ELECTRIC METALS (USA) LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in US Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Electric Metals (USA) Limited:

Opinion

We have audited the consolidated financial statements of Electric Metals (USA) Limited and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our auditor's report, we have determined the matter described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Assessment of the existence of impairment indicators for exploration and evaluation assets</td></tr>
<tr><td>Refer to note 5</td><td>Our approach to addressing the matter involved the following procedures, among others:</td></tr>
<tr><td>As at December 31, 2024, the carrying amount of the Company’s exploration and evaluation assets was $7,240,510.

At each reporting period, management assesses exploration and evaluation assets to determine whether there are any indicators of impairment. If any such indicators exist, the asset’s recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

Management assesses exploration and evaluation assets for impairment based on, at minimum, the presence of any of the following indicators:
(i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed;
(ii) substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned;
(iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or
(iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount.

Impairment indicators were identified for the Corcoran Canyon Silver, and Belmont Silver Projects. The carrying amount exceeded the recoverable amount of the assets and for the year ended December 31, 2024, an impairment of $5,157,255 was recognized.

We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in their assessment of impairment indicators related to the exploration and evaluation assets. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.</td><td>Evaluating the judgments made by management in determining the impairment indicators, which included the following:

• Obtained, for a sample of claims by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates.
• Read the board of directors’ minutes and resolutions and observed evidence supporting the continued and planned exploration expenditures, which included evaluating results of the Company’s work programs.
• Assessed whether available data indicates the potential for commercially viable mineral resources.
• Based on evidence obtained in other areas of the audit, considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.</td></tr>
</table>

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. 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 in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company to cease to continue as a going concern.

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 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.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, B.C.
April 30, 2025

ELECTRIC METALS (USA) LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in US Dollars)

As at	Note	December 31, 2024 $	December 31, 2023 $
ASSETS			
Current assets			
Cash		53,461	1,758,464
Short-term investments	**4**	97,927	101,627
Receivables		38,382	69,449
Prepaid expenses		208,227	53,911
		397,997	1,983,451
Equipment		1,129	3,207
Reclamation bonds	**5**	96,343	96,343
Exploration and evaluation assets	**5**	7,240,510	11,698,835
Total assets		7,735,979	13,781,836
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**10**	1,589,328	1,225,711
Loan from related party	**6**	-	83,774
		1,589,328	1,309,485
SHAREHOLDERS' EQUITY			
Share capital	**7**	21,095,316	20,688,915
Share-based payments reserve	**7**	1,160,111	968,315
Warrants reserve	**7**	880,938	880,938
Foreign currency translation reserve		(224,517)	(212,947)
Deficit		(16,765,197)	(9,852,870)
Total shareholders' equity		6,146,651	12,472,351
Total liabilities and shareholders' equity		7,735,979	13,781,836

Nature of operations and going concern (Note 1)
Subsequent events (Notes 7 and 14)

Approved and authorized for issuance on behalf of the Board of Directors on April 29, 2025

"Brian Savage" Director   "Sylvia Chen" Director

ELECTRIC METALS (USA) LIMITED

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the years ended December 31, 2024 and 2023

(Expressed in US Dollars)

	Note	2024 $	2023 $
EXPENSES			
Consulting fees	**10**	428,484	434,373
Depreciation		1,911	1,945
Directors fees	**10**	55,204	26,678
Filing fees		31,890	71,294
Interest and bank charges		6,273	15,891
Marketing		381,582	250,465
Office expenses		122,241	239,452
Professional fees	**10**	507,525	838,479
Rent		2,108	21,962
Share-based compensation	**7, 10**	191,796	428,476
Travel		40,326	123,290
LOSS BEFORE OTHER INCOME (EXPENSE)		(1,769,340)	(2,452,305)
OTHER INCOME (EXPENSES)			
Foreign exchange gain (loss)		9,695	(72,284)
Interest income		4,573	839
(Loss) on disposal of equipment		-	(3,841)
Impairment of exploration and evaluation assets	**5**	(5,157,255)	-
		(5,142,987)	(75,286)
NET LOSS FOR THE YEAR		(6,912,327)	(2,527,591)
OTHER COMPREHENSIVE (LOSS) INCOME ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO (LOSS):			
Exchange difference on translation of foreign operations		(11,570)	18,737
COMPREHENSIVE LOSS FOR THE YEAR		(6,923,897)	(2,508,854)
NET LOSS ATTRIBUTABLE TO:			
Shareholders of the Company		(6,912,327)	(2,519,047)
Non-controlling interest		-	(8,544)
		(6,912,327)	(2,527,591)
COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Shareholders of the Company		(6,923,897)	(2,500,310)
Non-controlling interest		-	(8,544)
		(6,923,897)	(2,508,854)
NET LOSS PER SHARE – BASIC AND DILUTED		(0.05)	(0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		145,016,527	114,951,443

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

ELECTRIC METALS (USA) LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in US dollars, except for share figures)

