
ELECTRIC METALS (USA) LIMITED
(formerly Nevada Silver Corporation)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Unaudited – Expressed in Canadian Dollars)

NOTICE TO READER

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

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

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ELECTRIC METALS (USA) LIMITED
(formerly Nevada Silver Corporation)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Expressed in Canadian Dollars)

As at	Note	March 31, 2023 \$	December 31, 2022 \$
ASSETS			
Current assets			
Cash		532,761	170,108
Receivables		80,527	67,517
Prepaid expenses		242,643	65,985
		855,931	303,610
Deferred share issuance costs		-	148,893
Equipment		11,050	9,338
Reclamation bonds	4	130,380	130,486
Exploration and evaluation assets	4	11,170,060	9,216,374
Total assets		12,167,421	9,808,701
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	2,726,347	2,929,261
Loans from related parties	5	176,654	190,341
		2,903,001	3,119,602
SHAREHOLDERS' EQUITY			
Share capital	6	15,739,230	13,158,869
Share-based payments reserve	6	1,266,871	678,602
Warrants reserve	6	258,036	-
Foreign currency translation reserve		231,849	243,440
Deficit		(9,198,390)	(8,367,649)
Total shareholder's equity		8,297,596	5,713,262
Non-controlling interest	6	966,824	975,837
		9,264,420	6,689,099
Total liabilities and shareholders' equity		12,167,421	9,808,701

Nature of operations and going concern (Note 1)
Subsequent events (Note 10)

Approved and authorized for issuance on behalf of the Board of Directors on May 29, 2023

"Gary Lewis" Director

"John Kutkevicius" Director

ELECTRIC METALS (USA) LIMITED
(formerly Nevada Silver Corporation)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three months ended March 31, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

	Note	For the three months ended March 31,	
		2023	2022
		\$	\$
EXPENSES			
Consulting fees	7	77,314	48,000
Directors fees	7	36,000	58,811
Exploration and evaluation costs		-	3,799
Filing fees		30,756	22,221
Interest and bank charges		5,917	5,217
Depreciation		998	213
Marketing		66,148	99,126
Office expenses		32,310	15,992
Rent		9,294	6,788
Professional fees	7	109,667	216,538
Share-based compensation	6, 7	430,784	94,125
Travel		43,423	62,119
LOSS BEFORE OTHER INCOME (EXPENSE)		(842,611)	(632,949)
OTHER INCOME (EXPENSE)			
Foreign exchange gain (loss)		314	(504)
NET LOSS FOR THE PERIOD		(842,297)	(633,453)
OTHER COMPREHENSIVE INCOME ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO LOSS:			
Exchange difference on translation of foreign operations		(9,048)	(57,702)
COMPREHENSIVE LOSS FOR THE PERIOD		(851,345)	(691,155)
NET LOSS ATTRIBUTABLE TO:			
Shareholders of the Company		(830,741)	(633,453)
Non-controlling interest		(11,556)	-
		(842,297)	(633,453)
COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Shareholders of the Company		(842,332)	(691,155)
Non-controlling interest		(9,013)	-
		(851,345)	(691,155)
NET LOSS PER SHARE – BASIC AND DILUTED		(0.01)	(0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		74,980,748	66,460,160

ELECTRIC METALS (USA) LIMITED
(formerly Nevada Silver Corporation)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – Expressed in Canadian dollars, except for share figures)

