 208	\$ 6 227	\$ 4 835
Assay for Ni, Cu, S, Cr, Co and PGE	\$ -	\$ 153 313	\$ 153 313
<b>Land Access</b>	<b>\$ 90 222</b>	<b>\$ 50 369</b>	<b>\$ 80 591</b>
<b>Community Liaison</b>	<b>\$ 4 701</b>	<b>\$ 11 249</b>	<b>\$ 15 950</b>
<b>Travel and Accommodation</b>	<b>\$ 12 089</b>	<b>\$ 28 207</b>	<b>\$ 40 296</b>
<b>Sub-Total</b>	<b>\$ 239 956</b>	<b>\$ 661 239</b>	<b>\$ 901 195</b>
<b>TOTAL COST (incl 5% Contingency)</b>	<b>\$ 249 394.32</b>	<b>\$ 696 865.92</b>	<b>\$ 946 260</b>

**PART IV - INFORMATION CONCERNING THE RESULTING ISSUER**

*The following information is presented on a post-Transaction basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer. This section only includes information respecting the Resulting Issuer that is materially different from information provided earlier in this Filing Statement. Following the completion of the Transaction, the Resulting Issuer will carry on the businesses currently carried on by ZEB. Refer to various headings under "Part I – Information Concerning Blue Rhino" and "Part II – Information Concerning ZEB" for additional information regarding Blue Rhino, ZEB, respectively. Refer also to the Pro Forma Financial Statements of the Resulting Issuer attached here to as Appendix "C" hereto.*

## NAME AND INCORPORATION

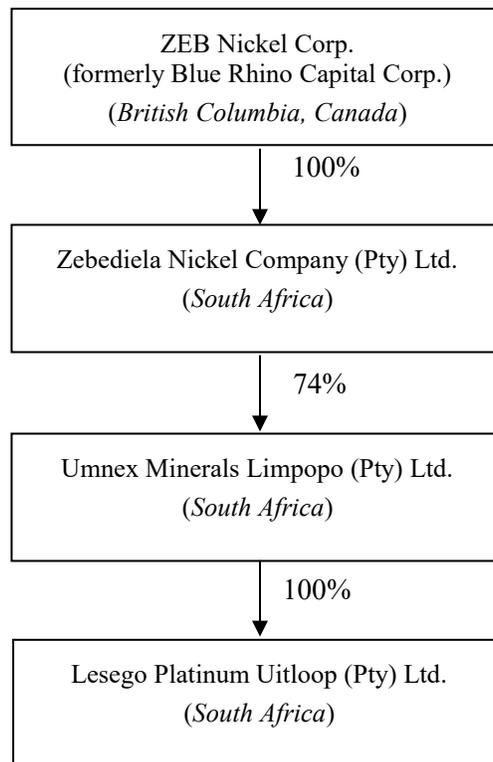
Following the completion of the Transaction, it is anticipated that the Resulting Issuer will continue to subsist under the BCBCA, under the name “ZEB Nickel Corp.”

The Resulting Issuer’s registered and records office will be at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8 and its head office will be located at Suite 401, 4 King Street, Toronto, Ontario M5H 1B6.

Following the completion of the Transaction, the Resulting Issuer assumed ZEB’s year end of December 31. Accordingly, the Resulting Issuer’s first financial year end will be December 31, 2021.

## INTERCORPORATE RELATIONSHIPS

After giving effect to the Transaction, the Resulting Issuer’s wholly-owned subsidiaries will be as set forth below:



## DEFINITIVE AGREEMENT

The Acquisition will be effected on the Closing Date subject to obtaining Exchange approval and the issuance of the Final Exchange Bulletin. Pursuant to the Definitive Agreement, Blue Rhino will acquire all of the issued and outstanding share capital of ZEB. ZEB will be a wholly-owned subsidiary of the Resulting Issuer upon completion of the Acquisition.

In connection with the Definitive Agreement, Blue Rhino will:

- i. issue to URU, 41,000,000 Consideration Shares; and

- ii. assume all ongoing liabilities and obligations of ZEB, which will include the Royalty. Two percent of the Royalty can be purchased for a one-time cash payment of USD\$2,000,000.

## **NARRATIVE DESCRIPTION OF THE BUSINESS**

The Resulting Issuer's business objectives will be ZEB's business objectives, as set forth under the headings "*Part II - Information Concerning ZEB – Narrative Description of the Business*".

### **Business Objectives**

The Resulting Issuer will be a junior mining exploration company anticipated to be listed on Tier 2 of the Exchange. The Resulting Issuer initially plans to conduct exploration work on the Project (*See Part II – Information Concerning the Project*).

Additionally, in respect of the Project, the Resulting Issuer intends to complete each of Phase 1 (consisting of approximately USD\$250,000 to conduct ground-based geophysics in the form of IP and/or EM on Uitloop 3 KS) and Phase 2 (consisting of approximately USD\$700,000 to conduct six-hole diamond drilling program totalling approximately 3,600m) in respect of the Project.

### **Milestones**

Initiating and completing its Phase 1 work program on the Project (*See Part II – Information Concerning the Project*) are the Resulting Issuer's primary near-term milestones.

### **Exploration and Development**

Please refer to "*Part II – Information Concerning the Project*" for a complete discussion of the Resulting Issuer's intended exploration and development activities in relation to the Project.

## **DESCRIPTION OF THE SECURITIES**

The share structure of the Resulting Issuer will be the same as the share structure of Blue Rhino and the rights associated with each Resulting Issuer Share will be the same as the rights associated with each Blue Rhino Share. *See "Part I – Information Concerning Blue Rhino – Description of Securities"*.

### **Common Shares**

The authorized capital of the Resulting Issuer will consist of an unlimited number of common shares with no par value. On Closing, and following completion of the Consolidation, it is anticipated that 54,797,826 Resulting Issuer Shares will be issued and outstanding, as fully paid and non-assessable shares.

The holders of the Resulting Issuer Shares are entitled to dividends, if, as and when declared by the Board of Directors; to one vote per Resulting Issuer Share at meetings of the holders of Resulting Issuer Shares; and, upon liquidation, to share equally in such assets of the Resulting Issuer as are distributable to the holders of Resulting Issuer Shares. All common shares to be outstanding after completion of the Transaction will be fully paid and non-assessable and shall not be subject to any pre-emptive rights, conversion or exchange rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a shareholder to contribute additional capital.

## Warrants

Upon Closing, there will be 86,957 Resulting Issuer Broker Warrants with each Resulting Issuer Resulting Issuer Broker Warrant exercisable into one Resulting Issuer Share at a price of \$0.23 per share expiring on July 14, 2022.

## Options

Upon Closing, 86,957 Resulting Issuer Options will be issued and outstanding. Assuming that 54,797,826 Resulting Issuer Shares will be issued and outstanding upon completion of the Transaction, the Resulting Issuer may grant up to an additional 5,392,825 Resulting Issuer Options pursuant to the Stock Option Plan.

Holders of Resulting Issuer Broker Warrants and Resulting Issuer Options other than the conversion rights described above, will have no claim to dividend rights, voting rights, rights upon dissolution or winding-up of the Resulting Issuer, pre-emptive rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or provisions requiring a holder to contribute additional capital (except upon exercise).

## PRO FORMA CONSOLIDATED CAPITALIZATION

The following table outlines the expected pro forma share capitalization of the Resulting Issuer on completion of the Transaction.

Designation of Security	Amount Authorized	Amount Outstanding as of Closing
Resulting Issuer Shares <sup>(1)</sup>	Unlimited	54,797,826
Resulting Issuer Broker Warrants	N/A	86,957
Resulting Issuer Options	5,192,825	86,957
<b>TOTAL</b>		<b>54,971,740</b>

Notes:

- (1) As of the date of this Filing Statement, Blue Rhino has 2,347,826 Blue Rhino Shares issued and outstanding. Upon completion of the Transaction, issue 11,200,000 Blue Rhino Shares upon conversion of the Subscription Receipts and will issue: (a) 41,000,000 Consideration Shares to URU in exchange for the ZEB Shares and 250,000 Finders Shares to Anton Drescher.

### Fully Diluted Share Capital

The following table outlines the expected number and percentage of securities of the Resulting Issuer to be outstanding on a fully diluted basis after giving effect to the Transaction:

	Number of the Resulting Issuer Shares	Percentage of Total
Resulting Issuer Shares held by current Blue Rhino Shareholders <sup>(1)</sup>	2,597,826	4.74%
Resulting Issuer Shares to be issued to URU <sup>(1)</sup>	41,000,000	74.82%
Resulting Issuer Shares to be issued upon conversion of the Subscription Receipts <sup>(1)</sup>	11,200,000	20.44%
Resulting Issuer Broker Warrants	86,957	0.16%
Resulting Issuer Options	86,957	0.16%
Fully-Diluted	54,971,740	100%

Notes:

- (1) 54,797,826 Blue Rhino Shares outstanding (includes the 11,200,000 Blue Rhino Shares issued upon conversion of the Subscription Receipts); each Blue Rhino Share to be exchanged for one Resulting Issuer Share under the Transaction.

Other than as disclosed above, no other securities will be outstanding which are convertible into, or exchangeable for, Resulting Issuer Shares following the completion of the Transaction.

### AVAILABLE FUNDS AND PRINCIPAL PURPOSES

The Resulting Issuer is expected to have approximately \$2,988,855 in working capital available on Closing. The Resulting Issuer is expected to use the funds available to it in furtherance of its stated business objectives which are summarized in the table appearing below.

	Estimated Amount
<b>Sources of Funds:</b>	
Estimated working capital <sup>(1)</sup>	\$188,855
Gross proceeds from the Concurrent Private Placement	\$2,800,000
<b>Total Sources</b>	<b>\$2,988,855</b>
<b>Uses of Funds:</b>	

	Estimated Amount
Costs related to the Transaction (including Concurrent Private Placement) <sup>(2)</sup>	\$150,000
Finders fees related to Concurrent Private Placement	\$84,700
Repayment of Current Portion of Liabilities owing to URU by ZEB	\$327,000 <sup>(3)</sup>
Carrying and Maintenance Costs for the Project	\$180,000
Phase 1 Exploration Program for the Project	\$314,000 <sup>(4)</sup>
Corporate marketing and travel costs	\$60,000
Salaries and Consulting Fees	\$240,000
General and administrative expenses for the first 12 months <sup>(5)</sup>	\$180,000
Unallocated working capital to fund ongoing operations	\$1,453,155
<b>Total Uses</b>	<b>\$2,988,855</b>

## Notes:

- (1) Based on the estimated working capital of Blue Rhino as at June 30, 2021 in the amount of \$188,855 and assuming nil working capital of ZEB as at June 30, 2021.
- (2) Consisting of legal fees, filing fees, accounting fees and other professional advisory fees related to the Transaction.
- (3) Representing USD\$260,000 based on the rate of exchange published by the Bank of Canada for conversion of US dollars into Canadian dollars as of July 27, 2021.
- (4) Representing USD\$250,000 based on the rate of exchange published by the Bank of Canada for conversion of US dollars into Canadian dollars as of July 27, 2021.
- (5) Comprised of: \$48,000 (office and rent); \$80,000 (professional fees); \$37,000 (travel); and \$15,000 (listing and filing fees).

Based on current projections, the Resulting Issuer's working capital available for funding ongoing operations is expected to meet its expenses for a minimum period of 12 months commencing immediately after the completion of the Transaction.

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary, including, without limitation, in connection with the ever-evolving global impact of COVID-19 (See "*Risk Factors*"). It is difficult, at this time, to definitively project the total funds necessary to affect the planned activities of the Resulting Issuer. For these reasons, management of Blue Rhino considers it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates. See "*Forward-Looking Information*" and "*Risk Factors*".

## Dividends

There will be no restrictions in the Resulting Issuer's articles or elsewhere which would prevent the Resulting Issuer from paying dividends subsequent to the completion of the Transaction. It is not contemplated that any dividends will be paid on the Resulting Issuer Shares in the immediate future following the completion of the Transaction, as it is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. The Board of Directors will determine if, and when,

dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time. All of the Resulting Issuer Shares are entitled to an equal share in any dividends declared and paid. See "*Forward-Looking Information*".

## PRINCIPAL SECURITYHOLDERS

Except as indicated in the table below, to the knowledge of the directors and management of the Resulting issuer, no person or company is anticipated to own of record or beneficially, or exercise control or direction, directly or indirectly, over more than 10% of any class of voting securities of the Resulting Issuer upon completion of the Transaction.

Name and Municipality of Residence of Shareholder	Type of Ownership	Number and Percentage of Class of Resulting Issuer Shares Upon Completion of the Transaction
URU Metals Limited (British Virgin Islands)	Direct	41,000,000 (74.82%)

## DIRECTORS AND OFFICERS OF THE RESULTING ISSUER

At Closing, the directors and officers of the Resulting Issuer are expected to be the individuals set out below.

### Name, Address, Occupation and Security Holdings

Name and Location of Residence	Position or Office	Principal Occupation During Past 5 Years	Director of Blue Rhino or ZEB Since <sup>(1)</sup>	Number and Percentage of Resulting Issuer Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(3)</sup>
<b>Wayne Isaacs</b> <b>Ontario, Canada</b>	Director, Chief Executive Officer and Corporate Secretary	Corporate Executive; Director of AM Resources Corp.	Proposed	173,913 0.32%
<b>David Cross</b> <b>British Columbia, Canada</b>	Chief Financial Officer	Partner at Cross Davis & Company LLP, Chartered Professional Accountants	Proposed	10,869 0.02%
<b>Tom Panoulis</b> <b>Ontario, Canada</b>	Director	Vice-President of Corporate Development of Freeman Gold Corp.; Director of Bonavista Resources Corp.	Proposed	86,957 0.16%
<b>Anton Drescher<sup>(2)</sup></b> <b>British Columbia, Canada</b>	Director	President and CEO of the Company; President of Harbour Pacific Capital Corp. and West Point Management Consultants	February 6, 2019	250,000 0.46%

		Ltd. (private management companies).		
<b>Gregory McKenzie<sup>(2)</sup> Ontario, Canada</b>	Director	Investment Banker; Corporate Lawyer; President and Chief Executive Officer of Golden Tag Resources.	Proposed	86,957 0.16%
<b>Jacinto Viera<sup>(2)</sup> Ontario, Canada</b>	Director	Corporate Lawyer, Vice President, Corporate and Legal Affairs of Distinct Infrastructure Group Inc.	Proposed	489,130 0.89%
<b>Richard Montjoie Johannesburg, South Africa</b>	Director	Technical Director, Umbono Natural Resources.	Proposed	Nil

Notes:

- (1) The term of office of each director of the Resulting Issuer will expire at the next annual general meeting of the shareholders of the Resulting Issuer.
- (2) Proposed member of the Resulting Issuer's audit committee.
- (3) Percentages shown are based on 54,797,826 Resulting Issuer Shares issued and outstanding immediately following the Closing.

## Management

On Closing, the management team of the Resulting Issuer is expected to be Wayne Isaacs as CEO and Corporate Secretary and David Cross as CFO. It is anticipated that the Board of Directors of the Resulting Issuer will consist of Wayne Isaacs, Tom Panoulis, Anton Drescher, Gregory McKenzie, Jacinto Viera and Richard Montjoie.

In addition to the information set out in the table above, following is some information about the proposed members of the Board of Directors and management of the Resulting Issuer:

### *Wayne Isaacs – Age: 57 – Director, Chief Executive Officer and Corporate Secretary*

Mr. Isaacs has a thirty-year career on Bay Street specializing in the resource sector both as a corporate executive of resource companies and as an investment banker. This extensive experience has allowed him to successfully seek out and engage and acquire significant resource assets and financing to support exploration, development and mining activities for his operating and investee companies. Mr. Isaacs has been involved as principal in 30 listed companies and has served as a director and / or senior officer of over 35 listed companies. He was the President and Director of Forsys Metals Corp. from 2003 to 2007, a TSX listed company with uranium properties in Namibia, Africa which he managed from start up to in excess of \$750 million in market capitalization raising over \$70 million to advance its uranium property from the exploration stage to the production decision stage. Mr. Isaacs is currently a Director of AM Resources Corp., a mining company engaged in the exploration of coal, hydrocarbons and gold mining sites located in Colombia. He is a graduate of the University of Western Ontario and has held numerous securities certifications and licenses.

### *David Cross – Age: 45 – Chief Financial Officer*

Mr. Cross, a Certified Public Accountant, Certified Management Accountant, started his accounting career at a Chartered Accountant firm in 1997. Currently he is a partner of Cross Davis & Company LLP, an accounting firm founded in 2010, which is focused on providing accounting and management services for

publicly traded companies. Mr. Cross also serves as the Chief Financial Officer and director of several publicly listed companies.

***Tom Panoulias – Director***

Mr. Panoulias is a capital markets professional with over fifteen years of experience. He has previously worked at Echelon Wealth Partners, Fraser Mackenzie, and Dundee Capital Markets, raising over one billion dollars for issuers in the mining sector and advising senior management teams on numerous merger and acquisition transactions. Prior to entering capital markets, Mr. Panoulias held senior roles at Kinross Gold Corporation and TVX Gold Inc. in corporate development, responsible for managing various acquisition and divestiture activities. He currently is the Vice President of Corporate Development for Freeman Gold Corp. and a director of Bonavista Resources Corp. Mr. Panoulias holds an Honours Bachelor of Commerce degree from the University of Toronto and is a member of the Canadian Institution of Mining and Metallurgy and the Toronto Society of Financial Analysts.

***Anton Drescher – Director***

Mr. Drescher is a Chartered Professional Accountant and Certified Management Account since 1981. He is also the President of Westpoint Management Consultants Limited, a private company engaged in tax and accounting consulting for business reorganizations since 1979 and President of Harbour Pacific Capital Corp., a private British Columbia company involved in regulatory filings for businesses in Canada since 1988. Mr. Drescher is currently involved with several public companies services as a director and Chief Financial Officer.

***Gregory McKenzie – Director***

Mr. McKenzie (JD, MBA) is a former senior investment banker with more than twenty years of experience in financing, M&A, financial advisory, valuation, and strategic advice to mid-cap companies. Mr. McKenzie has held positions with Morgan Stanley, CIBC World Markets and Haywood Securities, and has been involved in transactions valued in excess of \$18 billion. In addition to his capital market experience Mr. McKenzie previously practiced corporate law with a leading Canadian securities and M&A law firm. He is currently the President & CEO of Golden Tag Resources, a Mexican Silver Exploration and Development Company.

***Jacinto Vieira – Director***

Mr. Vieira is a lawyer specializing in securities and corporate law. From 2016 to 2019, Mr. Vieira was Vice President, Corporate & Legal Affairs for Distinct Infrastructure Group Inc. Prior to joining Distinct Infrastructure Group Inc., Mr. Vieira was a partner at the law firm Blaney McMurtry LLP and Fogler Rubinoff LLP. Mr. Vieira was called to the Ontario Bar in 1999.

***Richard Montjoie – Director***

Mr. Montjoie holds an M.Sc. in Economic Geology from the University of Witwatersrand. Mr. Montjoie worked on Anglo Platinum's Mogalakwena Mine prior to joining Umbono in 2005. He has been involved in several exploration programs in South Africa and Northern Canada, including various Ni-PGE, diamond, coal, coal-bed methane, zinc and gold exploration projects. Mr. Montjoie provides sound geoscience input in development planning to ensure effective data acquisition and management from exploration through to feasibility. Mr. Montjoie successfully acted as Project Manager for the 50 Moz Lesego Platinum project, advancing the project from an inferred resource to a completed bankable feasibility study with proven and

probable reserves, on time and under budget, managing all aspects of the programme, from exploration programme design to various licencing applications.

### **Advisors**

The Resulting Issuer has also retained the following two strategic advisors:

#### ***Martin Vydra – Strategic Advisor***

Mr. Vydra, President of Giga Metals, joined Giga Metals after a thirty-one year career with Sherritt International Corporation, a leader in the mining, processing and refining of lateritic nickel and cobalt with operations in Canada, Cuba and Madagascar. Martin is widely recognized as an expert in nickel and cobalt extraction, processing and refining including the development and application of advanced technologies to maximize the recovery of valuable metals such as nickel and cobalt from a variety of feeds. While at Sherritt, Martin's technical accomplishments spanned four continents and over 20 operations including postings in Australia where he was integrated in Murrin Murrin's refinery start up; Finland for the design of Harjavalta's nickel reduction circuit; and, in Chile where he oversaw the design, construction and commissioning of a major pressure oxidation operation. Most recently, Martin served as Sherritt's Senior Vice President, Commercial and Technologies, where he had oversight for the sales and marketing of nickel and cobalt, and marketing and commercialization of Sherritt's proprietary technologies. Mr. Vydra also currently works for Conic Metals Corp. in a strategic capacity.

#### ***Justin Cochrane – Advisor to the Board***

Mr. Cochrane, President and CEO of Conic Metals Corp., has 20 years of royalty and stream financing, M&A and corporate finance experience. Prior to Conic Metals, he served as President & COO of Cobalt 27 Capital Corp. and before that as Executive Vice President and Head of Corporate Development for Sandstorm Gold Ltd. Mr. Cochrane's expertise is in the structuring, negotiation, execution and funding of royalty and stream financing contracts around the world, across dozens of projects, totaling over \$2 billion. Prior to Sandstorm, he spent nine years in investment banking and equity capital markets with National Bank Financial where he covered the resource, clean-tech and energy technology sectors. In addition, Mr. Cochrane is currently a board member of Nevada Copper Corp.

### **PROMOTER CONSIDERATION**

The directors of the Resulting Issuer are the promoters of the Resulting Issuer. For a description of the number and percentage of common shares in the Resulting Issuer to be beneficially owned, directly or indirectly, or over which direction or control will be exercised by the directors of the Resulting Issuer see below "*Information Concerning the Resulting Issuer – Escrowed Securities*".

### **CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES**

No proposed director, officer or Promoter of the Resulting Issuer or shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is or has, within the past 10 years, been a director, officer or Promoter of any Person or issuer that, while such Person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied that Person or issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that Person.

## PENALTIES AND SANCTIONS

No proposed director, officer or Promoter of the Resulting Issuer or shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer or a personal holding corporation of such Persons is or has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions proposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

## PERSONAL BANKRUPTCIES

No proposed director, officer or Promoter of the Resulting Issuer or shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding corporation of such Persons is or has, within the past 10 years, become bankrupt, made a proposal under bankruptcy or insolvency legislation or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

## CONFLICTS OF INTEREST

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon the completion of the Transaction are also directors, officers and/or Promoters of other reporting and non-reporting issuers, including those engaged in mining issuers. As of the date of this Filing Statement and to the knowledge of the directors and officers of Blue Rhino and ZEB, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment as directors or officers following the completion of the Transaction.

## OTHER REPORTING ISSUER EXPERIENCE

The following table sets out the proposed directors, officers and Promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or Promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position(s) Held	Term
Wayne Isaacs	ThreeD Capital Inc.	CSE	Director	April 2020 to Present
	Delta Uranium Inc.	TSXV	Chief Executive Officer and Director	June 2006 to Present
	AM Resources Corp.	TSXV	Director	May 2018 to Present
	Goliath Resources Limited	TSXV	Director	February 2020 to Present
	Family Memorials Inc.	TSXV	Interim Chief Executive Officer	June 2016 to Present
Tom Panoulis	Freeman Gold Corp.	CSE	Vice President of Corporate Development	June 2020 to Present
Anton Drescher	CENTR Brands Corp.	CSE	Director	May 2014 to Present
	Corvus Gold Inc.	TSX	Director	August 2010 to Present
	International Tower Hills Mines Ltd.	TSX	Director	October 2005 to Present
	Lamaska Capital Corp.	TSXV	Chief Executive Officer, Secretary and Director	April 2020 to Present

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position(s) Held	Term
	Oculus Vision Tech Inc. Trevali Mining Corporation RavenQuest BioMed Inc. Xiana Mining Inc.	TSXV TSX CSE TSXV	Chief Financial Officer, Secretary and Director President and Director Director Chief Financial Officer and Director	July 2007 to Present May 2007 to July 2019 October 2004 to November 2019 July 2003 to Present
Greg McKenzie	Golden Tag Resources Ltd. Chilean Metals Inc.	TSXV TSXV	Chief Executive Officer and Director Director	May 2020 to Present November 2016 to Present
David Cross	RavenQuest BioMed Inc. DXI Capital Corp. CENTR BRANDS Corp. Newrange Gold Corp. Interconnect Ventures Corporation New Energy Metals Corp. Lamaska Capital Corp. Wealth Minerals Ltd. Enduro Metals Corp. New Target Mining Corp. Advantage Lithium Corp. Millrock Resources Inc. International Tower Hill Mines Ltd. Victory Resources Corporation Progressive Planet Solutions Inc.	CSE NEX CSE TSXV TSXV TSXV TSXV TSXV TSXV TSXV TSXV TSX CSE TSXV	Chief Financial Officer Chief Financial Officer Director Chief Financial Officer Chief Financial Officer Chief Financial Officer Chief Financial Officer Chief Financial Officer Chief Financial Officer Director and Chief Financial Officer Director and Chief Financial Officer Chief Financial Officer Chief Financial Officer Chief Financial Officer Director Chief Financial Officer	September 2017 to November 2019 June 2020 to December 2020 December 2018 to April 2019 May 2013 to Present October 2013 to November 2018 November 2018 to Present April 2020 to Present October 2010 to January 2021 April 2020 to June 2020 July 2020 to Present December 2018 to April 2020 September 2020 to Present May 2015 to Present December 2014 to June 2020 June 2018 to May 2021

## PROPOSED EXECUTIVE COMPENSATION

Following is the anticipated compensation, as known, for each of the Resulting Issuer’s Named Executive Officers for the 12 month period after giving effect to the Transaction:

Name and principal position	Annual Salary	Share-based awards	Option-based awards	Non-equity incentive plan compensation		Pension value	All other compensation	Total Compensation
				Annual Incentive Plans	Long-term incentive plans			
Wayne Isaacs, CEO, Corporate Secretary and Director	\$60,000	Nil	Nil	Nil	Nil	Nil	Nil	\$60,000
David Cross, CFO	\$30,000	Nil	Nil	Nil	Nil	Nil	Nil	\$30,000

### Incentive Plan Awards

#### *Share-based Awards*

During the 12 month period post-Transaction, it is not expected that the Resulting Issuer will grant any share-based awards, being awards granted under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock. See “*Forward-Looking Information*”.

#### *Option-based awards*

In addition to the stock options which have been granted, the Resulting Issuer will likely grant future option-based awards, being awards under an equity incentive plan of options, including, for greater certainty, by granting stock options to its directors, officers and employees. The timing, amounts, exercise price of these future option-based awards, although not yet granted, are as proposed below (See “*Part III – Information Concerning the Resulting Issuer – Options To Purchase Securities*”). Such stock options are expected to be granted under the Stock Option Plan. See “*Part I – Information Concerning Blue Rhino – Stock Option Plan*”.

#### *Pension Plan Benefits*

During the 12 month period post-Transaction, it is not expected that the Resulting Issuer will provide for defined benefit plans or defined contribution plans, being plans that provide for payments or benefits at,

following, or in connection with retirement, or provide for deferred compensation plans. See “*Forward-Looking Information*”.

#### **TERMINATION AND CHANGE OF CONTROL BENEFITS**

The Resulting Issuer does not currently anticipate having any written employment agreements with the Named Executive Officers, nor any plans or arrangements in place with any NEO that provide for payment following or in connection with any termination, resignation, retirement, a change of control of the Resulting Issuer or a change in a NEO’s responsibilities. Please see “*Part II – Information Concerning ZEB – Executive Compensation – Termination and Change of Control Benefits*”.

#### **COMPENSATION OF DIRECTORS**

It is anticipated that the directors of the Resulting Issuer will be paid fees for their services, however, the amounts of such fees will be determined at the discretion of the Board of Directors of the Resulting Issuer following completion of the Transaction.

It is also expected that the Resulting Issuer will grant stock options to directors in recognition of the time and effort that such directors devote to the Resulting Issuer. The timing, amounts, exercise price of these future option-based awards are not yet determined.

#### **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

No individual who: (a) is a director or officer of Blue Rhino or ZEB or is proposed to be a director or officer of the Resulting Issuer; (b) at any time during the three months ended April 30, 2021, or the year ended January 31, 2021 for Blue Rhino to date hereof, or at any time during the three months ended March 31, 2021 or the period since incorporation ended December 31, 2020 for ZEB, was a director or officer of Blue Rhino or ZEB or (c) is an Associate of any of the foregoing, is either: (i) indebted to Blue Rhino or ZEB or any of their subsidiaries; or (ii) indebted to another entity with such indebtedness being the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Blue Rhino or ZEB.

#### **INVESTOR RELATIONS ARRANGEMENTS**

No oral or written agreement has been entered into with any Person for the provision of investor relations services for the Resulting Issuer.

#### **OPTIONS TO PURCHASE SECURITIES**

It is anticipated that there will be 86,957 Resulting Issuer Options and 86,957 Resulting Issuer Broker Warrants outstanding immediately following Closing. Other than the foregoing, no other securities will be outstanding which are convertible into, or exchangeable for, Resulting Issuer Shares following the completion of the Transaction. Please see “*Part IV – Information Concerning the Resulting Issuer – Description of Securities – Fully Diluted Share Capital*”.

Upon completion of the Transaction, the outstanding Resulting Issuer Options will be held under the Stock Option Plan by:

Category of Optionee	Number of Resulting Issuer Options <sup>(1)</sup>	Exercise Price <sup>(1)</sup>	Market Value on Date of Grant <sup>(1)</sup>	Expiry Date
Officers of the Resulting Issuer	Nil	Nil	Nil	Nil
Directors of the Resulting Issuer (excluding Officers)	54,350 <sup>(2)</sup>	\$0.23	\$0.23	Ten (10) years after date of grant
Former Officers and Directors of the Resulting Issuer	32,607 <sup>(3)</sup>	\$0.23	\$0.23	Ten (10) years after date of grant
Employees	Nil	Nil	Nil	Nil
Consultants	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil
<b>Total</b>	<b>86,957</b>	-	-	-

Note:

- (1) Calculated on a post-Consolidation basis.  
(2) Mr. Anton Drescher was granted 54,350 incentive stock options of Blue Rhino on July 30, 2019.  
(3) Mr. Rowland Perkins, Mr. David Brett and Mr. David Cross were each granted 10,869 incentive stock options of Blue Rhino on July 30, 2019.

