

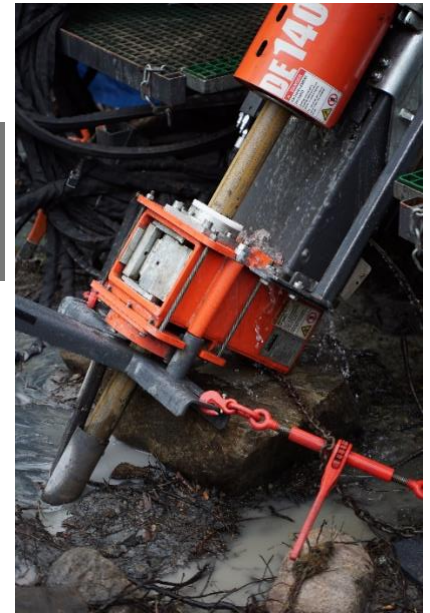
KUNIKO DRILLDOWN

Kuniko Well Positioned as EU Further Strengthens Its Battery Regulations

European Commission's new Critical Raw Materials Act sets targets on critical metals to ensure self sufficient supply.

European Parliament approved a new law banning the sale of petrol and diesel cars from 2035.

EU "digital battery passport" regulation in development and set for introduction in 2024.



Highlights:

- 16 March 2023 the European Commission launched its Critical Raw Materials Act, setting voluntary targets for domestic capabilities for production, refining and recycling of key raw materials needed for the green and digital transitions by 2030.
- Critical Raw Materials list extended in 2023 including Lithium, Nickel, Copper, and Cobalt, all represented in Kuniko's portfolio of battery metals exploration projects.
- In line with EU's green transition, regulations on track for EU "digital battery passport" to be introduced in 2024 regulating batteries throughout their life cycle, tracing compliance and quality.
- All batteries on EU market will have to report and measure their carbon emissions, and from 2027 procurement of battery raw materials will be subject to strict due diligence rules to avoid environmental and human rights abuses.
- European Parliament announced in February 2023 its final approval to a ban on new sales of carbon-emitting petrol and diesel cars by 2035, moving closer to meet its zero-carbon target by 2050.
- Kuniko strategically well positioned to deliver into the EU's market demand for supply of sustainably produced, critical battery raw materials.
- In Q1 2023 Kuniko successfully completed its maiden diamond drilling programme at the brownfield Ertelien Nickel Project on time and on budget, reporting massive sulphide mineralisation in four primary drill holes.
- Commenced a maiden drilling campaign at the Undal-Nyberget Copper Project over strong geophysical and geochemical targets.
- Continued drilling at the Skuterud Cobalt Project, where earlier drilling intercepted cobalt mineralisation in 8 of 8 drill holes at the Middagshvile target. Current drilling has speared an outstanding intersection of visible cobalt mineralisation in a new shallow mineralised horizon at the Middagshvile drill target. Four drill holes have observed cobalt mineralisation at shallow intercepts, while a fifth drill hole also contains visual cobalt minerals. Two additional holes will be drilled to complete the program.
- Acquired options over three prospective lithium projects in Canada's prime lithium district of James Bay, Quebec.

Highlights

Developing **Copper, Nickel, Cobalt, Lithium**, and other battery metals projects

Ethical Sourcing ensured.

100% commitment to target a net **ZERO CARBON** footprint.

Operations in Norway and Canada, where 98% of electricity comes from **RENEWABLE** sources.

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Antony Beckmand, CEO, commented:

"Kuniko's projects in Norway continue delivering on promising exploration potential with multiple intercepts of massive sulphide mineralisation observed at its Ertelien Nickel Project and exceptional cobalt mineralisation observed from drilling at its Skuterud Cobalt Project.

Both projects offer significant further exploration upside in what is shaping up to be a mineral rich region, favourably located in the south of Norway in proximity to infrastructure, nickel-cobalt processing facilities and skilled population centres. Furthermore, the projects are uniquely endowed with the potential for offering low carbon footprint battery metals, leveraging the abundance of renewable hydropower.