	Note	Number of Shares #	Share Capital \$	Share-based Payments Reserve \$	Warrant Reserve \$	Foreign Currency Translation Reserve \$	Deficit \$	Non- controlling Interest \$	Total \$
Balance, December 31, 2021		65,993,193	11,132,159	600,142	-	(41,397)	(5,901,718)	-	5,789,186
Shares issued pursuant to private placement	6	6,670,000	2,001,000	-	-	-	-	-	2,001,000
Shares issued for Belmont project agreement	4	118,750	38,000	-	-	-	-	-	38,000
Share issuance costs	6	-	(12,290)	-	-	-	-	-	(12,290)
Share-based compensation	6	-	-	94,125	-	-	-	-	94,125
Net and comprehensive loss for the period		-	-	-	-	(57,702)	(633,453)	-	(691,155)
Balance, March 31, 2022		72,781,943	13,158,869	694,267	-	(99,099)	(6,535,171)	-	7,218,866
Share-based compensation	6	-	-	(15,665)	-	-	-	-	(15,665)
Non-controlling interest – NSM financing	6	-	-	-	-	-	-	1,017,022	1,017,022
Net and comprehensive loss for the period		-	-	-	-	342,539	(1,832,478)	(41,185)	(1,531,124)
Balance, December 31, 2022		72,781,943	13,158,869	678,602	-	243,440	(8,367,649)	975,837	6,689,099
Shares and warrants issued pursuant to private placement	6	21,212,000	3,181,800	-	318,180	-	-	-	3,499,980
Share and warrants issuance costs	6	-	(601,439)	157,485	(60,144)	-	-	-	(504,098)
Share-based compensation	6	-	-	430,784	-	-	-	-	430,784
Net and comprehensive loss for the period		-	-	-	-	(11,591)	(830,741)	(9,013)	(851,345)
Balance, March 31, 2023		93,993,943	15,739,230	1,266,871	258,036	231,849	(9,198,390)	966,824	9,264,420

ELECTRIC METALS (USA) LIMITED
(formerly Nevada Silver Corporation)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

	Note	2023 \$	2022 \$
Operating activities:			
Net loss for the period		(842,297)	(633,453)
Items not affecting cash:			
Depreciation		998	213
Share-based compensation	6	430,784	94,125
Changes in non-cash working capital related to operations:			
Receivables		(13,010)	(7,224)
Prepaid expenses		(176,658)	(50,390)
Accounts payable and accrued liabilities		(462,291)	(254,055)
Net cash used in operating activities		(1,062,474)	(850,784)
Investing activities:			
Exploration and evaluation assets acquisition and exploration costs		(1,555,456)	(161,509)
Equipment		(2,710)	(5,659)
Net cash used in investing activities		(1,558,166)	(167,168)
Financing activities:			
Shares and warrants issued for cash, net of issue costs	6	2,995,882	1,988,710
Loan repayments to related parties	5	(11,090)	(27,528)
Net cash provided by financing activities		2,984,792	1,961,182
Foreign exchange effect on cash		(1,499)	-
Increase in cash during the period		362,653	943,230
Cash – beginning of the period		170,108	301,568
Cash – end of the period		532,761	1,244,798
Income taxes paid		-	-
Interest paid		3,985	3,768

Non-cash transactions (Note 8)

ELECTRIC METALS (USA) LIMITED
(formerly Nevada Silver Corporation)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended March 31, 2023 and 2022
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1. NATURE OF OPERATIONS AND GOING CONCERN

Electric Metals (USA) Limited (formerly Nevada Silver Corporation) (“EML” or the “Company”) was incorporated under the Canada Business Corporations Act on March 1, 2018. The Company’s head office and registered offices are located at Suite 800, Wildeboer Dellelce Place, 365 Bay Street, Toronto, ON M5V 2H1. The Company’s common shares are listed on the TSX Venture Exchange (the “TSXV”) under the symbol “EML”. Effective January 2022, the Company obtained approval for trading on the OTCQB and commenced trading on the OTCQB under the ticker symbol “EMUSF”. On May 16, 2023, the Company changed its name from Nevada Silver Corporation to Electric Metals (USA) Limited.

These condensed interim consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At March 31, 2023, the Company had accumulated losses of \$9,198,390 since its inception and expects to incur further losses in the development of its business. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational levels of exploration and corporate overhead. These conditions indicate a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern.