All of the stock options described in the foregoing table are or will be granted under the Stock Option Plan.

There are no assurances that the options described above will be exercised in whole or in part.

## STOCK OPTION PLAN

Under the Stock Option Plan of the Resulting Issuer the maximum number of Resulting Issuer Shares reserved for issuance, including options currently outstanding, will be equal to ten (10%) percent of the Resulting Issuer Shares outstanding from time to time (being the 10% Maximum). The 10% Maximum is an “evergreen” provision, meaning that, following the exercise, termination, cancellation or expiration of any options, a number of Resulting Issuer Shares equivalent to the number of options so exercised, terminated, cancelled or expired would automatically become reserved and available for issuance in respect of future option grants.

The number of Resulting Issuer Shares which may be the subject of options on a yearly basis to any one Person cannot exceed five (5%) percent of the number of issued and outstanding Resulting Issuer Shares at the time of the grant. Options may be granted to any employee, officer, director, consultant, affiliate or subsidiary of Resulting Issuer exercisable at a price which is not less than the Discounted Market Price (as such term is defined in the Exchange Policies) of Resulting Issuer Shares on the date of the grant. The directors of Resulting Issuer may, by resolution, determine the time period during which any option may be exercised, provided that the exercise period does not contravene any rule or regulation of the Exchange. All options will terminate on the earliest to occur of (a) the expiry of their term; (b) the date of termination of an optionee’s employment, office or position as director, if terminated for just cause; (c) ninety (90) days (or such other period of time as permitted by the Exchange) following the date of termination of an

optionee's position as a director or officer, if terminated for any reason other than the optionee's disability or death; (d) thirty (30) days following the date of termination of an optionee's position as a consultant engaged in investor relations activities, if terminated for any reason other than the optionee's disability, death, or just cause; and (e) the date of any sale, transfer or assignment of the option.

Options are non-assignable and are subject to early termination in the event of the death of a participant or in the event a participant ceases to be an officer, director, employee, consultant, affiliate, or subsidiary of Resulting Issuer, as the case may be. Subject to the foregoing restrictions, and certain other restrictions set out in the Stock Option Plan, the Board of Directors is authorized to provide for the granting of options and the exercise and method of exercise of options granted under the Stock Option Plan.

## **ESCROWED SECURITIES**

### **Resulting Issuer Escrow Shares**

#### *CPC Escrowed Shares*

The CPC Escrowed Shares are held in escrow by Odyssey Trust Company pursuant to the terms of the CPC Escrow Agreement.

The following table, to the knowledge of Blue Rhino and ZEB, lists the names of the shareholders of the Resulting Issuer who will hold Resulting Issuer Shares following the completion of the Transaction, which shares will be CPC Escrowed Shares (on a non-diluted basis).

Name and Municipality of Residence of Securityholder	Designation of Class	Blue Rhino Shares Prior to giving effect to the Transaction (but calculated on a Post-Consolidation basis)		Resulting Issuer Shares After giving effect to the Transaction	
		Number of Securities	Percentage of Total <sup>(1)</sup>	Number of Securities	Percentage of Total Class <sup>(2)</sup>
Wayne Isaacs <i>Toronto, Ontario</i>	Blue Rhino Shares	nil	0.00%	173,913	0.32%
Tom Panoulis <i>Toronto, Ontario</i>	Blue Rhino Shares	nil	0.00%	86,957	0.16%
Gregory McKenzie <i>Toronto, Ontario</i>	Blue Rhino Shares	nil	0.00%	86,957	0.16%
Mazanilo Ltd. <sup>(3)</sup> <i>Toronto, Ontario</i>	Blue Rhino Shares	nil	0.00%	489,130	0.89%
Rowland Perkins <i>Calgary, Alberta</i>	Blue Rhino Shares	119,565	5.09%	10,869	0.02%
David Brett <i>Vancouver, British Columbia</i>	Blue Rhino Shares	119,565	5.09%	10,869	0.02%
David Cross <i>Vancouver, British Columbia</i>	Blue Rhino Shares	119,565	5.09%	10,869	0.02%
Anton Drescher <i>Vancouver, British Columbia</i>	Blue Rhino Shares	478,260	20.37%	250,000	0.46%

Notes:

- (1) Based on 2,347,826 Blue Rhino Shares currently outstanding (as calculated on a post-Consolidation basis).
- (2) Based on 54,797,826 Resulting Issuer Shares issued and outstanding upon Closing, after giving effect to the Consolidation.
- (3) Mazanilo Ltd. is beneficially owned and controlled by Mr. Jacinto Viera.

The schedule of release of the Resulting Issuer Shares that are CPC Escrowed Shares is as follows:

Release Dates	Percentage of Total Resulting Issuer Escrow Shares to be Released
Date of the Final Exchange Bulletin	25%
6 months after the Final Exchange Bulletin	25%
12 months after the Final Exchange Bulletin	25%
18 months after the Final Exchange Bulletin	25%

### **Surplus Securities**

The 41,000,000 Consideration Shares issued to URU will be subject to Surplus Escrow (as that term is defined in the policies of the Exchange) and will be held in escrow by Odyssey Trust Company pursuant to the terms of the Resulting Issuer Escrow Agreement.

The schedule of release of the Consideration Shares that constitute Surplus Securities is as follows:

<b>Release Dates</b>	<b>Percentage of Total Resulting Issuer Escrow Shares to be Released</b>
Date of Final Exchange Bulletin	5%
6 months after the Final Exchange Bulletin	5%
12 months after the Final Exchange Bulletin	10%
18 months after the Final Exchange Bulletin	10%
24 months after the Final Exchange Bulletin	15%
30 months after the Final Exchange Bulletin	15%
36 months after the Final Exchange Bulletin	40%

### **Transfer of Resulting Issuer Escrow Shares**

Where shares subject to escrow are to be held by a company or trust, such company or trust will be required to agree not to carry out, while its shares are in escrow, any transaction that would result in the change of control of the Resulting Issuer. Any such company will be required to further undertake to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance or transfer of securities which could reasonably result in a change of control of the Resulting Issuer.

All holders of CPC Escrowed Shares and all holders Resulting Issuer Escrow Shares must obtain Exchange consent to transfer such shares, other than in specified circumstances set out in the CPC Escrow Agreement or the Resulting Issuer Escrow Agreement, respectively.

### **AUDITORS**

The auditors of the Resulting Issuer will be Smythe LLP, Chartered Professional Accountants located at Suite 1700, 475 Howe Street, Vancouver, British Columbia, V6C 2B3.

### **TRANSFER AGENT AND REGISTRAR**

It is expected that Odyssey, which is currently Blue Rhino's registrar and transfer agent, will serve as the Resulting Issuer's registrar and transfer agent. It is expected that transfers of the securities of the Resulting Issuer may be recorded at registers maintained by Odyssey in Vancouver, British Columbia, Canada.

## **PART IV - GENERAL MATTERS**

### **SPONSOR**

Sponsorship is required under the policies of the Exchange in connection with a Qualifying Transaction. In accordance with Section 2.4 of Exchange Policy 2.2 – *Sponsorship and Sponsorship Requirements*, Blue Rhino has obtained a waiver from the Exchange's Sponsorship Requirements.

### **EXPERTS**

The audit reports of Blue Rhino described or included in this Filing Statement and the audit reports of ZEB described or included in this Filing Statement were prepared by Smythe LLP, Chartered Professional Accountants. Smythe LLP, Chartered Professional Accountants does not beneficially own, directly or

indirectly, any securities, nor does it have any interest in the Project of Blue Rhino or ZEB. Moreover, Smythe LLP, Chartered Professional Accountants have advised Blue Rhino and ZEB that it is independent within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Information relating to the Project in this Filing Statement has been prepared and certified by Scott Jobin-Bevans, PhD, PMP and P.Geog and Philip John Hancox PhD, Pri.Sci.Nat. Scott Jobin-Bevans, PhD, PMP and P.Geog and Philip John Hancox PhD, Pri.Sci.Nat. are qualified persons as such term is defined in NI 43-1010. Scott Jobin-Bevans, PhD, PMP and P.Geog and Philip John Hancox PhD, Pri.Sci.Nat. do not beneficially own, directly or indirectly, any securities, nor does it have any interest in the Project of Blue Rhino or ZEB.

In addition, none of the aforementioned Persons or companies, nor any director, officer or employee of any of the aforementioned Persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or of any Associate or Affiliate of the Resulting Issuer. See "*Forward-Looking Information*".

Moreover, except as disclosed herein, none of the aforementioned Persons or companies nor any director, officer or employee of any of the aforementioned Persons or companies, currently holds more than 1% of the Blue Rhino Shares and, upon completion of the Transaction, will not hold more than 1% of the issued and outstanding Resulting Issuer Shares.

#### **OTHER MATERIAL FACTS**

There are no other material facts about Blue Rhino, ZEB, the Resulting Issuer or the Transaction that are not disclosed elsewhere in this Filing Statement.

#### **APPROVAL OF THE BOARD OF DIRECTORS**

The contents of this Filing Statement have been approved by the Board of Directors of Blue Rhino. Where information contained in this Filing Statement rests particularly within the knowledge of a Person other than Blue Rhino or ZEB, Blue Rhino or ZEB, respectively, has relied upon information furnished by such Person.

**APPENDIX A**  
**FINANCIAL STATEMENTS OF BLUE RHINO**

Please see attached.

**BLUE RHINO CAPITAL CORP.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THREE MONTHS ENDED APRIL 30, 2021**  
**(Unaudited – Prepared by Management)**  
**Expressed in Canadian Dollars**

**BLUE RHINO CAPITAL CORP.**  
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION  
Expressed in Canadian Dollars  
(Unaudited – Prepared by Management)

	<b>April 30, 2021</b>	<b>January 31, 2021</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 248,297	\$ 312,526
Restricted cash (Note 7)	2,300,000	-
Commodity tax receivable	3,740	2,626
	<b>\$ 2,552,037</b>	<b>\$ 315,152</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 45,181	\$ 36,612
<b>Shareholders' Equity</b>		
Capital stock (Note 3)	381,550	381,550
Contributed surplus (Note 3)	33,900	33,900
Subscriptions received in advance (Note 7)	2,300,000	-
Deficit	(208,594)	(136,910)
	<b>2,506,856</b>	<b>278,540</b>
	<b>\$ 2,552,037</b>	<b>\$ 315,152</b>

**On behalf of the Board:**

<i>"Anton J. Drescher"</i>	Director	<i>"David Brett"</i>	Director
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The accompanying notes are an integral part of these condensed interim financial statements.

**BLUE RHINO CAPITAL CORP.**  
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS  
Expressed in Canadian Dollars  
(Unaudited – Prepared by Management)  
FOR THE THREE MONTHS ENDED APRIL 30,

	<b>2021</b>	<b>2020</b>
<b>EXPENSES</b>		
Bank fees	\$ 140	\$ 6
Consulting fees	327	-
Filing and regulatory fees	8,418	14,260
Professional fees	60,041	-
Transfer agent fees	2,689	-
<b>Loss before other item</b>	<b>(71,615)</b>	<b>(14,266)</b>
<b>OTHER ITEM</b>		
Foreign exchange loss	(69)	-
<b>Loss and comprehensive loss for the period</b>	<b>\$ (71,684)</b>	<b>\$ (14,266)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>3,400,000</b>	<b>2,000,000</b>

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

**BLUE RHINO CAPITAL CORP.**  
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
Expressed in Canadian Dollars  
(Unaudited – Prepared by Management)

	Number of shares	Share capital	Contributed surplus	Subscriptions received in advance	Deficit	Total
<b>January 31, 2020</b>	2,000,000	\$ 100,000	\$ -	\$ -	\$ (23,369)	\$ 76,631
Loss for the period	-	-	-	-	(14,266)	(14,266)
<b>April 30, 2020</b>	2,000,000	100,000	-	-	(37,635)	62,365
Private placements	3,400,000	340,000	-	-	-	340,000
Share issuance costs - cash	-	(44,250)	-	-	-	(44,250)
Share issuance costs - compensation options	-	(14,200)	14,200	-	-	-
Share-based compensation	-	-	19,700	-	-	19,700
Loss for the period	-	-	-	-	(99,275)	(99,275)
<b>January 31, 2021</b>	5,400,000	381,550	33,900	-	(136,910)	278,540
Subscriptions received in advance	-	-	-	2,300,000	-	2,300,000
Loss for the period	-	-	-	-	(71,684)	(71,684)
<b>April 30, 2021</b>	5,400,000	\$ 381,550	\$ 33,900	\$ 2,300,000	\$ (208,594)	\$ 2,506,856

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

**BLUE RHINO CAPITAL CORP.**  
CONDENSED INTERIM STATEMENTS OF CASH FLOWS  
Expressed in Canadian Dollars  
(Unaudited – Prepared by Management)  
FOR THE THREE MONTHS ENDED APRIL 30,

	<b>2021</b>	<b>2020</b>
<b>Cash provided by (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (71,684)	\$ (14,266)
Changes in non-working capital balances		
Commodity tax receivable	(1,114)	-
Accounts payable and accrued liabilities	8,569	(14,154)
<b>Net cash used in operating activities</b>	<b>(64,229)</b>	<b>(28,420)</b>
<b>FINANCING ACTIVITIES</b>		
Subscriptions received in advance	2,300,000	-
<b>Net cash provided by financing activities</b>	<b>2,300,000</b>	<b>-</b>
<b>Change in cash and restricted cash for the period</b>	<b>2,235,771</b>	<b>(28,420)</b>
<b>Cash, beginning of period</b>	<b>312,526</b>	<b>82,545</b>
<b>Cash and restricted cash, end of period</b>	<b>\$ 2,548,297</b>	<b>\$ 54,125</b>

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

**BLUE RHINO CAPITAL CORP.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

**FOR THE THREE MONTHS ENDED APRIL 30, 2021**

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**1. NATURE OF BUSINESS AND GOING CONCERN**

Blue Rhino Capital Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on February 6, 2019. The Company was formed for the primary purpose of completing an Initial Public Offering (“IPO” or “Offering”) on the TSX Venture Exchange (“Exchange”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the Exchange. The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). The Company has not commenced operations and has no significant assets. 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.

On July 14, 2020, the Company completed its IPO and started trading on the Exchange under the symbol “RHNO.P”.

These condensed interim financial statements have been prepared in accordance with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has not generated any revenues and its continuing operations as intended are dependent upon its ability to complete a QT as discussed above. Further, the Company incurred a net loss of \$71,684 during the period ended April 30, 2021 (April 30, 2020 - \$14,266). These material uncertainties may cast significant doubt on the entity’s ability to continue as a going concern. The condensed interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue business. Such adjustments could be material.

COVID-19 (the coronavirus) 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.

**2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**

**Basis of presentation**

The condensed interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting (“IAS34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). They do not include all financial information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the year ended January 31, 2021.

The policies applied in the condensed consolidated interim financial statements are presented below and are based on IFRS’ issued and outstanding as of April 30, 2021. Any subsequent changes to IFRS that are given effect in our annual consolidated financial statements for the year ending January 31, 2022 could result in restatements of these condensed interim consolidated financial statements. None of these standards are expected to have a significant effect on the condensed interim consolidated financial statements.

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

### 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 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:

#### Significant Judgment

- Going concern - The assessment of whether the 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.

#### Significant Estimate

- 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.

### 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"), 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 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.

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

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

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.

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.

The Company's financial instruments classified as Level 1 are cash and accounts payable and accrued liabilities. Their carrying values approximate fair value due to their short-term maturity.

### **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.

### **Capital stock**

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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

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.

**3. CAPITAL STOCK**

**Authorized share capital**

Unlimited number of common shares without par value.

**Issued and outstanding**

During the period ended April 30, 2021, the Company had no share activity.

During the year ended January 31, 2021, the Company issued:

- 2,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$200,000 pursuant to a final prospectus. The Company paid a cash commission of \$20,000, corporate finance fee of \$10,000, other share issuance costs of \$14,250 (\$12,000 recorded as prepaid expenses as at January 31, 2020), and granted 200,000 compensation options (fair valued at \$14,200). Each compensation option will entitle the holder to acquire one additional common share of the Company exercisable at a price of \$0.10 per share until July 14, 2022.
- 1,400,000 common shares at a price of \$0.10 per common share for gross proceeds of \$140,000.

**BLUE RHINO CAPITAL CORP.**  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
Expressed in Canadian Dollars  
(Unaudited – Prepared by Management)  
FOR THE THREE MONTHS ENDED APRIL 30, 2021

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**3. CAPITAL STOCK (CONTINUED)**

**Escrow shares**

The Company had 2,000,000 shares held in escrow. Under the escrow agreement, 10% of the escrowed common shares were released from escrow upon the closing and acceptance of the Qualifying Transaction (the “Initial Release”) and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

On April 7, 2021, the Company amended the existing escrow agreement through obtaining approval of disinterested shareholder to reduce the length of release of shares from escrow over a thirty-six-month period to an eighteen-month period commencing following the Initial Release.

**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.

During period ended April 31, 2021, the Company had no stock option activity.

During year ended January 31, 2021, the Company:

- granted 200,000 compensation options to its brokers pursuant to the IPO, exercisable at a price of \$0.10 per share, expiring on July 14, 2022. The estimated fair value of the options is \$14,200.
- granted 200,000 compensation options to officers and directors of the Company, exercisable at a price of \$0.10 per share, expiring on July 14, 2030. The estimated fair value of the options is \$19,700.

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

	Options	Weighted Average Exercise Price
<b>Balance, January 31, 2021</b>	400,00	\$ -
Granted	-	-
<b>Balance, April 30, 2021</b>	400,000	\$ 0.10
<b>Exercisable, April 30, 2021</b>	400,000	\$ 0.10

**BLUE RHINO CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
Expressed in Canadian Dollars  
(Unaudited – Prepared by Management)  
**FOR THE THREE MONTHS ENDED APRIL 30, 2021**

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**3. CAPITAL STOCK (CONTINUED)**

As at April 30, 2021, the Company had the following stock options outstanding:

Options Outstanding	Exercise Price	Expiry Date
200,000	\$0.10	14-July-22
200,000	\$0.10	14-July-30
400,000		

When the Company issues stock options, it records a share-based compensation in the year or period in which the options are granted and/or vested. The expense is estimated using the following assumptions:

- The risk-free interest rate is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the expected life of the stock options.
- The Company used historical data of comparable companies to estimate option exercise, forfeiture and employee termination within the valuation model.
- The Company has not paid and does not anticipate paying dividends on its common shares. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period.
- Based on the best estimate, management applied the estimated forfeiture rate of 0% in determining the share-based compensation recorded in the accompanying financial statements of operations and comprehensive loss.

The following weighted average assumptions were used for the Black-Scholes option pricing model to estimate the value of stock options granted during the period ended April 30, 2021 and year ended January 31, 2021:

	April 30, 2021	January 31, 2021
Risk-free interest rate	-	0.41%
Expected life of options	-	6.00 years
Expected annualized volatility	-	150.00%
Expected dividend rate	-	0.00%

**4. 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 period ended April 30, 2021.

**BLUE RHINO CAPITAL CORP.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

FOR THE THREE MONTHS ENDED APRIL 30, 2021

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**5. FINANCIAL RISK FACTORS**

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

Cash and accounts payable and accrued liabilities are carried at a fair value using a level 1 fair value measurement. The carrying value of these financial instruments approximate their fair values due to the short-term nature of the instruments.

*Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfil its obligations. 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 April 30, 2021, the Company had a cash balance of \$248,297 (January 31, 2021 - \$312,526), restricted cash of \$2,300,000 (January 31, 2021 - \$Nil) and \$45,181 (January 31, 2021 - \$36,612) of accounts payable and accrued 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 market risk at April 30, 2021.

**6. 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 operations and assets are in Canada.

**7. QUALIFYING TRANSACTION**

Effective March 2, 2021, the Company entered into a definitive share purchase agreement, with URU Metals Limited ("URU") whereby the Company will acquire all of the issued and outstanding share capital of Zebediela Nickel Company (Pty) Ltd. ("ZEB"). ZEB controls the Zebediela Nickel Project, a mining right application located in the Limpopo Province in the Republic of South Africa, near the platinum mining town of Mokopane. The Company is at arms-length from each of URU and ZEB, and ZEB is a wholly-owned subsidiary of URU.

Upon successful completion of the acquisition of ZEB (the "Transaction"), it is anticipated that the Company will be listed as a Tier 2 Mining Issuer on the Exchange under the name "ZEB Nickel Corp." and the ticker symbol "ZBNI". The Transaction is intended to constitute the Company's "qualifying transaction" pursuant to Exchange Policy 2.4 – Capital Pool Companies.

Pursuant to the terms of the Transaction, it is contemplated that the Company will consolidate its share capital on a 2.3-for-1 basis (the "Consolidation"), following which it will issue 41,000,000 post-Consolidation common shares (the "Consideration Shares") to URU in consideration for all of the outstanding share capital of ZEB. The Company will also assume all ongoing liabilities and obligations of ZEB, which will include a 2.5% royalty on all revenue generated from the Project (the "Royalty"). One percent of the Royalty can be purchased for a one-time cash payment of US\$2,000,000.

The Company is at arms-length from each of URU and ZEB. Upon the completion of the Transaction ZEB will become a wholly owned subsidiary of the Company (the "Resulting Issuer"), and URU will become a "control person" of the Company.

**BLUE RHINO CAPITAL CORP.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

**FOR THE THREE MONTHS ENDED APRIL 30, 2021**

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**7. QUALIFYING TRANSACTION (CONTINUED)**

In connection with the Transaction, the Company also completed a non-brokered private placement (the “Concurrent Financing”) of 9,200,000 subscription receipts (each, a “Receipt”) at a price of \$0.25 per Receipt for gross proceeds of \$2,300,000. Proceeds from the Concurrent Financing are being held in escrow pending completion of the Transaction. If not approved on or before June 30, 2021, subscription holders are entitled a refund of their subscription receipts. The Company has requested an extension from the subscribers to July 31, 2021. Upon conversion of the Receipts, finders’ fees of \$84,700 are payable to certain arms-length brokerage firms who assisted in introducing subscribers to the Concurrent Financing.

In connection with completion of the Transaction, the Company will also issue 250,000 post-Consolidation common shares a director of the Company in consideration for facilitating the negotiation and completion of the Transaction (the “Administrative Fee”).

**BLUE RHINO CAPITAL CORP.**  
**FINANCIAL STATEMENTS**  
**FOR YEAR ENDED JANUARY 31, 2021**  
**Expressed in Canadian Dollars**

## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF BLUE RHINO CAPITAL CORP.

#### *Opinion*

We have audited the financial statements of Blue Rhino Capital Corp. (the "Company"), which comprise:

- ◆ the statements of financial position as at January 31, 2021 and 2020;
- ◆ the statements of loss and comprehensive loss for the year ended January 31, 2021 and the period from incorporation on February 6, 2019 to January 31, 2020;
- ◆ the statements of changes in shareholders' equity for the year ended January 31, 2021 and the period from incorporation on February 6, 2019 to January 31, 2020;
- ◆ the statements of cash flows for the year ended January 31, 2021 and the period from incorporation on February 6, 2019 to January 31, 2020; and
- ◆ the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2021 and 2020, and its financial performance and its cash flows for the year ended January 31, 2021 and the period from incorporation on February 6, 2020 to January 31, 2020 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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 financial statements, which indicates that the Company incurred a net loss of \$113,541 during the year ended January 31, 2021. As stated in Note 1, this event, along with other matters 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.

#### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audits of the 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 financial statements or our knowledge obtained in the audit, and remain alert for indications that the other information appears to be materially misstated.

We obtained the Management's Discussion & Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

## *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the 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 Financial Statements*

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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 28, 2021

**BLUE RHINO CAPITAL CORP.**  
**STATEMENTS OF FINANCIAL POSITION**  
Expressed in Canadian Dollars  
AS AT JANUARY 31,

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 312,526	\$ 82,545
Commodity tax receivable	2,626	-
Prepaid expenses	-	12,000
	<b>\$ 315,152</b>	<b>\$ 94,545</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 36,612	\$ 17,914
<b>Shareholders' Equity</b>		
Capital stock (Note 3)	381,550	100,000
Contributed surplus (Note 3)	33,900	-
Deficit	(136,910)	(23,369)
	278,540	76,631
	<b>\$ 315,152</b>	<b>\$ 94,545</b>

**On behalf of the Board:**

<u>“Anton J. Drescher”</u>	Director	<u>“David Brett”</u>	Director
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The accompanying notes are an integral part of these financial statements.

**BLUE RHINO CAPITAL CORP.**  
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
Expressed in Canadian Dollars

	<b>For the year ended January 31, 2021</b>	<b>For the period from incorporation on February 6, 2019 to January 31, 2020</b>
<b>EXPENSES</b>		
Bank fees	\$ 20	\$ 87
Consulting fees	12,857	-
Filing and regulatory fees	25,060	15,129
Office	2,006	-
Professional fees	49,503	8,153
Share-based compensation (Notes 3 and 4)	19,700	-
Transfer agent fees	4,421	-
<b>Loss before other item</b>	<b>(113,567)</b>	<b>(23,369)</b>
<b>OTHER ITEM</b>		
Foreign exchange loss	26	-
<b>Loss and comprehensive loss for the period</b>	<b>\$ (113,541)</b>	<b>\$ (23,369)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.04)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>2,768,852</b>	<b>-</b>

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

**BLUE RHINO CAPITAL CORP.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
Expressed in Canadian Dollars

	Share Capital		Contributed Surplus	Deficit	Total
	Number of Shares	Capital Stock			
<b>Balance, February 6, 2019 (Incorporation)</b>	1	\$ -	\$ -	\$ -	\$ -
Repurchase and cancellation of incorporation share	(1)	-	-	-	-
Issuance of common shares	2,000,000	100,000	-	-	100,000
Net loss for the period	-	-	-	(23,369)	(23,369)
<b>Balance, January 31, 2020</b>	2,000,000	100,000	-	(23,369)	76,631
Issuance of common shares	3,400,000	340,000	-	-	340,000
Share issuance cost – cash	-	(44,250)	-	-	(44,250)
Share issuance cost – compensation options	-	(14,200)	14,200	-	-
Share-based compensation	-	-	19,700	-	19,700
Net loss for the year	-	-	-	(113,541)	(113,541)
<b>Balance, January 31, 2021</b>	<b>5,400,000</b>	<b>\$ 381,550</b>	<b>\$ 33,900</b>	<b>\$ (136,910)</b>	<b>\$ 278,540</b>

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

**BLUE RHINO CAPITAL CORP.**  
**STATEMENTS OF CASH FLOWS**  
Expressed in Canadian Dollars

	<b>For the year ended January 31, 2021</b>	<b>For the period from incorporation on February 6, 2019 to January 31, 2020</b>
<b>Cash provided by (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (113,541)	\$ (23,369)
Item not involving cash		
Share-based compensation	19,700	-
Changes in non-working capital balances		
Commodity tax receivable	(2,626)	-
Accounts payable and accrued liabilities	18,698	17,914
<b>Net cash used in operating activities</b>	<b>(77,769)</b>	<b>(5,455)</b>
<b>FINANCING ACTIVITIES</b>		
Private placement proceeds	340,000	100,000
Share issuance cost	(32,250)	-
Deferred financing costs	-	(12,000)
<b>Net cash provided by financing activities</b>	<b>307,750</b>	<b>88,000</b>
<b>Change in cash for the period</b>	<b>229,981</b>	<b>82,545</b>
<b>Cash, beginning of period</b>	<b>82,545</b>	<b>-</b>
<b>Cash, end of period</b>	<b>\$ 312,526</b>	<b>\$ 82,545</b>
<b>Supplemental cash flow disclosure</b>		
Prepaid expenses reclassified to share issuance costs	\$ 12,000	\$ -
Fair value of compensation options	\$ 14,200	\$ -
Taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

There were no cash investing activities for the year ended January 31, 2021 or the period from incorporation on February 6, 2019 to January 31, 2020.

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

**1. NATURE OF BUSINESS AND GOING CONCERN**

Blue Rhino Capital Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on February 6, 2019. The Company was formed for the primary purpose of completing an Initial Public Offering (“IPO” or “Offering”) on the TSX Venture Exchange (“Exchange”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the Exchange. The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). The Company has not commenced operations and has no significant assets. 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.

On July 14, 2020, the Company completed its IPO and started trading on the Exchange under the symbol “RHNO.P”.

These financial statements have been prepared in accordance with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has not generated any revenues and its continuing operations as intended are dependent upon its ability to complete a QT as discussed above. Further, the Company incurred a net loss of \$113,541 during the year ended January 31, 2021 (period ended January 31, 2020 - \$23,369). These material uncertainties may cast significant doubt on the entity’s ability to continue as a going concern. The financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue business. Such adjustments could be material.

COVID-19 (the coronavirus) 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.

**2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**

**Basis of presentation**

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). They 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 financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These financial statements are presented in Canadian dollars unless otherwise noted. The Company’s functional currency is the Canadian dollar.

The financial statements of the Company for the year ended January 31, 2021 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 28, 2021.

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

### 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 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:

#### Significant Judgment

- Going concern - The assessment of whether the 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.

#### Significant Estimate

- 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..

### 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"), 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 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.

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

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

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.

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.

The Company's financial instruments classified as Level 1 are cash and accounts payable and accrued liabilities. Their carrying values approximate fair value due to their short-term maturity.

### **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.

### **Capital stock**

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.

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

### **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.

### **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.

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.

## **3. CAPITAL STOCK**

### **Authorized share capital**

Unlimited number of common shares without par value.

