

**Electric Metals (USA) Limited**  
**Management's Discussion and Analysis**  
*Year ended December 31, 2024*

# Electric Metals (USA) Limited

## Management's Discussion and Analysis

Year ended December 31, 2024

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**Dated: April 30, 2025**

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Electric Metals (USA) Limited ("EML" or the "Company") was prepared by management of the Company as at April 30, 2025, and should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the years ended December 31, 2024 and 2023 (the "Financial Statements"). The Financial Statements include the financial information of EML and its wholly-owned and controlled subsidiaries, Electric Metals (USA) Pty Limited, North Star Manganese Inc ("NSM"), North American Silver Corp. ("NAS"), and Centennial Mining Inc. ("CMI"). Additional information relating to the Company is available on the Company's website at [electricmetals.com](http://electricmetals.com) and SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

The Financial Statements have been prepared by management and have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in US dollars unless otherwise stated. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements.

### Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, limited operating history; no history of earnings or payment of any dividends; unlikely to generate earnings or pay dividends in the immediate or foreseeable future; possible variations in mineral resources; labour disputes; operating or capital costs; availability of sufficient financing to fund planned or further required work in a timely manner and on acceptable terms; failure of equipment or processes to operate as anticipated; political, regulatory, environmental, social and other risks of the mining industry; reliance on management team; conflicts of interest among certain directors and officers of the Company; lack of liquidity for shareholders of the Company; and market risk.

Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this MD&A.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business and operating strategies and the environment in which the Company will operate in the future.

**Description of Business**

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”.

**Exploration Projects**

Figure 1 shows the location of the Emily Manganese Project, the Corcoran Canyon Silver Project and the Belmont Silver Project, all of which are located in the USA. The Company’s principal focus is on the exploration and development of the Emily Manganese Project.

*Figure 1 – EML Property Location Map*



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### **Emily Manganese Project**

EML's subsidiary, NSM, has a 100% interest in the Emily Manganese Project established through a series of agreements with Cooperative Mineral Resources, LLC ("CMR") and 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 (paid for 2023 and 2024). 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.

In April 2024, the Company announced receipt of the expanded mineral resource estimate for the Emily Manganese Project. There was a 20.9% increase in total indicated resources to 6.2 million tonnes with an average manganese grade of 19.27% and a 596.5% increase in inferred resources to 4.9 million tonnes with an average manganese grade of 17.50%, in each case using a 10% cutoff grade. There was a 64.2% increase in total indicated resources to 14.5 million tonnes with an average manganese grade of 12.06% and an 800.1% increase in inferred resources to 9.6 million tonnes with an average manganese grade of 12.11%, in each case using a 5% cutoff grade. Additional details in respect of the Emily Manganese Project can be found in the technical report entitled "Electric Metals (USA) Limited Emily Manganese Project - NI 43-101 Technical Report - Project No. 219001" prepared by Forte Dynamics, Inc. of Fort Collins, CO which is on the Company's website at [electricmetals.com](http://electricmetals.com) and filed under the Company's profile on [www.sedarplus.ca](http://www.sedarplus.ca) in May 2024.

On September 24, 2024, the Company announced the successful results of metallurgical testing at the Emily Manganese Project. Kemetco Research Inc. ("Kemetco") conducted the testing program, successfully demonstrating the capability of producing high-purity manganese sulfate monohydrate (HPMSM) from manganese samples recovered from the 2023 drill program at the Emily manganese deposit. The current metallurgical test program confirmed the potential for producing a full suite of manganese products, including HPMSM, Electrolytic Manganese Metal (EMM), Electrolytic Manganese Dioxide (EMD / MnO<sub>2</sub>), and other high-purity manganese chemicals from Emily feedstocks. The results provide a strong foundation for the future development of a full-scale processing plant. The next phase will focus on flowsheet development and further process optimization to advance towards a Scoping Study / Preliminary Economic Assessment and Pre-Feasibility Study. Additional details can be found in the September 24, 2024 news release on the Company's website at [electricmetals.com](http://electricmetals.com) and under the Company's profile on [www.sedarplus.ca](http://www.sedarplus.ca).

On January 28, 2025, the Company announced the launch of its Preliminary Economic Assessment ("PEA") for the Emily Manganese Project, which is being conducted by Forte Dynamics, Inc. The PEA will evaluate the technical and environmental viability of the Emily Manganese Project. Additional details can be found in the January 28, 2025 news release on the Company's website at [electricmetals.com](http://electricmetals.com) and under the Company's profile on [www.sedarplus.ca](http://www.sedarplus.ca).