Additional funds will be required to enable the Company to continue its operations and there can be no assurance that financing will be available on terms which are acceptable to the Company. These condensed interim consolidated financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

a) Statement of compliance

These condensed interim financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s audited financial statements for the year ended December 31, 2022. They do not include all the information required for complete annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and therefore should be read together with the audited financial statements for the year ended December 31, 2022.

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b) Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements are prepared using the accrual basis of accounting, aside from cash flow information.

c) Consolidation

These condensed interim consolidated financial statements include the financial statements of the Company and the following subsidiaries subject to control by the Company:

	Incorporated in	Percentage owned	
		March 31, 2023	December 31, 2022
Electric Metals (USA) Pty Limited	Australia	100%	100%
Electric Metals (USA) Inc.	USA	100%	100%
North American Silver Corp. (“NAS”)	USA	100%	100%
Centennial Mining Inc.	USA	100%	100%
North Star Manganese Inc (“NSM”)	USA	90.5%	100%

Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

d) Foreign currencies

The functional currency and the presentation currency of the Company is the Canadian Dollar. The functional currency of Electric Metals (USA) Pty Limited is the Australia dollar (“AUD”), while the functional currency of Electric Metals (USA) Inc., NAS, Centennial Mining Inc. and NSM is the US dollar (“USD”). Those functional currencies are the currencies of the primary economic environments in which each of the companies operate.

Entities whose functional currencies differ from the functional currency of the Company are translated into Canadian dollars as follows: assets and liabilities – at the closing rate as at the reporting date, and income and expenses – at the average rate of the period. All resulting changes are recognized in other comprehensive income (loss) and accumulated in foreign currency translation reserve.

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Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

When the Company disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in foreign currency translation reserve related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in foreign currency translation reserve related to the subsidiary are reallocated between controlling and non-controlling interests.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only; in the period of the change and future periods, if the change affects both.

a) Critical Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the condensed interim consolidated financial statements within the next financial year are discussed below:

Impairment of exploration and evaluation assets

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resource prices and the long-term forecasts, and the overall economic viability of the project.

Issuances of shares for goods and services

Management makes judgments in determining the share price attributed to issuances of shares for goods and services. Management considers market conditions, recent or pending private placements of the Company, and or contracted terms of the issuance. Should management's judgment as to an appropriate share price be incorrect, the value attributed could be materially different.

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b) Key Sources of Estimation Uncertainty

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

Share-based compensation

The Company measures the value of equity-settled transactions with employees, and with non-employees when the fair value of the goods or services received is not determinable, by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based compensation requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

4. EXPLORATION AND EVALUATION ASSETS

Corcoran Canyon Silver Project

The Company, through its subsidiaries, NAS and Centennial Mining Inc., has a 100% ownership interest in the Corcoran Canyon Silver Project in Nye County, Nevada. The Corcoran Canyon Silver Project comprises 328 contiguous, unpatented mineral claims with an area of approximately 2,674 hectares. Eight of the claims are currently subject to a 2% net smelter return ("NSR") royalty. Any surrounding claims acquired or staked by the Company would also become subject to the 2% NSR royalty, unless those claims are subject to an NSR royalty owed to a third party.

USD\$82,660 of reclamation bonds have been paid towards the Corcoran Canyon Silver Project.

Belmont Silver Project

In September 2021, the Company, through its subsidiary Centennial Mining Inc, filed 124 unpatented mineral claims with an area of approximately 1,034.6 hectares. These staked mineral claims cover two areas of 15 kilometers southwest of the Corcoran Silver-Gold Project and 80 kilometers north-east of Tonopah in Nye County, Nevada.