### **Issued and outstanding**

During the year ended January 31, 2021, the Company issued:

- 2,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$200,000 pursuant to a final prospectus. The Company paid a cash commission of \$20,000, corporate finance fee of \$10,000, other share issuance costs of \$14,250, and granted 200,000 compensation options (fair valued at \$14,200). Each compensation option will entitle the holder to acquire one additional common share of the Company exercisable at a price of \$0.10 per share until July 14, 2022.
- 1,400,000 common shares at a price of \$0.10 per common share for gross proceeds of \$140,000.

**3. CAPITAL STOCK (CONTINUED)**

During the period from incorporation on February 6, 2019 to January 31, 2020, the Company issued:

- 1 common share for \$0.05 upon incorporation. The Company subsequently repurchased this share for the same amount and cancelled the common share; and
- 2,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$100,000.

**Escrow shares**

On January 31, 2021, the Company had 2,000,000 shares held in escrow. Under the escrow agreement, 10% of the escrowed common shares were released from escrow upon the closing and acceptance of the Qualifying Transaction (the “Initial Release”) and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

**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.

During year ended January 31, 2021, the Company:

- granted 200,000 compensation options to its brokers pursuant to the IPO, exercisable at a price of \$0.10 per share, expiring on July 14, 2022. The estimated fair value of the options is \$14,200.
- granted 200,000 compensation options to officers and directors of the Company, exercisable at a price of \$0.10 per share, expiring on July 14, 2030. The estimated fair value of the options is \$19,700.

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

	Options	Weighted Average Exercise Price
<b>Balance, February 6, 2019 (Incorporation) and January 31, 2020</b>	-	\$ -
Granted	<u>400,000</u>	0.10
<b>Balance, January 31, 2021</b>	<u>400,000</u>	<u>\$ 0.10</u>
<b>Exercisable, January 31, 2021</b>	<u>400,000</u>	<u>\$ 0.10</u>

**3. CAPITAL STOCK (CONTINUED)**

As at January 31, 2021, the Company had the following stock options outstanding:

Options Outstanding	Exercise Price	Expiry Date
200,000	\$0.10	14-July-22
200,000	\$0.10	14-July-30
400,000		

When the Company issues stock options, it records a share-based compensation in the year or period in which the options are granted and/or vested. The expense is estimated using the following assumptions:

- The risk-free interest rate is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the expected life of the stock options.
- The Company used historical data of comparable companies to estimate option exercise, forfeiture and employee termination within the valuation model.
- The Company has not paid and does not anticipate paying dividends on its common shares. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period.
- Based on the best estimate, management applied the estimated forfeiture rate of 0% in determining the share-based compensation recorded in the accompanying financial statements of operations and comprehensive loss.

The following weighted average assumptions were used for the Black-Scholes option pricing model to estimate the value of stock options granted during the year ended January 31, 2021:

	2021
Risk-free interest rate	0.41%
Expected life of options	6.00 years
Expected annualized volatility	150.00%
Expected dividend rate	0.00%

**4. 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 January 31, 2021, the Company recorded share-based compensation of \$19,700 (from incorporation on February 6, 2019 to January 31, 2020 - \$Nil) related to options granted to officers and directors of the Company.

**5. 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 January 31, 2021.

**BLUE RHINO CAPITAL CORP.**  
NOTES TO THE FINANCIAL STATEMENTS  
Expressed in Canadian Dollars  
FOR THE YEAR ENDED JANUARY 31, 2021

**6. FINANCIAL RISK FACTORS**

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

Cash and accounts payable and accrued liabilities are carried at a fair value using a level 1 fair value measurement. The carrying value of these financial instruments approximate their fair values due to the short-term nature of the instruments.

*Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfil its obligations. 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 January 31, 2021, the Company had a cash balance of \$312,526 (2020 - \$82,545) and \$36,612 (2020 - \$17,914) of accounts payable and accrued 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 market risk at January 31, 2021.

**7. INCOME TAXES**

A reconciliation of income taxes at statutory rate with the reported taxes is as follows:

	2021	2020
Loss for the year	\$ (113,541)	\$ (23,369)
Canadian statutory tax rate	27%	11%
Expected income tax recovery at statutory rates	\$ (30,656)	\$ (2,571)
Items not deductible for tax purposes	5,312	-
Effect of change in tax rates	(3,739)	-
Origination and reversal of temporary differences	(15,782)	-
Change in unrecognized benefit of non-capital loss	44,865	2,571
Income tax recovery	\$ -	\$ -

The tax-affected significant components of the Company's deferred tax assets that have not been included on the Statement of Financial Position is as follows:

	2021	2020
Non-capital losses	\$ 34,810	\$ 2,571
Share issue costs	12,625	-
Unrecognized deferred tax asset	\$ 47,435	\$ 2,571

The Company has non-capital loss carry-forwards of \$128,926, which may be available to reduce taxable income in future years. The potential of these losses has not been recognized as a deferred tax recovery, as currently it is not probable that such a benefit will be utilized in the foreseeable future. Unless utilized, these losses will begin to expire in 2040.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

**8. 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 operations and assets are in Canada.

**9. SUBSEQUENT EVENTS**

Qualifying Transaction

Subsequent to January 31, 2021, the Company entered into a definitive share purchase agreement dated March 2, 2021 with URU Metals Limited ("URU") whereby the Company will acquire all of the issued and outstanding share capital of Zebediela Nickel Company (Pty) Ltd. ("ZEB"). ZEB is a wholly-owned subsidiary of URU. ZEB controls the Zebediela Nickel Project, a mining right application located in the Limpopo Province in the Republic of South Africa, near the platinum mining town of Mokopane.

The transaction is intended to constitute the Company's QT. Upon successful completion of the acquisition of ZEB (the "Transaction"), it is anticipated that the Company will be listed as a Tier 2 Mining Issuer on the Exchange under the name "ZEB Nickel Corp." and the ticker symbol "ZBNI".

Pursuant to the terms of the Transaction, it is contemplated that the Company will consolidate its share capital on a 2.3-for-1 basis (the "Consolidation"), following which it will issue 41,000,000 post-Consolidation common shares (the "Consideration Shares") to URU in consideration for all of the outstanding share capital of ZEB. The Company will also assume all ongoing liabilities and obligations of ZEB, which will include a 2.5% royalty on all revenue generated from the Project (the "Royalty"). One percent of the Royalty can be purchased for a one-time cash payment of US\$2,000,000.

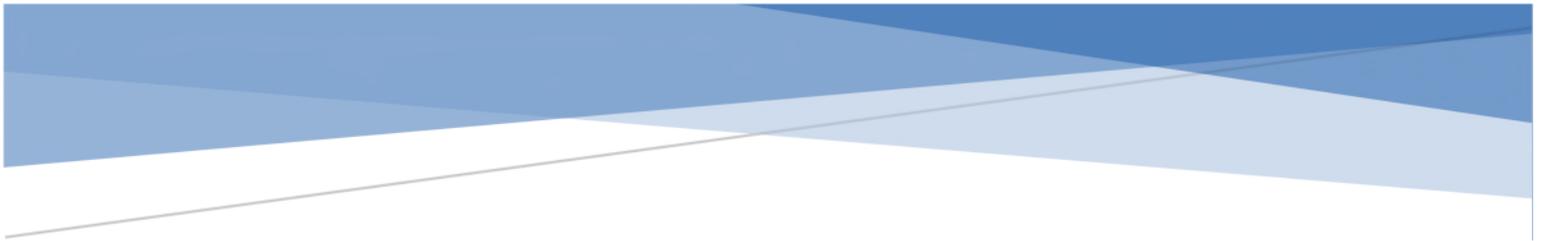
The Company is at arms-length from each of URU and ZEB. Upon the completion of the Transaction ZEB will become a wholly owned subsidiary of the Company (the "Resulting Issuer"), and URU will become a "control person" of the Company.

The Company also announces that it has completed non-brokered private placement (the "Concurrent Financing") of 9,200,000 subscription receipts (each, a "Receipt") at a price of \$0.25 per Receipt for gross proceeds of \$2,300,000.

Upon conversion of the Receipts, finders' fees of \$84,700 are payable to certain arms-length brokerage firms who assisted in introducing subscribers to the Concurrent Financing.

**APPENDIX B**  
**FINANCIAL STATEMENTS OF ZEB AND URU**

Please see attached.



ZEBEDIELA NICKEL  
COMPANY (PTY) LTD

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**Zebediela Nickel Company (Pty) Ltd**  
**Condensed Interim Consolidated Statement of Comprehensive Income**  
**For the Three Months Ended 31 March 2021**  
**(Unaudited)**

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	<b>\$'000</b>
Administrative expenses	(20)
<b>Total loss and comprehensive loss for the period</b>	<b>(20)</b>
<b>Basic and diluted net loss per share (US dollars) (note 4)</b>	<b>(166.66)</b>

The accompanying notes to the condensed interim consolidated financial statements are an integral part of these statements.

**Zebediela Nickel Company (Pty) Ltd**  
**Condensed Interim Consolidated Statement of Financial Position**  
**As at 31 March 2021**  
**(Unaudited)**

	As at 31 March 2021 \$'000	As at 31 December 2020 \$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets (note 5)	3,226	3,226
<b>Total non-current assets</b>	<b>3,226</b>	<b>3,226</b>
<b>Total assets</b>	<b>3,226</b>	<b>3,226</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital (note 7)	-	-
Share premium (note 8)	3,136	3,136
Accumulated deficit	(807)	(787)
<b>Total equity</b>	<b>2,329</b>	<b>2,366</b>
<b>Current liabilities</b>		
Trade and other payables (note 6)	897	877
<b>Total liabilities</b>	<b>897</b>	<b>877</b>
<b>Total equity and liabilities</b>	<b>3,226</b>	<b>3,226</b>

The accompanying notes to the condensed interim consolidated financial statements are an integral part of these statements.

**Approved on behalf of the Board on XX June 2021:**

John Zorbas, Executive Chairman

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**Zebediela Nickel Company (Pty) Ltd**  
**Condensed Interim Consolidated Statement of Cash Flows**  
**For the Three Months Ended 31 March 2021**  
**(Unaudited)**

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	<b>\$'000</b>
<b>Cash flows from operating activities</b>	
Net loss for the period	(20)
Adjustments for:	
Changes in non-cash working capital items:	
Increase in trade and other payables	20
<b>Net cash used in operating activities</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>-</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>-</b>
<b>Cash and cash equivalents, end of period</b>	<b>-</b>

All of the Group's transactions in the period were non-cash transactions.

The accompanying notes to the condensed interim consolidated financial statements are an integral part of these statements.

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**Zebediela Nickel Company (Pty) Ltd**  
**Condensed Interim Consolidated Statement of Changes in Shareholders' Equity**  
**For the Three Months Ended 31 March 2021**  
**(Unaudited)**

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**Equity attributable to shareholders**

	<b>Share Capital \$'000</b>	<b>Share premium \$'000</b>	<b>Accumu lated Deficit \$'000</b>	<b>Total \$'000</b>
<b>At 6 November 2020</b> (date of incorporation)	-		-	-
Shares issued on incorporation	-	3,136	-	3,136
Net loss and comprehensive loss for the period	-		(787)	(787)
<b>At 31 December 2020</b>	-	3,136	(787)	2,349
Net loss and comprehensive loss for the period	-	-	(20)	(20)
<b>As at 31 March 2021</b>	-	3,136	(807)	(2,329)

The accompanying notes to the condensed interim consolidated financial statements are an integral part of these statements.

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**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Consolidated Financial Statements**  
**For the Three Months Ended 31 March 2021**  
**(Unaudited)**

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**1. General information**

Zebediela Nickel Company (Pty) Ltd ("Zeb Nickel" or the "Company" or the "Group"), was incorporated in South Africa on 6 November 2020. The address of the Company's registered office is 21 Fourth Avenue Houghton, Johannesburg, Gauteng, South Africa, 2196.

On 7 January 2021 the Company's parent undertaking URU signed a Letter of Intent with Blue Rhino Capital Corp. a Toronto listed entity whereby Blue Rhino Capital Corp. proposes to acquire all of the issued and outstanding share capital of Zebediela Nickel in exchange for URU acquiring a 79.85% shareholding in Blue Rhino Capital Corp.

The terms of the Letter of Intent were subsequently confirmed by the signing of a Sale Agreement between URU and Blue Rhino Capital Corp. on 2 March 2021.

Pursuant to the terms of the Sale Agreement Blue Rhino Capital Corp. has completed the offering of 9,200,000 subscription receipts, at a price of Canadian \$0.25 per receipt, for gross proceeds of Canadian \$2,300,000.

Pursuant to the terms of the Sale Agreement, it is contemplated that Blue Rhino Capital Corp. will consolidate its share capital on a 2.3-for-1 basis (the "Consolidation"), following which it will issue 41,000,000 post-Consolidation common shares (the "Consideration Shares") to URU in consideration for all of the outstanding share capital of Zebediela Nickel.

Blue Rhino Capital Corp. will also assume all ongoing liabilities and obligations of Zebediela Nickel, which will include a 2.5% royalty on all revenue generated from Zebediela Nickel's project in South Africa (the "Royalty"). One percent of the Royalty can be purchased for a one-time cash payment of US\$2,000,000 within 24 months of the granting of the mining right over the project.

**2. Nature of operations**

The Company's principal business activities were the exploration and development of mineral properties in South Africa.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The Company has not yet established whether its mineral properties contain reserves that are economically recoverable. Changes in future conditions could require material write-downs of the carrying values of mineral properties.

The Company is in the exploration stage and is subject to the risks and challenges similar to other companies in a comparable stage of development. These risks include, but are not limited to:

- Dependence on key individuals;
- Receipt and maintenance of all required exploration permits and property titles;
- Successful development; and
- The ability to secure adequate financing to meet the minimum capital required to successfully develop the Group's projects and continue as a going concern.

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**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Cconsolidated Financial Statements**  
**For the Three Months Ended March 31, 2021**  
**(Unaudited)**

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**3. Basis of preparation**

The condensed consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations. The Group has consistently applied the accounting policies detailed below in the period presented.

The condensed consolidated financial statements have been prepared on a historical cost basis and presented in US Dollars rounded to the nearest thousand.

Items included in the condensed consolidated financial statements for each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the “functional currency”). Similarly, the Group reports its results in a specified currency (the “presentation currency”). The functional currencies of the Company and its subsidiaries are set out in the table below:

Zebediela Nickel Company (Pty) Ltd	USD
Umnex Minerals Limpopo Pty (“UML”)	USD
Lesogo Platinum Uitloop Pty (“LPU”)	USD

Both of the Company’s subsidiaries were dormant in the year.

In accordance with IAS 21, Effects of Changes in Foreign Exchange Rates (“IAS 21”), the Company’s entities and operations whose functional currencies differ from the presentation currency are translated into US dollars.

- Monetary assets and liabilities are translated at the closing rate as at the date of the statement of financial position;
- Income and expenses are translated at the average rate of exchange for the reporting period;
- Equity balances are initially translated at closing exchange rates and subsequent balances are translated at historical rates; and
- Translation gains and losses are recognised in consolidated other comprehensive income and are reported as such in accumulated other comprehensive income.

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**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Cconsolidated Financial Statements**  
**For the Three Months Ended March 31, 2021**  
**(Unaudited)**

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**4. Earnings per Share**

The calculation of basic and diluted earnings per share is based on the result attributable to shareholders divided by the weighted average number of ordinary shares in issue in the period.

Basic earnings per share amounts are calculated by dividing net loss for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

	<b>As at 31 March 2021 \$'000</b>
Loss used in calculating basic and diluted earnings per share (US dollars)	(20)
<b>Number of shares</b>	
Weighted average number of shares for the purpose of basic earnings per share	120
Weighted average number of shares for the purpose of diluted earnings per share	120
Basic loss per share (US dollars)	(166.66)
Diluted loss per share (US dollars)	(166.66)

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**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2021**  
**(Unaudited)**

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**5. Intangible assets**

*Exploration costs*

	<b>\$'000</b>
At 6 November 2020	-
Transfer from group undertakings	3,136
Addition	90
At 31 December 2020 and 31 March 2021	<b>3,226</b>

The Zebediela Nickel Project extends over three separate adjacent prospecting rights in the Limpopo Province of South Africa. All three rights are now held by Lesogo Platinum Uitloop Pty ("LPU"), which is 100% owned by UML.

All three rights are currently compliant with minimum expenditure obligations, annual report submissions, annual prospecting fees, and submitted prospecting work programs.

Under the terms of the acquisition agreement, UML is permitted to return the shares and take back the licences should the Group:

- fail to maintain adequate cash funds to meet its general and project expenditure obligations, or
- fail to meet the purchased rights' minimum statutory expenditure obligations

As at 31 December 2020, the "general and project expenditure obligations" and the "minimum statutory expenditure obligations" of the general and project expenditure obligations had not been determined.

On 4 December 2018 URU announced that the DMRE had formally approved and executed the renewal of the primary prospecting right. The right will expire on 2 December 2021.

On 19 February 2020, the DMRE formally accepted the Final Scoping Report and granted approval for the Environmental Impact Assessment phase to proceed. An extension was granted on 28 August 2020 for the delays caused by the COVID-19 lockdown measures.

On 18 January 2021 the DMRE formally acknowledged receipt of the EIA which was formally submitted on 15 January 2021.

**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2021**  
**(Unaudited)**

**6. Trade and other payables**

	<b>As at 31 March 2021 \$'000</b>	<b>As at 31 December 2020 \$'000</b>
Amounts due to group undertakings	860	860
Other payables	37	17
<b>Total</b>	<b>897</b>	<b>877</b>

The amounts due to group undertakings are due to the Company's parent undertaking URU Metals Limited. The balance is interest free, unsecured and repayable on demand.

**7. Share capital**

	<b>Number of shares</b>	<b>Share capital \$'000</b>
At 6 November 2020 and 31 December 2020 and 31 March 2021	120	-

*Issued shares*

All issued shares are fully paid up. 120 ordinary shares of one Rand each were issued on incorporation.

Authorised: 1,000,000 of common shares. There are no preferences or restrictions attached to any classes of common shares.

*Dividends*

Dividends declared and paid by the Group were \$nil for the period ended 31 March 2021.

**8. Share premium**

	<b>As at 31 March 2021 \$'000</b>	<b>As at 31 December 2020 \$'000</b>
Share premium	3,136	3,136

The above premium arises on the issue of 120 ordinary shares on incorporation as detailed in note 7.

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**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2021**  
**(Unaudited)**

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**9. Related party transactions**

*(a) Transactions with related party*

On 6 November 2020, the parent company of Zebediela Nickel, URU transferred its shares in UML to the Company for 120 Ordinary shares of the Company.

On 5 December 2020 signed an Agreement for Services with URU and incurred \$770,000 (Canadian \$980,000) consulting fees payable to URU under that agreement. During the period 31 December 2020 URU paid \$14,000 on behalf of Zebediela Nickel for expenditure on intangible assets. As at 31 March 2021 and 31 December 2020, the total amount payable to URU was \$860,000.

*(b) Management remuneration*

The Company had no compensation to management during the period ended 31 March 2021 and 31 December 2020.

**10. Contingent liabilities**

The Group is subject to the conditional consideration in respect of the acquisition of UML as detailed in note 5.

**11. Ultimate parent undertaking**

The ultimate parent undertaking is URU Metals Limited, a company incorporated in the British Virgin Islands ('BVI') on 21 May 2007.



# ZEBEDIELA NICKEL COMPANY (PTY) LTD

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**Zebediela Nickel Company (Pty) Ltd**  
**2020 NON-STATUTORY ANNUAL REPORT**

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**Zebediela Nickel Company (Pty) Ltd**  
**Directors' Report**  
**For the Period Ended 31 December 2020**

The Directors present their report and the audited non-statutory consolidated financial statements for the period ended 31 December 2020.

**Business Review**

The Group's results for the period are set out in the consolidated statement of comprehensive income in these consolidated non-statutory financial statements.

**Key Performance Indicators**

Management do not consider that the Group has any meaningful KPIs as it is in the exploration and evaluation stage.

**Dividends**

The Directors do not recommend the proposal of a final dividend in respect of the current period.

**Directors**

The Directors who served the Company during the period and up to the date of this report were as follows:

**Executive director**

John Zorbas  
Richard Montjoie

**Directors' interests**

The Directors did not have any interests in the share capital of the Company at the period end.

**Directors' interests in transactions**

No director had, during or at the end of the period, a material interest in any contract which was significant in relation to the Company's business.

**Company's policy on payment of creditors**

It is the Company's policy to pay suppliers in accordance with the terms and conditions agreed between the Company and its suppliers, provided that the goods and services have been supplied in accordance with the agreed terms and conditions. At present the majority of the Company's creditors, including taxation are within agreed terms.

**Political and charitable donations**

There were no political and charitable donations made by the Company during the period.

**Financial Instruments**

The Company's financial risk management objectives are to control debt levels and to ensure there is sufficient working capital available for the Company's overheads and capital expenditure commitments.

Financial instruments are disclosed and discussed in note 4 to the non-statutory consolidated financial statements.

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**Zebediela Nickel Company (Pty) Ltd**  
**Directors' Report (continued)**  
**For the Period Ended 31 December 2020**

**Employees**

The Company recognises the benefit of keeping its employees informed of all relevant matters on a regular basis. The Company is an equal opportunities employer and all applications for employment are considered fully on the basis of suitability for the job.

**Health and safety**

The Company and its subsidiaries have a responsibility to ensure that all reasonable precautions are taken to provide and maintain working conditions for employees and visitors alike, which are safe, healthy and in compliance with statutory requirements and appropriate codes of practice. The avoidance of occupational accidents and illnesses is given a high priority.

**Auditor**

The auditor Moore Kingston Smith LLP was appointed in the period and have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the annual general meeting.

**Disclosure of information to the auditor**

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware and they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Statement of Directors' Responsibilities**

The Statement of Directors' Responsibilities can be found on page 5 of these non-statutory financial statements. The Statement of Directors' Responsibilities forms part of the Directors' Report.

On behalf of the Board



**John Zorbas**  
**CEO and Director**

**17 June 2021**

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**Zebediela Nickel Company (Pty) Ltd**  
**Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Directors' Report and the non-statutory financial statements in accordance with applicable law and regulations and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare these non-statutory financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under Company law the Directors must not approve the non-statutory financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the financial performance and cash flows of the Group for that year. In preparing these non-statutory financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether, in preparation of the Company non-statutory financial statements, the Company has complied with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the Group non-statutory financial statements; and
- prepare the non-statutory financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the non-statutory financial statements comply with all applicable legislation and as regards the non-statutory financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**Independent auditor's report to the members of Zebediela Nickel Company (Pty) Ltd in accordance with International Standards on Auditing (UK) (ISAs (UK))**

**Opinion**

We have audited the non-statutory financial statements of Zebediela Nickel Company (Pty) Ltd for the period ended 31 December 2020 which comprise the non-statutory Consolidated Statement of Comprehensive Income, the non-statutory Consolidated Statement of Financial Position, the non-statutory Consolidated Statement of Cash Flows, the non-statutory Consolidated Statement of Changes in Equity and notes to the non-statutory financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the non-statutory consolidated financial statements:

- give a true and fair view of the group's affairs as at 31 December 2020 and of its loss for the period then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

**Basis for opinion on the financial statements**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

**Conclusions relating to going concern**

In auditing the non-statutory financial statements we have concluded that the directors' use of the going concern basis of accounting in the preparation of the non-statutory financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the non-statutory financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report, other than the non-statutory financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the non-statutory financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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## **Independent auditor's report to the members of Zebediela Nickel Company (Pty) Ltd in accordance with International Standards on Auditing (UK) (ISAs (UK)) (continued)**

In connection with our audit of the non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the non-statutory financial statements or a material misstatement of the other information. 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.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the non-statutory financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, the directors are responsible for assessing the group'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 the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the non-statutory 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 ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-statutory financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the non-statutory financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

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**Independent auditor's report to the members of Zebediela Nickel Company (Pty) Ltd in accordance with International Standards on Auditing (UK) (ISAs (UK)) (continued)**

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the group and considered that the most significant is International Financial Reporting Standards.
- We obtained an understanding of how the group complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the non-statutory financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-statutory 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 purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 group's or the parent 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 auditor's report to the related disclosures in the non-statutory 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 group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-statutory financial statements, including the disclosures, and whether the non-statutory 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 group to express an opinion on the non-statutory consolidated financial statements. We are

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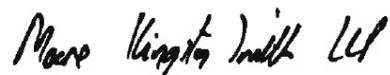
**Independent auditor's report to the members of Zebediela Nickel Company (Pty) Ltd in accordance with International Standards on Auditing (UK) (ISAs (UK)) (continued)**

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.

**Use of our report**

This report is made solely to the Company's members, as a body. Our audit work has been undertaken for no purpose other than to draw to the attention of the Company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Company and Company's members as a body, for our work, for this report, or for the opinions we have formed.



**Moore Kingston Smith LLP, Statutory Auditor**

Devonshire House  
60 Goswell Road  
London EC1M 7AD

17 June 2021

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**Independent auditors' report****to the members of Zebediela Nickel Company (Pty) Ltd in accordance with International Standards on Auditing as issued by the IAASB****Opinion**

We have audited the non-statutory consolidated financial statements of Zebediela Nickel Company (Pty) Ltd and its subsidiaries (the Group), which comprise the non-statutory Consolidated Statement of Comprehensive Income, the non-statutory Consolidated Statement of Financial Position, the non-statutory Consolidated Statement of Cash Flows, the non-statutory Consolidated Statement of Changes in Equity, and notes to the non-statutory consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-statutory consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the non-statutory Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the non-statutory consolidated financial statements in accordance with IFRSs, 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 non-statutory consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the non-statutory 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 ISAs 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 non-statutory consolidated financial statements.

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**Independent auditors' report  
to the members of Zebediela Nickel Company (Pty) Ltd in accordance with International Standards on Auditing  
as issued by the IAASB (continued)**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-statutory 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 Group'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 Group'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 non-statutory 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-statutory consolidated financial statements, including the disclosures, and whether the non-statutory 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 Group to express an opinion on the non-statutory 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.

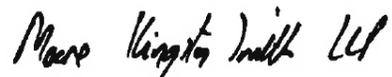
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**Independent auditors' report  
to the members of Zebediela Nickel Company (Pty) Ltd in accordance with International Standards on Auditing  
as issued by the IAASB (continued)**

**Use of our report**

This report is made solely to the Company's members, as a body. Our audit work has been undertaken for no purpose other than to draw to the attention of the Company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Company and Company's members as a body, for our work, for this report, or for the opinions we have formed.

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



Moore Kingston Smith LLP, Statutory Auditor  
Devonshire House  
60 Goswell Road  
London EC1M 7AD

17 June 2021

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**Zebediela Nickel Company (Pty) Ltd**  
**Non-statutory Consolidated Statement of Comprehensive Income**  
**For the Period Ended 31 December 2020**

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	<b>\$'000</b>
Administrative expenses	(787)
<b>Operating loss before taxation</b>	<b>(787)</b>
Taxation	-
<b>Total loss and comprehensive loss for the period</b>	<b>(787)</b>
<b>Basic and diluted net loss per share (US dollars) (note 7)</b>	<b>(6,558.33)</b>

The accompanying notes to the non-statutory consolidated financial statements are an integral part of these non-statutory financial statements.

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**Zebediela Nickel Company (Pty) Ltd**  
**Non-statutory Consolidated Statement of Financial Position**  
**As at 31 December 2020**

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As at 31  
December  
2020  
\$'000

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**ASSETS**

**Non-current assets**

Intangible assets (note 8) 3,226

**Total non-current assets** 3,226

**Total assets** 3,226

**EQUITY AND LIABILITIES**

**Equity**

Share capital (note 10) -

Share premium (note 11) 3,136

Accumulated deficit (787)

**Total equity** 2,349

Trade and other payables (note 9) 877

**Total liabilities** 877

**Total equity and liabilities** 3,226

The accompanying notes to the consolidated non-statutory financial statements are an integral part of these non-statutory financial statements.

**Approved on behalf of the Board on 17 June 2021:**



**John Zorbas, Executive Chairman**

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**Zebediela Nickel Company (Pty) Ltd**  
**Non-statutory Consolidated Statement of Cash Flows**  
**For the Period Ended 31 December 2020**

	<b>\$'000</b>
<b>Cash flows from operating activities</b>	
Net loss for the period	(787)
Adjustments for:	
Changes in non-cash working capital items:	
Increase in amounts due to group undertakings	770
Increase in accruals and deferred income	17
<b>Net cash used in operating activities</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>-</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>-</b>
<b>Cash and cash equivalents, end of period</b>	<b>-</b>

All of the Group's transactions in the period were non-cash transactions.

The accompanying notes to the consolidated non-statutory financial statements are an integral part of these non-statutory financial statements.

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**Zebediela Nickel Company (Pty) Ltd**  
**Non-statutory Consolidated Statement of Changes in Shareholders' Equity**  
**For the Period Ended 31 December 2020**

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**Equity attributable to shareholders**

	<b>Share Capital \$'000</b>	<b>Share premium \$'000</b>	<b>Accumulated Deficit \$'000</b>	<b>Total \$'000</b>
<b>At 6 November 2020</b>	-	-	-	-
Shares issued on incorporation	-	3,136	-	3,136
Net loss and comprehensive loss for the period	-	-	(787)	(787)
<b>At 31 December 2020</b>	-	3,136	(787)	2,349

The accompanying notes to the non-statutory consolidated financial statements are an integral part of these non-statutory financial statements.

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**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Non-statutory Consolidated Financial Statements**  
**For the Period Ended 31 December 2020**

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**1. General information**

Zebediela Nickel Company (Pty) Ltd (“Zebediela Nickel” or the “Company” or the “Group”), was incorporated in South Africa on 6 November 2020. The address of the Company’s registered office is 21 Fourth Avenue Houghton, Johannesburg, Gauteng, South Africa, 2196.

The non-statutory consolidated financial statements of the Group for the period ended 31 December 2020 comprise the Company and its subsidiaries. As the Group was incorporated on 6 November 2020, this is the first period for which non-statutory financial statements have been prepared.