	Note	Number of Shares #	Share Capital $	Share-based payments reserve $	Warrants reserve $	Foreign Currency Translation Reserve $	Deficit $	Non-controlling Interest $	Total $
Balance, December 31, 2022		72,781,943	10,296,217	539,839	-	(231,684)	(6,542,985)	759,687	4,821,074
Shares and warrants issued pursuant to private placements	**7**	47,914,127	6,737,009	-	515,576	-	-	-	7,252,585
Share and warrants issuance costs	**7, 10**	-	(839,043)	-	60,485	-	-	-	(778,558)
Exercise of warrants	**7**	17,552,500	3,453,086	-	(195,458)	-	-	-	3,257,628
Share-based compensation	**7**	-	-	428,476	-	-	-	-	428,476
Units issued for purchase of non-controlling interest	**7**	6,464,113	1,041,646	-	500,335	-	(790,838)	(751,143)	-
Net and comprehensive loss for the year		-	-	-	-	18,737	(2,519,047)	(8,544)	(2,508,854)
Balance, December 31, 2023		144,712,683	20,688,915	968,315	880,938	(212,947)	(9,852,870)	-	12,472,351
Shares issued pursuant to private placements	**7**	5,837,000	410,161	-	-	-	-	-	410,161
Share issuance costs	**7**	-	(3,760)	-	-	-	-	-	(3,760)
Share-based compensation	**7**	-	-	191,796	-	-	-	-	191,796
Net and comprehensive loss for the year		-	-	-	-	(11,570)	(6,912,327)	-	(6,923,897)
Balance, December 31, 2024		**150,549,683**	**21,095,316**	**1,160,111**	**880,938**	**(224,517)**	**(16,765,197)**	**-**	**6,146,651**

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

ELECTRIC METALS (USA) LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2024 and 2023
(Expressed in US Dollars)

	Note	2024 $	2023 $
Operating activities:			
Net loss for the year		(6,912,327)	(2,527,591)
Items not affecting cash:			
Depreciation		1,911	1,945
Loss on disposal of equipment		-	3,841
Accrued interest income		(3,448)	(557)
Share-based compensation	**7**	191,796	428,476
Impairment of exploration and evaluation assets		5,157,255	-
Changes in non-cash working capital related to operations:			
Receivables		31,067	(19,598)
Prepaid expenses		(154,316)	(5,192)
Accounts payable and accrued liabilities		283,490	(147,189)
Net cash used in operating activities		(1,404,572)	(2,265,865)
Investing activities:			
Exploration and evaluation assets acquisition and exploration costs	**5**	(655,733)	(5,693,134)
Equipment		-	(2,099)
Purchase of short-term investments	**4**	(100,858)	(102,962)
Redemption of short-term investments	**4**	103,664	-
Net cash used in investing activities		(652,927)	(5,798,195)
Financing activities:			
Shares and warrants issued for cash, net of issue costs	**7**	406,401	6,474,027
Warrant exercise proceeds	**7**	-	3,257,628
Loan repayments to related parties	**6**	(80,928)	(55,743)
Net cash provided by financing activities		325,473	9,675,912
Foreign exchange effect on cash		27,023	21,015
(Decrease) increase in cash during the year		(1,705,003)	1,632,867
Cash – beginning of the year		1,758,464	125,597
Cash – end of the year		53,461	1,758,464
Income taxes paid		-	-
Interest received		4,615	282
Interest paid		191	9,139

Non-cash transactions (Note 11)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Electric Metals (USA) Limited ("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" and the OTCQB under the ticker symbol "EMUSF".

These 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 December 31, 2024, the Company had accumulated losses of $16,765,197 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. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future. 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 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. MATERIAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION

a) Statement of compliance

These consolidated financial statements have been presented in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

b) Basis of presentation

These 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 consolidated financial statements are prepared using the accrual basis of accounting, aside from cash flow information.

(Expressed in US Dollars)

c) Consolidation

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

		Percentage owned	
	Incorporated in	**December 31, 2024**	**December 31, 2023**
Electric Metals (USA) Pty Limited	Australia	100%	100%
North Star Manganese Inc. (“NSM”)	USA	100%	100%
North American Silver Corp. (“NAS”)	USA	100%	100%
Centennial Mining Inc. (“CMI”)	USA	100%	100%

Control over an entity is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 of the Company is the Canadian Dollar and the presentation currency of the Company is the US Dollar. The functional currency of Electric Metals (USA) Pty Limited is the Australia dollar (“AUD”), while the functional currency of NSM, NAS and CMI is the US dollar. Those functional currencies are the currencies of the primary economic environments in which each of the entities operate.

Entities whose functional currencies differ from the presentation currency of the Company are translated into US 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 reporting period. All resulting changes are recognized in other comprehensive income (loss) and accumulated in foreign currency translation reserve.

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.

e) Financial instruments

Recognition and classification
The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial asset debt instruments is driven by the Company's business model for managing those financial assets and the contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement
Financial assets and liabilities at FVTPL
Financial assets and liabilities 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 assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment, using the effective interest method. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instrument, or where appropriate, a shorter period.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit

losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition
Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

f) Exploration and evaluation assets

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by project. These direct expenditures include such costs as materials used, surveying, drilling, and payments made to contractors during the exploration phase. Costs not directly attributed to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

Exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly with a charge to profit or loss.