In February 2022, the Company entered into an option agreement with Summa LLC (the "Original Option Agreement"), pursuant to which the Company has the right to acquire a 100% interest in five patented lode mining claims in Nevada covering approximately 69.88 acres. Under the Original Option Agreement (later amended – see below), the Company had the right to purchase the optioned property for USD\$10,000 per acre, or a total of USD\$700,000. The Company could defer payment for up to five years by paying cash or (at the option of Summa LLC) issuing common shares of the Company on the anniversary date(s) of the option agreement, or until February 11, 2027 in the following amounts:

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- USD\$30,000 in common shares of the Company at a fair value of \$0.32 per share on the effective date (issued 118,750 common shares valued at \$38,000);
- USD\$35,000 in cash or common shares of the Company at a price per share equal to the 10 day VWAP on the first anniversary date (paid cash of USD\$35,000);
- USD\$40,000 in cash or common shares of the Company at a price per share equal to the 10 day VWAP on the second anniversary date;
- USD\$45,000 in cash or common shares of the Company at a price per share equal to the 10 day VWAP on the third anniversary date;
- USD\$50,000 in cash or common shares of the Company at a price per share equal to the 10 day VWAP on the fourth anniversary date;
- USD\$700,000 in cash on the fifth anniversary date.

The Company may exercise the option to purchase the optioned property by paying USD\$700,000 at any time.

In April 2022, the Company entered into a Deed of Variation with Summa LLC whereby it was agreed that all option payments, except the first option payment which has already been made, must be in the form of cash and deleted Summa LLC's option to accept deferral payments in the form of common shares of the Company.

In May 2022, the Company entered into an option agreement with Bottom Family Trust and Kristina Lynn Boscovich Limon whereby the Company has the right to acquire a 100% interest in one patented lode mining claim in Nevada covering approximately 2.41 acres. Pursuant to the option agreement, the Company can purchase the optioned property for USD\$25,000. The Company has the option to defer payment for up to five years by paying USD\$1,500 cash on the anniversary date(s) of the option agreement, or until May 10, 2027, when a USD\$25,000 cash payment is to be made.

In May 2022, the Company entered into an option agreement with HRH Nevada Resources, Ltd. and Trish Rippie Realty, Inc., whereby the Company has the right to acquire a 100% interest in eight patented lode mining claims in Nevada covering approximately 174.04 acres. Pursuant to the option agreement, the Company can purchase the optioned property for USD\$10,000 per acre, or a total of USD\$1,740,400. The Company has the option to defer payment by paying an annual rental fee of USD\$300 per acre. Both the option purchase price and the annual rental fee are each adjusted annually by way of a Silver Price Adjustment as represented by the annual percent (%) increase in the daily price of silver per troy ounce, published by the London Bullion Market Association, with the February 2022 average price being the Beginning Index Price. The annual rental fee shall not be reduced below USD\$300 per acre and the option purchase price shall not be reduced below USD\$10,000 per acre. During the year ended December 31, 2022, the Company has recorded USD\$52,213 in rental fees for the Belmont Silver Project.

In the event the Company purchases the optioned property outright, the transfer will be subject to HRH Nevada Resources, Ltd. and Trish Rippie Realty, Inc., each retaining a 1.5% NSR.

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All of the properties acquired under the agreements with Summa LLC, Bottom Family Trust and Kristina Lynn Boscovich Limon, and HRH Nevada Resources, Ltd. and Trish Rippie Realty, Inc., are collectively referred to as the “Belmont Silver Project”.

USD\$13,683 of reclamation bonds have been paid towards the Belmont Silver Project.

Emily Manganese Project

NSM has a 100% ownership and management interest in the Emily Manganese Project (“Emily”) established through a series of agreements with Cooperative Mineral Resources, LLC (“CMR”) and People’s Security Company, Inc. (“PSC”). These agreements establish two general arrangements related to the use of lands owned by CMR and PSC:

1. a contract mining and sales arrangement between NSM and CMR for the extraction of manganese ores from the property whereby NSM has the exclusive right to mine and purchase the manganese ore; and
2. separate property leases and a manganese processing agreement between NSM, CMR and PSC, where CMR and PSC, will receive as rent for their properties a portion of NSM’s net distributed profits from downstream sale of processed advanced materials from any ores mined by NSM from the Area of Interest (AOI).

