

**EMERGENT METALS CORP.**  
**(FORMERLY EMGOLD MINING CORPORATION)**

**(AN EXPLORATION STAGE COMPANY)**

**UNAUDITED CONDENSED INTERIM**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED 31 March 2023 AND 2022**

Stated in US Dollars

## Table of Contents

Notice to Reader .....	i
Consolidated Statements of Financial Position .....	1
Consolidated Statements of Comprehensive Income (Loss).....	2
Consolidated Statements of Changes in Shareholders' Equity .....	3
Consolidated Statements of Cashflows .....	4
Notes to the Condensed Interim Consolidated Financial Statements.....	5
1) Nature of operations and going concern.....	5
2) Basis of preparation – Statement of Compliance.....	5
3) Financial instruments and risk management .....	7
4) Accounts receivable.....	10
5) Marketable securities .....	10
6) Exploration and evaluation assets.....	11
7) Related party transactions.....	24
8) Share capital.....	24
9) Equipment.....	27
10) Flow-through shares premium liability.....	28
11) Leases – right of use assets and lease liabilities.....	29
12) Capital disclosures .....	30
13) Segmented disclosure.....	25
14) Commitment .....	26

## NOTICE TO READER

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed interim consolidated financial statements and are in accordance with IAS 34 – *Interim Financial Reporting*.

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

US Dollars

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at	
		March 31 2023	December 31 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 86,485	\$ 688,124
Amounts receivable	4	108,951	185,882
Due from related parties	7	15,894	–
Marketable securities	5	51,002	222,153
Prepaid expenses		84,742	142,856
		<b>347,074</b>	<b>1,239,015</b>
<b>Non-current assets</b>			
Advance payments for assets acquisition	6(k)	114,206	114,192
Deposit and reclamation bonds		6,648	6,648
Equipment	9	44,323	46,713
Exploration and evaluation assets	6	2,535,003	2,534,616
Right-of-use asset	11	11,607	15,154
		<b>2,711,787</b>	<b>2,717,323</b>
<b>Total Assets</b>		<b>\$ 3,058,861</b>	<b>\$ 3,956,338</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		607,939	1,030,131
Due to related parties	7	35,755	85,438
Flow-through share premium liability	10	66,159	73,648
Lease liability	11	12,851	16,792
Warrant liability	8	779,579	1,406,769
<b>Total liabilities</b>		<b>1,502,283</b>	<b>2,612,778</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	48,841,809	48,838,993
Warrants - reserve	8	1,014,788	1,014,788
Options - reserve	8	7,917,845	7,865,859
Accumulated Deficit		(56,217,864)	(56,376,080)
		<b>1,556,578</b>	<b>1,343,560</b>
<b>Total liabilities and equity</b>		<b>\$ 3,058,861</b>	<b>\$ 3,956,338</b>

*Nature of operations and going concern (Note 1)*

*Commitments (Note 14)*

*Event after the reporting period (Note 15)*

Approved and authorized for issuance by the board of directors on May 26, 2023

"David Watkinson"

David Watkinson, Director

Andrew MacRitchie

Andrew MacRitchie, Director

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

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

US Dollars

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

	Note	Three months ended March 31,	
		2023	2022
<b>EXPENSES</b>			
<b>Exploration and Evaluation</b>			
Resource property expense	6	\$ 143,055	\$ 128,338
<b>General and Administrative</b>			
Advertising and promotion		73,407	2,744
Amortization	9	2,391	3,018
Banking costs		345	2,752
Depreciation of right-of-use asset	11	3,547	3,776
Insurance		8,284	8,638
Listing and filing fees		16,066	24,261
Management and consulting		45,753	47,706
Professional fees		32,596	26,836
Office and administration		9,653	7,907
Rent		6,593	4,982
Share based compensation	7&8	51,986	–
Travel		6,654	4,548
Net Loss Before Other Items		(400,330)	(265,506)
<b>Other Items</b>			
Sublet income		8,250	5,450
Amortization of flow-through share premium liability	10	7,552	–
Lease liability accretion expense	11	(560)	(1,192)
Foreign exchange gain		(45,333)	(3,475)
(Loss) on disposition of marketable securities	5	(64,047)	–
Fair value adjustment for marketable securities	5	25,493	(24,271)
Fair value adjustments for warrant liability	8	627,191	294,434
Income and comprehensive income		158,216	5,440
<b>Earnings per share, basic and diluted</b>		0.01	0.00
<b>Weighted average number of common shares outstanding - basic and diluted</b>		27,186,448	13,618,262