The EU framework for critical raw materials places increasingly significant importance on the minerals the EU requires as well as where they come from, how they are developed and ensuring they are ethically and responsibly sourced. As we continue to develop our projects against this backdrop of government and market driven fundamentals, we have growing confidence of Kuniko's role in delivering into the EU supply chain for battery metals."



According to the International Energy Agency, the total market size of critical minerals like copper, cobalt, manganese, and various rare earth metals will grow almost sevenfold between 2020 and 2030.

Reference:

<https://www.euractiv.com/section/energy-environment/news/eu-to-introduce-targets-for-raw-materials-self-sufficiency/>

EU LAUNCHES CRITICAL RAW MATERIALS ACT IN MARCH

New Regulations set clear benchmarks for domestic capacities along the strategic raw material supply chains:

- **At least 10% of the EU's annual consumption for extraction**
- **At least 40% of the EU's annual consumption for processing**
- **At least 15% of the EU's annual consumption for recycling**
- **Not more than 65% of the Union's annual consumption of each strategic raw material at any relevant stage of processing from a single third country.**

According to the World Bank, global demand for critical raw materials is expected to skyrocket 500% by 2050, causing sharp price rises and increased supply risks in the near future.

In light of this competitive environment, the EU has moved to secure stable supplies, boost domestic production and decrease its dependency on imports with the launch of its Critical Raw Materials Act 2023.

The Act includes an updated version of a list of 34 critical raw materials and defines, for the first time, a list of strategic raw materials. The latter lists of materials are considered crucial to technologies important to the EU's green and digital ambitions and for defence and space applications.

What does this mean for Kuniko?

Included in these lists are Nickel, Copper, Cobalt and Lithium – Kuniko's key target metals that are crucial for the battery sector and are integral to EU's domestic supply targets.

References:

<https://www.euractiv.com/section/energy-environment/news/how-the-eu-plans-to-win-the-global-race-for-critical-raw-materials/>

<https://www.crmalliance.eu/post/critical-and-strategic-raw-materials-identified>

<https://rmis.jrc.ec.europa.eu/eu-critical-raw-materials>

DIGITAL BATTERY PASSPORT ON TRACK

EU proposed in December 2022 to regulate the lifecycle of batteries to promote a circular economy in the industry.

Digital Battery Passport regulation applicable in all European countries from 2024.

The "digital battery passport" is an electronic record that will be included in the device that contains information on the entire life of the battery. All batteries exceeding 2kWh (such as those of electric vehicles) must have the digital passport, which includes its carbon footprint. A summary of the main implications of the new regulation are as follows:



SUMMARY OF MAIN IMPACTS:
EUROPEAN BASIC BATTERY REGULATION

- All batteries will have a **clearly visible QR code** that provides **all the key information**: composition, results in key indicators, durability...
- All batteries **exceeding 2kWh** will have a **digital passport**, which will inform about the technical details as well as the **percentage of recycled materials** used and the associated **carbon footprint**.
- Minimum **percentages of recycled materials** are established for all batteries according to their nature: 16% cobalt, 6% lithium, 6% nickel and 85% lead.
- It is mandatory to **calculate the carbon footprint** of each battery model for its entire life cycle.
- A "**due diligence policy**" is established to **reduce the social and environmental risks** that may occur in the activities of material sourcing, processing and marketing of batteries.

Source: <https://cicenergigune.com/en/blog/battery-passport-regulation-batteries-europe>

Reference:

<https://cicenergigune.com/en/blog/battery-passport-regulation-batteries-europe>

EU BANS SALES OF FOSSIL FUEL CARS

The European Parliament gave its final approval to a ban on new sales of petrol and diesel cars by 2035, with a view to getting them off the roads by mid-century.

Car manufactures announce investments in electrification.