Impairment reviews for the Company’s exploration and evaluation assets are carried out on a project by project basis, with each project representing a single cash generating unit. An impairment review for an exploration and evaluation asset is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- The right to explore the area has expired or will expire in the near future with no expectation of renewal;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the area is neither planned nor budgeted;
- No commercially viable deposits have been discovered, and the decision had been made to discontinue exploration in the area; and
- Sufficient work has been performed to indicate that the carrying amount of the expenditure is unlikely to be recovered in full from successful development or by sale.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine under construction." Exploration and evaluation assets are tested for impairment before the assets are transferred.

Exploration and evaluation assets are classified as intangible assets.

g) Provision for decommissioning and restoration

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at December 31, 2024 and 2023, the Company has no known material restoration, rehabilitation or environmental liabilities related to its exploration and evaluation assets.

h) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Equity-settled common share options and warrants, denominated in the Company's functional currency, issued by the Company are classified as equity instruments.

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of closing a financing are recorded as deferred assets. Share issuance costs related to incomplete financing transactions are charged to profit or loss.

Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company allocates unit offering proceeds between common shares and share purchase warrants using the residual value method, with the common shares being valued first, using quoted market prices, and the balance, if any, allocated to the attached warrants.

Warrants issued to agents or brokers on a non-cash basis in connection with share capital financings are recorded at fair value using the Black-Scholes option pricing model and charged against share capital as issue costs with an offsetting increase to warrants reserve.

i) Earnings (loss) per share

Basic earnings (loss) per share represents the earnings (loss) for the period, divided by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share represents the earnings (loss) for the period, divided by the weighted average number of common shares outstanding during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of those instruments would not be anti-dilutive. Diluted earnings (loss) per share is equal to basic earnings (loss) per share, as the effect of potentially dilutive instruments would be anti-dilutive.

j) Share-based payments

Where equity-settled share-based payments are awarded to employees, directors or other service providers, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Stock options are fair valued using the Black-Scholes option pricing model and recorded as compensation expense in profit or loss, with a corresponding increase to share-based payments reserve. Deferred share units are awarded to non-employee directors and are redeemable upon the departure of the director for a common share of the Company, a cash payment or a combination of common shares and cash as determined by the Board. Deferred share units are measured based on the fair value of the underlying shares on the date of grant. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of instruments that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the equity-settled share-based payments granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. The expected life used in the valuation model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the equity-settled share-based payments, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity-settled share options are granted to non-employees, they are recorded at the fair value of the goods or services received. Amounts related to the issuance of shares are recorded as a reduction of share capital, amounts related to the acquisition of assets are capitalized to the asset, and current period services are expensed to profit or loss. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value of the equity instrument is measured.

All equity-settled share-based payments are reflected in share-based payments reserve, until exercised. Upon exercise, shares are issued from treasury and the amount originally reflected in share-based payments reserve is credited to share capital, adjusted for any consideration paid. Upon expiry or forfeiture, the amount reflected in share-based payments reserve is not reclassified to another component of equity.

Where a grant of equity-settled share-based payments is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

For non-cash transactions paid by consideration in the form of the Company's common shares the transaction is measured at the date the Company obtains the goods or the counterparty renders services. Where the fair value of the goods or services cannot be estimated reliably, the transaction is measured at the fair value of the common shares by reference to a quoted price.

k) Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. 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 period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is provided using the 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 Company does not provide for temporary differences relating to differences relating to investments in subsidiaries, associates, and joint ventures 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 reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset 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.

l) New financial reporting standards and interpretations:

During the year ended December 31, 2024, the Company adopted the following amendments:

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2024. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

The following accounting standards and amendments are for future periods.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions.

1. Three defined categories for income and expenses (operating, investing and financing) to improve the structure of the income statement, and require all companies to provide new defined subtotals, including operating profit.
2. Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement.
3. Enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes.

This new standard is effective for reporting periods beginning on or after January 1, 2027. The Company is currently in the process of assessing its impact on future consolidated financial statements.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

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; or 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 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.

Classification of warrants that may be cashlessly exercised
The classification of the warrants with a cashless exercise feature requires management judgment as to whether the warrants should be classified as equity or as a liability. The cashless exercise feature of the warrants is subject to specific conditions (Note 7). Management considered the probability of occurrence of the contingent events and concluded that the feature is not genuine as the events are extremely rare, highly abnormal, and very unlikely to occur. The warrants have been classified as equity.

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

(Expressed in US Dollars)

appropriate inputs to the valuation model including the expected life of the share option, forfeiture rate, volatility and dividend yield and making assumptions about them.

4. SHORT-TERM INVESTMENTS

	$
Balance, December 31, 2022	-
Additions	102,962
Interest	557
Foreign exchange	(1,892)
Balance, December 31, 2023	101,627
Redemption	(103,664)
Additions	100,858
Interest	3,448
Foreign exchange	(4,342)
Balance, December 31, 2024	97,927

During the year ended December 31, 2023, the Company invested CAD$57,500 and $57,500 in guaranteed investment certificates ("GICs") as security for corporate credit cards. The GICs bore interest at prime-2.7% and 3%, respectively, and matured on November 4, 2024.

During the year ended December 31, 2024, the Company renewed the CAD$57,500 and $57,500 GICs. The GICs were to mature in 2025, and bore interest at prime-2.95% and 4.1%, respectively. Subsequent to December 31, 2024, the Company redeemed the GICs.