**2. Nature of operations**

During the period ended 31 December 2020, the Company’s principal business activities were the exploration and development of mineral properties in South Africa.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The Company has not yet established whether its mineral properties contain reserves that are economically recoverable. Changes in future conditions could require material write-downs of the carrying values of intangible fixed assets.

The Company is in the exploration stage and is subject to the risks and challenges similar to other companies in a comparable stage of development. These risks include, but are not limited to:

- Dependence on key individuals;
- Receipt and maintenance of all required exploration permits and property titles;
- Successful development; and
- The ability to secure adequate financing to meet the minimum capital required to successfully develop the Group's projects and continue as a going concern.

**3. Basis of preparation**

The non-statutory consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations. The Group has consistently applied the accounting policies detailed below in the period presented.

The non-statutory consolidated financial statements have been prepared on a historical cost basis.

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**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Non-statutory Consolidated Financial Statements**  
**For the Period Ended 31 December 2020**

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**3. Basis of preparation (continued)**

Items included in the non-statutory consolidated financial statements for each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the “functional currency”). Similarly, the Group reports its results in a specified currency (the “presentation currency”). The functional currencies of the Company and its subsidiaries are set out in the table below:

Zebediela Nickel Company (Pty) Ltd	USD
Umnex Minerals Limpopo Pty (“UML”)	USD
Lesogo Platinum Uitloop Pty (“LPU”)	USD

Both of the Company’s subsidiaries were dormant in the year.

The Company’s non-statutory consolidated financial statements are presented in US Dollars, rounded to the nearest thousand.

In accordance with IAS 21, Effects of Changes in Foreign Exchange Rates (“IAS 21”), the Company’s entities and operations whose functional currencies differ from the presentation currency are translated into US dollars.

- Monetary assets and liabilities are translated at the closing rate as at the date of the statement of financial position;
- Income and expenses are translated at the average rate of exchange for the reporting period;
- Equity balances are initially translated at closing exchange rates and subsequent balances are translated at historical rates; and
- Translation gains and losses are recognised in consolidated other comprehensive income and are reported as such in accumulated other comprehensive income.

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**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Non-statutory Consolidated Financial Statements**  
**For the Period Ended 31 December 2020**

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**4. Summary of significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these non-statutory consolidated financial statements.

**(a) Going concern**

These non-statutory consolidated financial statements have been prepared based on accounting principles applicable to a going concern, which assume that the Group will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of business. As at 31 December 2020 the Group had incurred a loss of \$787,000 and had net current liabilities of \$877,000.

The Group is currently dependent on its parent company, URU Metals Limited for its future funding. The directors of URU Metals Limited have prepared detailed financial forecasts and cash flows for the twelve months from the date of signing these non-statutory financial statements. In developing these forecasts, the Directors have made assumptions based upon their view of current and future economic conditions over the forecast period. The financial forecasts and cash flows show that the Group will have sufficient funds available for at least twelve months from the date of signing of these non-statutory financial statements to enable it meet its ongoing liabilities as they fall due.

URU Metals Limited raised a further \$250,000 in May 2021 through the increase in a convertible loan note issued in May 2020. John Zorbas, a director of the company and of URU Metals Limited has also provided a cash injection of funds of CAD\$950,000 in June 2021. The funds have been confirmed as not repayable for at least twelve months from the date of signing of the URU Metals Limited non-statutory financial statements for the year ended 31 March 2020 unless the URU Metals Limited group has sufficient working capital available to do so.

In assessing whether the going concern assumption is appropriate, the directors take into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

These non-statutory consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary should the Group be unable to continue as a going concern. These adjustments could be material.

The directors have considered the impact of the COVID-19 pandemic, and the measures taken to contain it, on the Group. Due to the nature of the Group's activities, there has been limited impact on the business with a request for the extension of the Environmental Impacts Assessment Report (EIA) process being granted by the South African Department for Mineral Resources and Energy (DMRE) and the EIA subsequently submitted to the DMRE on 15 January 2021.

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**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Non-statutory Consolidated Financial Statements**  
**For the Period Ended 31 December 2020**

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**4. Significant accounting policies (continued)**

**(b) Basis of consolidation**

*Subsidiaries*

Subsidiaries are all entities that are controlled by the Company. The definition of control involves three elements; power over the investee, exposure or rights to variable returns and the ability to use power over the investee to affect the amount of the investors' returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Any contingent consideration to be transferred by the Company is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be a liability is recognised in accordance with IFRS 9 either in profit or loss or other comprehensive loss.

Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

*Financial asset at fair value through other comprehensive income*

Financial assets consist of equity investments in other companies or limited partnerships where the Company does not exercise either control or significant influence.

Financial assets are shown at fair value at each reporting date with changes in fair value being shown in Other Comprehensive Income, or at cost less any necessary provision for impairment where a reliable estimate of fair value is not able to be determined.

*Joint arrangements, joint operations and joint ventures*

A joint arrangement is a contractual arrangement in which two or more parties have joint control. Joint control only exists when decisions require unanimous consent of the parties sharing that control. A joint arrangement is either a joint operation, where the parties have rights to the assets and obligations of the operation and thus recognise its share of the assets, liabilities, and operations, or a joint venture, where the parties have rights to the net assets or the obligation, and thus recognise their interest as an investment using the equity method.

*Transactions eliminated on consolidation*

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

**(c) Foreign currency transactions**

*i) Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of the Company's entities at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### **4. Significant accounting policies (continued)**

##### **(c) Foreign currency transactions**

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in consolidated statement of other comprehensive income.

##### *ii) Foreign operations*

The assets and liabilities of operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company presentation currency (where different) at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Company presentation currency at average exchange rates, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions. Equity balances are translated to presentation currency at historical exchange rates.

Foreign currency differences are recognised directly in other comprehensive income and such differences have been recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in other comprehensive income in the FCTR.

##### **(d) Exploration costs and intangible assets**

Exploration and evaluation costs are capitalised on a project-by-project basis, pending determination of the technical feasibility and the commercial viability of the project. In accordance with IFRS 6, 'Exploration for and Evaluation of Mineral Resources', the Group allocates costs incurred to cash generating units (CGUs), which are projects, or groups of projects, which share a consistent profile and proximity. Exploration costs are presented in intangible assets in the non-statutory Consolidated Statement of Financial Position.

Capitalised costs include costs directly related to the exploration and evaluation activities in the CGU.

General and administrative costs are allocated to the exploration property to the extent that the costs are directly related to activities in the relevant areas of interest. Costs incurred before the legal rights are obtained to explore an area and costs relating to a relinquished or abandoned licence are recognised in profit or loss.

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**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Non-statutory Consolidated Financial Statements**  
**For the Period Ended 31 December 2020**

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**4. Significant accounting policies (continued)**

**(d) Exploration costs and intangible assets**

Exploration and evaluation assets shall be assessed for impairment at each reporting period in accordance with IFRS 6, and any impairment loss is recognised in profit or loss.

Once technical feasibility and commercial viability have been established, exploration assets attributable to those projects are tested for impairment and reclassified from exploration properties to development properties.

Mineral property acquisition costs, and exploration and development expenditures incurred subsequent to the determination of the feasibility of mining operations and approval of development by the Group, are capitalised until the property to which they relate is placed into production, sold, allowed to lapse or abandoned.

**(e) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from inception which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**(f) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(i) Financial assets and financial liabilities**

Financial assets and financial liabilities are classified into one of three categories as summarised in the table below:

<b>Category</b>	<b>Derivative status</b>	<b>Initial measurement</b>	<b>Subsequent to initial recognition, held at:</b>	<b>Zebediela Nickel's assets in the category</b>
Amortised cost	Non-derivative	Fair value	Amortised cost using the effective interest method	Due to group undertakings

The classification is determined at initial recognition and depends on the nature and the purpose of the financial asset. Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

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**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Non-statutory Consolidated Financial Statements**  
**For the Period Ended 31 December 2020**

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**4. Significant accounting policies (continued)**

**(f) Financial instruments**

*Financial assets at amortised cost*

A financial asset shall be classified at amortised cost if both of the following conditions are met and is not designated at FVTPL: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Other financial liabilities*

The Group initially recognises financial liabilities on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs.

(ii) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual right to the asset's cash flows expire or if the Group transfers the financial asset and substantially all risks and rewards of ownership to another entity. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(iii) Offset

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**(g) Impairment of assets**

(i) Financial assets

Financial assets are assessed for indicators of impairment at each reporting period end. Financial assets are impaired when there is objective evidence that the estimated future cash flows of the financial assets have been affected by one or more events that occurred after the initial recognition of the financial asset.

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**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Non-statutory Consolidated Financial Statements**  
**For the Period Ended 31 December 2020**

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**4. Significant accounting policies (continued)**

**(g) Impairment of assets**

(i) Financial assets

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairments loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost of disposal. In assessing value in use, 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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Fair value less cost of disposal is determined as the amount that would be obtained from the disposal of the assets in an arm's length transaction between knowledgeable and willing parties.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(h) Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income 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.

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**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Non-statutory Consolidated Financial Statements**  
**For the Period Ended 31 December 2020**

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**4. Significant accounting policies (continued)**

**(h) Income tax**

Deferred tax is recognised 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 recognised 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 to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised 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 realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(i) New accounting standards and interpretations**

During the period ended 31 December 2020 the Group adopted the following IFRS standards:

**(a) Leases and right-of-use assets**

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognise a right-of-use asset and a liability for all leases except short term leases and leases of low value assets on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

On 6 November 2020, the Group adopted the standard and there was no material impact on the Company's non-statutory consolidated financial statements.

**(b) IFRIC Interpretation 23 Uncertainty over Income Tax Treatments**

The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after 1 January 2019.

On 6 November 2020, the Group adopted this standard and there was no material impact on the non-statutory consolidated financial statements.

#### **4. Significant accounting policies (continued)**

##### **(i) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Group in the current or future reporting periods.

#### **5. Critical Accounting Estimates and Judgements**

The preparation of the non-statutory consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement and make estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The Group makes estimations and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results.

The estimates, assumptions and judgements which have a significant risk of causing material adjustment to the carrying amount of assets and liabilities are:

##### **Determination of the Functional Currency**

The Group comprises several entities in South Africa. The statutory financial statements of each entity, where required, are prepared using the functional currency of the country where it is registered to do business except where management have chosen a more appropriate currency as the functional currency. On preparation of these non-statutory consolidated financial statements management chooses an appropriate exchange rate to translate each of the functional currencies to the presentational currency. The non-statutory consolidated financial statements are presented in USD. These judgements may change if future events dictate that a more appropriate presentational currency should be adopted.

##### **Impairment of exploration and evaluation expenditure (intangible assets)**

At 31 December 2020 the carrying value of intangible assets of the Group were \$3,226,000. The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not yet reached a stage that permits a reasonable assessment of the existence of reserves. The directors have carried out an assessment of the carrying value of exploration and evaluation expenditure and any required impairment in accordance with the accounting policy in note 4.

##### **Calculation and recognition of contingent consideration**

The Group is exposed to potential contingent consideration as detailed in note 13. Management exercises judgment in assessing whether the contingent consideration should be recognised in the non-statutory consolidated financial statements.

**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Non-statutory Consolidated Financial Statements**  
**For the Period Ended 31 December 2020**

**6. Capital risk management**

The Group includes its share capital as capital. The Group's objective is to maintain a flexible capital structure which optimises the costs of capital at an acceptable risk. In light of economic changes and with the risk characteristics of the underlying assets, the Group manages the capital structure and makes adjustments to it. As the Group has no cash flow from operations and in order to maintain or adjust the capital structure, the Group may issue new shares, issue debt and/or find a strategic partner. The Group is not subject to externally imposed capital requirements.

The Group prepares annual expenditure budgets to facilitate the management of its capital requirements and updates them as necessary depending on various factors such as capital deployment and general industry conditions. During the period ended 31 December 2020 there were no changes in the Group's approach to capital management.

**7. Earnings per Share**

The calculation of basic and diluted earnings per share is based on the result attributable to shareholders divided by the weighted average number of ordinary shares in issue in the period.

Basic earnings per share amounts are calculated by dividing net loss for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

	<b>As at 31 December 2020 \$'000</b>
Loss used in calculating basic and diluted earnings per share (US dollars)	(787)
<b>Number of shares</b>	
Weighted average number of shares for the purpose of basic earnings per share	120
Weighted average number of shares for the purpose of diluted earnings per share	120
Basic loss per share (US dollars)	(6,558.33)
Diluted loss per share (US dollars)	(6,558.33)

**8. Intangible assets**

*Exploration costs*

	<b>\$'000</b>
At 6 November 2020	-
Transfer from group undertaking	3,136
Additions	90
At 31 December 2020	<b>3,226</b>

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**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Non-statutory Consolidated Financial Statements**  
**For the Period Ended 31 December 2020**

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The Zebediela Nickel Project extends over three separate adjacent prospecting rights in the Limpopo Province of South Africa. All three rights are now held by Lesogo Platinum Uitloop Pty ("LPU"), which is 100% owned by UML.

All three rights are currently compliant with minimum expenditure obligations, annual report submissions, annual prospecting fees, and submitted prospecting work programs.

Under the terms of the acquisition agreement, UMH is permitted to return the shares and take back the licences should the Group:

- fail to maintain adequate cash funds to meet its general and project expenditure obligations, or
- fail to meet the purchased rights' minimum statutory expenditure obligations

As at 31 December 2020, the "general and project expenditure obligations" and the "minimum statutory expenditure obligations" of the general and project expenditure obligations had not been determined.

On 4 December 2018 URU announced that the DMRE had formally approved and executed the renewal of the primary prospecting right. The right will expire on 2 December 2021.

On 19 February 2020, the DMRE formally accepted the Final Scoping Report and granted approval for the Environmental Impact Assessment phase to proceed. An extension was granted on 28 August 2020 for the delays caused by the COVID-19 lockdown measures.

On 18 January 2021 the DMRE formally acknowledged receipt of the EIA which was formally submitted on 15 January 2021.

## 9. Trade and other payables

	<b>As at 31 December 2020 \$'000</b>
Amounts due to group undertakings	<b>860</b>
Other payables	<u><b>17</b></u>
	<u><b>877</b></u>

The amounts due to group undertakings are due to the Company's parent undertaking URU Metals Limited. The balance is interest free, unsecured and repayable on demand.

## 10. Share capital

	<b>Number of shares</b>	<b>Share capital \$'000</b>
At 6 November 2020 and 31 December 2020	120	-

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**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Non-statutory Consolidated Financial Statements**  
**For the Period Ended 31 December 2020**

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*Issued shares*

120 Ordinary shares of par value of one Rand each were issued on incorporation for 403,483 Rand per share. All issued shares are fully paid up.

Authorised: 1,000,000 Ordinary shares. There are no preferences or restrictions attached to any classes of common shares.

*Dividends*

Dividends declared and paid by the Group were \$nil for the period ended 31 December 2020.

**11. Share premium**

	<b>As at 31 December 2020 \$'000</b>
Share premium	<b>3,136</b>

The above premium arises on the issue of 120 Ordinary shares on incorporation as detailed in note 9.

**12. Related party transactions**

*(a) Transactions with related party*

On 6 November 2020, the parent company of Zebediela Nickel, URU transferred its shares in UML to the Company for 120 Ordinary shares of the Company (see note 7).

On 5 December signed an Agreement for Services with URU and incurred \$770,000 (Canadian \$980,000) consulting fees payable to URU under that agreement. During the period 31 December 2020 URU paid \$14,000 on behalf of Zebediela Nickel for expenditure on intangible assets. As at 31 December 2020, the total amount payable to URU was \$860,000.

*(b) Management remuneration*

The Company had no compensation to management during the period ended 31 December 2020.

**13. Contingent liabilities**

The Group is subject to the conditional consideration in respect of the acquisition of UML as detailed in note 8.

**14. Ultimate parent undertaking**

The ultimate parent undertaking is URU Metals Limited, a company incorporated in the British Virgin Islands ('BVI') on 21 May 2007.

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**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Non-statutory Consolidated Financial Statements**  
**For the Period Ended 31 December 2020**

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**15. Loss before income tax**

The following items have been charged in arriving at the loss before income tax for the year:

	<b>Period ended 31 December 2020 \$'000</b>
Auditors' remuneration	17

**16. Income tax expense and deferred taxation**

Zebediela Nickel is subject to income taxes in the Republic of South Africa.

Income tax expense from the amount that would be computed by applying the South African statutory income tax rate of 28% to the loss for the period is as follows:

	<b>2020 \$'000</b>
Loss for the period before taxation	(787)
Expected income tax recovery	(220)
Benefit of losses not recognised	220

A deferred tax asset has not been recognised in respect of the losses because there is insufficient evidence of the timing of future taxable profits against which it can be recovered.

The significant components of Zebediela Nickel's unrecognised deductible temporary differences as at 31 December 2020 are as follows:

	<b>2020 \$'000</b>
Loss carry-forward	787

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**Zebediela Nickel Company (Pty) Ltd**  
**Notes to the Non-statutory Consolidated Financial Statements**  
**For the Period Ended 31 December 2020**

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**16. Subsequent events**

On 7 January 2021 the Company's parent undertaking URU signed a Letter of Intent with Blue Rhino Capital Corp. a Toronto listed entity whereby Blue Rhino Capital Corp. proposes to acquire all of the issued and outstanding share capital of Zebediela Nickel in exchange for URU acquiring a 79.85% shareholding in Blue Rhino Capital Corp.

The terms of the Letter of Intent were subsequently confirmed by the signing of a Sale Agreement between URU and Blue Rhino Capital Corp. on 2 March 2021.

Pursuant to the terms of the Sale Agreement Blue Rhino Capital Corp. has completed the offering of 9,200,000 subscription receipts, at a price of Canadian \$0.25 per receipt, for gross proceeds of Canadian \$2,300,000.

Pursuant to the terms of the Sale Agreement, it is contemplated that Blue Rhino Capital Corp. will consolidate its share capital on a 2.3-for-1 basis (the "Consolidation"), following which it will issue 41,000,000 post-Consolidation common shares (the "Consideration Shares") to URU in consideration for all of the outstanding share capital of Zebediela Nickel.

Blue Rhino Capital Corp. will also assume all ongoing liabilities and obligations of Zebediela Nickel, which will include a 2.5% royalty on all revenue generated from Zebediela Nickel's project in South Africa (the "Royalty"). One percent of the Royalty can be purchased for a one-time cash payment of US\$2,000,000 within 24 months of the granting of the mining right over the project.

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**URU METALS LIMITED**

**Interim Results for Period Ended 30 September 2020**

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**URU Metals Limited**  
**Chairman's Statement**  
**For the Period Ended 30 September 2020**

I am pleased to present to our shareholders and stakeholders the consolidated financial statements of the Group for the six months ended 30 September 2020.

As the renewable energy revolution gains traction, nickel and platinum group elements are playing an important role in the storage of energy. This bodes well for the Zebediela project, which as noted by the Company in its announcement of 16 October 2020, is ranked as one of the top ten Class 1 nickel sulphide resources globally (Mudd, & Jowitt, (2014). A detailed assessment of global nickel resource trends and endowments. Economic Geology, 109(7), 1813-1841).

During the Period under review, the focus has been on advancing the environmental impact studies related to the mining right application, which has proceeded smoothly. The final environmental impact report is expected to be submitted to the South African Department of Mineral Resources and Energy (DMRE) in Q1 2021, which will pave the way for the DMRE to issue the Mining Right, thus granting the Company the right to mine the 9 billion pounds of nickel resource as well as to mine and explore for Platinum Group Elements and associated minerals for 30 years.

Highlights

The highlights of our progress during the six months ended 30 September 2020 and to the date of this report can be summarised as follows:

The Company submitted an application to convert its existing Prospecting Rights to a Mining Right to the South African Department of Mineral Resources (DMRE) in the prior fiscal year. The application was accepted also in the prior year. The application triggered the need for the Company to apply for Environmental Authorisation (EA) to develop an open pit mining operation to extract the nickel resource. The EA requires the submission of an Environmental Impact Report (EIR), which consists of various specialist studies to understand the impact of the future operation. These have since been completed and a draft submission of the EIR has been submitted to the DMRE.

The area to the immediate east of the existing nickel resource was partly drilled in 2017 and drill results contained nickel and platinum group elements (PGE's) at a higher grade than that found in the Company's existing NI43-101 compliant resource. The Company believes this target area could be the up-dip extension of Ivanhoe Mines' 800 m deep Platreef project. Ivanhoe's Platreef Project is located immediately west and adjacent to URU's Zebediela Project.

Convertible Loan Note

On 6 May 2020, the Company issued a Convertible Loan Note for \$250,000 to Boothbay Absolute Return Strategies LP ("Boothbay"). The Convertible Loan Note can be increased by Boothbay to \$500,000 prior to the maturity of the Loan Note on 31 May 2021. The Loan Note is unsecured, matures on 31 May 2021 or such later date as the Company may in its sole discretion determine.

Private Placements

On 6 May 2020, the Company raised approximately £200,000 through the subscription for 235,294 depository interests of no par value each in the Company ("Ordinary Share") at a price of 85 pence each per new Ordinary Share. Each New Ordinary Share has an attached warrant with an exercise period of 18 months and are exercisable at 85 pence each.

The Company also agreed to issue 470,588 new Ordinary Shares at 85 pence each per new Ordinary Share to Alegana Enterprises Limited (a company controlled by J. Zorbas) in lieu of unpaid director fees and salaries. Each new Ordinary Share has an attached warrant with an exercise period of 18 months and are exercisable at 85 pence each .

### Post-Period Events

On 25 November 2020, the Company raised £280,600 through the subscription for 122,000 new Ordinary Shares in the share capital of the Company at a price of 230 pence per share.

On 26 November 2020, the Company issued 32,858 new Ordinary Shares at a price of 245 pence each, being the closing mid-market price of the Company's shares on 25 November 2020, to several persons discharging managerial responsibilities in the Company (the "PDMR Shares") for a notional value of £80,500 in aggregate. The PDMR Shares have been issued to Jay Viera (9,388 shares), Kyle Appleby (9,388 shares) and Marrelli Support Services Inc. (14,082 shares), for the services of Jing Peng as CFO to Marrelli Support Services Inc. in lieu of unpaid directors fees and salary that were due for payment in cash.

The Company also issued 5,380 new Ordinary Shares at a notional price of 230 pence each, being the placing price of the equity raising announced on 25 November 2020, to an adviser of the Company in lieu of fees that were due in cash.

### Outlook

URU continues to believe that the long-term fundamentals of the base minerals industries remain positive and will be working hard in the coming year to unlock the value of our projects for our shareholders. The Company maintains its core strategy to develop its nickel assets, as the Board anticipates growing demand and price appreciation for nickel in the short to medium term.

Jay Vieira

**Non-executive Chairman**

**29 December 2020**

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**URU METALS LIMITED**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL**  
**STATEMENTS**  
**PERIOD ENDED 30 SEPTEMBER 2020**

**(UNAUDITED)**

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**Notice To Reader**

The accompanying unaudited condensed consolidated interim financial statements of URU Metals Limited (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

**URU Metals Limited**  
**Condensed Consolidated Interim Statement of Comprehensive Income**  
**For the Period Ended 30 September 2020**  
(Unaudited)

	Six months ended 30 September 2020 \$'000	Six months ended 30 September 2019 \$'000
Administrative expenses	(302)	(263)
Operating loss before below items	(302)	(263)
Loss on settlement of debt with share (note 12)	(1,508)	
<b>Net loss for the period</b>	<b>(1,810)</b>	<b>(263)</b>
<b>Other comprehensive income</b>		
<b>Items that will be reclassified subsequently to income</b>		
Effect of translation of foreign operations	177	33
<b>Other comprehensive income for the period</b>	<b>177</b>	<b>33</b>
<b>Total comprehensive loss for the period</b>	<b>(1,633)</b>	<b>(230)</b>
<b>Basic and diluted net loss per share (USD cents)</b>	<b>(1.34)</b>	<b>(0.34)</b>
<b>Weighted average number of common shares outstanding</b>	<b>1,347,591</b>	<b>779,944</b>

The loss per share calculation relates to both continuing and total operations.

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

**URU Metals Limited**  
**Condensed Consolidated Interim Statement of Financial Position**  
**As at 30 September 2020**  
**Unaudited**

	As at 30 September 2020 \$'000	As at 31 March 2020 \$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment (note 8)	-	7
Intangible assets (note 9)	3,055	2,724
Long-term prepaid assets (note 7)	41	41
<b>Total non-current assets</b>	<b>3,096</b>	<b>2,772</b>
<b>Current assets</b>		
Trade and other receivables (note 10)	72	60
Cash and cash equivalents	223	66
<b>Total current assets</b>	<b>295</b>	<b>126</b>
<b>Total assets</b>	<b>3,391</b>	<b>2,898</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital (note 12)	7,813	7,806
Share premium (note 12)	48,233	46,938
Equity portion of convertible loan note (note 11)	34	-
Other reserves (note 13)	2,148	1,085
Accumulated deficit	(56,381)	(54,571)
<b>Total equity</b>	<b>1,847</b>	<b>1,258</b>
<b>Current liabilities</b>		
Trade and other payables (note 14)	1,323	1,640
Convertible loan note (note 11)	221	-
<b>Total liabilities</b>	<b>1,544</b>	<b>1,640</b>
<b>Total equity and liabilities</b>	<b>3,391</b>	<b>2,898</b>

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

**Approved on behalf of the Board on 29 December 2020:**

Jay Vieira, Non-executive Chairman

Kyle Appleby, Non-executive Director

**URU Metals Limited**  
**Condensed Consolidated Interim Statement of Cash Flows**  
**For the Period Ended 30 September 2020**  
**Unaudited**

	Six months ended 30 September 2020 \$'000	Six months ended 30 September 2019 \$'000
<b>Cash flows from operating activities</b>		
Net loss for the period	(1,810)	(263)
Adjustments for:		
Depreciation	7	20
Stock-based compensation	11	-
Interest expense and finance charges	17	-
Loss on settlement of debt with shares	1,508	-
Unrealised foreign exchange gain	-	(7)
Changes in non-cash working capital items:		
Decrease/(increase) in receivables	(12)	(3)
Increase in trade and other payables	94	19
<b>Net cash used in operating activities</b>	<b>(185)</b>	<b>(243)</b>
<b>Investing activities</b>		
Purchase of intangible assets	(164)	(163)
<b>Net cash used in investing activities</b>	<b>(164)</b>	<b>(1,056)</b>
<b>Financing activities</b>		
Net proceeds from private placement	247	-
Net proceeds from convertible loan note	250	-
<b>Net cash generated by financing activities</b>	<b>497</b>	<b>-</b>
Loss on exchange rate changes on cash and cash equivalents	9	-
<b>Net decrease in cash and cash equivalents</b>	<b>157</b>	<b>(397)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>66</b>	<b>475</b>
<b>Cash and cash equivalents, end of period</b>	<b>223</b>	<b>78</b>

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

**URU Metals Limited**  
**Condensed Consolidated Interim Statement of Changes in Shareholders' Equity**  
**30 September 2020**  
**Unaudited**

**Equity attributable to shareholders**

	Share Capital \$'000	Share Premium \$'000	Equity Portion of Convertible Loan Note \$'000	Share Option and Warrants Reserve \$'000	Foreign Currency Translation Reserve \$'000	Accumulated Deficit \$'000	Total \$'000
<b>At 31 March 2019</b>	<b>7,806</b>	<b>49,938</b>	<b>-</b>	<b>2,344</b>	<b>(1,314)</b>	<b>(53,839)</b>	<b>1,935</b>
Net loss and comprehensive loss for the period	-	-	-	-	33	(263)	(230)
<b>At 30 September 2019</b>	<b>7,806</b>	<b>46,938</b>	<b>-</b>	<b>2,344</b>	<b>(1,281)</b>	<b>(54,102)</b>	<b>1,705</b>
<b>At 31 March 2020</b>	<b>7,806</b>	<b>46,938</b>	<b>-</b>	<b>2,461</b>	<b>(1,376)</b>	<b>(54,571)</b>	<b>1,258</b>
Common shares issued in private placement, net of cost	2	232	-	-	-	-	234
Fair value of warrants issued in private placement	-	(94)	-	94	-	-	-
Common shares and warrants issued in settlement of debt	5	1,157	-	781	-	-	1,943
Stock-based compensation	-	-	-	11	-	-	11
Equity portion of Convertible Loan Note	-	-	34	-	-	-	34
Net loss and comprehensive loss for the period	-	-	-	-	177	(1,810)	(1633)
<b>At 30 September 2020</b>	<b>7,813</b>	<b>48,233</b>	<b>34</b>	<b>3,347</b>	<b>(1,199)</b>	<b>(56,381)</b>	<b>1,847</b>

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

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**URU Metals Limited**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**30 September 2020**  
**Unaudited**

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**1. General information**

URU Metals Limited (the “Company”), formerly known as Niger Uranium Limited, and before that, as UraMin Niger Limited, was incorporated in the British Virgin Islands (“BVI”) on 21 May 2007. The Company’s shares were admitted to trading on AIM, a market operated by the London Stock Exchange on 12 September 2007. The address of the Company’s registered office is Intertrust, P.O. Box 92, Road Town, Tortola, British Virgin Islands, and its principal office is Suite 401, 4 King Street West, Toronto, Ontario, Canada, M5H 1A1.

The unaudited condensed consolidated interim financial statements of the Group for the period ended 30 September 2020 comprise the Company and its subsidiaries.

**2. Nature of operations**

During the six months ended 30 September 2020, the Group's principal business activities were the exploration and development of mineral properties in South Africa.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The Group has not yet established whether its mineral properties contain reserves that are economically recoverable. Changes in future conditions could require material write-downs of the carrying values of mineral properties.

The Group is in the exploration stage and is subject to the risks and challenges similar to other companies in a comparable stage of development. These risks include, but are not limited to:

- Dependence on key individuals;
- receipt and maintenance of all required exploration permits and property titles;
- successful development; and
- as noted above, the ability to secure adequate financing to meet the minimum capital required to successfully develop the Group's projects and continue as a going concern.