On February 27, 2025, the Company announced positive interim results in its PEA for the Emily Manganese Project. The Company announced the ability to extract approximately 88% of the estimated resources and about 89% of the contained manganese using the overhand cut-and-fill mining method. Following the completion of the PEA, expected in Q2 2025, the Company will advance to a Pre-Feasibility Study, further refining economic projections and optimizing mine development strategies. Additional metallurgical testing and engineering evaluations will lay the groundwork for a processing facility designed to produce battery-grade high-purity manganese sulfate monohydrate (HPMSM) and other premium manganese products, enhancing domestic supply chain security for the EV battery sector. Additional details can be found in the February 27, 2025 news release on the Company's website at [electricmetals.com](http://electricmetals.com) and under the Company's profile on [www.sedarplus.ca](http://www.sedarplus.ca).

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### Corcoran Canyon Silver Project ("Corcoran")

Corcoran is a silver-gold project located northeast of Tonopah, in central Nevada, USA. The Corcoran Project is owned 100% by EML through its wholly owned subsidiary, CMI. Corcoran comprises 27 core unpatented mineral claims, with an NI 43-101 Resource Estimate (2020), and are currently subject to an NSR royalty ranging from 0.4% to 3%. Corcoran also contains 301 adjacent unpatented mineral claims. CMI is staking new and restaking certain older claims in potential exploration ground and intends to pay the annual holding fees associated with the staking. Any surrounding claims within a 2-mile radius buffer acquired or staked by the Company would also become subject to a 1.7% NSR royalty, unless those claims are subject to an NSR royalty owed to a third party. 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 bond will be refunded, or until a satisfactory replacement bond is furnished.

### Belmont Silver Project ("Belmont")

Belmont is a silver-gold project located northeast of Tonopah, in central Nevada, USA. The Belmont Project is owned 100% by EML 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. CMI is staking new and restaking certain older claims, and new leases in potential exploration ground, and intends to pay the annual holding fees associated with the staking and new leases. 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.

The Company is evaluating strategic alternatives for the Corcoran and Belmont properties, including potential sale, joint venture, or continued holding depending on market conditions and strategic alignment with the Company's core focus.

### 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<br>Manganese<br>Project<br>\$ | Corcoran<br>Canyon Silver<br>Project<br>\$ | Belmont<br>Silver<br>Project<br>\$ | Total<br>\$      |
|--|-------------------------------------|--|------------------------------------|------------------|
| 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)      |
| <b>Balance, December 31, 2024</b>        | <b>7,240,510</b>                    | <b>-</b>                                   | <b>-</b>                           | <b>7,240,510</b> |

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**Selected Annual Financial Information**

The following selected financial data is derived from the consolidated financial statements of the Company.

Selected Statement of Financial Position Data

|                              | As at<br>December 31, 2024 | As at<br>December 31, 2023 | As at<br>December 31, 2022 |
|------------------------------|----------------------------|----------------------------|----------------------------|
| Working capital (deficiency) | (1,191,331)                | 673,966                    | (2,079,142)                |
| Total current assets         | 397,997                    | 1,983,451                  | 224,167                    |
| Total current liabilities    | 1,589,328                  | 1,309,485                  | 2,303,309                  |
| Total shareholders' equity   | 6,146,651                  | 12,472,351                 | 4,821,074                  |

Quarterly Information

The following selected financial data is derived from the Company's unaudited quarterly financial statements for the last eight quarters.

|                              | Three months ended      |                          |                     |                      |
|------------------------------|-------------------------|--------------------------|---------------------|----------------------|
|                              | December 31, 2024<br>\$ | September 30, 2024<br>\$ | June 30, 2024<br>\$ | March 31, 2024<br>\$ |
| Revenues                     | Nil                     | Nil                      | Nil                 | Nil                  |
| Working capital (deficiency) | (1,191,331)             | (1,090,804)              | (553,684)           | 115,992              |
| Total assets                 | 7,735,979               | 12,613,408               | 12,822,757          | 13,148,872           |
| Net loss for the period      | (5,602,601)             | (359,629)                | (638,619)           | (311,478)            |
| Net loss per share           | (0.04)                  | (0.00)                   | (0.00)              | (0.00)               |

  

|                              | Three months ended      |                          |                     |                      |
|------------------------------|-------------------------|--------------------------|---------------------|----------------------|
|                              | December 31, 2023<br>\$ | September 30, 2023<br>\$ | June 30, 2023<br>\$ | March 31, 2023<br>\$ |
| Revenues                     | Nil                     | Nil                      | Nil                 | Nil                  |
| Working capital (deficiency) | 673,966                 | (1,090,162)              | (2,801,287)         | (1,512,650)          |
| Total assets                 | 13,781,836              | 12,683,248               | 11,131,614          | 8,871,434            |
| Net loss for the period      | (483,697)               | (741,642)                | (678,742)           | (623,510)            |
| Net loss per share           | (0.00)                  | (0.01)                   | (0.01)              | (0.01)               |

The net loss for the quarters ended June 30, 2023 and September 30, 2023 are higher than the previous quarters primarily due to legal fees associated with consultation regarding preliminary project development and state leasing matters for the Emily Manganese Project.