NSM also has an option to purchase all of CMR’s and PSC’s mineral and surface assets, including all rights and obligations, for USD\$30,250,000, less any net distributable profits paid by NSM.

In February 2023, NSM signed lease and purchase option agreements with two private landowners in Emily, Minnesota on two adjacent blocks of land covering approximately 77 acres of surface and mineral rights. Pursuant to the lease and purchase option agreements, NSM will pay the private landowners an annual fee of USD\$6,000 due on closing and on each anniversary date of the agreement. The annual fee will increase by 3% each anniversary date. NSM can purchase the optioned property by paying USD\$10 (paid) at closing for the option to purchase the land at any time for a mutually agreed market price or a professional appraisal price plus 15%. The land is subject to a 2.5% NSR that can be bought for USD\$500,000 for each 1.25%, at any time.

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Summary of Expenditures

Below is a summary of the changes in the exploration and evaluation assets during the three months ended March 31, 2023 and year ended December 31, 2022.

	Corcoran Canyon Silver Project \$	Belmont Silver Project \$	Emily Manganese Project \$	Total \$
Balance, December 31, 2021	4,724,659	53,286	1,650,346	6,428,291
Acquisition costs	-	117,449	24,719	142,168
Consulting – Geological	169,477	121,115	264,273	554,865
Consulting – Environmental	250,375	1,719	134,042	386,136
Consulting – Drilling	-	86,865	103,830	190,695
Consulting - Other	99,095	44,296	201,199	344,590
Permitting, sampling, assays and surveys	53,037	113,779	54,782	221,598
Drilling	4,372	507,735	-	512,107
Site visits	49,150	44,357	-	93,507
Staking	-	5,204	-	5,204
Foreign exchange	202,333	42,707	92,173	337,213
Balance, December 31, 2022	5,552,498	1,138,512	2,525,364	9,216,374
Acquisition costs	-	47,341	53,297	100,638
Consulting – Geological	(7,926)	(7,926)	466,648	450,796
Consulting – Environmental	64,588	-	66,113	130,701
Consulting – Drilling	-	-	11,534	11,534
Consulting - Other	1,950	1,950	1,082	4,982
Permitting, sampling, assays and surveys	751	-	43,548	44,299
Drilling	(758)	-	1,161,321	1,160,563
Site visits	-	-	54,239	54,239
Foreign exchange	(2,742)	(860)	(464)	(4,066)
Balance, March 31, 2023	5,608,361	1,179,017	4,382,682	11,170,060

5. LOANS FROM RELATED PARTIES

During the period from inception on July 24, 2019 to December 31, 2019, the Company incurred director fees of \$85,291 and made payments of \$58,404, resulting in net balance owing of \$26,887 to the CEO of the Company. The loan was non-interest bearing, due on demand, unsecured and had no maturity date. During the year ended December 31, 2020, the Company received additional advances totaling \$18,577 from the CEO. During the year ended December 31, 2021, the Company made repayments of \$35,259. During the three months ended March 31, 2023, the Company made repayments of \$11,090. The balance of the loan payable was a \$nil as of March 31, 2023 (December 31, 2022 – \$10,196).

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On May 25, 2020, the Company entered into a loan agreement with a company owned by the CEO of the Company. A maximum principal amount of AUD\$100,000 is secured by the Corcoran Canyon Silver Project owned by the Company in Nevada, USA. Any balance owing greater than AUD\$100,000 is unsecured. During the year ended December 31, 2022, the Company made repayments of \$48,789. The loan is non-interest bearing and due on demand. The balance of the loan payable was \$176,654 as of March 31, 2023 (December 31, 2022 - \$180,145).