**3. Basis of preparation**

*(a) Statement of compliance*

The Company applies IFRS as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRSs issued and outstanding as of 29 December 2020, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended 31 March 2020. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending 31 March 2021 could result in restatement of these unaudited condensed consolidated interim financial statements.

**3. Basis of preparation (continued)**

(b) Adoption of new accounting policies

**Convertible debentures**

The liability, equity components of convertible debentures are presented separately on the statement of financial position, starting from initial recognition. The Company determines the carrying amount of the financial liability by discounting the stream of future payments at the prevailing market rate for a similar liability of comparable credit status and substantially providing the same cash flows. Subsequently, the liability component is then increased by accretion of the discounted amounts to reach the nominal value of the convertible debenture at maturity, which is recorded in the statement of loss and comprehensive loss as finance costs.

The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability from the amount of the convertible debenture, and is presented in equity as an equity component of convertible debenture. The equity component is not re-measured subsequent to initial recognition, except on conversion or expiry.

(c) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Group in the current or future reporting periods.

**4. Financial risk management**

The Group's Board of Directors monitors and manages the financial risks relating to the operations of the Group. These include credit risk, liquidity risk and market risk which includes foreign currency and interest rate risks.

*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Group's credit risk is primarily attributable to the Group's cash and cash equivalents and trade and other receivables. The Group has no allowance for impairment that might represent an estimate of incurred losses on other receivables. The Group has cash and cash equivalents of \$223,000 (31 March 2020 - \$66,000), which represent the maximum credit exposure on these assets. As at 30 September 2020, the majority of the cash and cash equivalents were held with a major Canadian chartered bank from which management believes the risk of loss to be minimal.

*Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

**URU Metals Limited**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**30 September 2020**  
**Unaudited**

**4. Financial risk management (continued)**

Typically the Group tries to ensure that it has sufficient cash on demand to meet expected operational expenses for a period of twelve months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. Management monitors the rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The following are the contractual maturities of financial liabilities:

	<b>Carrying amount \$'000</b>	<b>Contractual cash flows \$'000</b>	<b>6 months or less \$'000</b>	<b>6 months to 5 years \$'000</b>
<b>30 September 2020</b>				
Trade and other payables	1,323	1,323	1,323	-
<b>31 March 2020</b>				
Trade and other payables	1,640	1,640	1,640	-

*Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's loss or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency rate risk

The Group, operating internationally, is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of the Group's entities, primarily Pound Sterling ("GBP"), the Canadian Dollar ("CAD"), the South African Rand ("ZAR"), Swedish Krona ("SEK") and the US Dollar ("USD").

The Group does not hedge its exposure to currency risk.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

The Group's exposure to foreign currency risk, based on notional amounts, was as follows:

	<b>USD \$'000</b>	<b>ZAR \$'000</b>	<b>GBP \$'000</b>	<b>SEK \$'000</b>	<b>CAD \$'000</b>	<b>Total \$'000</b>
<b>30 September 2020</b>						
Cash and cash equivalents	213	-	1	-	9	223
Trade and other receivables	-	-	-	-	727	67
Trade and other payables	(25)	(224)	(451)	(54)	(569)	(1,323)
<b>31 March 2020</b>						
Cash and cash equivalents	50	-	5	-	11	66
Trade and other receivables	-	-	-	-	60	60
Trade and other payables	-	(191)	(380)	(49)	(1,020)	(1,640)

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**URU Metals Limited**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**30 September 2020**  
**Unaudited**

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**4. Financial risk management (continued)**

Interest rate risk

The financial assets and liabilities of the Group are subject to interest rate risk, based on changes in the prevailing interest rate. The Group does not enter into interest rate swap or derivative contracts. The primary goal of the Group's investment strategy is to make timely investments in listed or unlisted mining and mineral development properties to optimise shareholder value. Where appropriate, the Group will act as an active investor and will strive to advance corporate actions that deliver value adding outcomes. The Group will undertake joint ventures with companies that have the potential to realise value through mineral project development, and invest substantially in those joint ventures to advance asset development over the near term.

*Market risks*

Sensitivity analysis

A 10% strengthening of the USD against the following currencies at the year end would have increased/(decreased) equity and profit or loss by the amounts shown below. This was determined by recalculating the USD balances held using a 10% greater exchange rate to the USD. This analysis assumes that all other variables, in particular interest rates, remain constant.

	30 September 2020		30 September 2019	
	Equity \$'000	Profit or loss \$'000	Equity \$'000	Profit or loss \$'000
GBP	-	45	-	15
CAD	-	49	-	83
ZAR	-	22	-	-
SEK	-	5	-	5

**5. Capital risk management**

The Group includes its share capital, share premium, reserves and accumulated deficit as capital. The Group's objective is to maintain a flexible capital structure which optimises the costs of capital at an acceptable risk. In light of economic changes and with the risk characteristics of the underlying assets, the Group manages the capital structure and makes adjustments to it. As the Group has no cash flow from operations and in order to maintain or adjust the capital structure, the Group may issue new shares, issue debt and/or find a strategic partner. The Group is not subject to externally imposed capital requirements.

The Group prepares annual expenditure budgets to facilitate the management of its capital requirements and updates them as necessary depending on various factors such as capital deployment and general industry conditions. During the six months ended 30 September 2020 there were no changes in the Group's approach to capital management.

**URU Metals Limited**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**30 September 2020**  
**Unaudited**

**6. Earnings per Share**

The calculation of basic and diluted earnings per share is based on the result attributable to shareholders divided by the weighted average number of ordinary shares in issue in the year.

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The Company has potentially issuable shares which relate to share options issued to directors and third parties. In the six months ended 30 September 2020 and 30 September 2019 none of the options had a dilutive effect on the loss.

	<b>Six months ended 30 September 2020</b>	<b>Six months ended 30 September 2019</b>
Loss used in calculating basic and diluted earnings per share (\$'000)	(1,810)	(263)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	1,347,591	779,944
Weighted average number of shares for the purpose of diluted earnings per share	1,347,591	779,944
Basic loss per share (US dollars)	(1.34)	(0.34)
Diluted loss per share (US dollars)	(1.34)	(0.34)

**7. Long-term prepaid assets**

	<b>As at 30 September 2020</b>	<b>As at 31 March 2020</b>
Long-term prepaid assets	<b>41</b>	41

On determination that an impairment charge was required for the Group's SSOAB Licences project, the Group identified a long-term prepaid asset for future drilling costs that may be applied to projects undertaken in other locations. Accordingly, the long-term prepaid asset was transferred out of intangible assets.

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**URU Metals Limited**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**30 September 2020**  
**Unaudited**

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**8. Property, plant and equipment**

	<b>Field equipment \$'000</b>
<b><i>COST</i></b>	
At 31 March 2020 and September 30, 2020	<b>114</b>
<b><i>ACCUMULATED DEPRECIATION</i></b>	
At 31 March 2020	<b>107</b>
Depreciation for the period	7
At 30 September 2020	<b>114</b>
<b><i>CARRYING VALUE</i></b>	
At 31 March 2020	<b>7</b>
At 30 September 2020	<b>-</b>

**URU Metals Limited**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**30 September 2020**  
**Unaudited**

**9. Intangible assets**

*Exploration costs*

<b><i>COST</i></b>	<b>\$'000</b>
At 31 March 2020	<b>5,180</b>
Additions	164
Foreign exchange	272
At 30 September 2020	<b>5,616</b>
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT</b>	<b>\$'000</b>
At 31 March 2020	<b>2,456</b>
Foreign exchange	105
At 30 September 2020	<b>2,561</b>
<b>CARRYING VALUE</b>	<b>\$'000</b>
At 31 March 2020	<b>2,724</b>
At 30 September 2020	<b>3,055</b>

The Group has operated three distinct projects, SSOAB Licences, Nueltin Licence and the South African Projects as detailed below:

The exploration costs, amortisation and impairment detailed in the above table are in respect of the Group's South African Projects only. The Group's exploration costs in respect of its SSOAB Licences project of \$1,145,000 were fully impaired at 31 March 2016 and the exploration costs in respect of its Nueltin Licence project of \$153,000 were fully impaired at 31 March 2015. The Burgersfort South African project was fully impaired at 31 March 2019. At 30 September 2020 the carrying value is solely in relation to the Zebediela Nickel Project described below.

**SSOAB Licences**

SSOAB (as defined in note 3) had 100% ownership of several exploration licences near the town of Örebro, Sweden. The Swedish licences are considered to be a single project, and thus to be one CGU. During the year ended 31 March 2016, due to the continued decline of the prices of oil and uranium, the Group decided not to pursue the development of SSOAB properties and therefore determined that the recoverable amount of the intangible assets under the SSOAB properties was estimated to be \$nil. The Group fully impaired the intangible assets in the consolidated statement of financial position for the year ended 31 March 2016. The foreign currency reserve of SSOAB was reclassified from equity to the consolidated statement of comprehensive income in the year ended 31 March 2017.

**9. Intangible assets (continued)**

**Nueltin Licence**

8373825 Canada Inc. ("Nueltin") was party to an option agreement with Cameco Corporation ("Cameco"), the holder of a licence located in the Nunavut Territory of Canada. Under the agreement, Nueltin could earn 51% interest in the project from Cameco in return for exclusively funding CDN\$2.5 million in exploration expenditure by 31 December 2016. The Cameco project was considered to be one CGU. The Group fully impaired the intangible assets in the consolidated statement of financial position in the year ended 31 March 2015 as the Group had no plans to pursue the project in Nunavut Territory and thus let the option expire.

**South African Projects**

In November 2013, the Group acquired (i) a 100% interest in Southern Africa Nickel Limited ("SAN Ltd.") which had been the Group's joint venture partner since 2010 on the Zebediela Nickel Project and (ii) a 50% interest in the Burgersfort Project. SAN Ltd in turn had a 74% interest in a joint operation (the "SAN-Umnex Joint Venture"). The remaining 26% was held by Umnex Mineral Holdings Pty ("UMH"), which had title to the Zebediela licences through its subsidiary, UML. With the Group's acquisition of SAN Ltd., the SAN-URU joint venture was dissolved and San Ltd. obtained ownership of the JV's 50% interest in the Burgersfort Project with BSC Resources as the other party to the agreement. On 10 April 2014, SAN Ltd. and UMH agreed that SAN Ltd. would purchase 100% of Umnex Minerals Limpopo Pty ("UML") from UMH for consideration of 33,194,181 new Group shares and 8,000,000 bonus shares issued to directors and officers for their services in the acquisition of UML.

The Burgersfort Project extends over two adjacent prospecting rights in Burgersfort North and Burgersfort South. The Group has no plans to pursue the project and as announced on 31 May 2019 has fully impaired the intangible assets related to Burgersfort Project in the amount of \$868,000 in the consolidated statement of financial position as at 31 March 2019.

The Zebediela Nickel Project extends over three separate adjacent prospecting rights in the Limpopo Province of South Africa. All three rights are now held by Lesogo Platinum Uitloop Pty ("LPU"), which in turn is 100% owned by UML.

All three rights are currently compliant with minimum expenditure obligations, annual report submissions, annual prospecting fees, and submitted prospecting work programs.

Under the terms of the acquisition agreement, UMH is permitted to return the shares and take back the licences should the Group:

- fail to maintain adequate cash funds to meet its general and project expenditure obligations, or
- fail to meet the purchased rights' minimum statutory expenditure obligations

As at 30 September 2020, the "general and project expenditure obligations" and the "minimum statutory expenditure obligations" of the general and project expenditure obligations had not been determined.

Additionally, conditional consideration of 12,000 free-trading shares is payable if either 1) a transaction is consummated by the Group to sell, farm-out, or similarly dispose of any portion of a mineral project on some or all of the mining titles, or 2) a mining right is obtained from DMRE in respect of some or all of the rights, or 3) an effective change of control of the Group occurs. As at 31 March 2020 none of the above conditions have occurred.

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**URU Metals Limited**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**30 September 2020**  
**Unaudited**

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**9. Intangible assets (continued)**

On 19 April 2017, the Group entered into a Corporate and Management Services Agreement (the "Agreement") with UMH. As per the Agreement, UMH shall provide to UML services including project management, coordination of mining rights application, mineral rights management, finance and accounting, technical, metallurgical, engineering and geological services and corporate finance and capital raising. In exchange of the services, UMH will earning the following fees:

1. Once the Bankable Feasibility Study commences a monthly retainer of ZAR150,000 until then a monthly retainer of ZAR75,000 will be paid;
2. First right of offer for technical, metallurgical, engineering and geological services at market related pricing;
3. Capital raising and corporate finance fees of 5% of the transaction value of capital raised through UMH sources;
4. UMH will be issued a 1.5% royalty on all revenue generated from the Zebediela project. 1% of the royalty can be purchased back by the Company or its successor for the amount of \$2 million provided that the Company exercises this right within 24 months of the Mining Right being issued by the Department of Mineral Resources of South Africa.

On 4 December 2018 the Company announced that the DMRE had formally approved and executed the renewal of the primary prospecting right. The right will expire on 2 December 2021.

On 19 February 2020, the DMRE formally accepted the Final Scoping Report and granted approval for the Environmental Impact Assessment phase to proceed. An extension was granted on 28 August 2020 for the delays caused by the COVID-19 lockdown measures.

**10 Trade and other receivables**

	<b>30 September</b>	<b>31 March</b>
	<b>2020</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Other receivables	72	60

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**URU Metals Limited**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**30 September 2020**  
**Unaudited**

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**11. Convertible loan note**

On 6 May 2020, the Company issued a convertible loan note ("Convertible Loan Note") for \$250,000 to Boothbay Absolute Return Strategies LP ("Boothbay"). The Convertible Loan Note can be increased to \$500,000 prior to the maturity of the Loan Note on 31 May 2021 or such later date as the Company may in its sole discretion determine. The Convertible Loan Note is unsecured, bears no interest and is convertible at the lower of:

- (i) a voluntary conversion price triggered on serving a conversion notice (being 85 pence per share for a period of 90 days from the date of the Loan Note ("Notice Period"); and following expiry of the 90 day period, a 35% discount to the Volume Weighted Average Price ("VWAP") per share in the 5 trading days prior to the noteholder serving a conversion notice);
- (ii) on an equity fund raising of not less than US\$5 million (excluding a Loan Note conversion), a 35% discount to the price per share paid by investors on such a fund raising;
- (iii) on a share sale (meaning a sale of Ordinary Shares giving control of the Company, whether for cash and/or by way of exchange for shares in another company and/or for other consideration, and whether or not control of the Company changes as a result of such transaction), a 35 per cent. discount to the price per share paid on the share sale; or
- (iv) if there is no conversion notice served, fund raising or share sale prior to the maturity date, at a 35% discount to the VWAP per share in the 5 trading days prior to the maturity date.

On 6 August 2020, the Company extended the Notice Period relating to the Convertible Loan Note as previously announced on 6 May 2020 for a further 90 days with effect from 6 August 2020.

On 4 November 2020, the Company extended the notice period relating to the Convertible Loan Note as previously announced on 6 May 2020 and extended on 6 August 2020, for a further 90 days with effect from 4 November 2020 (note 18).

Upon initial recognition, the Convertible Loan Note is allocated between financial liability of \$204,000 and equity portion of \$34,000. The Company accrued a transaction cost of \$12,500 which was included in the financial liability.

During the three months ended 30 September 2020, the Company recorded accretion of \$12,000 and amortization of capitalized transaction costs of \$5,000 and as at 30 September 2020, the carrying value of the Convertible Loan Note was \$221,000.

**URU Metals Limited**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**30 September 2020**  
**Unaudited**

**12. Share capital and share premium**

	Number of shares	Share capital \$'000	Share premium \$'000	Total \$'000
At 31 March 2020	780,571	7,806	46,938	54,744
Common shares issued in private placement	235,294	2	232	234
Fair value of warrants issued in private placement	-	-	(94)	(94)
Common shares issued in settlement of debt	470,588	5	1,157	1,162
At 30 September 2020	1,486,453	7,813	48,233	56,046

*Issued shares*

All issued shares are fully paid up.

Authorized: unlimited number of common shares. There are no preferences or restrictions attached to any classes of common shares.

On 6 May 2020, the Company raised approximately £200,000 through the subscription for 235,294 ordinary shares at 85 pence per share. Each share has an attached warrant with an exercise period of 18 months and are exercisable at 85 pence. The fair value of the warrants was determined to be \$94,000 using the Black-Scholes Model that takes into account the exercise price, the term of the warrant, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the warrant.

On 6 May 2020, the Company issued 470,588 ordinary shares at 85 pence per share to Alegana Enterprises Limited (a company controlled by J. Zorbas) in lieu of unpaid director fees and salaries. Each share has an attached warrant with an exercise period of 18 months and are exercisable at 85 pence. The fair value of the shares issued was \$1,162,000 based on share price of the Company on the date of the settlement. The fair value of the warrants issued was determined to be \$781,000 using the Black-Scholes Model that takes into account the exercise price, the term of the warrant, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the warrant. The amount of unpaid director fees and salaries settled was \$435,000, resulting in a loss on settlement of debt with shares of \$1,508,000.

The inputs into the Black Scholes option pricing model for the warrants granted are as follows:

<b>6 May 2020</b>	
Exercise price (£)	0.85
Share price (£)	2.00
Expected volatility	96.62%
Expected life	1.5 years
Risk-free interest rate	0.3%
Expected dividends	0.0%

*Unissued shares*

In terms of the BVI Business Companies Act, any unissued shares are under the control of the Directors.

*Dividends*

Dividends declared and paid by the Group were \$nil for the year ended 30 September 2020 (30 September 2019 - \$nil).

**URU Metals Limited**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**30 September 2020**  
**Unaudited**

**13. Reserves**

(a) Share option and warrants reserve

The Share Option Plan is administered by the Board of Directors, which determines individual eligibility under the plan for optioning to each individual. Below is disclosure of the movement of the Group's share options as well as a reconciliation of the number and weighted average exercise price of the Group's share options outstanding on 30 September 2020 and 31 March 2020.

The assessed fair value at grant date is determined using the Black-Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

No stock options were granted during the six months ended 30 September 2020.

(i) Reconciliation of share options outstanding as at 30 September 2020:

<b>Exercise prices (£)</b>	<b>Weighted average remaining life (years)</b>	<b>Number of options outstanding</b>	<b>Number exercisable</b>
60	1.65	15,050	15,050
90	1.65	15,150	15,150
49	0.06	2,633	2,633
70	2.02	32,833	32,833

The inputs into the Black Scholes option pricing model for the options granted are as follows:

	<b>April 2017</b>	<b>April 2017</b>	<b>October 2020</b>
Exercise price (£)	60	90	49
Expected volatility	92.88%	92.88%	54.9%
Expected life	5 years	5 years	10 years
Risk-free interest rate	0.91%	0.91%	3.16%
Expected dividends	0.0%	0.0%	0.0%

(ii) Continuity and exercise price

The number and weighted average exercise prices of share options are as follows:

	<b>Number of options</b>	<b>Weighted average exercise price per share (£)</b>
At 31 March 2020 and 30 September 2020	32,833	70

**URU Metals Limited**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**30 September 2020**  
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**13. Reserves (continued)**

The following is a continuity of the Group's warrants granted during the period ended 30 September 2020.

	Number of options	Weighted average exercise price per share (£)
At 31 March 2020	-	-
Warrants issued	705,882	0.85
At 30 September 2020	705,882	0.85

Reconciliation of warrants outstanding as at 30 September 2020:

Exercise prices (£)	Weighted average remaining life (years)	Number of warrants outstanding
0.85	1.10	705,882

(b) Foreign Currency Translation Reserve

The Foreign Currency Translation Reserve represents foreign currency differences recognised directly in other comprehensive income when assets and liabilities of foreign operations are translated to the Group's presentational currency at exchange rates at the reporting date and income and expenses are translated to the Group's presentational currency at average exchange rates.

**14. Trade and other payables**

	As at 30 September 2020 \$'000	As at 31 March 2020 \$'000
Other payables	671	888
Accruals	652	752
	<b>1,323</b>	<b>1,640</b>

**15. Related party transactions**

*(a) Transactions with key management personnel*

During the six months ended 30 September 2020, nil (six months ended 30 September 2019 - nil) share options were granted to key management personnel as defined by IAS 24 'Related party disclosures'. Key management personnel include J. Peng, a senior employee of Marrelli Support Services Inc. (MSSI), a company which provides financial accounting services to the Group. Below is the listing of the stock options held by key management personnel and the share expire on 19 April 2022.

**URU Metals Limited**  
**Notes to Condensed Consolidated Interim Financial Statements**  
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**15. Related party transactions (continued)**

The following share options, granted to current and past directors and management, were outstanding as at 30 September 2020.

<b>Directors/officers</b>	<b>Exercise price (£)</b>	<b>Number of options outstanding</b>	<b>Expiry date</b>
<b>Directors</b>			
J. Zorbas	60	5,000	19 April 2022
J. Zorbas	90	5,000	19 April 2022
J. Vieira	60	2,600	19 April 2022
J. Vieira	90	2,600	19 April 2022
<b>Management</b>			
J. Peng	60	1,000	19 April 2022
J. Peng	90	1,000	19 April 2022
<b>Former directors</b>			
D. Subotic	60	2,600	19 April 2022
D. Subotic	60	2,600	19 April 2022
H. Kloeppe	60	1,000	19 April 2022
H. Kloeppe	90	1,000	19 April 2022

*(b) Directors' remuneration*

	<b>Six months ended 30 September 2020 \$'000</b>	<b>Six months ended 30 September 2019 \$'000</b>
Fees for services as director	<b>16</b>	15
Basic salary	<b>90</b>	90
<b>Total</b>	<b>106</b>	108

Included in trade and other payables in note 14 are amounts accrued in respect of director fees and salary of directors' of the Company in the year totalling \$532,000 (31 March 2020: \$895,000) being amounts due to J.Zorbas (\$436,000 ( 31 March 2020: \$817,000)); J Vieira (\$57,000, (31 March 2020:\$48,000)); and K. Appleby (\$39,000 (31 March 2020: \$30,000)).

**URU Metals Limited**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**30 September 2020**  
**Unaudited**

**16. Segmental information**

(a) Reportable segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. Both are determined by the CEO, the Group's chief operating decision-maker, and have not changed in the year. The strategic business units offer different services, and are managed separately because they require different strategies.

The following summary describes the operations in each of the Group's reportable segments:

Exploration                      Includes obtaining licences and exploring these licence areas.  
Corporate Office                Includes all Group administration and procurement

There are no other operations that meet any of the quantitative thresholds for determining reportable segments during the periods ended 30 September 2020 and 2019.

There are varying levels of integration between the Exploration and Corporate Office reportable segments. This integration includes shared administration and procurement services.

Information regarding the results of each reportable segment is included below. Performance is measured based on segmented results. Any inter-segment transactions would be determined on an arm's length basis. Inter-segment pricing for the periods ended 30 September 2020 and 2019 consisted of funding advanced from Corporate Office to Exploration.

(b) Operating segments

	Exploration		Corporate office		Total	
	2020	2019	2020	2019	2020	2019
Six months ended 30 September	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Depreciation	(7)	(20)	-	-	(7)	(20)
Reportable segment loss before tax	(7)	(20)	(1,803)	(388)	(1,810)	(408)

As at 30 September	Exploration		Corporate office		Total	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Reportable segment assets	3,055	2,713	336	170	3,391	2,883
Reportable segment liabilities	(11)	(11)	(1,533)	(1,167)	(1,544)	(1,178)

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**URU Metals Limited**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**30 September 2020**  
**Unaudited**

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**16.**  
**Segmental**  
**information**  
**(continued)**

(c) Geographical segments

During the period ended 30 September 2020 and 2019, business activities took place in Canada and South Africa. In presenting information based on the geographical segments, segment assets are based on the physical location of the assets.

The following table presents segmented information on the Group's operations and loss for the period ended 30 September 2020 and assets and liabilities as at 30 September 2020:

	<b>Canada</b>	<b>Sweden</b>	<b>South Africa</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Net loss	(1,803)	-	(7)	<b>(1,810)</b>
Total assets	336	-	3,055	<b>3,391</b>
Non-current assets	41	-	3,055	<b>3,096</b>
Liabilities	(1,533)	(11)	-	<b>(1,544)</b>

The following table presents segmented information on the Company's operations and net loss for the period ended 30 September 2019 and assets and liabilities as at 30 September 2019:

	<b>Canada</b>	<b>Sweden</b>	<b>South Africa</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Net loss	(243)	-	(20)	<b>(263)</b>
Total assets	170	-	2,713	<b>2,883</b>
Non-current assets	24	-	2,714	<b>2,738</b>
Liabilities	(1,167)	(11)	-	<b>(1,178)</b>

**17. Contingent liabilities**

The Group is subject to the conditional consideration in respect of the acquisition of UML as detailed in note 9.

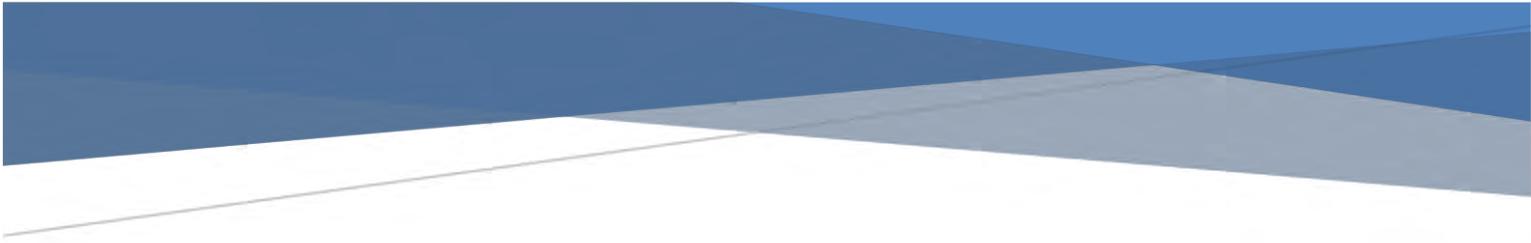
**18. Subsequent events**

On 4 November 2020, the Company extended the notice period relating to the Convertible Loan Note as previously announced on 6 May 2020 and extended on 6 August 2020, for a further 90 days with effect from 4 November 2020 (note 11).

On 25 November 2020, the Company raised £280,600 through the subscription for 122,000 depository interests of no par value each in the share capital of the Company at a price of 230 pence per share.

On 26 November 2020, the issued 32,858 depository interests of no par value each in the share capital of the Company at a price of 245 pence per share, being the closing mid-market price of the Company's share on 25 November 2020, to several persons discharging managerial responsibilities in the Company (the "PDMR Shares") for a notional value of £80,500 in aggregate. The PDMR Shares have been issued to Jay Viera (9,388 shares), Kyle Appleby (9,388 shares) and Marrelli Support Services Inc. (14,082 shares), for the services of Jing Peng as CFO to Marrelli Support Services Inc. in lieu of unpaid directors fees and salary that were due for payment in cash.

The Company also issued 5,380 shares at a notional price of 230 pence, being the placing price of the equity raising announced on 25 November 2020, to an adviser of the Company in lieu of fees that were due in cash.



URU METALS LIMITED:  
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**URU METALS LIMITED**  
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**URU Metals Limited**  
**Directors' Report**  
**For the Year Ended 31 March 2020**

The Directors present their report and the audited consolidated financial statements for the year ended 31 March 2020.

**Business Review**

The Group's results for the year are set out in the consolidated statement of comprehensive income in these consolidated financial statements.

**Key Performance Indicators**

Management do not consider that the Group has any meaningful KPI's as it is in the exploration and evaluation stage.

**Events after the Reporting Date**

On 6 May 2020, the Company issued a Convertible Loan Note for \$250,000 to Boothbay Absolute Return Strategies LP ("Boothbay"). The Convertible Loan Note can be increased to \$500,000 prior to the maturity of the Loan Note on 31 May 2021 or such later date as the Company may in its sole discretion determine. The Loan Note is unsecured, bears no interest and is convertible at the lower of:

- (i) a voluntary conversion price triggered on serving a conversion notice (being 85 pence per share for a period of 90 days from the date of the Loan Note; and following expiry of the 90 day period, a 35% discount to the Volume Weighted Average Price ("VWAP") per share in the 5 trading days prior to the noteholder serving a conversion notice);
- (ii) on an equity fund raising of not less than US\$5 million (excluding a Loan Note conversion), a 35% discount to the price per share paid by investors on such a fund raising;
- (iii) on a share sale (meaning a sale of Ordinary Shares giving control of the Company, whether for cash and/or by way of exchange for shares in another company and/or for other consideration, and whether or not control of the Company changes as a result of such transaction), a 35 per cent. discount to the price per share paid on the share sale; or
- (iv) if there is no conversion notice served, fund raising or share sale prior to the maturity date, at a 35% discount to the VWAP per share in the 5 trading days prior to the maturity date.

On 6 May 2020, the Company raised approximately £200,000 through the subscription for 235,294 ordinary shares at 85 pence per share. Each share has an attached warrant with an exercise period of 18 months and are exercisable at 85 pence.

The Company also agreed to issue 470,588 ordinary shares at 85 pence per share to Alegana Enterprises Limited (a company controlled by J. Zorbas) in lieu of unpaid director fees and salaries, as detailed in note 17. Each share has an attached warrant with an exercise period of 18 months and are exercisable at 85 pence.

**Dividends**

The Directors do not recommend the proposal of a final dividend in respect of the current year.

**Directors**

The Directors who served the Group during the year and up to the date of this report were as follows:

**URU Metals Limited**  
**Directors' Report (continued)**  
**For the Year Ended 31 March 2020**

**Executive director**

John Zorbas

**Non-Executive Directors**

Jay Vieira

Kyle Appleby

**Directors' interests**

The Directors' interests in the share capital of the Company at the year end were as stated below:

	<b>2020</b>	<b>% Held</b>	<b>2019</b>	<b>% Held</b>
	<b>Number of shares</b>		<b>Number of shares</b>	
J. Vieira	4,444	0.57%	4,444	0.57%
J. Zorbas - direct	33,644	4.31%	33,644	4.31%
J. Zorbas – indirect (1)	118,511	15.18%	118,511	15.18%

- (1) J. Zorbas holds 15.18% of the share capital indirectly through Captor Capital Corp. J. Zorbas exercises control over Captor Capital Corp. due to his position as Chief Executive Officer and his shareholding in the company.