The working capital deficiency decreased during the quarters ended September 30, 2023 and December 31, 2023, as a result of the increased cash balance due to proceeds from financings and decreased accounts payable and accrued liabilities.

The net loss for the quarter ended March 31, 2024 is lower than the previous quarters due to a decrease in share-based compensation recognized during the period.

The net loss for the quarter ended June 30, 2024 is higher than the previous quarter due to an increase in share-based compensation recognized during the period and an increase in investor relations and marketing activities.

The net loss for the quarter ended September 30, 2024 is lower than the previous quarter due to a decrease in share-based compensation recognized during the period and a decrease in consulting fees and directors fees.

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The net loss for the quarter ended December 31, 2024 is higher than the previous quarter primarily due to a write-down of the carrying value of the Corcoran and Belmont projects due to limited exploration activity on these projects during the year ended December 31, 2024.

### Results of Operations

*Year ended December 31, 2024*

The Company recorded a net loss of \$6,912,327 (\$0.05 per share) for the year ended December 31, 2024 (2023 - \$2,527,591 and \$0.02 per share). Variances of note in the operational expenses are:

Impairment of exploration and evaluation assets of \$5,157,255 (2023 – \$nil) was recognized due to a write-down of the carrying value of the Corcoran and Belmont projects which are considered non-core assets. Limited exploration activity on these projects during the year ended December 31, 2024. The Company is evaluating strategic alternatives for the Corcoran and Belmont properties, including potential sale, joint venture, or continued holding depending on market conditions and strategic alignment with the Company's core focus.

Professional fees of \$507,525 (2023 – \$838,479) were lower during the year ended December 31, 2024 primarily due to a decrease in legal fees incurred for project development and leasing matters for Emily and corporate governance matters.

Share based compensation of \$191,796 (2023 – \$428,476) was lower during the year ended December 31, 2024 due to lower number of stock options vesting during the year.

Partially offset by:

Marketing fees of \$381,582 (2023 – \$250,465) were higher during the year ended December 31, 2024 due to an increase in investor relations activity to generate awareness of the Company and its projects.

*Three months ended December 31, 2024*

The Company recorded a net loss of \$5,602,601 (\$0.04 per share) for the three months ended December 31, 2024 (2023 - \$483,697 and \$0.00 per share). Variances of note in the operational expenses are:

Impairment of exploration and evaluation assets of \$5,157,255 (2023 – \$nil) was recognized due to a write-down of the carrying value of the Corcoran and Belmont projects which are considered non-core assets. Limited exploration activity on these projects during the year ended December 31, 2024. The Company is evaluating strategic alternatives for the Corcoran and Belmont properties, including potential sale, joint venture, or continued holding depending on market conditions and strategic alignment with the Company's core focus.

Share based compensation of \$58,808 (2023 – \$109,246) was lower during the three months ended December 31, 2024 due to lower number of stock options vesting during the period.

Partially offset by:

Consulting fees of \$90,283 (2023 - \$178,843) consist of fees paid to consultants for advisory services. The consulting fees were higher during the three months ended December 31, 2023 primarily due to consulting fees recognized for StoneBridge Analytics LLC, a consulting company in which Henry Sandri is a partner, for consulting services performed during 2023.

### Outlook

As of December 31, 2024, the Company had a working capital deficit of \$1,191,331 (2023 – surplus of \$673,966). During the year ended December 31, 2024, net cash used in operating activities was \$1,404,572. Net cash used in investing activities was \$652,927 primarily for mineral property acquisition and exploration costs. Net cash provided by financing activities was \$325,473 due to \$406,401 in net proceeds received from a non-brokered private placement offset by \$80,928 used for loan repayments to related parties.

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and

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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.

The Company is a junior exploration company principally engaged in the exploration and development of the Emily Manganese project in Minnesota, USA. The Company's future performance depends on, among other things, its ability to discover and develop resources and ore reserves at commercially recoverable quantities, the prevailing market price of commodities it produces, the Company's ability to secure required financing, and in the event ore reserves are found in economically recoverable quantities, the Company's ability to secure operating and environmental permits to commence and maintain mining operations.

The Company's 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 or at all. The 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.

The Company is actively evaluating financing opportunities to fund its planned activities for the next twelve months, including potential equity financings and strategic partnerships. The Company intends to prioritize financing options that minimize shareholder dilution while supporting the advancement of the Emily Manganese Project.