5. EXPLORATION AND EVALUATION ASSETS

Emily Manganese Project
The Company's principal focus is on the exploration and development of the Emily Manganese Project. NSM has a 100% ownership and management interest in the Emily Manganese Project established through a series of agreements with Cooperative Mineral Resources, LLC ("CMR"), People's Security Company, Inc. ("PSC"), and two private landowners. The CMR and PSC 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.

NSM also has an option to purchase all of CMR's and PSC's mineral and surface assets, including all rights and obligations, for $30,250,000, prior to the initiation of commercial operations, less any net distributable profits paid by NSM.

In January and 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 each of the private landowners an annual fee of $6,000 due on closing and on each anniversary date of the agreement. NSM can purchase each of the optioned properties at any time for a mutually agreed market price or a professional appraisal price plus 15%. Each property is subject to a 2.5% net smelter return ("NSR") that can be repurchased for $500,000 for each 1.25%, at any time.

Corcoran Canyon Silver Project ("Corcoran")
Corcoran is a silver-gold project located northeast of Tonopah, in central Nevada, USA. EML has a 100% ownership interest in Corcoran through its wholly owned subsidiary, CMI. Corcoran comprises 27 core unpatented mineral claims, which are currently subject to an NSR royalty ranging from 0.4% to 3%.

Reclamation bonds of $82,660, associated with CMI's exploration, have been paid towards Corcoran. The termination of liability under the bonds will be permitted only after it is determined there is no outstanding reclamation liability at which time the bonds will be refunded, or until satisfactory replacement bond coverage is furnished.

Belmont Silver Project ("Belmont")
Belmont is a silver-gold project located northeast of Tonopah, in central Nevada, USA. EML has a 100% ownership interest in Belmont through its wholly owned subsidiary, CMI. Belmont is a historic silver mining district (late-1800s), and the project consists of multiple leases of patented mining claims (246 hectares) and 124 unpatented mineral claims that surround or cover the majority of old silver workings of the Belmont silver mining camp.

A reclamation bond of $13,683, associated with CMI's exploration, has been paid towards Belmont. The termination of liability under the bond will be permitted only after it is determined there is no outstanding reclamation liability at which time the bond will be refunded, or until satisfactory replacement bond coverage is furnished.

During the year ended December 31, 2024, the Company recorded impairment of $5,157,255 due to a write-down of the carrying value of the Corcoran and Belmont projects, which are considered non-core assets. Limited exploration activity was undertaken on these projects during the year ended December 31, 2024.

(Expressed in US Dollars)

Summary of Expenditures

Below is a summary of the changes in the exploration and evaluation assets during the years ended December 31, 2024 and 2023:

	Emily Manganese Project $	Corcoran Canyon Silver Project $	Belmont Silver Project $	Total $
Balance, December 31, 2022	1,832,308	4,028,679	826,060	6,687,047
Acquisition costs	67,891	58,412	110,369	236,672
Consulting – Geological	1,012,924	(713)	(5,860)	1,006,351
Consulting – Environmental	274,593	102,901	-	377,494
Consulting – Drilling	20,521	-	-	20,521
Consulting - Other	163,410	4,265	4,802	172,477
Permitting, sampling, assays and surveys	267,873	947	(19)	268,801
Drilling	2,657,966	(561)	3,850	2,661,255
Field supplies	153,952	-	-	153,952
Site visits	114,265	-	-	114,265
Balance, December 31, 2023	6,565,703	4,193,930	939,202	11,698,835
Acquisition costs	13,752	4,139	3,803	21,694
Consulting – Geological	217,766	7,411	7,411	232,588
Consulting – Environmental	121,042	983	-	122,025
Consulting - Other	231,347	-	-	231,347
Permitting, sampling, assays and surveys	90,727	188	188	91,103
Field supplies	173	-	-	173
Impairment	-	(4,206,651)	(950,604)	(5,157,255)
Balance, December 31, 2024	**7,240,510**	**-**	**-**	**7,240,510**

(Expressed in US Dollars)

6. LOAN FROM RELATED PARTY

As at December 31, 2023, the Company had an outstanding loan of $83,774 under a loan agreement with a company owned by the former CEO of the Company. The loan was non-interest bearing and due on demand. During the year ended December 31, 2024, the Company fully repaid the loan.

	$
Balance, December 31, 2022	140,535
Loan repayments	(55,743)
Foreign exchange	(1,018)
Balance, December 31, 2023	83,774
Loan repayments	(80,928)
Foreign exchange	(2,846)
Balance, December 31, 2024	**-**

7. SHARE CAPITAL

a) Authorized – Unlimited common shares without par value.

b) Share Issuances

On January 5, 2023, the Company closed a private placement of common shares and warrants of the Company for gross proceeds of $2,580,345 (CAD$3,499,980). Pursuant to the offering, the Company issued 21,212,000 common shares at a price of CAD$0.15 per share and 21,212,000 warrants at a price of CAD$0.015 per warrant. Each warrant was exercisable to acquire one common share of the Company at a price of CAD$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 was equal to or greater than CAD$0.30 per share for a period of at least twenty consecutive trading days, the Company had the right to accelerate the expiry date of the warrants to a date that was 30 calendar days after notice was given of such acceleration event by ways of news release. Total cash share and warrant issue costs of $371,644 including finder's fees were incurred in connection with the private placement. Related parties of the Company purchased 4,098,167 common shares and 4,098,167 warrants. On July 24, 2023, the Company accelerated the expiry date of the warrants to August 24, 2023. As a result, 17,552,500 warrants were exercised for gross proceeds of $3,257,628 (CAD$4,388,125). Related parties of the Company exercised 4,098,167 warrants. The Company also transferred $195,458 from warrants reserve to share capital. The weighted average share price on the date of exercise was CAD$0.27 per share.