	\$
Balance, December 31, 2021	240,234
Loan repayments	(48,789)
Foreign exchange	(1,104)
Balance, December 31, 2022	190,341
Loan repayments	(11,090)
Foreign exchange	(2,597)
Balance, March 31, 2023	176,654

6. SHARE CAPITAL

- a) **Authorized** – Unlimited common shares without par value.
- b) **Issued and outstanding** – 93,993,943 common shares (December 31, 2022 – 72,791,943 common shares)
- c) **Financings**

On February 11, 2022, the Company issued 118,750 common shares at a fair value of \$38,000 to Summa LLC pursuant to an option payment for the Belmont Silver Project (note 4).

On February 28, 2022, the Company closed a private placement of 6,670,000 units of the Company for gross proceeds of \$2,001,000. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of \$0.45 per share for a period of two years. The Company will be entitled to accelerate the warrant expiry date upon notice to the warrant holders should the closing price of the shares of the Company on the TSXV be equal to or greater than \$0.80 for ten consecutive trading days. Total share issue costs of \$12,290 were incurred in connection with the private placement. Using the residual method, proceeds of \$2,001,000 were attributed to common shares and \$nil was attributed to warrants.

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On August 31, 2022, the Company closed a non-brokered private placement of securities of NSM to provide NSM with interim exploration financing and general working capital (“NSM financing”). NSM issued a total of 3,160,223 shares of NSM at a price of USD\$0.25 per share for aggregate gross proceeds of \$1,017,022 (USD\$790,058). As a result of the NSM financing, the Company’s ownership in NSM was reduced to 90.5%. No fees were payable on the financing.

On January 5, 2023, the Company closed a private placement of common shares and warrants of the Company for gross proceeds of \$3,499,980. Pursuant to the offering, the Company issued 21,212,000 common shares at a price of \$0.15 per share and 21,212,000 warrants at a price of \$0.015 per warrant. Each warrant is exercisable to acquire one common share of the Company at a price of \$0.25 per share for a period of 24 months from the date of issuance. In the event the volume weighted average trading price of the common shares of the Company on the TSXV is equal to or greater than \$0.30 per share for a period of at least twenty consecutive trading days, the Company will have the right to accelerate the expiry date of the warrants to a date that is 30 calendar days after notice is given of such Acceleration Event by ways of news release. Total cash share and warrant issue costs of \$504,098 including finder’s fees were incurred in connection with the private placement. As of December 31, 2022, \$148,893 of the share and warrant issue costs were recorded as deferred share issuance costs on the consolidated statement of financial position.

The Company also issued an aggregate of 1,394,750 finders warrants (the “Finders Warrants”). Each Finders Warrant entitles the holder to acquire one common share of the Company at a price of \$0.165 per share for a period of 2 years. The fair value of the Finders Warrants has been estimated to be \$157,485 using the Black-Scholes option pricing model using the following assumptions: share price at the time of issuance \$0.195; risk-free interest rate of 4.03%; expected life of 2 years; dividend yield of 0%; forfeiture rate of 0% and annualized volatility of 100%.

The total share and warrant issue costs were \$661,583. Based on a proportional allocation of the share and warrant proceeds, \$601,439 of the costs were allocated to the common shares and \$60,144 of the costs were allocated to the warrants.

d) Stock Options

The Company has established a stock option plan available for directors, officers, employees and consultants, and has authorized a stock option pool equal to 10% of the then outstanding common shares. The Company’s practice is to not have an exercise price of each option granted under the plan less than the market price of a common share on the date of the option grant. The vesting terms of the stock options are in the sole discretion of the Board of Directors. Options may be granted for a maximum term of ten years from the date of the grant. After termination of employment, unvested options are forfeited immediately, and vested options expire 90 days subsequent to termination. The Board of Directors administers the stock option plan.