The new rules will require carmakers achieve a 100% cut in CO₂ emissions from new cars sold by 2035, which would make it impossible to sell petrol or diesel vehicles in the EU.

The EU has also agreed a 55% cut in CO₂ emissions for new cars sold from 2030 versus 2021 levels, higher than the existing target of a 37.5% reduction. The law is the first to be finalised from a broader package of new EU policies, designed to deliver on the zero carbon target.

Car manufacturers are moving fast towards electrification, with Volkswagen already announcing it will only sell electric cars in the EU by 2033. Established carmakers around the world are changing their business models to replace petrol and diesel with electric vehicles. Factories are being overhauled to produce electric cars, and automakers are racing to secure every battery they can find.

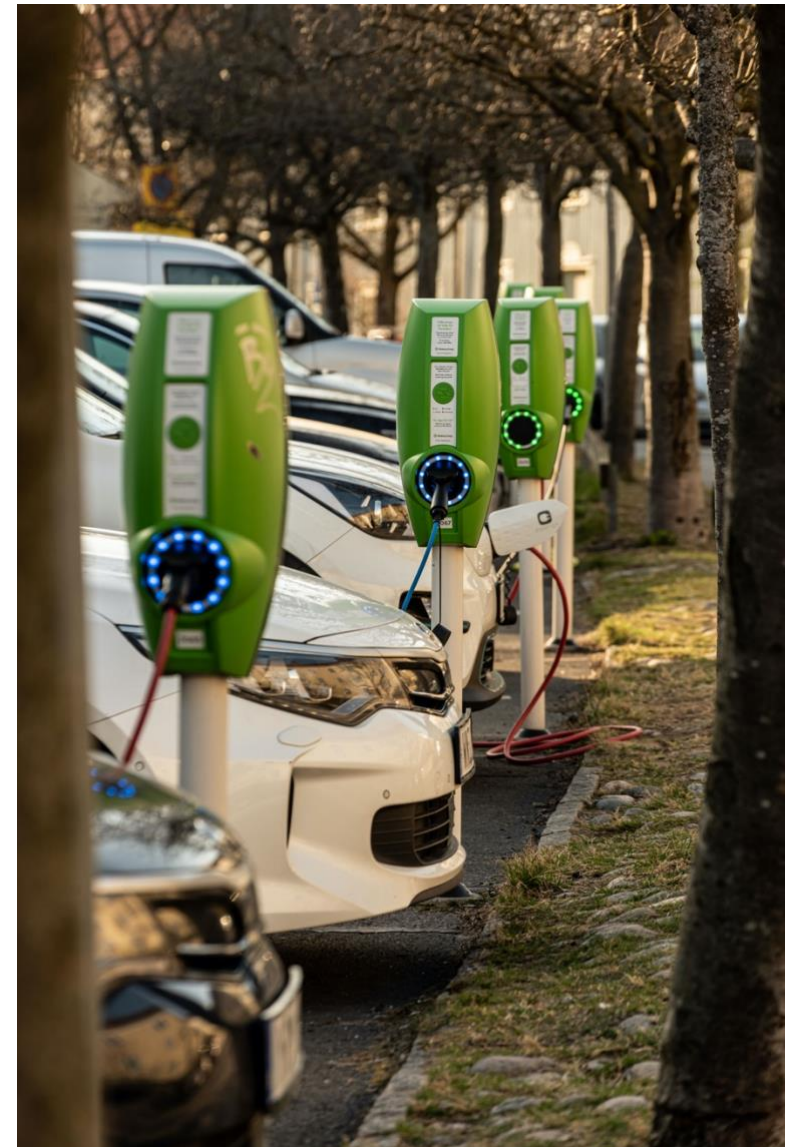
Volkswagen, which also owns Porsche, Bugatti, Skoda and Lamborghini, is spending €30 billion over the next five years to make an electric or hybrid version of every vehicle it has and plans to launch 70 new electric models by 2028.