The Company also issued an aggregate of 1,394,750 finders warrants (the "Finders Warrants") as part of the January 5, 2023 financing. Each Finders Warrant entitled the holder to acquire one common share of the Company at a price of CAD$0.165 per share for a period of 2 years. The fair value of the

Finders Warrants has been estimated to be $116,105 using the Black-Scholes option pricing model using the following assumptions: share price at the time of issuance CAD$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 $487,749. Based on a proportional allocation of the share and warrant proceeds, $443,408 of the costs were allocated to the common shares and $44,341 were allocated to the warrants.

On April 4, 2023, the Company completed the acquisition of all of the outstanding securities of NSM (the “NSM Shares”) that it did not already hold (the “NSM Share Acquisition”). The NSM Share Acquisition was accomplished pursuant to exchange agreements whereby each holder of NSM Shares exchanged 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 aggregate the Company issued 6,464,113 Units to the former NSM Shareholders. Each warrant was exercisable to acquire one common share of the Company at a price of CAD$0.25 per share for a period of 24 months following issuance thereof. Following the NSM Share Acquisition, the Company holds 100% of the outstanding NSM Shares. The fair value of the common shares was determined to be $1,041,646 by reference to the quoted share price at the time of issuance of CAD$0.21. The fair value of the warrants has been estimated to be $500,335 using the Black-Scholes option pricing model using the following assumptions: share price at the time of issuance CAD$0.21; risk-free interest rate of 3.55%; expected life of 2 years; dividend yield of 0%; forfeiture rate of 0% and annualized volatility of 100%.

On June 16, 2023, the Company closed a non-brokered private placement of 10,744,680 units of the Company for gross proceeds of $1,913,169 (CAD$2,525,000). Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of CAD$0.35 per share for a period of two years. Total share issue costs of $125,391 were incurred in connection with the private placement. Using the residual method, proceeds of $1,913,169 were attributed to common shares with $nil attributed to warrants. Related parties of the Company purchased 10,638,300 units.

On August 28, 2023, the Company closed a non-brokered private placement of 1,702,128 units of the Company for gross proceeds of $292,204 (CAD$400,000). Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of CAD$0.35 per share for a period of two years and may be cashlessly exercised if the Board determines that the Company has sufficient cash for the next 18 months of expenditures at the time of exercise. Total share issue costs of $57,766 were incurred in connection with the private placement. Using the residual method, proceeds of $275,425 were attributed to common shares with $18,779 attributed to warrants. A related party of the Company purchased 1,702,128 units.

On October 10, 2023, the Company announced that it has closed the second and final tranche of its previously announced non-brokered financing. Pursuant to the financing, the Company issued a total of 14,255,319 units at a price of CAD$0.235 per unit for gross proceeds of $2,464,866 (CAD$3,350,000). Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of CAD$0.35 per share for a period of two years. The share purchase warrant may be cashlessly exercised if the Board determines that the Company has sufficient cash for the next 18 months of expenditures at the time of exercise. Total share issue costs of $71,659 were incurred in connection with the private placement. Using the residual method, proceeds of $2,202,647 and pro-rata portion of $64,036 of transaction costs were attributed to common shares with proceeds of $262,220 and pro-rata portion of $7,623 of transaction costs attributed to warrants. A related party of the Company purchased 14,255,319 units.

On December 13, 2024, the Company closed a non-brokered private placement of 5,837,000 common shares of the Company for gross proceeds of $410,161 (CAD$583,700). Total cash share issue costs of $3,760 were incurred in connection with the private placement. Related parties of the Company purchased 3,737,000 common shares.

c) Stock Options

In June 2024, at the Annual and Special Meeting of Shareholders, a new Omnibus Equity Incentive Plan (“the “Omnibus Equity Incentive Plan”) was approved. The following awards may be granted pursuant to the Omnibus Equity Incentive Plan: (i) Options; (ii) restricted share units (“RSUs”); (iii) deferred share units (“DSUs”); (iv) performance share units (“PSUs”); and (v) other share-based awards (the “Other Share-Based Awards”, and together with the Options, RSUs, DSUs and PSUs, the “Awards”). The total number of common shares that may be reserved and available for grant and issuance pursuant to stock options is equal to 10% of the then outstanding common shares. In addition the total number of common shares reserved and available for grant and issuance as RSUs, DSUs, PSUs and Other Share-based Awards shall not exceed 10,000,000 common shares. The Board of Directors of the Company administers the Omnibus Equity Incentive Plan.

The Company’s policy is to not have an exercise price of each option granted under the Omnibus Equity Incentive Plan less than the market price of a common share on the date of the 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.