The interests of Directors' in options over the share capital of the Company at the year end were as stated below:

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
J. Zorbas	<b>10,000</b>	10,000
J. Vieira	<b>5,400</b>	5,400

**Directors' interests in transactions**

No director had, during or at the end of the year, a material interest in any contract which was significant in relation to the Group's business, except in respect of service agreements.

**Directors' remuneration**

	<b>2020</b>	<b>2019</b>
<b>Salary and fees</b>	<b>\$</b>	<b>\$</b>
<b>Executive Directors:</b>		
J. Zorbas	<b>180,000</b>	183,000
<b>Non-executive Directors:</b>		
J. Vieira	<b>15,000</b>	16,000
K. Appleby	<b>16,000</b>	16,000

**Group's policy on payment of creditors**

It is the Group's policy to pay suppliers in accordance with the terms and conditions agreed between the Group and its suppliers, provided that the goods and services have been supplied in accordance with the agreed terms and conditions. At present the majority of the Group's creditors, including taxation are within agreed terms.

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**URU Metals Limited**  
**Directors' Report (continued)**  
**For the Year Ended 31 March 2020**

**Political and charitable donations**

There were no political and charitable donations made by the Group during the year.

**Financial Instruments**

The Group's financial risk management objectives are to control debt levels and to ensure there is sufficient working capital available for the Group's overheads and capital expenditure commitments.

Financial instruments are disclosed and discussed in note 4 to the consolidated financial statements.

**Employees**

The Group recognises the benefit of keeping its employees informed of all relevant matters on a regular basis. The Group is an equal opportunities employer and all applications for employment are considered fully on the basis of suitability for the job.

**Health and safety**

The Company and its subsidiaries have a responsibility to ensure that all reasonable precautions are taken to provide and maintain working conditions for employees and visitors alike, which are safe, healthy and in compliance with statutory requirements and appropriate codes of practice. The avoidance of occupational accidents and illnesses is given a high priority.

**Principal Risks and Uncertainties**

The Group is exposed to a number of risks and uncertainties, which could have a material financial, operational and reputational impact on its long-term performance and on the Group's ability to develop its project portfolio.

As part of the Group's normal procedures, the Board and management continually evaluate the going concern premise and as an exploration Group, use budgets and cash flow forecasts to evaluate requirements in ensuing periods.

**Information to shareholders - Website**

The Group has its own web site ([www.urumetals.com](http://www.urumetals.com)) for the purposes of improving information flow to its shareholders and potential investors.

**Substantial shareholdings**

On the original date of signing this annual report, the following were holders of 3% or more of the Group's issued share capital:

<u>Registered holder</u>	<u>Percentage of issued share capital</u>
John Zorbas	33.92%
Lexinter International Limited	15.83%
Captor Capital Corporation	7.97%
Hargreaves Lansdown Asset Management Limited	6.27%
Interactive Investor Limited	3.92%
Halifax Share Dealing Limited	3.85%

**Auditor**

The auditor Moore Kingston Smith LLP have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the annual general meeting.

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**URU Metals Limited**  
**Directors' Report (continued)**  
**For the Year Ended 31 March 2020**

**Disclosure of information to the auditor**

So far as the Directors are aware, there is no relevant audit information of which the Group's auditor is unaware and they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

**Statement of Directors' Responsibilities**

The Statement of Directors' Responsibilities can be found on page 5 of these financial statements. The Statement of Directors' Responsibilities forms part of the Directors' Report.

The Directors' Report has not been updated since the original signing date of the statutory consolidated financial statements on 17 June 2021.

On behalf of the Board



**John Zorbas**  
**Chief Executive Officer**  
**17 June 2021**

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**URU Metals Limited**  
**Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the financial performance and cash flows of the Group for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether, in preparation of the Group financial statements, the Group has complied with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the Group financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with all applicable legislation and as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

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**Independent auditors' report  
to the members of URU Metals Limited in accordance with International Standards on Auditing (UK) (ISAs  
(UK))**

**Opinion**

We have audited the non-statutory financial statements of URU Metals Limited for the year ended 31 March 2020 which comprise the non-statutory Consolidated Statement of Comprehensive Income, the non-statutory Consolidated Statement of Financial Position, the non-statutory Consolidated Statement of Cash Flows, the non-statutory Consolidated Statement of Changes in Equity and notes to the non-statutory financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the non-statutory group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2020 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the non-statutory financial statements is not appropriate; or
- the directors have not disclosed in the non-statutory financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the non-statutory financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the non-statutory financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key audit matter**

***Carrying value of intangibles (exploration and evaluation assets)***

Intangible assets represent a significant part of the assets of the Group and comprise exploration assets in respect of the Group's South African project. Management are required to assess whether there are any indicators of potential impairment in the year.

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**Independent auditors' report  
to the members of URU Metals Limited in accordance with International Standards on Auditing (UK) (ISAs  
(UK)) (continued)**

**Audit approach**

Our specific audit testing included the verification of the status of the exploration licences in order to confirm legal title and reviewing the original Preliminary Economic Assessment and subsequent exploration activity to assess whether there was evidence from the exploration results to date which would indicate a potential impairment. We also reviewed the board forecasts and meeting minutes to confirm the Group's intention to continue explore the licence areas.

**Key audit matter**

***Accounting treatment of intangibles (exploration and evaluation assets)***

The costs of the South African project in the year should be capitalised in accordance with IFRS 6 'Accounting for exploration and evaluation assets'. Management must consider the continued application of the stated accounting policy and assess whether it remains consistent with IFRS 6 'Accounting for exploration and evaluation assets' and the relevant financial reporting requirements.

**Audit approach**

We considered whether the intangible asset additions in the year were capitalised in accordance with the stated accounting policy and the relevant financial reporting requirements. We performed substantive testing on samples of the expenses capitalised in the year in order to assess whether the expenses had been appropriately capitalised.

**Our application of materiality**

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the non-statutory financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the non-statutory financial statements as a whole.

Due to the nature of the Group we considered gross assets to be the main focus for the readers of the non-statutory financial statements, accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the Group to be \$40,000, based on a percentage of gross assets.

On the basis of our risk assessments, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group was 50% of materiality, namely \$20,000.

We agreed to report to the Audit Committee all audit differences in excess of \$2,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the non-statutory financial statements.

**An overview of the scope of our audit**

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. The Group is audited centrally by one audit team, led by the Senior Statutory Auditor. Our approach in respect of key audit matters is set out in the Key Audit Matters section above.

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**Independent auditors' report****to the members of URU Metals Limited in accordance with International Standards on Auditing (UK) (ISAs (UK)) (continued)****Other information**

The other information comprises the information included in the annual report, other than the non-statutory financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the non-statutory financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the non-statutory financial statements or a material misstatement of the other information. 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.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the non-statutory financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, the directors are responsible for assessing the Group'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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the non-statutory financial statements**

Our objectives are to obtain reasonable assurance about whether the non-statutory 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 ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-statutory financial statements.

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**Independent auditors' report  
to the members of URU Metals Limited in accordance with International Standards on Auditing (UK) (ISAs  
(UK)) (continued)**

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-statutory 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 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 purposes of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 group'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 non-statutory 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 group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-statutory financial statements, including the disclosures, and whether the non-statutory 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 group to express an opinion on the non-statutory 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.

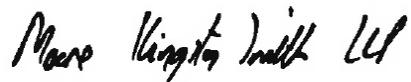
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the non-statutory consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report 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.

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**Independent auditors' report  
to the members of URU Metals Limited in accordance with International Standards on Auditing (UK) (ISAs  
(UK)) (continued)**

**Use of our report**

This report is made solely to the Company's members, as a body. Our audit work has been undertaken for no purpose other than to draw to the attention of the Company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Company and Company's members as a body, for our work, for this report, or for the opinions we have formed.



**Moore Kingston Smith LLP, Statutory Auditor**  
Devonshire House  
60 Goswell Road  
London EC1M 7AD

17 June 2021

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## **Independent auditors' report**

**to the members of URU Metals Limited in accordance with International Standards on Auditing as issued by the IAASB**

### **Opinion**

We have audited the non-statutory consolidated financial statements of URU Metals Limited and its subsidiaries (the Group), which comprise the non-statutory Consolidated Statement of Comprehensive Income, the non-statutory Consolidated Statement of Financial Position, the non-statutory Consolidated Statement of Cash Flows, the non-statutory Consolidated Statement of Changes in Equity, and notes to the non-statutory consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-statutory consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-statutory consolidated financial statements of the current period. These matters were addressed in the context of our audit of the non-statutory consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Key audit matter**

##### ***Carrying value of intangibles (exploration and evaluation assets)***

Intangible assets represent a significant part of the assets of the Group and comprise exploration assets in respect of the Group's South African project. Management are required to assess whether there are any indicators of potential impairment in the year.

#### **Audit approach**

Our specific audit testing included the verification of the status of the exploration licences in order to confirm legal title and reviewing the original Preliminary Economic Assessment and subsequent exploration activity to assess whether there was evidence from the exploration results to date which would indicate a potential impairment. We also reviewed the board forecasts and meeting minutes to confirm the Group's intention to continue explore the licence areas.

#### **Key audit matter**

##### ***Accounting treatment of intangibles (exploration and evaluation assets)***

The costs of the South African project in the year should be capitalised in accordance with IFRS 6 'Accounting for exploration and evaluation assets'. Management must consider the continued application of the stated accounting policy and assess whether it remains consistent with IFRS 6 'Accounting for exploration and evaluation assets' and the relevant financial reporting requirements.

#### **Audit approach**

We considered whether the intangible asset additions in the year were capitalised in accordance with the stated accounting policy and the relevant financial reporting requirements. We performed substantive testing on samples of the expenses capitalised in the year in order to assess whether the expenses had been appropriately capitalised.

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**Independent auditors' report**

**to the members of URU Metals Limited in accordance with International Standards on Auditing as issued by the IAASB (continued)**

**Responsibilities of Management and Those Charged with Governance for the non-statutory Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the non-statutory consolidated financial statements in accordance with IFRSs, 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 non-statutory consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the non-statutory 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 ISAs 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 non-statutory consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-statutory 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 Group'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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-statutory consolidated financial statements, including the disclosures, and whether the non-statutory 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 Group to express an opinion on the non-statutory consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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**Independent auditors' report  
to the members of URU Metals Limited in accordance with International Standards on Auditing as issued by the  
IAASB (continued)**

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.

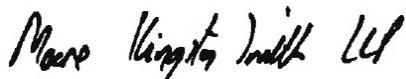
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the non-statutory 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.

**Use of our report**

This report is made solely to the Company's members, as a body. Our audit work has been undertaken for no purpose other than to draw to the attention of the Company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Company and Company's members as a body, for our work, for this report, or for the opinions we have formed.

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



**Moore Kingston Smith LLP, Statutory Auditor**  
Devonshire House  
60 Goswell Road  
London EC1M 7AD

17 June 2021

**URU Metals Limited**  
**Non-statutory Consolidated Statement of Comprehensive Income**  
**For the Year Ended 31 March 2020**

	2020 \$'000	2019 \$'000
Administrative expenses	(732)	(737)
Exceptional items (note 18)	-	(1,554)
Operating loss	(732)	(2,291)
<b>Net loss for the year</b>	<b>(732)</b>	<b>(2,291)</b>
<b>Other comprehensive income</b>		
<b>Items that will be reclassified subsequently to income</b>		
Unrealised loss on financial assets at fair value through OCI	-	(876)
Effect of translation of foreign operations	(62)	(350)
<b>Other comprehensive loss for the year</b>	<b>(62)</b>	<b>(1,226)</b>
<b>Total comprehensive loss for the year</b>	<b>(794)</b>	<b>(3,517)</b>
<b>Basic and diluted net loss per share (US dollars) (note 8)</b>	<b>(0.94)</b>	<b>(2.94)</b>

The loss per share calculation relates to both continuing and total operations.

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

**URU Metals Limited**  
**Non-statutory Consolidated Statement of Financial Position**  
**As at 31 March 2020**

	As at 31 March 2020 \$'000	As at 31 March 2019 \$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment (note 10)	7	43
Intangible assets (note 11)	2,724	2,471
Long-term prepaid assets (note 9)	41	41
<b>Total non-current assets</b>	<b>2,772</b>	<b>2,555</b>
<b>Current assets</b>		
Trade and other receivables (note 13)	60	64
Cash and cash equivalents	66	475
<b>Total current assets</b>	<b>126</b>	<b>539</b>
<b>Total assets</b>	<b>2,898</b>	<b>3,094</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital (note 14)	7,806	7,806
Share premium (note 14)	46,938	46,938
Other reserves	1,085	1,030
Accumulated deficit	(54,571)	(53,839)
<b>Total equity</b>	<b>1,258</b>	<b>1,935</b>
<b>Current liabilities</b>		
Trade and other payables (note 16)	1,640	1,159
<b>Total liabilities</b>	<b>1,640</b>	<b>1,159</b>
<b>Total equity and liabilities</b>	<b>2,898</b>	<b>3,094</b>

The accompanying notes to the consolidated financial statements are an integral part of these non-statutory financial statements.

**Approved on behalf of the Board on 17 June 2021:**



John Zorbas Chief Executive Officer

**URU Metals Limited**  
**Non-statutory Consolidated Statement of Cash Flows**  
**For the Year Ended 31 March 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Net loss for the year	(732)	(2,291)
Adjustments for:		
Depreciation	37	40
Stock-based compensation	117	-
Impairment of intangible asset	-	868
Impairment of financial assets at fair value through OCI	-	686
Unrealised foreign exchange gain	67	114
Changes in non-cash working capital items:		
Decrease in receivables	4	3
Increase in trade and other payables	482	182
<b>Net cash used in operating activities</b>	<b>(25)</b>	<b>(398)</b>
<b>Investing activities</b>		
Purchase of intangible assets	(397)	(401)
<b>Net cash used in investing activities</b>	<b>(397)</b>	<b>(401)</b>
Loss/(gain) on exchange rate changes on cash and cash equivalents	13	(43)
<b>Net decrease in cash and cash equivalents</b>	<b>(409)</b>	<b>(842)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>475</b>	<b>1,317</b>
<b>Cash and cash equivalents, end of year</b>	<b>66</b>	<b>475</b>

The accompanying notes to the non-statutory consolidated financial statements are an integral part of these non-statutory financial statements.

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**URU Metals Limited**  
**Non-statutory Consolidated Statement of Changes in Shareholders' Equity**  
**For the Year Ended 31 March 2020**

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**Equity attributable to shareholders**

	Share Capital \$'000	Share Premium \$'000	Share Option and Warrants Reserve \$'000	Foreign Currency Translation Reserve \$'000	Accumulated Deficit \$'000	Total \$'000
<b>At 31 March 2018</b>	<b>7,806</b>	<b>46,938</b>	<b>2,344</b>	<b>(964)</b>	<b>(50,672)</b>	<b>5,452</b>
Net loss and comprehensive loss for the year	-	-	-	(350)	(3,167)	(3,517)
<b>At 31 March 2019</b>	<b>7,806</b>	<b>46,938</b>	<b>2,344</b>	<b>(1,314)</b>	<b>(53,839)</b>	<b>1,935</b>
Stock-based compensation	-	-	117	-	-	117
Net loss and comprehensive loss for the year	-	-	-	(62)	(732)	(794)
<b>At 31 March 2020</b>	<b>7,806</b>	<b>46,938</b>	<b>2,461</b>	<b>(1,376)</b>	<b>(54,571)</b>	<b>1,258</b>

The accompanying notes to the non-statutory consolidated financial statements are an integral part of these non-statutory financial statements.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**1. General information**

URU Metals Limited (the “Company”), formerly known as Niger Uranium Limited, and before that, as UraMin Niger Limited, was incorporated in the British Virgin Islands (“BVI”) on 21 May 2007. The Company’s shares were admitted to trading on AIM, a market operated by the London Stock Exchange on 12 September 2007. The address of the Company’s registered office is Intertrust, P.O. Box 92, Road Town, Tortola, British Virgin Islands, and its principal office is Suite 401, 4 King Street West, Toronto, Ontario, Canada, M5H 1A1.

The non-statutory consolidated financial statements of the Group for the year ended 31 March 2020 comprise the Company and its subsidiaries.

**2. Nature of operations**

During the year ended 31 March 2020, the Group's principal business activities were the exploration and development of mineral properties in South Africa.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The Group has not yet established whether its mineral properties contain reserves that are economically recoverable. Changes in future conditions could require material write-downs of the carrying values of mineral properties.

The Group is in the exploration stage and is subject to the risks and challenges similar to other companies in a comparable stage of development. These risks include, but are not limited to:

- Dependence on key individuals;
- Receipt and maintenance of all required exploration permits and property titles;
- Successful development; and
- The ability to secure adequate financing to meet the minimum capital required to successfully develop the Group's projects and continue as a going concern.

**3. Basis of preparation**

The non-statutory consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations. The Group has consistently applied the accounting policies detailed below throughout all periods presented.

The non-statutory consolidated financial statements have been prepared on a historical cost basis convention, as modified by the revaluation of financial assets at fair value through other comprehensive income.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**3. Basis of preparation (continued)**

Items included in the non-statutory consolidated financial statements for each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the “functional currency”). Similarly, the Group reports its results in a specified currency (the “presentation currency”). The functional currencies of the Company and its subsidiaries (with their abbreviation defined in note 6) are set out in the table below:

URU Metals Limited ("URU")	CAD
Niger Uranium Societe Anonyme ("NUSA")	CFA
8373825 Canada Inc. ("Nueltin")	CAD
Svenska Skifferoljeaktiebolaget ("SSOAB")	SEK
Southern Africa Nickel Ltd. ("SAN Ltd")	USD
Umnex Minerals Limpopo Pty ("UML")	USD
Lesogo Platinum Uitloop Pty ("LPU")	USD

All of the Company’s subsidiaries were dormant in the year.

The Group’s consolidated financial statements are presented in US Dollars, rounded to the nearest thousand.

In accordance with IAS 21, Effects of Changes in Foreign Exchange Rates (“IAS 21”), Group entities and operations whose functional currencies differ from the presentation currency are translated into US dollars.

- Monetary assets and liabilities are translated at the closing rate as at the date of the statement of financial position;
- Income and expenses are translated at the average rate of exchange for the reporting period;
- Equity balances are initially translated at closing exchange rates and subsequent balances are translated at historical rates; and
- Translation gains and losses are recognised in consolidated other comprehensive income and are reported as such in accumulated other comprehensive income.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**4. Summary of significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

**(a) Going concern**

These non-statutory consolidated financial statements have been prepared based on accounting principles applicable to a going concern, which assume that the Group will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of business. As at 31 March 2020 the Group had net current liabilities of \$1,514,000 (2019: \$620,000). The Company raised approximately £200,000 in an equity financing and raised a further \$250,000 by the issuance of a convertible loan note in May 2020 which was increased by \$250,000 in May 2021 but has not yet achieved profitable operation and expects to incur further losses in the development of business. John Zorbas also provided a cash injection of funds of CAD\$950,000 in June 2021. The funds have been confirmed as not repayable for at least twelve months from the date of signing of these non-statutory financial statements unless the Group has sufficient working capital available to do so.

The Directors have prepared detailed financial forecasts and cash flows for the twelve months from the date of signing these non-statutory financial statements. In developing these forecasts, the Directors have made assumptions based upon their view of current and future economic conditions over the forecast period. The financial forecasts and cash flows show that the Group will have sufficient funds available for at least twelve months from the date of signing of these non-statutory financial statements to enable it meet its ongoing liabilities as they fall due.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

The directors have also considered the continued impact of the COVID-19 pandemic, and the measures taken to contain it, on the Group. Due to the nature of the Group's activities, there has been limited impact on the business with a request for the extension of the Environmental Impact Assessment process being granted by the DMRE.

**(b) Basis of consolidation**

*Subsidiaries*

Subsidiaries are all entities that are controlled by the Group. The definition of control involves three elements; power over the investee, exposure or rights to variable returns and the ability to use power over the investee to affect the amount of the investors' returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**4. Significant accounting policies (continued)**

**(b) Basis of consolidation (continued)**

*Subsidiaries (continued)*

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or other comprehensive loss.

Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

*Associates*

Associates are entities over which the Group exercises significant influence but does not exercise control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, which includes goodwill identified on acquisition, net of any accumulated impairment loss. The Group's share of its associate's profits or losses after acquisition of its interest is recognised in profit or loss and cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Where the Group's share of losses of an associate equals or exceeds the carrying amount of the investment, the Group only recognises further losses where it has incurred obligations or made payments on behalf of the associate.

*Financial asset at fair value through other comprehensive income*

Financial assets consist of equity investments in other companies or limited partnerships where the Group does not exercise either control or significant influence.

Financial assets are shown at fair value at each reporting date with changes in fair value being shown in Other Comprehensive Income, or at cost less any necessary provision for impairment where a reliable estimate of fair value is not able to be determined.

*Joint arrangements, joint operations and joint ventures*

A joint arrangement is a contractual arrangement in which two or more parties have joint control. Joint control only exists when decisions require unanimous consent of the parties sharing that control. A joint arrangement is either a joint operation, where the parties have rights to the assets and obligations of the operation and thus recognise its share of the assets, liabilities, and operations, or a joint venture, where the parties have rights to the net assets or the obligation, and thus recognise their interest as an investment using the equity method.

*Transactions eliminated on consolidation*

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**4. Significant accounting policies (continued)**

**(c) Foreign currency transactions**

*i) Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in consolidated statement of other comprehensive income.

*ii) Foreign operations*

The assets and liabilities of operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group presentation currency (where different) at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Group presentation currency at average exchange rates, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions. Equity balances are translated to presentation currency at historical exchange rates.

Foreign currency differences are recognised directly in other comprehensive income and such differences have been recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in other comprehensive income in the FCTR.

**(d) Property, plant and equipment**

Items of property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment was determined by reference to the cost at the date of acquisition.

Historical cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**4. Significant accounting policies (continued)**

**(d) Property, plant and equipment (continued)**

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and are recognised net within the statement of comprehensive income.

Depreciation is calculated over the depreciable amount, which is the cost of the asset, less its residual value. If the useful lives and depreciation methods are the same for significant parts of assets, these are not depreciated on a component basis. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment as follows:

Field equipment	3 years
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**(e) Exploration costs and intangible assets**

Exploration and evaluation costs are capitalised on a project-by-project basis, pending determination of the technical feasibility and the commercial viability of the project. In accordance with IFRS 6, 'Exploration for and Evaluation of Mineral Resources', the Group allocates costs incurred to cash generating units (CGUs), which are projects, or groups of projects, which share a consistent profile and proximity. Exploration costs are presented in intangible assets in the Statement of Financial Position.

Capitalised costs include costs directly related to the exploration and evaluation activities in the CGU.

General and administrative costs are allocated to the exploration property to the extent that the costs are directly related to activities in the relevant areas of interest. Costs incurred before the legal rights are obtained to explore an area and costs relating to a relinquished or abandoned licence are recognised in profit or loss.

Exploration and evaluation assets shall be assessed for impairment at each reporting period in accordance with IFRS 6, and any impairment loss is recognised in profit or loss.

Once technical feasibility and commercial viability have been established, exploration assets attributable to those projects are tested for impairment and reclassified from exploration properties to development properties.

Mineral property acquisition costs, and exploration and development expenditures incurred subsequent to the determination of the feasibility of mining operations and approval of development by the Group, are capitalised until the property to which they relate is placed into production, sold, allowed to lapse or abandoned.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**4. Significant accounting policies (continued)**

**(f) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from inception which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**(g) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets and financial liabilities

Financial assets and financial liabilities are classified into one of three categories as summarised in the table below:

<b>Category</b>	<b>Derivative status</b>	<b>Initial measurement</b>	<b>Subsequent to initial recognition, held at:</b>	<b>URU's assets in the category</b>
Amortised cost	Non-derivative	Fair value	Amortised cost using the effective interest method	Trade and other receivables
Amortised cost	Non-derivative	Fair value	Same as above	Cash and cash equivalents
Other financial liabilities	Non-derivative	Fair value	Same as above	Trade and other payables
Other financial liabilities	Non-derivative	Fair value	Fair value through profit and loss	Contingent consideration
Fair value through other comprehensive income	Non-derivative	Fair value	Fair value through profit and loss	Marketable securities

The classification is determined at initial recognition and depends on the nature and the purpose of the financial asset. Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

*Financial assets at amortised cost*

A financial asset shall be classified at amortised cost if both of the following conditions are met and is not designated at FVTPL: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**4. Significant accounting policies (continued)**

**(g) Financial instruments (continued)**

*Other financial liabilities*

The Group initially recognises financial liabilities on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs.

*Financial assets at fair value*

Fair value determination

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The Company has no financial instruments carried at fair value as at 31 March 2020 other than the investment in Management Resource Solutions Plc (MRS) which is a Level 2 financial asset at fair value.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if it is a derivative financial instrument. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise, they are classified as non-current. Securities in privately held companies are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuation in the consolidated financial statements. These are included in Level 1 as disclosed in note 6.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Changes in fair values of financial assets through other comprehensive income are presented as fair value gain or loss on investment in the consolidated statement of comprehensive income, and within operating activities in the statement of cash flows.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**4. Significant accounting policies (continued)**

**(g) Financial instruments (continued)**

(ii) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual right to the asset's cash flows expire or if the Group transfers the financial asset and substantially all risks and rewards of ownership to another entity. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(iii) Offset

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**(h) Impairment of assets**

(i) Financial assets

Financial assets are assessed for indicators of impairment at each reporting period end. Financial assets are impaired when there is objective evidence that the estimated future cash flows of the financial assets have been affected by one or more events that occurred after the initial recognition of the financial asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairments loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**4. Significant accounting policies (continued)**

**(h) Impairment of assets (continued)**

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost of disposal. In assessing value in use, 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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Fair value less cost of disposal is determined as the amount that would be obtained from the disposal of the assets in an arm's length transaction between knowledgeable and willing parties.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**4. Significant accounting policies (continued)**

**(i) Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income 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 recognised 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 recognised 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 to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised 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 realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(j) Loss per share**

The Group presents basic and diluted loss per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares in issue during the period. Diluted earnings or loss per share is similar to basic earnings or loss per share, except that the denominator is adjusted to include the dilutive potential ordinary shares that would have been outstanding assuming that options and warrants with an average market price for the year greater than their exercise price are exercised and the proceeds used to repurchase ordinary shares.

**(k) Segmental reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. All operating segments’ operating results are reviewed regularly by the Group’s chief operating decision maker, the CEO, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**4. Significant accounting policies (continued)**

**(l) Employee benefits**

*Pension obligations and other post-employment benefits*

The Group does not offer any pension and/or post-employment benefits to employees.

*Short-term employee benefits*

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonuses if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

*Share-based compensation*

The Group operates an equity-settled, share-based compensation plan, The Niger Uranium Limited Share Option Plan 2008. The grant date fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions, such as forfeiture rates, are included in assumptions about the number of options that are expected to vest. At each reporting date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

**(m) New accounting standards and interpretations**

During the year ended 31 March 2020 the Group adopted the following IFRS standards:

(a) Leases and right-of-use assets

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognise a right-of-use asset and a liability for all leases except short term leases and leases of low value assets on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

On 1 April 2019, the Group has adopted the standard and there was no material impact on the Company's consolidated financial statements.

(b) IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after 1 January 2019. At 1 April 2019, the Group adopted this standard and there was no material impact on the consolidated financial statements.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**4. Significant accounting policies (continued)**

**(m) New accounting standards and interpretations (continued)**

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Group in the current or future reporting periods.

**5. Critical Accounting Estimates and Judgements**

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement and make estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The Group makes estimations and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results.

The estimates, assumptions and judgements which have a significant risk of causing material adjustment to the carrying amount of assets and liabilities are:

**Determination of the Functional Currency**

The Group comprises several entities in three different countries; Canada, South Africa and Sweden. The statutory financial statements of each entity, where required, are prepared using the functional currency of the country where it is registered to do business except where management have chosen a more appropriate currency as the functional currency. On preparation of the consolidated financial statements management chooses an appropriate exchange rate to translate each of the functional currencies to the presentational currency. The consolidated financial statements are presented in USD. These judgements may change if future events dictate that a more appropriate presentational currency should be adopted.

**Impairment of exploration and evaluation expenditure (intangible assets)**

At 31 March 2020 the carrying value of intangible assets of the Group were \$2,724,000 (2019: \$2,471,000). The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not yet reached a stage that permits a reasonable assessment of the existence of reserves. The directors have carried out an assessment of the carrying value of exploration and evaluation expenditure and any required impairment in accordance with the accounting policy in note 4.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**5. Critical Accounting Estimates and Judgements (continued)**

**Assessment of significant influence**

The Group holds 9.59% of the issued share capital of Management Resource Solutions Plc ('MRS') which is below the 20% assumed threshold for significant influence. However as J. Zorbas was appointed as the Non-executive Chairman of MRS on 10 April 2017 management have reviewed the criteria detailed in IAS 28 'Investments in Associates' of potential indication of the existence of significant influence. Management judgement is therefore required to assess whether significant influence is exercised over MRS in the year and have concluded that the Group did not exercise significant influence over MRS in the year. J. Zorbas resigned as Non-executive Chairman of MRS on 30 August 2019.

**Valuation of financial assets at fair value through other comprehensive income**

The Group has adopted a policy of the revaluation of financial assets through other comprehensive income. Management therefore need to determine fair value and thus need to exercise judgement in their assessment of the fair value hierarchy.

In respect of the carrying value of the shares held in MRS management have assessed the cancellation of the company's shares on AIM on 5 March 2020, due to two of its principal subsidiaries being placed into administration, and the likelihood that the company will achieve a successful fundraising and will execute a reverse takeover. At 31 March 2020 the directors consider that the shares in MRS should remain fully impaired.