References:

<https://www.france24.com/en/europe/20230214-eu-gives-final-approval-to-2035-ban-on-new-fossil-fuel-car-sales>

<https://www.reuters.com/markets/europe/eu-approves-effective-ban-new-fossil-fuel-cars-2035-2022-10-27/>

<https://edition.cnn.com/interactive/2019/08/business/electric-cars-audi-volkswagen-tesla/>



KUNIKO'S ADVANTAGE – BATTERY RAW MATERIALS

Battery raw materials demand to increase exponentially due to growth in EVs.

Kuniko has a portfolio of low carbon footprint, high potential battery mineral projects in Norway and Canada where 98% of energy is produced from renewable, green hydro energy.

Demand for minerals such as lithium, nickel and graphite are expected to increase the most in the medium (2030) to long term (2040).

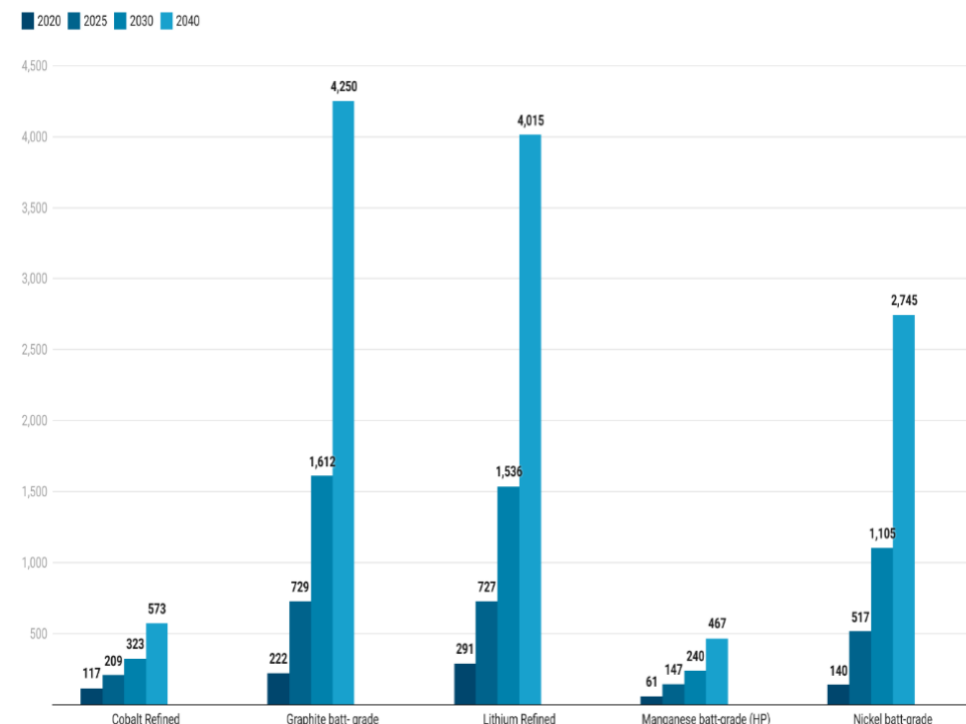
Norway is already a producer of several of the raw materials used in battery production, supplying 21 per cent of the EU's primary aluminium, 13 per cent of its nickel and 8 per cent of its cobalt raw material imports.

The Norwegian process industry is powered almost exclusively by renewable hydropower, as such, production of battery raw materials in Norway provides a low carbon footprint solution for battery production in Europe.

Kuniko is ideally positioned with its Norwegian projects to capitalise on the EU's transition towards achieving zero carbon by 2050 and its focus on self sufficient supply of battery raw materials.

Furthermore, recent acquisitions of three projects in the prime lithium district of James Bay, Quebec, expand Kuniko's footprint into the North America electric vehicle market.