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

2 | Page

US Dollars

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Number of Outstanding Shares	Share Capital	Number of Outstanding Warrants	Reserves Warrants	Number of Outstanding Options	Reserves Options	Deficit	Shareholders' Equity
<b>Balance, December 31, 2021</b>	13,618,261	\$ 48,302,216	7,002,955	\$ 971,650	1,257,500	\$ 7,865,859	\$ (54,805,197)	\$ 2,334,528
Warrants expired	–	–	(609,790)	–	–	–	–	–
Comprehensive income for the period	–	–	–	–	–	–	5,440	5,440
<b>Balance, March 31, 2022</b>	13,618,261	\$ 48,302,216	6,393,165	\$ 971,650	1,257,500	\$ 7,865,859	\$ (54,799,757)	\$ 2,339,968
<b>Balance, December 31, 2022</b>	27,170,337	\$ 48,838,993	12,995,891	\$ 1,014,788	1,257,500	\$ 7,865,859	\$ (56,376,080)	\$ 1,343,560
Exercise of warrants	<b>25,000</b>	<b>2,816</b>	<b>(25,000)</b>	–	–	–	–	<b>2,816</b>
Comprehensive income for the period	–	–	–	–	<b>1,300,000</b>	<b>51,986</b>	<b>158,216</b>	<b>210,202</b>
<b>Balance, March 31, 2023</b>	<b>27,195,337</b>	<b>\$ 48,841,809</b>	<b>12,970,891</b>	<b>\$ 1,014,788</b>	<b>2,557,500</b>	<b>\$ 7,917,845</b>	<b>\$ (56,217,864)</b>	<b>\$ 1,556,578</b>

(\* Number of shares, warrants and options have been adjusted retrospectively to reflect the effect of the March 2022 share consolidation at a ratio of ten pre-consolidation shares equal to one post-consolidation shares)

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

US Dollars

## CONSOLIDATED STATEMENT OF CASHFLOWS

	Note	Three months ended	
		March 31,	
		2023	2022
		\$	\$
<b>Operating activities</b>			
Loss for the periods		158,216	5,440
Items not affecting cash:			
Amortization of equipment	9	2,391	3,017
Depreciation of right-of-use assets	11	3,547	3,776
Lease liability accretion expense	11	560	1,192
Unrealized foreign exchange loss		309	3,021
Fair value adjustment for marketable securities	5	(25,493)	24,271
Fair value adjustments for warrant liability	8	(627,191)	(294,434)
Loss on disposition of marketable securities		64,047	–
Changes in non-cash operating working capital			
Amounts receivable		3,098	(16,626)
Prepaid expenses and deposits		58,114	(6,477)
Accounts payable and accrued liabilities		(422,193)	(178,232)
Due to related parties		(65,577)	(38,098)
Cash used in operating activities		(805,738)	(493,150)
<b>Investing activities</b>			
Proceeds from sale of marketable securities		132,522	–
Acquisition of mineral properties		(387)	–
Cash provided by investing activities		132,135	–
<b>Financing activities</b>			
Lease payments on principal portion		(3,967)	(3,460)
Lease payments on interest portion		(560)	(1,192)
Net proceeds from units issued for cash	8	2,816	–
Collection of subscription receivable		73,833	160,260
Cash provided by financing activities		72,122	155,608
<b>Increase (decrease) in cash</b>		<b>(601,481)</b>	<b>(337,542)</b>
<b>Exchange difference on cash</b>		<b>(158)</b>	<b>(326)</b>
<b>Cash, beginning of year</b>		<b>688,124</b>	<b>357,312</b>
<b>Cash, end of period</b>		<b>86,485</b>	<b>19,444</b>