**Share based payments**

The Company has issued share options to Directors and advisors. The Black Scholes model is used to calculate the appropriate charge for these options. The use of this model to calculate a charge involves a number of estimates and judgements to establish the appropriate inputs to be entered into the model, including areas such as the use of appropriate interest and dividend rates, exercise restrictions and behavioral considerations. A significant element of judgement is therefore involved in the calculation of the charge.

**Calculation and recognition of contingent consideration**

The Group is exposed to potential contingent consideration from previous acquisitions as detailed in note 11. Management exercises judgement in assessing whether the contingent consideration should be recognised in the consolidated financial statements.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**6. Financial risk management**

The Group's Board of Directors monitors and manages the financial risks relating to the operations of the Group. These include credit risk, liquidity risk and market risk which includes foreign currency and interest rate risks.

*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Group's credit risk is primarily attributable to the Group's cash and cash equivalents and trade and other receivables. The Group has no allowance for impairment that might represent an estimate of incurred losses on other receivables. The Group has cash and cash equivalents of \$66,000 (2019 - \$475,000), which represent the maximum credit exposure on these assets. As at 31 March 2020, the majority of the cash and cash equivalents were held with a major Canadian chartered bank from which management believes the risk of loss to be minimal.

*Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group tries to ensure that it has sufficient cash on demand to meet expected operational expenses for a period of twelve months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. Management monitors the rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The following are the contractual maturities of financial liabilities:

	<b>Carrying amount \$'000</b>	<b>Contractual cash flows \$'000</b>	<b>6 months or less \$'000</b>	<b>6 months to 5 years \$'000</b>
<b>31 March 2020</b>				
Trade and other payables	1,640	1,640	1,640	-
<b>31 March 2019</b>				
Trade and other payables	1,159	1,159	1,159	-

*Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's loss or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency rate risk

The Group, operating internationally, is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of the Group's entities, primarily Pound Sterling ("GBP"), the Canadian Dollar ("CAD"), the South African Rand ("ZAR"), Swedish Krona ("SEK") and the US Dollar ("USD").

**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

**6. Financial risk management (continued)**

The Group does not hedge its exposure to currency risk.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

The Group's exposure to foreign currency risk, based on notional amounts, was as follows:

	USD \$'000	ZAR \$'000	GBP \$'000	SEK \$'000	CAD \$'000	Total \$'000
<b>31 March 2020</b>						
Cash and cash equivalents	50	-	5	-	11	66
Trade and other receivables	-	-	-	-	60	60
Trade and other payables	-	(191)	(380)	(49)	(1,020)	(1,640)
<b>31 March 2019</b>						
Cash and cash equivalents	-	-	466	-	9	475
Trade and other receivables	-	-	-	-	64	64
Trade and other payables	-	-	(201)	(53)	(905)	(1,159)

Interest rate risk

The financial assets and liabilities of the Group are subject to interest rate risk, based on changes in the prevailing interest rate. The Group does not enter into interest rate swap or derivative contracts. The primary goal of the Group's investment strategy is to make timely investments in listed or unlisted mining and mineral development properties to optimize shareholder value. Where appropriate, the Group will act as an active investor and will strive to advance corporate actions that deliver value adding outcomes. The Group will undertake joint ventures with companies that have the potential to realise value through mineral project development, and invest substantially in those joint ventures to advance asset development over the near term.

*Market risk*

Sensitivity analysis

A 10% strengthening of the USD against the following currencies at the year end would have increased/(decreased) equity and profit or loss by the amounts shown below. This was determined by recalculating the USD balances held using a 10% greater exchange rate to the USD. This analysis assumes that all other variables, in particular interest rates, remain constant.

	31 March 2020		31 March 2019	
	Equity \$'000	Profit or loss \$'000	Equity \$'000	Profit or loss \$'000
GBP	-	(38)	-	(27)
CAD	-	(95)	-	83
SEK	-	(5)	-	6
ZAR	-	(19)	-	-

**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

**7. Capital risk management**

The Group includes its share capital, share premium, reserves and accumulated deficit as capital. The Group's objective is to maintain a flexible capital structure which optimises the costs of capital at an acceptable risk. In light of economic changes and with the risk characteristics of the underlying assets, the Group manages the capital structure and makes adjustments to it. As the Group has no cash flow from operations and in order to maintain or adjust the capital structure, the Group may issue new shares, issue debt and/or find a strategic partner. The Group is not subject to externally imposed capital requirements.

The Group prepares annual expenditure budgets to facilitate the management of its capital requirements and updates them as necessary depending on various factors such as capital deployment and general industry conditions. During the year ended 31 March 2020 there were no changes in the Group's approach to capital management.

**8. Earnings per Share**

The calculation of basic and diluted earnings per share is based on the result attributable to shareholders divided by the weighted average number of ordinary shares in issue in the year.

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The Company has potentially issuable shares which relate to share options issued to directors and third parties. In the years ended 31 March 2020 and 31 March 2019 none of the options had a dilutive effect on the loss in the two years.

	<b>As at 31 March 2020 \$'000</b>	<b>As at 31 March 2019 \$'000</b>
Loss used in calculating basic and diluted earnings per share (US dollars)	(732)	(2,291)
<b>Number of shares</b>		
Weighted average number of shares for the purpose of basic earnings per share	779,944	780,571
Weighted average number of shares for the purpose of diluted earnings per share	779,944	780,571
Basic loss per share (US dollars)	(0.94)	(2.94)
Diluted loss per share (US dollars)	(0.94)	(2.94)

**9. Long-term prepaid assets**

	<b>31 March 2020 \$'000</b>	<b>31 March 2019 \$'000</b>
Long-term prepaid assets	41	41

On determination that an impairment charge was required for the Group's SSOAB Licences project, the Group identified a long-term prepaid asset for future drilling costs that may be applied to projects undertaken in other locations. Accordingly, the long-term prepaid asset was transferred out of intangible assets.

**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

**10. Property, plant and equipment**

<i><b>COST</b></i>	<b>Field equipment \$'000</b>
At 31 March 2018	121
Impact of foreign exchange	(3)
At 31 March 2019	<b>118</b>
Impact of foreign exchange	(4)
At 31 March 2020	<b>114</b>
<hr/>	
<i><b>ACCUMULATED DEPRECIATION</b></i>	<b>Field equipment \$'000</b>
At 31 March 2018	36
Depreciation for the year	40
Impact of foreign exchange	(1)
At 31 March 2019	<b>75</b>
Depreciation for the year	37
Impact of foreign exchange	(5)
At 31 March 2020	<b>107</b>
<hr/>	
<i><b>CARRYING VALUE</b></i>	<b>Field equipment \$'000</b>
At 31 March 2019	<b>43</b>
At 31 March 2020	<b>7</b>

**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

**11. Intangible assets**

*Exploration costs*

<b>COST</b>	<b>\$'000</b>
At 31 March 2018	<b>5,061</b>
Additions	401
Foreign exchange	(369)
At 31 March 2019	<b>5,093</b>
Additions	397
Foreign exchange	(310)
At 31 March 2020	<b>5,180</b>

<b>ACCUMULATED AMORTISATION AND IMPAIRMENT</b>	<b>\$'000</b>
At 31 March 2018	<b>1,818</b>
Impairment (note 18)	868
Foreign exchange	(64)
At 31 March 2019	<b>2,622</b>
Foreign exchange	(166)
At 31 March 2020	<b>2,456</b>

<b>CARRYING VALUE</b>	<b>\$'000</b>
At 31 March 2019	<b>2,471</b>
At 31 March 2020	<b>2,724</b>

The Group has operated three distinct projects, SSOAB Licences, Nueltin Licence and the South African Projects as detailed below.

The exploration costs, amortisation and impairment detailed in the above table are in respect of the Group's South African Projects only. The Group's exploration costs in respect of its SSOAB Licences project of \$1,145,000 were fully impaired at 31 March 2016 and the exploration costs in respect of its Nueltin Licence project of \$153,000 were fully impaired at 31 March 2015. The Burgersfort South African project was fully impaired at 31 March 2019. At 31 March 2020 the carrying value is solely in relation to the Zebediela Nickel Project described below.

**SSOAB Licences**

SSOAB (as defined in note 3) had 100% ownership of several exploration licences near the town of Örebro, Sweden. The Swedish licences are considered to be a single project, and thus to be one CGU. During the year ended 31 March 2016, due to the continued decline of the prices of oil and uranium, the Group decided not to pursue the development of SSOAB properties and therefore determined that the recoverable amount of the intangible assets under the SSOAB properties was estimated to be \$nil. The Group fully impaired the intangible assets in the consolidated statement of financial position for the year ended 31 March 2016. The foreign currency reserve of SSOAB was reclassified from equity to the consolidated statement of comprehensive income in the year ended 31 March 2017.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**11. Intangible assets (continued)**

**Nueltin Licence**

Nueltin (as defined in note 3) was party to an option agreement with Cameco Corporation ("Cameco"), the holder of a licence located in the Nunavut Territory of Canada. Under the agreement, Nueltin could earn 51% interest in the project from Cameco in return for exclusively funding CDN\$2.5 million in exploration expenditure by 31 December 2016. The Cameco project was considered to be one CGU. The Group fully impaired the intangible assets in the consolidated statement of financial position in the year ended 31 March 2015 as the Group had no plans to pursue the project in Nunavut Territory and thus let the option expire.

**South African Projects**

In November 2013, the Group acquired (i) a 100% interest in Southern Africa Nickel Limited ("SAN Ltd.") which had been the Group's joint venture partner since 2010 on the Zebediela Nickel Project and (ii) a 50% interest in the Burgersfort Project. SAN Ltd in turn had a 74% interest in a joint operation (the "SAN-Umnex Joint Venture"). The remaining 26% was held by Umnex Mineral Holdings Pty ("UMH"), which had title to the Zebediela licences through its subsidiary, UML. With the Group's acquisition of SAN Ltd., the SAN-URU joint venture was dissolved and San Ltd. obtained ownership of the JV's 50% interest in the Burgersfort Project with BSC Resources as the other party to the agreement. On 10 April 2014, SAN Ltd. and UMH agreed that SAN Ltd. would purchase 100% of Umnex Minerals Limpopo Pty ("UML") from UMH for consideration of 33,194,181 new Group shares and 8,000,000 bonus shares issued to directors and officers for their services in the acquisition of UML.

The Burgersfort Project extends over two adjacent prospecting rights in Burgersfort North and Burgersfort South. The Group has no plans to pursue the project and fully impaired the intangible assets related to the Burgersfort Project in the amount of \$868,000 in the consolidated statement of financial position as at 31 March 2019.

The Zebediela Nickel Project extends over three separate adjacent prospecting rights in the Limpopo Province of South Africa. All three rights are now held by Lesogo Platinum Uitloop Pty ("LPU"), which in turn is 100% owned by UML.

All three rights are currently compliant with minimum expenditure obligations, annual report submissions, annual prospecting fees, and submitted prospecting work programs.

Under the terms of the acquisition agreement, UMH is permitted to return the shares and take back the licences should the Group:

- fail to maintain adequate cash funds to meet its general and project expenditure obligations, or
- fail to meet the purchased rights' minimum statutory expenditure obligations

As at 31 March 2020, the "general and project expenditure obligations" and the "minimum statutory expenditure obligations" of the general and project expenditure obligations had not been determined.

Additionally, conditional consideration of 12,000 free-trading shares is payable if either 1) a transaction is consummated by the Group to sell, farm-out, or similarly dispose of any portion of a mineral project on some or all of the mining titles, or 2) a mining right is obtained from DMRE in respect of some or all of the rights, or 3) an effective change of control of the Group occurs. As at 31 March 2020 none of the above conditions have occurred.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**11. Intangible assets (continued)**

On 19 April 2017, the Group entered into a Corporate and Management Services Agreement (the "Agreement") with UMH. As per the Agreement, UMH shall provide to UML services including project management, coordination of mining rights application, mineral rights management, finance and accounting, technical, metallurgical, engineering and geological services and corporate finance and capital raising. In exchange of the services, UMH will earning the following fees:

1. Once the Bankable Feasibility Study commences a monthly retainer of ZAR150,000 until then a monthly retainer of ZAR75,000 will be paid;
2. First right of offer for technical, metallurgical, engineering and geological services at market related pricing;
3. Capital raising and corporate finance fees of 5% of the transaction value of capital raised through UMH sources;
4. UMH will be issued a 1.5% royalty on all revenue generated from the Zebediela project. 1% of the royalty can be purchased back by the Company or its successor for the amount of \$2 million provided that the Company exercises this right within 24 months of the Mining Right being issued by the Department of Mineral Resources of South Africa.

On 4 December 2018 the Company announced that the DMRE had formally approved and executed the renewal of the primary prospecting right. The right will expire on 2 December 2021.

On 19 February 2020, the DMRE formally accepted the Final Scoping Report and granted approval for the Environmental Impact Assessment phase to proceed. An extension was granted on 28 August 2020 for the delays caused by the COVID-19 lockdown measures.

**12. Financial assets at fair value through other comprehensive income**

	<b>As at 31 March 2020 \$'000</b>	<b>As at 31 March 2019 \$'000</b>
At 1 April	-	1,676
Fair value adjustment through other comprehensive income	-	(876)
Impairment (note 18)	-	(686)
Foreign exchange loss	-	(114)
At 31 March	-	-

On 1 March 2017, the Group acquired 7,550,000 shares of MRS for £0.15 per share by issuance of 25,166,666 ordinary shares of the Group. The fair value of the MRS shares was determined to be the value of the shares of the Group issued, as MRS was a public company whose shares were not trading at the time and the market price was not available. On 5 May 2017, the MRS shares resumed trading on the AIM market of the London Stock Exchange.

During the year ended 31 March 2018 the Group acquired an additional 10,000,000 ordinary shares of MRS at £0.05 per share. At 31 March 2020 and 31 March 2019 the Group held 17,550,000 ordinary shares representing 9.59% of the issued share capital of MRS. As at 31 March 2019 the investment in MRS shares were valued at \$686,000 based on share price of £0.03 per share.

**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

**12. Financial assets at fair value through other comprehensive income (continued)**

However, on 4 September 2019, the London Stock Exchange temporarily suspended the trading of MRS shares as two of the company's principal subsidiaries were placed into administration. As a result, the Group recorded a full impairment of the MRS shares which was included as an exceptional item in profit and loss for the year ended 31 March 2019. Due to the cancellation of the MRS shares listing on the London Stock Exchange on 5 March 2020, management have assessed the carrying value of the investment in MRS shares and have determined that the carrying value remains \$nil at 31 March 2020.

Management have assessed whether the Group exercises significant influence over MRS in accordance with the accounting policy as per note 4. Management have taken into consideration the criteria as set out in IAS 28 'Investments in Associates' and have determined that the Group did not exercise significant influence over MRS during the year. J. Zorbas was a non-executive director of MRS until his resignation on 30 August 2019.

**13. Trade and other receivables**

	<b>As at 31 March 2020 \$'000</b>	<b>As at 31 March 2019 \$'000</b>
Other receivables	60	64

**14. Share capital and share premium**

	<b>Number of shares</b>	<b>Share capital \$'000</b>	<b>Share premium \$'000</b>	<b>Total \$'000</b>
At 31 March 2019 and 31 March 2020	780,571	7,806	46,938	54,744

*Issued shares*

All issued shares are fully paid up.

Authorised: unlimited number of common shares. There are no preferences or restrictions attached to any classes of common shares.

*Unissued shares*

In terms of the BVI Business Companies Act, any unissued shares are under the control of the Directors.

*Dividends*

Dividends declared and paid by the Group were \$nil for the year ended 31 March 2020 (2019 - \$nil).

**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

**15. Reserves**

(a) Share option and warrants reserve

The Share Option Plan is administered by the Board of Directors, which determines individual eligibility under the plan for optioning to each individual. Below is disclosure of the movement of the Group's share options as well as a reconciliation of the number and weighted average exercise price of the Group's share options outstanding on 31 March 2020 and 31 March 2019.

The assessed fair value at grant date is determined using the Black-Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

No stock options were granted during the year ended 31 March 2020 and 2019.

(i) Reconciliation of share options outstanding as at 31 March 2020:

<b>Exercise prices (£)</b>	<b>Weighted average remaining life (years)</b>	<b>Number of options outstanding</b>	<b>Number exercisable</b>
60	2.15	15,050	15,050
90	2.15	15,150	15,150
49	0.56	2,633	2,633
70	2.02	32,833	32,833

The share options detailed in the above table have been adjusted to reflect the share consolidation in the year.

The inputs into the Black Scholes option pricing model for the options granted are as follows:

	<b>April 2017</b>	<b>April 2017</b>	<b>October 2020</b>
Exercise price (£)	60	90	49
Expected volatility	92.88%	92.88%	54.9%
Expected life	5 years	5 years	10 years
Risk-free interest rate	0.91%	0.91%	3.16%
Expected dividends	0.0%	0.0%	0.0%

**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

**15. Reserves (continued)**

(ii) Continuity and exercise price

The number and weighted average exercise prices of share options are as follows:

	Number of options	Weighted average exercise price per share (£)
At 31 March 2019 and 2020	32,833	70

The following is a continuity of the Group's warrants granted under its Share Incentive Scheme.

	Number of options	Weighted average exercise price per share (£)
At 31 March 2019	100	345
Warrants expired	(100)	345
At 31 March 2020	-	-

As at 31 March 2020, the Company had no warrants outstanding.

(b) Foreign Currency Translation Reserve

The Foreign Currency Translation Reserve represents foreign currency differences recognised directly in other comprehensive income when assets and liabilities of foreign operations are translated to the Group's presentational currency at exchange rates at the reporting date and income and expenses are translated to the Group's presentational currency at average exchange rates.

**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

**16. Trade and other payables**

	<b>As at 31 March 2020 \$'000</b>	<b>As at 31 March 2019 \$'000</b>
Other payables	888	360
Accruals	752	799
	<b>1,640</b>	<b>1,159</b>

**17. Related party transactions**

*(a) Transactions with key management personnel*

During the year ended 31 March 2020, nil (2019 - nil) share options were granted to key management personnel as defined by IAS 24 'Related party disclosures'. Key management personnel include J. Peng, a senior employee of Marrelli Support Services Inc. (MSSI), a company which provides financial accounting services to the Group. The share options granted in the year ended 31 March 2018 expire on 19 April 2022.

The following share options, granted to current and past directors and management, were outstanding as at 31 March 2020.

<b>Directors/officers</b>	<b>Exercise price (£)</b>	<b>Number of options outstanding</b>	<b>Expiry date</b>
<b>Directors</b>			
J. Zorbas	60	5,000	19 April 2022
J. Zorbas	90	5,000	19 April 2022
J. Vieira	60	2,600	19 April 2022
J. Vieira	90	2,600	19 April 2022
<b>Management</b>			
J. Peng	60	1,000	19 April 2022
J. Peng	90	1,000	19 April 2022
<b>Former directors</b>			
D. Subotic	60	2,600	19 April 2022
D. Subotic	60	2,600	19 April 2022
H. Kloeppe	60	1,000	19 April 2022
H. Kloeppe	90	1,000	19 April 2022

**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

**17. Related party transactions (continued)**

*(b) Directors' remuneration*

	Year ended 31 March 2020 \$'000	Year ended 31 March 2019 \$'000
Fees for services as director	31	32
Basic salary	180	183
Total	211	215

Included in trade and other payables in note 16 are amounts accrued in respect of director fees and salary of directors' of the Company in the year totalling \$895,000 (2019: \$748,000) being amounts due to J.Zorbas (\$817,000 (2019:\$688,000)); J Vieira (\$48,000, (2019:\$44,000)); and K. Appleby (\$30,000 (2019: \$16,000)).

At 31 March 2020, the Company was owed \$37,000 (2019: \$39,000) by Captor Capital Corp. a company of which J. Zorbas is a shareholder and Chief Executive Officer.

**18. Loss before income tax**

The following items have been charged in arriving at the loss before income tax for the year:

	Year ended 31 March 2020 \$'000	Year ended 31 March 2019 \$'000
Auditors' remuneration	72	87
Directors' fees	31	32
Share-based payment charge	117	-
Operating lease charges	7	17
Depreciation	37	40
Exceptional items	-	1,554
Foreign exchange loss	67	120

The exceptional items in the prior year related to the impairment of the shares in MRS of \$686,000 (note 12) and the impairment of the Group's 50% interest in the Burgersfort project of \$868,000 (note 11).

**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

**19. Income tax expense and deferred taxation**

The Group is incorporated in the British Virgin Islands (BVI). The BVI Business Companies Act imposes no corporate or capital gains taxes and the Group's losses will also not result in an income tax recovery in the BVI. However, the Group may be liable for taxes in the jurisdictions where it operates or develops mining properties.

Effective 13 July 2012, the Group became resident in Canada, and is subject to income taxes at a combined federal and provincial statutory tax rate of 26.5% (2019 - 26.5%).

Income tax expense from the amount that would be computed by applying the Canadian federal and provincial statutory income tax rates to the loss for the year is as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss for the year before taxation	(732)	(2,291)
Expected income tax recovery	(194)	(607)
Benefit of losses not recognised	194	607

A deferred tax asset has not been recognised in respect of the losses because there is insufficient evidence of the timing of future taxable profits against which it can be recovered.

The significant components of the Group's unrecognised deductible temporary differences as at 31 March 2020 and 2019 are as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss carry-forward	14,495	13,696
Share issuance costs	97	164
Other	982	982

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**20. Segmental information**

(a) Reportable segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. Both are determined by the CEO, the Group's chief operating decision-maker, and have not changed in the year. The strategic business units offer different services, and are managed separately because they require different strategies.

The following summary describes the operations in each of the Group's reportable segments:

Exploration                      Includes obtaining licenses and exploring these license areas  
Corporate Office                Includes all Group administration and procurement

There are no other operations that meet any of the quantitative thresholds for determining reportable segments during the years ended 31 March 2020 or 31 March 2019.

There are varying levels of integration between the Exploration and Corporate Office reportable segments. This integration includes shared administration and procurement services.

Information regarding the results of each reportable segment is included below. Performance is measured based on segmented results. Any inter-segment transactions would be determined on an arm's length basis. Inter-segment pricing for the years ended 31 March 2020 and 2019 consisted of funding advanced from Corporate Office to Exploration.

(b) Operating segments

	Exploration		Corporate office		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Depreciation	(37)	(40)	-	-	(37)	(40)
Reportable segment loss before tax	(37)	(908)	(695)	(1,383)	(732)	(2,291)

As at 31 March	Exploration		Corporate office		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Reportable segment assets	2,763	2,509	135	585	2,898	3,094
Reportable segment liabilities	(11)	(11)	(1,629)	(1,148)	(1,640)	(1,159)

**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

**20. Segmental information (continued)**

(c) Geographical segments

During the years ended 31 March 2020 and 31 March 2019, business activities took place in Canada and South Africa. In presenting information based on the geographical segments, segment assets are based on the physical location of the assets.

The following table presents segmented information on the Group's operations and loss for the year ended 31 March 2020 and assets and liabilities as at 31 March 2020:

	Canada \$'000	Sweden \$'000	South Africa \$'000	Total \$'000
Net loss	(695)	-	(37)	(732)
Total assets	135	-	2,763	2,898
Non-current assets	41	-	2,731	2,772
Liabilities	(1,629)	(11)	-	(1,640)

The following table presents segmented information on the Group's operations and loss for the year ended 31 March 2019 and assets and liabilities as at 31 March 2019:

	Canada \$'000	Sweden \$'000	South Africa \$'000	Total \$'000
Net loss	(1,383)	-	(908)	(2,291)
Total assets	566	-	2,528	3,094
Non-current assets	43	-	2,512	2,555
Liabilities	(1,148)	(11)	-	(1,159)

**21. Contingent liabilities**

The Group is subject to the conditional consideration in respect of the acquisition of UML as detailed in note 11.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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## **22. Events after the reporting date**

On 6 May 2020, the Company issued a Convertible Loan Note for \$250,000 to Boothbay Absolute Return Strategies LP ("Boothbay"). The Convertible Loan Note can be increased to \$500,000 prior to the maturity of the Loan Note on 31 May 2021 or such later date as the Company may in its sole discretion determine. The Loan Note is unsecured, bears no interest and is convertible at the lower of:

- (i) a voluntary conversion price triggered on serving a conversion notice (being 85 pence per share for a period of 90 days from the date of the Loan Note; and following expiry of the 90 day period, a 35% discount to the Volume Weighted Average Price ("VWAP") per share in the 5 trading days prior to the noteholder serving a conversion notice);
- (ii) on an equity fund raising of not less than US\$5 million (excluding a Loan Note conversion), a 35% discount to the price per share paid by investors on such a fund raising;
- (iii) on a share sale (meaning a sale of Ordinary Shares giving control of the Company, whether for cash and/or by way of exchange for shares in another company and/or for other consideration, and whether or not control of the Company changes as a result of such transaction), a 35 per cent. discount to the price per share paid on the share sale; or
- (iv) if there is no conversion notice served, fund raising or share sale prior to the maturity date, at a 35% discount to the VWAP per share in the 5 trading days prior to the maturity date.

On 6 May 2020, the Company raised approximately £200,000 through the subscription for 235,294 ordinary shares at 85 pence per share. Each share has an attached warrant with an exercise period of 18 months and are exercisable at 85 pence.

The Company also issued 470,588 ordinary shares at 85 pence per share to Alegana Enterprises Limited (a company controlled by J. Zorbas) in lieu of unpaid director fees and salaries, as detailed in note 17. Each share has an attached warrant with an exercise period of 18 months and are exercisable at 85 pence.

On 25 November 2020 the company raised £280,600 through the subscription of 122,000 shares at a price of £2.30 per share.

On 26 November 2020 the Company issued 32,858 shares at £2.45 per share in settlement of accrued management fees and issued 5,380 shares at £2.30 per share in settlement of fees due to an adviser.

On 24 May 2021 the Company increased to \$500,000 and extension to 31 May 2022 the Boothbay Convertible Loan Note.

On 7 January 2021 the Company signed a Letter of Intent with Blue Rhino Capital Corp. a Toronto listed entity whereby Blue Rhino Capital Corp. proposes to acquire all of the issued and outstanding share capital of Zebediela Nickel in exchange for the Company acquiring a 79.85% shareholding in Blue Rhino Capital Corp.

The terms of the Letter of Intent were subsequently confirmed by the signing of a Sale Agreement between the Company and Blue Rhino Capital Corp. on 2 March 2021.

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**URU Metals Limited**  
**Notes to non-statutory Consolidated Financial Statements**  
**For the Year Ended 31 March 2020**

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**22. Events after the reporting date (continued)**

Pursuant to the terms of the Sale Agreement Blue Rhino Capital Corp. has completed the offering of 9,200,000 subscription receipts, at a price of Canadian \$0.25 per receipt, for gross proceeds of Canadian \$2,300,000.

Pursuant to the terms of the Sale Agreement, it is contemplated that Blue Rhino Capital Corp. will consolidate its share capital on a 2.3-for-1 basis (the "Consolidation"), following which it will issue 41,000,000 post-Consolidation common shares (the "Consideration Shares") to the Company in consideration for all of the outstanding share capital of Zebediela Nickel.

Blue Rhino Capital Corp. will also assume all ongoing liabilities and obligations of Zebediela Nickel, which will include a 2.5% royalty on all revenue generated from Zebediela Nickel's project in South Africa (the "Royalty"). One percent of the Royalty can be purchased for a one-time cash payment of US\$2,000,000 within 24 months of the granting of the mining right over the project.

**APPENDIX C**  
**PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE RESULTING ISSUER**

Please see attached.

**BLUE RHINO CAPITAL CORP.**

**Pro Forma Consolidated Financial Statements**

April 30, 2021

(Expressed in Canadian dollars)

(Unaudited)

\$ amounts are rounded to the nearest \$1,000

**BLUE RHINO CAPITAL CORP.**

## PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at April 30, 2021

(Canadian dollars - Unaudited)

	Zebediela Nickel Company (Pty) Ltd. As at March 31, 2021 \$	Blue Rhino Capital Corp. As at April 30, 2021 \$	Pro forma adjustments \$	Note	Pro forma consolidated \$
<b>ASSETS</b>					
<b>Current</b>					
Cash	-	248,000	2,800,000 (100,000) (275,000)	3(b) 3(b) 3(c)	2,673,000
Restricted cash		2,300,000	(2,300,000)	3(b)	-
Commodity tax receivable	-	4,000	(4,000)	3(a)	-
<b>Total current assets</b>	-	2,552,000	121,000		2,673,000
Exploration and evaluation assets	3,967,000	-	-		3,967,000
<b>TOTAL ASSETS</b>	3,967,000	2,552,000	121,000		6,640,000
<b>LIABILITIES</b>					
<b>Current</b>					
Trade and accounts payable	1,103,000	45,000	(738,000)	3(d)	410,000
Total current liabilities	1,103,000	45,000	(738,000)		410,000
Long-term payables	-	-	738,000	3(d)	738,000
<b>Total Liabilities</b>	1,103,000	45,000	-		1,148,000
<b>EQUITY</b>					
Share capital	3,856,000	382,000	(382,000) 587,000 2,300,000 (100,000) 63,000	3(a) 3(a) 3(b) 3(b) 3(c)	6,706,000
Reserves	-	34,000	(34,000) 41,000 49,000	3(a) 3(a) 3(a)	90,000-
Subscriptions received in advance	-	2,300,000	(2,300,000)	3(a)	-
Deficit	(992,000)	(209,000)	209,000 (275,000) (63,000) (474,000)	3(a) 3(c) 3(c) 3(a)	(1,804,000)
<b>Total equity</b>	2,864,000	2,507,000	(379,000)		4,992,000
<b>TOTAL LIABILITIES AND EQUITY</b>	3,967,000	2,552,000	(379,000)		6,140,000

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

# BLUE RHINO CAPITAL CORP.

## NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2021

(Expressed in Canadian dollars - Unaudited)

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### 1. PROPOSED TRANSACTION

Blue Rhino Capital Corp. (“Blue Rhino” or the “Company”) was incorporated under the British Columbia Business Corporations Act on February 6, 2019. Blue Rhino’s registered office is located at 2200 – 885 West Georgia Street, Vancouver, BC, V6C 3E8. The Company was formed for the primary purpose of completing an Initial Public Offering (“IPO”) on the TSX Venture Exchange (“Exchange”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the Exchange. Pursuant to the terms of the Transaction, it is contemplated that the Company will consolidate its issued and outstanding common shares on the basis of 2.3 pre-consolidated common shares for one post-consolidated common share. All information relating to issued and outstanding common shares in these pro forma consolidated financial statements have been adjusted retroactively to reflect the share consolidation.