On January 13, 2023, the Company granted an aggregate of 3,150,000 stock options with a fair value of $319,230 to certain former directors of the Company. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of CAD$0.25 per share for a 5-year period. The stock options vested immediately. Share-based compensation expense related to these stock options of $nil was recorded during the year ended December 31, 2024 (2023 - $319,230). 3,000,000 of these stock options expired unexercised during the year ended December 31, 2024.

On October 12, 2023, the Company granted 1,500,000 stock options with a fair value of $158,584 to a director of the Company. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of CAD$0.25 per share for a 5-year period. 1,000,000 of the stock options vested immediately, and 500,000 of the stock options vest in the event that the volume weighted average price ("VWAP") of the Company's common shares exceeds CAD$0.50 for any 20 consecutive trading days on the TSXV. Share-based compensation expense related to these stock options of $16,123 was recorded during the year ended December 31, 2024 (2023 - $109,246).

On June 26, 2024, the Company granted an aggregate of 1,600,000 stock options with a fair value of $120,918 to certain former directors of the Company. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of CAD$0.25 per share for a 10-year period. The stock options vested immediately. Share-based compensation expense related to these stock options of $120,918 was recorded during the year ended December 31, 2024 (2023 - $nil). As a result of the resignations of these former directors from the board of the Company, the expiry date of these stock options has been accelerated to September 20, 2025.

On October 23, 2024, the Company granted 500,000 stock options with a fair value of $16,772 to a director of the Company. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of CAD$0.35 per share for a 5-year period. The stock options vested immediately. Share-based compensation expense related to these stock options of $16,772 was recorded during the year ended December 31, 2024 (2023 - $nil).

On October 23, 2024, the Company granted an aggregate of 7,000,000 stock options with a fair value of $197,815 to an officer and director of the Company. Each stock option entitles the holder to purchase one common share of the Company at an exercise price of CAD$0.25 per share for a 5-year period. 1,000,000 of the stock options vest on February 1, 2025, while 4,000,000 of the stock options vest based on key performance metrics, and the remaining 2,000,000 will vest based on market conditions, 1,000,000 upon the stock price reaching CAD$7.50 and 1,000,000 upon the stock price reaching CAD$10.00, in each case for a period of at least 10 consecutive trading days. Share-based compensation expense related to these stock options of $29,102 was recorded during the year ended December 31, 2024 (2023 - $nil).

On October 28, 2024, the Company granted 200,000 stock options with a fair value of $7,350 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 CAD$0.25 per share for a 5-year period. 100,000 of the stock options vest on June 19, 2025, 50,000 of the stock options vest in the event that the VWAP of the Company's common shares exceed CAD$0.50 for any 20 consecutive trading days on the TSXV and 50,000 of the stock options vest in the event that the VWAP of the Company's common shares exceed CAD$1.00 for any 20 consecutive trading days on the TSXV. Share-based compensation expense related to these stock options of $1,005 was recorded during the year ended December 31, 2024 (2023 - $nil).

(Expressed in US Dollars)

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:

	2024	2023
Stock price (CAD$)	$0.09	$0.19
Exercise price (CAD$)	$0.26	$0.25
Risk-free interest rate	3.09%	3.40%
Expected life	5.86 years	5 years
Expected volatility	100%	100%
Expected dividend yield	Nil	Nil
Expected forfeiture rate	Nil	Nil
Fair value	$0.05	$0.10

A summary of stock option activity is as follows:

	Options #	**Weighted average exercise price CAD$**
Balance outstanding, December 31, 2022	1,100,000	0.33
Granted	4,650,000	0.25
Balance outstanding, December 31, 2023	5,750,000	0.27
Granted	9,300,000	0.26
Expired	(3,250,000)	0.26
Balance outstanding, December 31, 2024	**11,800,000**	**0.26**

As at December 31, 2024, the Company had the following options outstanding:

Expiry Date	**Exercise Price CAD$**	**Remaining Life (Years)**	**Options Outstanding #**	**Options Exercisable #**
September 20, 2025	0.25	0.72	1,600,000	1,600,000
January 13, 2028	0.25	3.04	150,000	150,000
October 12, 2028	0.25	3.78	1,500,000	1,000,000
October 23, 2029	0.25	4.81	7,000,000	-
October 23, 2029	0.35	4.81	500,000	500,000
October 28, 2029	0.25	4.83	200,000	-
May 6, 2031	0.33	6.35	850,000	850,000
			11,800,000	4,100,000

(Expressed in US Dollars)

d) DSUs

The Omnibus Equity Incentive Plan allows for the granting of DSUs to non-employee directors. The Board of Directors have the authority to determine the vesting terms of the DSUs, except that, at all times when the Company is listed on the TSXV, no DSU granted may vest before the date that is one year following the grant date.

On October 29, 2024, the Company granted an aggregate of 793,376 DSUs with a fair value of $45,629 to certain directors of the Company. The fair value is measured by the closing share price of CAD$0.08 on the grant date. The DSUs vest on October 29, 2025. Share-based compensation expense related to these DSUs of $7,876 was recorded during the year ended December 31, 2024 (2023 - $nil).