## **EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)**

**For the Periods ended March 31, 2023 and 2022 In US Dollars, unless otherwise stated**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

---

#### **1. Nature of operations and going concern**

Effective March 2, 2022, the Company has changed its name from Emgold Mining Corporation to Emergent Metals Corp. (the “Company” or “Emergent”) (See Note 18(b)).

The Company was incorporated on March 17, 1989, under the British Columbia Corporations Act and the principal place of business is located at 1010 - 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. The Company’s business model is to acquire, explore, and divest of mineral property interests (an A&D model) with the goal of creating value for our shareholders. Acquisitions or divestitures can include purchase or sale of assets, option or joint venture of assets, royalty transactions, or other business transactions that are a fit for a specific asset. The Company’s shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol EMR, the OTC Market under the symbol EGMCF, and the Frankfurt (“FRA”) and Berlin (“BSE”) Stock Exchanges under the symbol EMLM.

These audited consolidated financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company’s ability to continue in operation for the foreseeable future and to realize the potential of its assets and discharge its liabilities in the normal course of operations. The Company currently has a negative operating cash flow and has incurred operating losses since inception. The Company generates cash inflow by the sale of common shares of public mining companies it owns, revenue generated by the sale, joint venture, option, or other transactions related to its assets, or through equity financings, where the amount or timing of cash inflow cannot be guaranteed.

The Company is currently unable to self-finance 100% of its planned operations for the 2022 fiscal year and has on-going cash needs to meet its overhead requirements, maintain its exploration assets, and complete planned exploration activities. The generation of revenue from the Company’s exploration assets is dependent upon several factors, which include the discovery and/or expansion of mineral resources or reserves on each of its properties, the ability of the Company to obtain the necessary financing to advance exploration on these properties, the ability of the Company to make property, advance royalty, or claim maintenance payments to hold these properties, or the completion of transactions with third parties that generate revenue in the short and long term. The generation of cash inflow from equity financings is dependent upon several factors including the impact of Covid-19 on financial markets, the price of gold, and other impacts to financial markets that are beyond the control of the Company.

As at March 31, 2023, the Company had a working capital deficit of \$1,155,209 (December 31, 2022 working capital deficit - \$1,373,763), an accumulated deficit of \$56,217,864 (December 31, 2022 - \$56,376,080), income and comprehensive income of \$158,216 (March 31, 2022 – income and comprehensive income of \$5,440) and a net cash outflow used in operating activities of \$805,738 (March 31, 2022 – outflow of \$493,150) and expects to incur further losses in the development of its business. For the Company to continue to operate as a going concern it must obtain additional financing. While the Company has been successful in obtaining additional financing in the past, there can be no assurance that this will continue in the future. As a result, there is a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

If the going concern assumption were not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used. Such adjustments could be material.

#### **2. Basis of Preparation**

##### **a) Statement of Compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 26, 2023.



## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Periods ended March 31, 2023 and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

---

#### b) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, the consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

#### c) Summary of Significant Accounting Policies.

The accounting policies and methods of computation followed in preparing these Financial Statements are the same as those followed in preparing the most recent audited annual financial statements. For a summary of significant accounting policies, please refer to the Company's audited annual financial statements for the year ended 31 December 2022.

### 3. Critical accounting judgement and key sources estimation uncertainty

In the application of the Company's accounting policies management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the consolidated financial statements.

#### a) Critical judgments in applying accounting policies

##### Going concern assumption

These consolidated financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company's ability to continue in operation for the foreseeable future and to realize its assets and discharge its liabilities in the normal course of operations. There are several adverse conditions that cast substantial doubt upon the soundness of this assumption. Refer to note 1 for more details.