Figure: Forecast of battery demand globally from processed raw materials [kt]



References:

<https://rmis.jrc.ec.europa.eu/?page=analysis-of-supply-chain-challenges-49b749>

<https://www.theexplorer.no/stories/energy/building-a-circular-battery-economy-in-norway>

About Kuniko

Kuniko is focused on the development of copper, nickel, and cobalt projects in Scandinavia and has expanded its interests to include prospects for lithium in Canada. Kuniko has a strict mandate to maintain net zero carbon footprint throughout exploration, development, and production of its projects. Kuniko's key assets, located in Norway and Canada include:

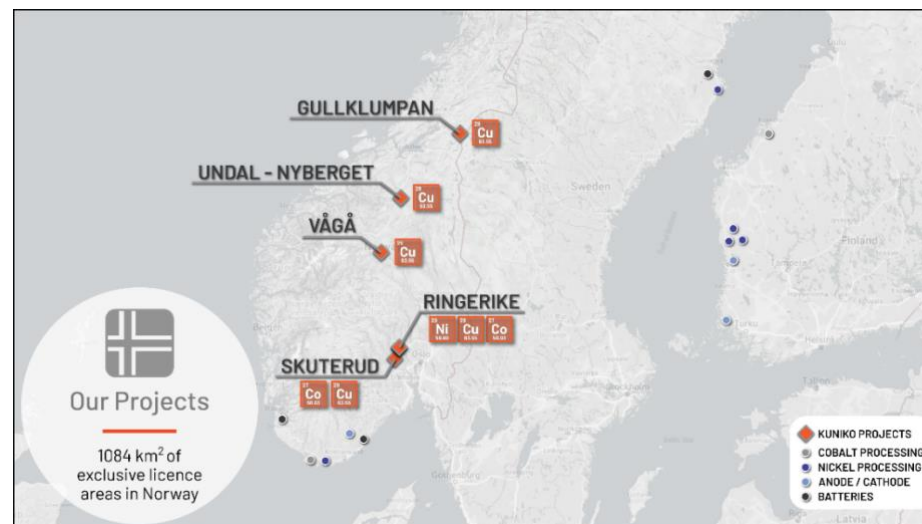
Norway Projects

- **Skuterud Cobalt Project:** has had over 1 million tonnes of cobalt ore mined historically and was the world's largest cobalt producer in its time. A maiden drill campaign completed in Jul. '22 intersected cobalt mineralisation in 8 of 8 drill holes at the priority "Middagshvile" target.
- **Ringerike Battery Metals Project:** 15km from Skuterud, the Ringerike licenses comprise 360 km² of exploration area, prospective for nickel, copper, and cobalt. A Ni-Cu trend of historical mines and workings crosses property and includes the brownfield Ertelien Ni-Cu mine.
- **Undal-Nyberget Copper Project:** is in the prolific Røros Copper region, a copper belt which has historical hosted Tier 1-2 mines. Historical production from Undal had grades of 1.15 % Cu, 1.86 % Zn, while adjacent, Nyberget has had surface grades up to 2% Cu.
- **Vågå Copper Project:** Project includes anomalies representing immediate targets, including a prospective horizon with a known strike extent of ~9km, A further shallow conductor can also be traced for several kilometres.
- **Gullklumpen Copper Project:** has geological continuity to significant mining districts in the region with outcropping Ni-Cu-Co mineralisation.