A summary of DSU activity is as follows:

	DSUs #
Balance outstanding, December 31, 2022 and 2023	-
Granted	793,376
Balance outstanding, December 31, 2024	**793,376**

As at December 31, 2024, the Company had the following DSUs outstanding:

Grant Date	**DSUS Outstanding #**
October 29, 2024	793,376
	793,376

(Expressed in US Dollars)

e) Warrants

A summary of warrant activity is as follows:

	Warrants #	Weighted average exercise price CAD$
Balance outstanding, December 31, 2022	10,985,962	0.55
Expired	(11,310,462)	0.49
Exercised	(17,552,500)	0.25
Issued	54,378,240	0.30
Balance outstanding, December 31, 2023	36,501,240	0.34
Expired	(3,335,000)	0.45
Balance outstanding, December 31, 2024	**33,166,240**	**0.33**

As at December 31, 2024, the Company had the following warrants outstanding:

Expiry Date	Exercise Price CAD$	Remaining Life (Years)	Warrants Outstanding #
April 4, 2025	0.25	0.15	6,464,113[1]
June 19, 2025	0.35	0.47	10,744,680
August 28, 2025	0.35	0.66	1,702,128
October 10, 2025	0.35	0.78	14,255,319
			33,166,240

[1]Subsequent to December 31, 2024, these warrants expired unexercised.

f) Finders Warrants

A summary of finders warrants activity is as follows:

	Finders warrants #	Weighted average exercise price CAD$
Balance outstanding, December 31, 2022	256,501	0.60
Expired	(256,501)	0.60
Granted	1,394,750	0.165
Balance outstanding, December 31, 2024 and 2023	**1,394,750**	**0.165**

(Expressed in US Dollars)

As at December 31, 2024, the Company had the following finders warrants outstanding:

Expiry Date	Exercise Price CAD$	Remaining Life (Years)	Warrants Outstanding #
January 5, 2025	0.165	0.01	1,394,750[1]

[1]Subsequent to December 31, 2024, these warrants expired unexercised.

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, which was $6,146,651 at December 31, 2024 (2023 - $12,472,351).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects. There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any external capital requirements.

9. FINANCIAL INSTRUMENTS

For financial instruments held by the Company, management classifies cash and short-term investments at FVTPL and reclamation bonds, accounts payable and accrued liabilities and loan from related party at amortized cost.

a) Fair value of financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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.

As at December 31, 2024, the Company believes that the carrying amounts of accounts payable and accrued liabilities approximate their fair values because of their relatively short maturity dates or durations. Cash and short-term investments are measured at fair value based on level 1 inputs of the fair value hierarchy.

b) Management of risks arising from financial instruments

Discussion of risks associated with financial assets and liabilities are detailed below:

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash and short-term investments are held with federally regulated institutions with deposit insurance and the reclamation bonds are paid to US governments. The credit risk related to cash, short-term investments and reclamation bonds is considered minimal. The Company's management of credit risk has not changed materially from that of the prior year.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by monitoring the Company's contractual obligations to anticipate any investing and financing activities. The Company's accounts payable and accrued liabilities are due within the 12 months. The Company's management of liquidity risk has not changed materially from that of the prior year.

As at December 31, 2024, the Company had a cash balance of $53,461 and receivables of $38,382 to settle current liabilities of $1,589,328.

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

a) Interest rate risk
Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any borrowings that are subject to fluctuations in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash and short-term investments held with federally regulated institutions. The Company is also exposed to the risk of variation in the fair value of financial instruments resulting from fluctuations in interest rates, however the impact is not material.

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally, which gives rise to the risk that cash flows may be adversely impacted by exchange rate fluctuations. Amounts subject to currency risk are primarily cash and short-term investments, offset by accounts payable and accrued liabilities denominated in foreign currencies. The Company primarily spends funds in US dollars. The Company is exposed to currency risk primarily on settlements of purchases that were denominated in currencies other than the US dollar. In order to reduce the Company's exposure to currency risk, the Company periodically increases or decreases the amount of funds held in foreign currencies.

The Company is exposed to movements in the US dollar against the Australian dollar and Canadian dollar. Sensitivity analysis has been performed to indicate how the profit or loss would have been affected by changes in the US dollar and each of these currencies.

As at December 31, 2024, the Company had accounts payable and accrued liabilities of AUD$60,491. A 10% strengthening in the Australian dollar relative to the US dollar would result in an increase of approximately $3,700 in the Company's net loss.

As at December 31, 2024, the Company held cash denominated in Canadian dollars of CAD$53,978, short-term investments of CAD$57,770 and accounts payable and accrued liabilities of CAD$829,896. A 10% strengthening in the Canadian dollar relative to the US dollar would result in a decrease of approximately $49,900 in the Company's net loss.

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk). The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of precious metals and high-purity manganese product prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

10. 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.

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.

(Expressed in US Dollars)

The Company incurred charges to Directors and Officers, or to companies associated with these individuals, during the years ended December 31, 2024 and 2023:

	Note	2024 $	2023 $
Capitalized exploration and evaluation asset expenditures	5	6,615	60,593
Consulting fees		396,019	420,658
Directors fees		55,204	26,678
Professional fees		161,674	229,325
Share-based compensation	7	190,781	428,476
Share issue costs	7	-	113,413
Termination benefits		27,376	-
		837,669	1,279,143

The amounts due to related parties at December 31, 2024 are $386,319 (2023 - $353,998) owing to directors of the Company and a company in which the CFO of the Company is a shareholder. These amounts are unsecured, non-interest bearing and due on demand. The amounts due to related parties are included in accounts payable and accrued liabilities.