##### Determination of functional currency

In accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Company and its wholly owned subsidiaries is the US dollar. The assessment of the Company's functional currency and the functional currency of its subsidiaries involves judgment regarding the primary economic environment the Company and its subsidiaries operate in.

##### Exploration and evaluation assets

The Company makes certain judgements and assumptions regarding indicators of impairment and the recoverability of the carrying values of exploration and evaluation assets. Management has assessed for impairment indicators for the Company's properties and has concluded that no indicators of impairment as at March 31, 2023.

In addition, Management has exercised significant judgement in assessing whether the Company has sufficient financial resources to incur qualified exploration and evaluation expenditures to meet its obligations related to the issuance of flow-through shares.

## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Periods ended March 31, 2023 and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

---

#### **b) Key sources of estimation uncertainty**

##### Share based payments and fair value of warrants

Management assesses the fair value of stock options and warrants granted in accordance with the accounting policy stated in note 3. The fair value of stock options and warrants granted is measured using the Black-Scholes option pricing model, which was created for use in estimating the fair value of freely tradable, fully transferable options.

The following assumptions are used in the model: dividend yield; expected volatility; risk-free interest rate and expected option life. Changes to assumptions used to determine the grant date fair value of share-based compensation awards can affect the amounts recognized in the consolidated financial statements.

##### The inputs used in the IFRS 16 accounting

The significant judgments, estimates, and assumptions made by management applied in the preparation of these consolidated financial statements, specifically as they relate to IFRS 16 Leases, primarily included evaluating the appropriate discount rate to use to discount the lease liability for each lease, as well as determining the lease term, when the lease contained an extension option, and assessing if the Company was reasonably certain that it would exercise the extension option. Significant judgments, estimates, and assumptions over both factors would affect the present value of the lease liabilities, as well as the associated value of the right-of-use assets.

##### Fair value of warrants derivative

The Company has determined that its functional currency is the US dollar and has issued warrants with exercise price fixed in Canadian Dollar. The Company measures the cost of the warrants derivative by reference to the fair value on the grant date and revalues them at each reporting date. In determining the fair value of the warrants, the Company used the Black-Scholes option pricing model with the following assumptions: average volatility rate; market price at the reporting date; risk-free interest rate; the remaining expected life of the warrant and an exchange rate at the reporting date. The inputs used in the Black-Scholes model are taken from observable markets.

Changes to assumptions used can affect the amounts recognized in the consolidated financial statements.

##### Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

### **3. Financial instruments and risk management**

#### **a) Classification**

The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. 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.

The following table shows the classifications:

## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Periods ended March 31, 2023 and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

---

<b>Financial assets</b>	<b>Classification</b>
Cash	Amortized cost
Marketable securities	FVTPL
Reclamation bonds	Amortized cost
Accounts receivable excludes goods and services tax	Amortized cost
Due from related parties	Amortized cost

  

<b>Financial liabilities</b>	<b>Classification</b>
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost
Lease liability	Amortized cost
Warrant liability	FVTPL

#### Measurement

##### 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.

##### 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 the Consolidated Statements of Comprehensive 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 the Consolidated Statements of Comprehensive Loss in the period in which they arise.

##### Impairment of financial assets

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 financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the Consolidated Statements of Comprehensive 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.

#### **b) Fair values**

Financial instruments of the Company carried on the Consolidated Statements of Financial Position are carried at amortized cost with the exception of marketable securities and warrant liabilities, which are carried at fair value. There are no significant differences between the carrying value of these financial instruments carried at amortized cost and their estimated fair values as at December 31, 2021 and 2020 due to the short term nature of the instruments.