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On May 6, 2021, the Company granted an aggregate of 2,100,000 stock options with a fair value of \$619,823 to certain directors, officers and consultants of the Company. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of \$0.33 per share for a 10-year period. The options vested in four equal installments on August 6, 2021, November 6, 2021, February 6, 2022 and May 6, 2022. During the year ended December 31, 2021, 50,000 stock options related to this grant were exercised for total proceeds of \$16,500. During the year ended December 31, 2022, 950,000 stock options related to this grant were cancelled due to the resignation of a director and the termination of a consulting agreement. Share-based compensation expense related to these stock options of \$nil was recorded during the three months ended March 31, 2023 (2022 - \$58,982).

On November 26, 2021, the Company granted an aggregate of 300,000 stock options with a fair value of \$103,785 to a consultant of the Company. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of \$0.45 per share for a 10-year period. 20% of the options vested immediately, and the remainder vested in four equal installments on February 26, 2022, May 26, 2022, August 26, 2022 and November 26, 2022. In April 2022, 180,000 unvested stock options were cancelled due to the termination of the consulting agreement. The expiration date of the 120,000 vested stock options were accelerated to June 23, 2022. Share-based compensation expense related to these stock options of \$nil was recorded during the three months ended March 31, 2023 (2022 - \$35,143).

On January 13, 2023, the Company granted an aggregate of 3,150,000 stock options with a fair value of \$430,784 to certain directors of the Company. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of \$0.25 per share for a 5-year period. The stock options vested immediately. Share-based compensation expense related to these stock options of \$430,784 was recorded during the three months ended March 31, 2023 (2022 - \$nil).

The fair value of the options granted was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

	Three months ended March 31, 2023	Year ended December 31, 2022
Stock price	\$0.19	-
Exercise price	\$0.25	-
Risk-free interest rate	3.00%	-
Expected life	5 years	-
Expected volatility	100%	-
Expected dividend yield	Nil	-
Weighted average fair value	\$0.14	-

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A summary of stock option activity is as follows:

	Options #	Weighted average exercise price \$
Balance outstanding, December 31, 2021	2,350,000	0.35
Cancelled	(1,250,000)	0.36
Balance outstanding, December 31, 2022	1,100,000	0.33
Granted	3,150,000	0.25
Balance outstanding, March 31, 2023	4,250,000	0.27
Options exercisable, March 31, 2023	4,250,000	0.27

As at March 31, 2023, the Company had the following options outstanding:

Expiry Date	Exercise Price \$	Remaining Life (Years)	Options Outstanding #
January 13, 2028	0.25	4.79	3,150,000
May 6, 2031	0.33	8.10	1,100,000
			4,250,000

e) Warrants

A summary of warrant activity is as follows:

	Warrants #	Weighted average exercise price \$
Balance outstanding, December 31, 2021	7,650,962	0.60
Granted	3,335,000	0.45
Balance outstanding, December 31, 2022	10,985,962	0.55
Granted	21,212,000	0.25
Balance outstanding, March 31, 2023	32,197,962	0.35

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As at March 31, 2023, the Company had the following warrants outstanding:

Expiry Date	Exercise Price \$	Remaining Life (Years)	Warrants Outstanding #
April 30, 2023 ¹	0.60	0.08	7,650,962
February 28, 2024	0.45	0.92	3,335,000
January 5, 2025	0.25	1.77	21,212,000
			32,197,962

¹Subsequent to March 31, 2023, 7,650,962 warrants expired unexercised.

f) Finders Warrants

A summary of finders warrants activity is as follows:

	Finders warrants #	Weighted average exercise price \$
Balance outstanding, December 31, 2021 and 2022	256,501	0.60
Granted	1,394,750	0.165
Balance outstanding, March 31, 2023	1,651,251	0.23

As at March 31, 2023, the Company had the following finders warrants outstanding:

Expiry Date	Exercise Price \$	Remaining Life (Years)	Warrants Outstanding #
April 30, 2023 ¹	0.60	0.08	256,501
January 5, 2025	0.165	1.77	1,394,750
			1,651,251

¹Subsequent to March 31, 2023, 256,501 finders warrants expired unexercised.