Zebediela Nickel Company (Pty) Ltd. (“Zebediela”) was incorporated on November 6, 2020 under the laws of South Africa. Zebediela’s head office is located at Suite 700 - 1090 West Georgia Street, Vancouver, British Columbia Canada V6E 3V7. Zebediela’s registered office is located at 21 Fourth Avenue Houghton, Johannesburg, Gauteng, South Africa, 2196. Zebediela is a privately held mineral exploration company whose principal business activity is the acquisition and exploration of mineral property interests in South Africa.

On March 2, 2021, Blue Rhino entered into a definitive share purchase agreement with URU Metals Limited (“URU”) whereby the Company will acquire all of the issued and outstanding share capital of URU’s wholly owned subsidiary, Zebediela, (the “Transaction”) by way of issuing 41,000,000 Blue Rhino common shares to URU. Upon the completion of the Transaction ZEB will become a wholly owned subsidiary of the Company (the “Resulting Issuer”), and URU will become a “control person” of the Company. Upon completion of the Transaction, the Company will continue to carry on the business of Zebediela as currently constituted. The Transaction is an arm’s length transaction and will constitute a reverse takeover (“RTO”) of Blue Rhino URU. Following the completion of the Transaction, the resulting issuer will have 54,797,826 issued and outstanding shares.

Concurrent with the Transaction, Blue Rhino completed a non-brokered private placement (the “Concurrent Financing”) of 11,200,000 subscription receipts (the “Receipts”) at a price of \$0.25 per Receipt for aggregate gross proceeds of \$2,800,000. Proceeds of the Concurrent Financing are being held in escrow pending completion of the Transaction. In connection with completion of the Transaction, the Receipts will automatically convert into an aggregate of 11,200,000 post-consolidation Blue Rhino Shares.

Completion of the Transaction is subject to satisfaction of a number of conditions precedent, including, but not limited to, receipt of the approval of the Exchange, the requisite approval of the URU Shareholders of the amalgamation (now obtained); and the closing of at least the Concurrent Financing (closed, with proceeds held in escrow until completion of the Transaction). The Amalgamation Agreement may be terminated: (i) by mutual agreement in writing by the parties; (ii) in the event that the Effective Date has not occurred by July 31, 2021; or (iii) if either Zebediela or Blue Rhino fails to meet any conditions precedent as set forth in the Amalgamation Agreement at any time prior to the Effective Date.

### 2. BASIS OF PRESENTATION

The unaudited pro forma statement of financial position as at April 30, 2021 gives effect to the Transaction as if it had occurred as at April 30, 2021, and has been prepared by Zebediela’s management for inclusion in a filing statement (the “Filing Statement”) to be filed with the TSX Venture Exchange.

The unaudited pro forma consolidated statements have been prepared for illustrative purposes only and may not be indicative of the combined entities’ financial position or results of operations that would have occurred if the acquisition had been in effect at the date indicated. Actual amounts recorded upon consummation of the Transaction will likely differ from those recorded in the unaudited pro forma consolidated statements. The pro forma adjustments and allocations of the purchase price are based in part on estimates of the fair value of assets acquired and liabilities to be assumed. The final purchase price allocation will be completed after asset and liability valuations are finalized as of the date of the completion of the acquisition.

The actual fair values of the assets and liabilities will be determined as of the effective date of the Transaction and may differ materially from the amounts disclosed in the assumed pro-forma purchase price allocation because of changes in fair value of the assets and liabilities up to the date of effective date of the Transaction, and as further analysis is completed.

Consequently, the actual allocation of the purchase price may result in different adjustments than those in the unaudited pro forma consolidated statement of financial position. Similarly, the calculation and allocation of the purchase price has been prepared on a preliminary basis and is subject to change between the time such preliminary estimations were made and closing as a result of a number of factors.

The unaudited pro forma consolidated statements have been prepared in accordance with Blue Rhino’s and Zebediela’s accounting policies, as disclosed in Blue Rhino’s financial statements for the period ended April 30, 2021, and Zebediela’s condensed interim consolidated

# BLUE RHINO CAPITAL CORP.

## NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2021

(Expressed in Canadian dollars - Unaudited)

financial statements for the period ended March 31, 2021. There are no material differences in accounting policies between Blue Rhino and Zebediela. These unaudited pro forma consolidated financial statements are compiled from and include, and should be read in conjunction with the following:

- a. The \$US denominated condensed interim consolidated financial statements of Zebediela as at and for the period ended March 31, 2021 converted into Canadian Dollars at a foreign exchange rate of 1:1.22955; and
- b. The condensed financial statements of Blue Rhino as at and for the period ended April 30, 2021.

In the opinion of the management of Zebediela and Blue Rhino, these unaudited pro forma consolidated financial statements include all adjustments necessary for the fair presentation, in all material respects, of the transactions described in Note 3. These unaudited pro forma consolidated financial statements do not reflect any cost savings that could result from the combination of the operations of Zebediela and Blue Rhino, as management does not anticipate any material cost savings as a result of the Transaction.

The pro forma adjustments are based in part on estimates, including the fair values of the assets acquired and liabilities assumed, as applicable. For purposes of the unaudited pro forma consolidated statement of financial position, it is assumed that there are no tax consequences and no income tax effect is being recorded. Both entities have incurred losses since inception and, when combined, are not expected to generate profits in the immediate future, and therefore neither entity carries any deferred tax assets in its most recent financial statements. The pro forma effective income tax rate that will be applicable to the operations of the Company is 27%.

### 3. UNAUDITED PRO FORMA ADJUSTMENTS AND ASSUMPTIONS

The unaudited pro-forma consolidated statement of financial position was prepared based on the following assumptions and adjustments:

#### a) Consideration paid and fair value of net assets acquired

In accordance with the Transaction, Blue Rhino will issue a total of 41,000,000 post-consolidation common shares to the shareholders of Zebediela. As a result, the shareholders of Zebediela will acquire control of Blue Rhino, thereby constituting an RTO of Blue Rhino. The Transaction is considered a purchase of Blue Rhino's net assets by the Zebediela Shareholders. The Transaction will be accounted for in accordance with guidance provided in IFRS 2, *Share-Based Payment* as Blue Rhino did not qualify as a business according to the definition in IFRS 3, *Business Combinations*.

The Transaction is recognized as if Zebediela had proceeded to the issuance of the Company's shares outstanding before the Transaction in exchange for the net assets acquired. The fair value of the 2,347,826 common shares of Blue Rhino was determined to be \$0.25 per common share, based on the fair value at April 30, 2021.

The consideration comprised of the fair value of the net assets (liabilities) acquired from Blue Rhino as at April 30, 2021 are:

<b>Consideration paid:</b>	\$
Fair value of Blue Rhino common shares	587,000
Fair value of Blue Rhino agent warrants *	41,000
Fair value of Blue Rhino options **	49,000
<b>Total consideration paid</b>	<b>677,000</b>
<b>Identifiable assets acquired:</b>	
Cash	248,000
Trade and other payables	(45,000)
<b>Net assets acquired</b>	<b>203,000</b>
<b>Unidentifiable assets acquired:</b>	
Share listing expense	474,000
<b>Total net identifiable assets and share listing costs</b>	<b>677,000</b>

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

## BLUE RHINO CAPITAL CORP.

### NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2021

(Expressed in Canadian dollars - Unaudited)

Under RTO accounting, the net assets of Blue Rhino are eliminated as follows:

	\$
Share capital	382,000
Reserve	34,000
Deficit	(209,000)
	<b>207,000</b>

b) Concurrent financing and finders fees

In connection with the Transaction, Blue Rhino completed the Concurrent Financing of 11,200,000 Receipts at a price of \$0.25 per Receipt for gross proceeds of \$2,800,000. Proceeds from the Concurrent Financing are being held in escrow pending completion of the Transaction. In connection with completion of the Transaction, the Receipts will automatically convert into an aggregate of 11,200,000 post-consolidation Blue Rhino Shares. The Company expects to pay 7% finders fees in cash on certain subscriptions, or \$85,000, as well as \$15,000 of other financing costs (legal, disbursements, etc.)

c) Pro forma adjustment to deficit

In connection with the Transaction, the Company anticipates incurring expenses (regulatory fees, legal expenses, filing fees, etc.) of approximately \$275,000 and will issue 250,000 shares to a related party as a finder's fee, valued at \$63,000.

d) Upon completion of the transaction \$738,000 (US\$600,000) of accounts payable will be converted into a non interest bearing long-term promissory note payable maturing 18 months after the completion of the acquisition.

#### 4. PRO FORMA SHARE CAPITAL

The number of common shares issued and outstanding after giving effect to the assumptions and pro forma adjustments discussed in Note 3 is as follows:

	Number of common shares	Amount (\$)
Issued:		
Share capital of Zebediela as at March 31, 2021	120	3,856,000
Adjustments to record the Transaction:		
Share capital of Blue Rhino as at April 30, 2021	2,347,826	382,000
Elimination of Blue Rhino's equity	-	(382,000)
Shares acquired of legal parent	(120)	-
Shares issued on RTO	41,000,000	587,000
Concurrent minimum financing	11,200,000	2,800,000
Shares issued for finder fee	250,000	63,000
Share issuance cost	-	(100,000)
<b>Pro forma balance, April 30, 2021</b>	<b>54,797,826</b>	<b>7,206,000</b>

**APPENDIX D**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF BLUE RHINO**

Please see attached.

**BLUE RHINO CAPITAL CORP.**

*Suite 507, 837 West Georgia Street*

*Vancouver, BC*

*V6C 3N6*

*Tel: 604.685.1017*

June 29, 2021

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**MANAGEMENT DISCUSSION & ANALYSIS**

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This management’s discussion & analysis (“MD&A”) should be read in conjunction with our condensed interim financial statements and the accompanying notes for the three months ended April 30, 2021, which were prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting and are filed on the SEDAR website: [www.sedar.com](http://www.sedar.com).

All amounts in the financial statements and this MD&A are expressed in Canadian dollars, unless otherwise indicated.

**FORWARD LOOKING INFORMATION**

This MD&A contains certain forward-looking statements and information relating to Blue Rhino Capital Corp. (the “Company”) that are based on the beliefs of our management as well as assumptions made by and information currently available to us. When used in this document, the words “*anticipate*”, “*believe*”, “*estimate*”, “*expect*” and similar expressions, as they relate to the Company or our management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, and the estimated cost and availability of funding for the completion of the Qualifying Transaction. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

**Overview**

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The Company was incorporated under the Business Corporations Act (British Columbia) on February 6, 2019. The Company was formed for the primary purpose of completing an Initial Public Offering (“IPO” or “Offering”) on the TSX Venture Exchange (“Exchange”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the Exchange. The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Company has not commenced operations and has no significant assets. 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 Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Canada.

On July 14, 2020, the Company completed its IPO and started trading on the Exchange under the symbol “RHNO.P”.

COVID-19 (the coronavirus) 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.

### Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters which have been prepared using accounting policies consistent with IFRS:

Quarterly period ended	Apr 30 2021 \$	Jan 31 2021 \$	Oct 31 2020 \$	Jul 31 2020 \$	Apr 30 2020 \$	Jan 31 2020 \$	Oct 31 2019 \$	Jul 31 2019 \$
<i>Net revenues</i>	Nil							
<i>Net loss for period Total</i>	(71,684)	(35,714)	(12,062)	(51,524)	(14,266)	(18,050)	(5,271)	(35)
<i>Per share</i>	(0.01)	(0.00)	(0.00)	(0.02)	(0.00)	(0.00)	(0.00)	(0.00)

### Plan of Operation

Our plans over the next twelve months consist primarily of raising equity financing in order to seek and evaluation of assets or businesses with a view to completing the Qualifying Transaction.

We do not have sufficient working capital to meet our current cash requirements. Management will be seeking to arrange additional equity financing in the upcoming months. In the event that management is unable to raise sufficient funding, then our current cash requirements will be met by way of shareholder loans. Any funds raised will be used to seek the acquisition of a new business or asset. Upon acquiring a new business or asset, we will utilize any additional capital on development of such business or asset, and for general and administrative expenses. The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Specific plans will be devised once financing has been completed and management knows what funds will be available for these purposes. There is no guarantee, however, that we will meet working capital requirements on a continued basis.

### Results of Operations

#### *Three months ended April 30, 2021*

During the period ended April 30, 2021, the Company had a net loss of \$71,684 (2020 - \$14,266). An explanation of some of the significant differences between the current and prior year is as follows:

- i) Filing fees were \$8,418 (2020 - \$14,260). The decrease was due to listing fees incurred in the comparative period pursuant to completion of the IPO.
- ii) Professional fees were \$60,041 (2020 - \$Nil). The increase was due to additional legal fees incurred in the period pursuant to completion of the IPO.

- iii) Transfer agent fees was \$2,689 (2020 - \$Nil). The increase was due to an increase in agent fees in the current period.

### **Liquidity and Capital Resources**

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As of April 30, 2021, we reported cash of \$248,297 (January 31, 2021 - \$312,526), restricted cash of \$2,300,000 and working capital of \$2,506,856 (January 31, 2021 - \$278,540).

The Company incurred a loss of \$71,684 (2020 - \$14,266) for the period ended April 30, 2021. Material uncertainties as mentioned above cast significant doubt upon the Company's ability to continue as a going concern.

The numbers included in this MD&A came from the financial statements that were prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. If the going concern assumption was not appropriate for the financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported expenses, and the financial statement classifications used. Such adjustments could be material.

### **Directors and Officers**

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Our Board of Directors are as follows:

**Anton Drescher**  
**David Brett**  
**Raphael Danon**

Our officers are:

<b>Anton Drescher</b>	<i>President, Chief Executive Officer and Corporate Secretary</i>
<b>David Cross</b>	<i>Chief Financial Officer</i>

### **Share Capital**

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As at June 29, 2021, the directors, officers of the Corporation, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 2,000,000 common shares representing approximately 37% of the issued and outstanding Common Shares prior to completion of the Initial Offering.

As at June 29, 2021, the Company had the following outstanding:

Common shares: 5,400,000 outstanding

Stock options:

Options Outstanding	Exercise Price	Expiry Date
200,000	\$0.10	14-July-22
200,000	\$0.10	14-July-30
400,000		

### **Future Accounting Pronouncements**

Please refer to the Condensed Interim Financial Statements.

### **Financial Instruments**

Please refer to the Condensed Interim Financial Statements.

### **Capital Management and Financial Risk Management**

The Company considers its capital structure to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the completion of a Qualifying Transaction. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is currently seeking new business opportunities in the resource sector, and is pursuing the acquisition of Zebediela Nickel Company (Pty) Ltd. as a Qualifying Transaction. The Company has no active business and is dependent on external financing to fund its activities. In order to pay for administrative costs, the Company will need to raise additional amounts as 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 period ended April 30, 2021 and 2020. The Company is not currently subject to externally imposed capital requirements.

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 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. As at April 30, 2021, the Company had cash of \$248,297 (January 31, 2021 - \$312,526) to settle current liabilities of \$45,181 (January 31, 2021 - \$36,612).

#### *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 market risk

As at April 30, 2021, the carrying and fair value amounts of cash, accounts payable and accrued liabilities are approximately the same because of the short term nature of these instruments.

### **Approval**

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Our Board of Directors have approved the disclosures in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

### **Off-Balance Sheet Arrangements**

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We have no off-balance sheet arrangements.

### **Additional Information**

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Additional information relating to our company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Change in Management**

On October 15, 2020, the Company announced that Raphael Danon has been appointed as a director of the Company. Mr. Danon is a member of the Chartered Professional Accountants of Canada (previously the Chartered Accountants of Canada), and is a co-founder, director, and managing director, finance of ClearBlue Markets, a private company providing consulting and advisory services for carbon markets. Mr. Danon brings senior executive experience in the public markets, serving as Chief Financial officer of NWT Uranium Corp. and Stratton Capital Corp., as well as sitting on the Board of Directors for Niger Uranium and Woodbridge Ventures Inc., a capital pool company which recently completed a successful qualifying transaction. Mr. Danon fills the vacancy created by Rowland Perkins who has resigned as a director of the Company to focus on other ventures.

### **Qualifying Transaction**

Effective March 2, 2021, the Company entered into a definitive share purchase agreement, with URU Metals Limited (“URU”) whereby the Company will acquire all of the issued and outstanding share capital of Zebediela Nickel Company (Pty) Ltd. (“ZEB”). ZEB controls the Zebediela Nickel Project, a mining right application located in the Limpopo Province in the Republic of South Africa, near the platinum mining town of Mokopane. The Company is at arms-length from each of URU and ZEB, and ZEB is a wholly-owned subsidiary of URU.

Upon successful completion of the acquisition of ZEB (the “Transaction”), it is anticipated that the Company will be listed as a Tier 2 Mining Issuer on the Exchange under the name “ZEB Nickel Corp.” and the ticker symbol “ZBNI”. The Transaction is intended to constitute the Company’s “qualifying transaction” pursuant to Exchange Policy 2.4 – Capital Pool Companies.

Pursuant to the terms of the Transaction, it is contemplated that the Company will consolidate its share capital on a 2.3-for-1 basis (the “Consolidation”), following which it will issue 41,000,000 post-Consolidation common shares (the “Consideration Shares”) to URU in consideration for all of the outstanding share capital of ZEB. The Company will also assume all ongoing liabilities and obligations of ZEB, which will include a 2.5% royalty on all revenue generated from the Project (the “Royalty”). One percent of the Royalty can be purchased for a one-time cash payment of US\$2,000,000.

In connection with the Transaction, the Company also completed a non-brokered private placement (the “Concurrent Financing”) of 9,200,000 subscription receipts (each, a “Receipt”) at a price of \$0.25 per Receipt for gross proceeds of \$2,300,000. Proceeds from the Concurrent Financing are being held in escrow pending completion of the Transaction. If not approved on or before June 30, 2021, subscription holders are entitled a refund of their subscription receipts. The Company has requested an extension from the subscribers to July 31, 2021. Upon conversion of the Receipts, finders’ fees of \$84,700 are payable to certain arms-length brokerage firms who assisted in introducing subscribers to the Concurrent Financing.

In connection with completion of the Transaction, the Company will also issue 250,000 post-Consolidation common shares a director of the Company in consideration for facilitating the negotiation and completion of the Transaction (the “Administrative Fee”).

### **Annual General and Special Meeting**

On April 7, 2021 the Company held an annual general and special meeting (the “Meeting”) of the shareholders of the Company. At the Meeting, shareholders: (i) approved the reappointment of the existing auditor of the Company; (ii) set the number of directors of the Company both before and after completion of the Transaction; (iii) re-elected the current board of directors of the Company as well as a slate of directors to take office in connection with completion of the Transaction; (iv) approved the existing incentive stock option plan of the Company; (v) approved payment of the Administrative Fee upon completion of the Transaction; (vi) approved a reduction in the term of the existing Exchange escrow from thirty-six months to eighteen-months; and (vii) removed certain potential consequences related to the failure of the Company to complete a Qualifying Transaction within twenty-four months of the IPO.

**BLUE RHINO CAPITAL CORP.**

837 West Georgia Street

Vancouver, BC

V6C 3N6

Tel: 604.685.1017

May 28, 2021

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**MANAGEMENT DISCUSSION & ANALYSIS**

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This management’s discussion & analysis (“MD&A”) should be read in conjunction with our audited financial statements and the accompanying notes for the year ended January 31, 2021, which were prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and are filed on the SEDAR website: [www.sedar.com](http://www.sedar.com).

All amounts in the financial statements and this MD&A are expressed in Canadian dollars, unless otherwise indicated.

**FORWARD LOOKING INFORMATION**

This MD&A contains certain forward-looking statements and information relating to Blue Rhino Capital Corp. that are based on the beliefs of our management as well as assumptions made by and information currently available to us. When used in this document, the words “*anticipate*”, “*believe*”, “*estimate*”, “*expect*” and similar expressions, as they relate to Blue Rhino Capital Corp. or our management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, and the estimated cost and availability of funding for the completion of the Qualifying Transaction. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

**Overview**

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Blue Rhino Capital Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on February 6, 2019. The Company was formed for the primary purpose of completing an Initial Public Offering (“IPO” or “Offering”) on the TSX Venture Exchange (“Exchange”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the Exchange. The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Company has not commenced operations and has no significant assets. 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.

On July 14, 2020, the Company completed its IPO and started trading on the Exchange under the symbol “RHNO.P”.

COVID-19 (the coronavirus) 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.

### Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters which have been prepared using accounting policies consistent with IFRS:

Quarterly period ended	Jan 31 2021 \$	Oct 31 2020 \$	Jul 31 2020 \$	Apr 30 2020 \$	Jan 31 2020 \$	Oct 31 2019 \$	Jul 31 2019 \$	Apr 30 2019 \$
<i>Net revenues</i>	Nil							
<i>Net loss for period</i>								
<i>Total</i>	(35,714)	(12,062)	(51,524)	(14,266)	(18,050)	(5,271)	(35)	(13)
<i>Per share</i>	(0.00)	(0.00)	(0.02)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

### Plan of Operation

Our plans over the next twelve months consist primarily of raising equity financing in order to seek and evaluation of assets or businesses with a view to completing the Qualifying Transaction.

We do not have sufficient working capital to meet our current cash requirements. Management will be seeking to arrange additional equity financing in the upcoming months. In the event that management is unable to raise sufficient funding, then our current cash requirements will be met by way of shareholder loans. Any funds raised will be used to seek the acquisition of a new business or asset. Upon acquiring a new business or asset, we will utilize any additional capital on development of such business or asset, and for general and administrative expenses. The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Specific plans will be devised once financing has been completed and management knows what funds will be available for these purposes. There is no guarantee, however, that we will meet working capital requirements on a continued basis.

### Results of Operations

*Year ended January 31, 2021*

During the year ended January 31, 2021, the Company had a net loss of \$113,541 (2020 - \$23,369). An explanation of some of the significant differences between the current and prior year is as follows:

- i) Filing fees were \$25,060 (2020 - \$15,129). The increase was due to listing fees incurred in the current year pursuant to completion of IPO.

- ii) Professional fees were \$49,503 (2020 - \$8,153). The increase was due to additional legal fee incurred in the current year pursuant to completion of IPO.
- iii) Share based compensation was \$19,700 (2020 - \$Nil). The increase was due to stock options granted in the current year.

#### *Three months ended January 31, 2021*

During the three months ended January 31, 2021, the Company had a net loss of \$35,741 (2020 - \$18,050). An explanation of some of the significant differences between the current and prior period is as follows:

- i) Filing fees were \$3,855 (2020 - \$9,879). The decrease was due to less listing fees incurred in the current period pursuant to completion of IPO.

### **Liquidity and Capital Resources**

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As of January 31, 2021, we reported cash of \$312,526 (2020 - \$82,545) and working capital of \$278,540 (2020 - \$76,631).

The Company incurred a loss of \$113,541 (2020 - \$23,369) for the year ended January 31, 2021, and will have to raise additional funds to complete the Qualifying Transaction. Material uncertainties as mentioned above cast significant doubt upon the Company's ability to continue as a going concern.

The numbers included in this MD&A came from the financial statements that were prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. If the going concern assumption was not appropriate for the financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported expenses, and the financial statement classifications used. Such adjustments could be material.

### **Related Party Transactions**

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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 January 31, 2021, the Company recorded share-based compensation of \$19,700 (2020 - \$Nil) related to options granted to officers and directors of the Company.

## Directors and Officers

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Our Board of Directors are as follows:

**Anton Drescher**  
**David Brett**  
**Raphael Danon**

Our officers are:

**Anton Drescher**                      *President, Chief Executive Officer, Corporate Secretary and Promoter*  
**David Cross**                              *Chief Financial Officer*

## Share Capital

---

As at May 28, 2021, the directors, officers of the Corporation, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 2,000,000 common shares representing approximately 37% of the issued and outstanding Common Shares prior to completion of the Initial Offering.

As at May 28, 2021, the Company had the following outstanding:

Common shares: 5,400,000 outstanding

Stock options:

Options Outstanding	Exercise Price	Expiry Date
200,000	\$0.10	14-July-22
200,000	\$0.10	14-July-30
400,000		

## Future Accounting Pronouncements

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Please refer to the Financial Statements.

## Financial Instruments

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Please refer to the Financial Statements.

## Capital Management and Financial Risk Management

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The Company considers its capital structure to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the completion of a Qualifying Transaction. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is currently seeking new business opportunities in the resource sector. The Company has no active business and is dependent on external financing to fund its activities. In order to pay for administrative costs, the Company will need to raise additional amounts as 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 year ended January 31, 2021. The Company is not currently subject to externally imposed capital requirements.

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 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. As at January 31, 2021, the Company had a \$312,526 (2020 - \$82,545) cash balance to settle current liabilities of \$36,612 (2020 - \$17,914).

#### *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 market risk

As at January 31, 2021, the carrying and fair value amounts of cash, accounts payable and accrued liabilities are approximately the same because of the short term nature of these instruments.

### **Approval**

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Our Board of Directors have approved the disclosures in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

### **Off-Balance Sheet Arrangements**

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We have no off-balance sheet arrangements.

### **Additional Information**

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Additional information relating to our company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Change in Management**

On October 15, 2020, the Company announced that Raphael Danon has been appointed as a director of the Company. Mr. Danon is a member of the Chartered Professional Accountants of Canada (previously the Chartered Accountants of Canada), and is a co-founder, director, and managing director, finance of ClearBlue Markets, a private company providing consulting and advisory services for carbon markets. Mr. Danon brings senior executive experience in the public markets, serving as Chief Financial officer of NWT Uranium Corp. and Stratton Capital Corp., as well as sitting on the Board of Directors for Niger Uranium and Woodbridge Ventures Inc., a capital pool company which recently completed a successful qualifying transaction. Mr. Danon fills the vacancy created by Rowland Perkins who has resigned as a director of the Company to focus on other ventures.

## **Subsequent Events**

Subsequent to year ended January 31, 2021, the Company entered into a definitive share purchase agreement, dated March 2, 2021 with URU Metals Limited whereby the Company will acquire all of the issued and outstanding share capital of Zebediela Nickel Company (Pty) Ltd. (“ZEB”). ZEB controls the Zebediela Nickel Project, a mining right application located in the Limpopo Province in the Republic of South Africa, near the platinum mining town of Mokopane.

Upon successful completion of the acquisition of ZEB (the “Transaction”), it is anticipated that the Company will be listed as a Tier 2 Mining Issuer on the TSX Venture Exchange (“TSX-V”) under the name “ZEB Nickel Corp.” and the ticker symbol “ZBNI”. The Transaction is intended to constitute the Company’s QT. “qualifying transaction” pursuant to Policy 2.4 – Capital Pool Companies of the TSX-V.

Pursuant to the terms of the Transaction, it is contemplated that the Company will consolidate its share capital on a 2.3-for-1 basis (the “Consolidation”), following which it will issue 41,000,000 post-Consolidation common shares (the “Consideration Shares”) to URU in consideration for all of the outstanding share capital of ZEB. The Company will also assume all ongoing liabilities and obligations of ZEB, which will include a 2.5% royalty on all revenue generated from the Project (the “Royalty”). One percent of the Royalty can be purchased for a one-time cash payment of US\$2,000,000.

The Company is at arms-length from each of URU and ZEB. , and ZEB is a wholly-owned subsidiary of URU. Upon the completion of the Transaction ZEB will become a wholly owned subsidiary of the Company (the "Resulting Issuer"), and URU will become a “control person” of the Company.

The Company also announces that it has completed non-brokered private placement (the “Concurrent Financing”) of 9,200,000 subscription receipts (each, a “Receipt”) at a price of \$0.25 per Receipt for gross proceeds of \$2,300,000.

Upon conversion of the Receipts, finders’ fees of \$84,700 are payable to certain arms-length brokerage firms who assisted in introducing subscribers to the Concurrent Financing.

**CERTIFICATE OF BLUE RHINO**

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Blue Rhino assuming completion of the Transaction.

DATED July 28, 2021

*“Anton Drescher”*

\_\_\_\_\_  
Anton Drescher, Chief Executive Officer and  
Corporate Secretary

**ON BEHALF OF THE BOARD OF DIRECTORS OF BLUE RHINO**

*“Raphael Danon”*

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Raphael Danon, Director

*“David Brett”*

\_\_\_\_\_  
David Brett, Director

**CERTIFICATE OF ZEB**

The foregoing document as it relates to ZEB constitutes full, true and plain disclosure of all material facts relating to the securities of ZEB.

DATED July 28, 2021

*“Richard Montjoie”*

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Richard Montjoie, Director

**ON BEHALF OF THE BOARD OF DIRECTORS OF ZEB**

*“John Zorbas”*

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John Zorbas, Director

## **ACKNOWLEDGEMENT – PERSONAL INFORMATION**

“Personal Information” means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement that are analogous to Items 4.2, 11, 13.1, 16, 18.2, 19.2, 24, 25, 27, 32.3, 33, 34, 35, 36, 37, 38, 39, 41 and 42 of the Exchange Form 3D2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the TSX-V (as defined in Appendix 6B) pursuant to the Form 3D2; and
- (b) the collection, use and disclosure of Personal Information by the TSX-V for the purposes described in Appendix 6B or as otherwise identified by the TSX-V, from time to time.

### **ON BEHALF OF BLUE RHINO**

*“Anton Drescher”*

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Anton Drescher, CEO and Corporate Secretary