Financial instruments recorded at fair value on the Consolidated Statements of Financial Position are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels in the hierarchy are:

- Level 1 – quoted prices in active markets for identical financial instruments.
  - Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
  - Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.
-

## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Periods ended March 31, 2023 and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's marketable securities were considered to be classified as Level 1 and warrant liabilities were classified as Level 3. There have been no changes between levels during the year.

#### c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Company's liabilities at March 31, 2023 and 2022 as presented in the Financial Statements are due within 12 months of the respective reporting dates.

As at March 31, 2023

	Carrying Amount	Contractual Obligation	Less than 12 months
Accounts payable and accrued liabilities	\$ 607,889	\$ 607,889	\$ 607,889
Due to related parties	35,755	35,755	35,755
Lease liability	12,851	12,851	12,851
	\$ 656,495	\$ 656,495	\$ 656,495

As at March 31, 2022

	Carrying Amount	Contractual Obligation	Less than 12 months	Between 1-3 years
Accounts payable and accrued liabilities	\$ 635,449	\$ 635,449	\$ 635,449	\$ -
Due to related parties	30,439	30,439	30,439	-
Lease liability	29,658	29,658	15,734	13,924
	\$ 695,546	\$ 695,546	\$ 681,622	\$ 13,924

#### d) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company's marketable securities is exposed to market risk in trading its investments and unfavorable market conditions could result in dispositions of investments at less than favorable prices.

#### e) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada and US, accordingly the Company believes it is not exposed to significant credit risk.

#### f) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is nominally exposed to interest rate risk.

#### g) Foreign exchange risk

The functional currency of the Company and its subsidiaries is the US dollar. Most of the foreign exchange risk is related to Canadian dollar denominated financial instruments held by the Company.

The Company does not hedge its exposure to currency fluctuations. To manage this risk, the Company holds most cash in

## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Periods ended March 31, 2023 and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The US dollar equivalent balances denominated in Canadian dollars at March 31, 2023 and December 31, 2022 are as follows:

Rounded (000's)	March 31, 2023	December 31, 2022
Cash	\$ 103,000	\$ 672,000
Accounts receivable excludes sales taxes receivable	106,000	178,000
Accounts payable and accrued liabilities	(494,000)	(936,000)
Due to related parties	(22,000)	(4,000)
Lease liability	(13,000)	(17,000)
Warrant liabilities	(780,000)	(1,407,000)
	\$ (1,054,000)	\$ (1,292,000)

Based on the net exposure at March 31, 2023 and December 31, 2022, a 5% depreciation or appreciation in Canadian dollar against US dollar would result in a gain or loss of \$52,000.

#### h) Commodity price risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Company has not yet developed commercially viable mineral property interests, it is not directly exposed to commodity price risk.

#### 4. Accounts receivable

The Company's receivables consist of refundable goods and services tax, and other receivables, as follows:

	March 31, 2023	December 31, 2022
Goods and services tax	\$ 107,751	\$ 109,454
Share subscription receivable	–	75,228
Other receivable	1,200	1,200
	\$ 108,951	\$ 185,882

#### 5. Marketable securities

As at March 31, 2023, the fair value of the Company's marketable securities was \$51,002 (December 31, 2022 - \$222,153) and the favorable change of fair value adjustment of \$25,493 for the three months ended March 31, 2023 (March 31, 2022 – unfavorable change of fair value adjustment of \$24,271). The marketable securities classified as level 3 in the fair value hierarchy. The fair value of the marketable securities on March 31, 2023, was estimated using the Black Scholes model with the following assumptions: risk-free interest rate with the range from 3.76% to 3.79%; dividend yield of 0%; historical stock price volatility with the range from 126% to 153%; and an expected life of 1.95 years.