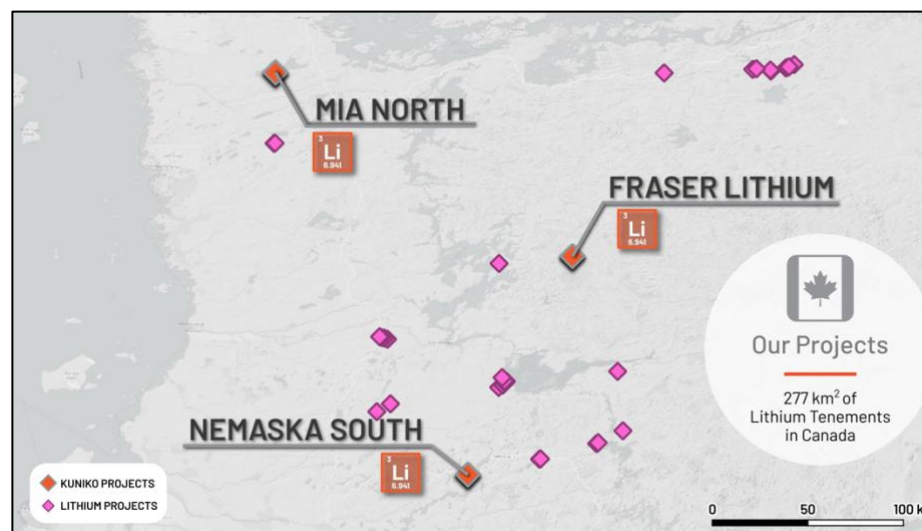
Canada Projects

- **Fraser Lithium Project:** 150 km² of exploration area with mapped pegmatites containing spodumene. The Fraser Lithium Project is located southwest of Winsome Resources' Cancet Lithium Project, west of Patriot Battery Metal's Corvette Lithium Project and northeast of Allkem's James Bay Lithium Project.
- **Mia North Lithium Project:** 82 km² of exploration area located on a greenstone belt known to host pegmatites with the potential for spodumene containing lithium. Mia North is located 30 km north of Q2 Metals Corp. Mia Lithium Project.
- **Nemaska South Lithium Project:** 45 km² of exploration area which hosts at least 5 mapped pegmatite outcrops and located adjacent to the Li-FT Power Lithium Project and 35km southwest of Nemaska Lithium (Whabouchi Project).

Location of Kuniko's projects in Norway



Location of Kuniko's projects in Canada



The European battery market is the fastest growing in the world, however it has very limited domestic production of battery-quality metals. Kuniko's projects will reduce this almost total reliance on external sources of battery metals by offering local and sustainable sources of nickel, cobalt, and copper.

In the event a mineable resource is discovered, and relevant permits granted, Kuniko is committed to sustainable, low carbon and ethical mining practices which embrace United Nations sustainable development goals. Kuniko activities now and in future will target sustainable practices extending to both life on land and life below water, which includes responsible disposal of waste rock away from fjords. Kuniko understands its activities will need to align with the interests of conservation, protected areas, cultural heritage, and indigenous peoples, amongst others.

Forward Looking Statements

Certain information in this document refers to the intentions of Kuniko, however these are not intended to be forecasts, forward looking statements, or statements about the future matters for the purposes of the Corporations Act or any other applicable law. Statements regarding plans with respect to Kuniko's projects are forward looking statements and can generally be identified using words such as 'project', 'foresee', 'plan', 'expect', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. There can be no assurance that the Kuniko's plans for its projects will proceed as expected and there can be no assurance of future events which are subject to risk, uncertainties and other actions that may cause Kuniko's actual results, performance, or achievements to differ from those referred to in this document. While the information contained in this document has been prepared in good faith, there can be given no assurance or guarantee that the occurrence of these events referred to in the document will occur as contemplated. Accordingly, to the maximum extent permitted by law, Kuniko and any of its affiliates and their directors, officers, employees, agents and advisors disclaim any liability whether direct or indirect, express or limited, contractual, tortious, statutory or otherwise, in respect of, the accuracy, reliability or completeness of the information in this document, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this document, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

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"This Act will bring us closer to our climate ambitions. It will significantly improve the refining, processing and recycling of critical raw materials here in Europe. Raw materials are vital for manufacturing key technologies for our twin transition – like wind power generation, hydrogen storage or batteries. And we're strengthening our cooperation with reliable trading partners globally to reduce the EU's current dependencies on just one or a few countries. It's in our mutual interest to ramp up production in a sustainable manner and at the same time ensure the highest level of diversification of supply chains for our European businesses."

President of the European Commission,
Ursula von der Leyen