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7. RELATED PARTY TRANSACTIONS

Related party transactions are comprised of services rendered by key management personnel of the Company or by a company with a director and/or officer in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

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 include the Company's executive officers and members of the Board of Directors.

The Company incurred charges to directors and officers, or to companies associated with these individuals, during the three months ended March 31, 2023 and 2022:

	Three months ended	
	March 31,	
	2023	2022
	\$	\$
Directors fees	36,000	48,000
Consulting fees	52,587	95,919
Professional fees	69,129	109,910
Share-based compensation	430,784	51,960
	588,500	305,789

The amounts due to related parties at March 31, 2023 are \$421,690 (December 31, 2022 - \$770,040) owing to directors of the Company and a company in which the CFO of the Company is a shareholder. The amounts due to related parties are included in accounts payable and accrued liabilities.

During the three months ended March 31, 2023, the Company was charged \$47,283 (2022 - \$268,960) by a legal partnership of which one of its partners is a director of the Company. As at March 31, 2023, the Company has recorded deferred share issuance costs of \$nil (December 31, 2022 - \$148,893) charged by a legal partnership of which one of its partners is a director of the Company.

Other related party transactions are disclosed in Note 5.

8. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the condensed interim consolidated statements of cash flows.

During the three months ended March 31, 2023, the following transactions were excluded from the condensed interim consolidated statement of cash flows:

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- the Company issued 1,394,750 finders warrants as finder’s fees valued at \$157,485 (Note 6); and
- capitalized exploration and evaluation costs of \$1,921,777 included in accounts payable and accrued liabilities as at March 31, 2023.

During the three months ended March 31, 2022, the following transactions were excluded from the condensed interim consolidated statement of cash flows:

- the Company issued 118,750 common shares as acquisition costs valued at \$38,000 (Note 6); and
- capitalized exploration and evaluation costs of \$116,026 included in accounts payable and accrued liabilities as at March 31, 2022.

9. SEGMENT INFORMATION

During the three months ended March 31, 2023, the Company had one reportable operating segment, being the acquisition and exploration of interests in mineral properties. The Company has operations located in three geographical segments, Canada, USA and Australia. Geographic information is as follows:

	Total non-current assets as at March 31, 2023	Total non-current assets as at December 31, 2022
	\$	\$
USA	11,311,490	9,505,091
Total non-current assets	11,311,490	9,505,091

	Three months ended March 31,	
	2023	2022
	\$	\$
Canada	(745,314)	(511,358)
USA	(75,352)	(117,321)
Australia	(21,631)	(4,774)
Total net loss	(842,297)	(633,453)

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10. SUBSEQUENT EVENTS

- a) On April 4, 2023, the Company completed the acquisition of all of the outstanding securities of NSM that it did not already hold (the "NSM Share Acquisition"). The NSM Share Acquisition was accomplished pursuant to share exchange agreements whereby each holder of NSM Shares agreed to exchange their NSM Shares for units of EML (the "Units") on the basis of 2.04545 Units per NSM Share, with each Unit comprised of one common share and one common share purchase warrant. In the aggregate the Company issued 6,464,113 Units to the (former) NSM Shareholders. Each warrant is exercisable to acquire one common share of the Company at a price of \$0.25 per share for a period of 24 months following issuance thereof. The expiry date of the warrants will accelerate in the event the volume weighted average trading price of the shares on the TSXV is equal to or exceeds \$0.30 per share for a period of 20 consecutive trading days (an "Acceleration Event"). If an Acceleration Event occurs, the warrants will expire 30 days after notice of such Acceleration Event. Following the NSM Share Acquisition, the Company once again indirectly holds 100% of the outstanding NSM Shares.
- b) On April 30, 2023, 7,650,962 warrants and 256,501 finders warrants expired unexercised.