On May 3, 2021, the Company entered into a consulting agreement with a company owned by the former CEO of the Company for annual fees of CAD$240,000. During the year ended December 31, 2024, the consulting agreement was terminated and the Company entered into a separation agreement with the company owned by the former CEO of the Company for a lump sum payment of CAD$149,200 paid in cash.

On May 3, 2021, the Company entered into a consulting agreement with a company owned by a former officer of the Company for annual fees of CAD$150,000. During the year ended December 31, 2024, the Company terminated the consulting agreement without cause for a lump sum payment of CAD$37,500 paid in cash.

On February 1, 2024, the Company entered into a consulting agreement with a company owned by a director and CEO of the Company for monthly fees of $20,000 with an initial term of one year which is automatically renewable for subsequent one-year terms unless terminated earlier by either party. If the Company completes one or more equity or debt financings for aggregate net proceeds of at least $5,000,000, then, commencing in the month immediately following, the monthly fee shall automatically increase to $30,000. As further consideration, the Company granted to the director and CEO of the Company 7,000,000 share options which vest in accordance with certain vesting criteria. (Note 7).

On June 24, 2024, the Company entered into agreements with two former directors of the Company whereby the Company agreed to pay CAD$37,500 representing the stipend owed as a director of the Company upon the earlier of (i) the completion of a financing of the Company for aggregate gross proceeds of a minimum of

(Expressed in US Dollars)

$1,500,000 and (ii) December 31, 2024. Subsequent to December 31, 2024, the Company paid $12,500 of the stipend to each former director.

Other related party transactions are disclosed in Notes 6 and 7.

11. NON-CASH TRANSACTIONS

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

During the year ended December 31, 2024, the following transactions were excluded from the consolidated statement of cash flows:

- capitalized exploration and evaluation costs of $519,690 included in accounts payable and accrued liabilities as of December 31, 2024.

During the year ended December 31, 2023, the following transactions were excluded from the consolidated statement of cash flows:

- the Company issued 1,394,750 finders warrants as finder's fees at a fair value of $116,105 (Note 7);
- the Company issued 6,464,113 Units to the former NSM Shareholders at a fair value of $1,541,981 (Note 7); and
- capitalized exploration and evaluation costs of $476,493 included in accounts payable and accrued liabilities as of December 31, 2023.

12. INCOME TAXES

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

	Year Ended December 31, 2024	**Year Ended December 31, 2023**
Statutory tax rate	**26.5%**	**26.5%**
	$	**$**
Loss before income taxes	(6,912,327)	(2,527,591)
Expected income tax expense at statutory rate	(1,831,767)	(669,812)
Difference in tax rates and foreign exchange	426,089	45,508
Tax effect of non-deductible expenses	96,807	(50,928)
Deferred tax expense from temporary difference	(1,035)	(204,616)
Deferred tax asset not recognized	1,309,906	879,848
Income tax recovery	-	-

(Expressed in US Dollars)

The significant components of the Company's deferred income tax assets as at December 31, 2024 and 2023 are as follows:

	2024 $	2023 $
Carried forward tax losses	3,090,367	1,698,248
Financing and share issuance costs	105,997	188,210
Unrecognized deferred tax assets	(3,196,364)	(1,886,458)
Net deferred tax asset	-	-

As at December 31, 2024, the Company has tax losses in Australia of approximately $680,000, tax losses in Canada of approximately $4,800,000 and tax losses in USA of approximately of $7,840,000. The tax losses in Australia may be carried forward indefinitely, the tax losses in Canada may be carried forward to 2041-2044 and the tax losses in the USA may be carried forward indefinitely and applied against future assessable income. Deferred tax benefits, which may arise as a result of these losses have not been recognized in these consolidated financial statements.

13. SEGMENT INFORMATION

During the year ended December 31, 2024, 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 December 31, 2024 $	Total non-current assets as at December 31, 2023 $
USA	7,337,982	11,798,385
Total non-current assets	7,337,982	11,798,385

	Loss for the year ended December 31, 2024 $	Loss for the year ended December 31, 2023 $
Canada	1,460,339	1,472,153
USA	5,448,101	1,025,786
Australia	3,887	38,553
Total net loss	6,912,327	2,536,492

14. SUBSEQUENT EVENT

On April 29, 2025, the Company closed a non-brokered private placement, issuing 25,000,331 units at a price of CAD$0.12 per unit for gross proceeds of CAD$3,000,040. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one additional common share at an exercise price of CAD$0.20 per share for a period of 18 months from the date of issuance. The proceeds from the offering will be used to advance key initiatives, including but not limited to a mine scoping study, various studies related to our HPMSM plant, environmental baseline work, other critical research at our Emily Manganese Project, and general corporate purposes.

In connection with the non-brokered private placement, the Company paid finders' fees of $37,220 and issued 310,170 non-transferable finders warrants Each finders warrant entitles the holder to acquire one common share of the Company at a price of CAD$0.20 per share for a period of 18 months.