### **Capital Expenditures**

The Company incurred \$698,930 in exploration and evaluation expenditures and acquisition costs during the year ended December 31, 2024 (2023 - \$5,011,789). For a breakdown of costs by project, refer to the Summary of Expenditures section above.

### **Off-Balance Sheet Arrangements**

There are no off-balance sheet arrangements as of December 31, 2024.

### **Transactions with Related Parties**

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. The following related party transactions are also disclosed in Note 10 to the Company's audited consolidated financial statements for the year ended December 31, 2024.

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.

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

|   | 2024    | 2023      |
|---|---------|-----------|
|   | \$      | \$        |
| Capitalized exploration and evaluation asset expenditures | 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                                  | 190,781 | 428,476   |
| Share issue costs   | -       | 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. The amounts due to related parties are included in accounts payable and accrued liabilities.

During the year ended December 31, 2024, the Company entered into the following transactions with key management personnel and/or related entities:

- a) Incurred director fees of \$27,602 (2023 - \$27,678) to John Kutkevicius, former director of the Company.
- b) Incurred director fees of \$nil (2023 - \$(26,678)) to Henry Sandri.
- c) Incurred director fees of \$27,602 (2023 - \$26,678) to Megan McElwain, former director of the Company.
- d) Incurred consulting fees of \$220,000 (2023 - \$nil) to Sage Management LLC, a company controlled by the CEO of the Company (Brian Savage).
- e) Incurred consulting fees of \$28,644 (2023 - \$172,521) to Gary Lewis, former CEO of the Company..
- f) Incurred consulting fees of \$33,990 (2023 - \$68,730) to Ian Pringle, of which \$6,615 (2023 - \$60,593) was capitalized to exploration and evaluation assets and director fees of \$nil (2023 - \$nil) to Ian Pringle.
- g) Incurred consulting fees of \$120,000 (2023 - \$240,000) to StoneBridge Analytics LLC, a consulting company in which Henry Sandri is a partner.
- h) Incurred professional fees of \$86,412 (2023 - \$83,634) to Malaspina Consultants Inc., a company in which the CFO of the Company (Natasha Tsai) is a shareholder.
- i) Incurred professional fees of \$75,262 (2023 - \$145,691) to Wildeboer Dellelce LLP, a legal firm where John Kutkevicius, former director of the Company, is a partner.
- j) Incurred share issue costs of \$nil (2023 - \$113,413) to Wildeboer Dellelce LLP, a legal firm where John Kutkevicius, former director of the Company, is a partner.
- k) Incurred termination benefits of \$27,376 (2023 - \$nil) to Ian Pringle.

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.

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 \$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.

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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.

All related party transactions were conducted in the normal course of business and measured at the amount of consideration established and agreed to by the related parties.

### Events Subsequent to the Company's December 31, 2024 Year End

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.

### Critical Accounting Estimates and Policies

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.

### 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. 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.

### 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

# Electric Metals (USA) Limited

## Management's Discussion and Analysis

Year ended December 31, 2024

determining the most 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.

### Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, short-term investments, reclamation bonds and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values.

### Disclosure of Outstanding Share Data

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

|   |                    |
|---|--------------------|
| Issued and outstanding common shares  | 175,550,014        |
| Deferred share units  | 793,376            |
| Share options with a weighted average exercise price of CAD\$0.26           | 11,800,000         |
| Share purchase warrants with a weighted average exercise price of CAD\$0.30 | 39,512,463         |
| <b>Fully Diluted</b>  | <b>227,655,853</b> |

### Disclosure Controls and Procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements for the year ended December 31, 2024 and this accompanying MD&A (together, the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company on SEDAR at [www.sedar.com](http://www.sedar.com).

### Risks and Uncertainties

The Company is currently subject to financial and regulatory risks. The financial risk is derived from the uncertainty pertaining to the Company's ability to raise capital to continue operations. Regulatory risks include the possible delays in getting regulatory approval for the transactions that the Board of Directors believe to be in the best interest of the Company and include increased fees for filings and the introduction of ever more complex reporting requirements, the cost of which the Company must meet in order to maintain its exchange listing.

There is no assurance that the exploration of the Company's properties will be successful in its quest to find a commercially viable quantity of mineral resources. The Company's exploration and development activities may be affected by changes in government, political instability and the nature of various government regulations relating to the mining industry. The Company cannot predict the government's positions on mining concessions, land tenure, environmental regulation or taxation. A change in government positions on these issues could adversely affect the Company's business and/or its holdings, assets and operations. Any changes in regulations or shifts in political conditions are beyond the control of the Company.

### Other Information

Additional information about the Company is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).