	IFRS 9 Fair Value Hierarchy	March 31, 2023	December 31, 2022
Shares in a publicly traded company	Level 1	\$ 45,141	\$ 185,620
Investment in warrants	Level 3	5,861	36,533
		\$ 51,002	\$ 222,153

## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Three month periods ended March 31, 2023  
and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 6. Exploration and evaluation assets

Property acquisition costs	Casa South, QC	East West, QC	Trecesson, QC	New York Canyon, NV	Troilus North, QC	Mindora, NV	Golden Arrow, NV	Buckskin Rawhide - East, NV	Buckskin Rawhide - West, NV	Coegel Rawhide, NV	Total
Balance as at											
January 1, 2022	\$ 529,148	\$ 440,227	208,228.00	\$ 258,957	\$ 56,440	\$ 190,307	\$ 662,870	\$ 284,052	\$ 140,029	\$ 140,030	\$ 2,910,288
Acquisition Costs	-	-	\$ -	-	-	-	-	-	-	-	-
(Royalty payment received)	-	-	-	-	-	-	-	-	-	-	-
Balance as at											
March 31, 2022	\$ 529,148	\$ 440,227	\$ 208,228	\$ 258,957	\$ 56,440	\$ 190,307	\$ 662,870	\$ 284,052	\$ 140,029	\$ 140,030	\$ 2,910,288
Balance as at											
January 1, 2023	\$ 529,148	\$ -	\$ 212,783	\$ 258,957	\$ 56,440	\$ 235,307	\$ 687,870	\$ 274,052	\$ 140,029	\$ 140,030	\$ 2,534,616
Acquisition Costs	\$ -	\$ -	\$ 387	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 387
Disposal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(Royalty payment received)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance as at											
Marrch 31, 2023	\$ 529,148	\$ -	\$ 213,170	\$ 258,957	\$ 56,440	\$ 235,307	\$ 687,870	\$ 274,052	\$ 140,029	\$ 140,030	\$ 2,535,003

## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Three month periods ended March 31, 2023  
and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Exploration & Evaluation Expenditure	Casa South, QC	East West, QC	Trecesson, QC	New York Canyon, NV	Troilus North, QC	Other Prospects	Mindora, NV	Golden Arrow, NV	Buckskin Rawhide - East, NV	Buckskin Rawhide - West, NV	Koegel Rawhide, NV	Total
<b>Balance as at</b>												
<b>January 1, 2022</b>	1,493,080	43,171	3,768	115,783	339,249	208,776	313,055	1,409,300	6,165	22,494	44,798	3,999,639
Claims Fee	1,888	193	-	-	-	256	-	-	-	-	-	2,337
Carrying Costs	-	-	-	-	-	-	-	36,000	-	-	-	36,000
General property search	-	80,517	-	2,010	-	1,486	1,947	4,041	-	-	-	90,001
<b>Balance as at</b>												
<b>March 31, 2022</b>	1,494,968	123,881	3,768	117,793	339,249	210,518	315,002	1,449,341	6,165	22,494	44,798	4,127,977
<b>Balance as at</b>												
<b>January 1, 2023</b>	2,101,385	66,034	696,681	122,538	339,249	213,806	342,875	1,666,744	7,823	26,268	51,227	5,634,630
Claims Fee	476	-	297	-	-	-	-	-	-	-	-	773
Carrying Costs	-	-	2,365	-	-	-	-	39,867	-	-	-	42,232
General property search	5,278	-	74,534	15,224	-	-	3,770	1,244	-	-	-	100,050
<b>Balance as at</b>												
<b>March 31, 2023</b>	2,107,139	66,034	773,877	137,762	339,249	213,806	346,645	1,707,855	7,823	26,268	51,227	5,777,685

## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Three month periods ended March 31, 2023  
and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

---

#### a) Golden Arrow Property, Nevada

The Company has a 100% interest in the Golden Arrow Property, an advanced stage exploration property, totaling 494 unpatented lode mining claims and 17 patented lode mining claims totaling 511 mineral claims covering an area of about 10,000 acres. A total of 309 unpatented mining claims are owned and a total of 185 unpatented mining claims are leased.

On October 9, 2018, Emergent completed the acquisition of the 51% interest in the property from Nevada Sunrise Gold Corp. (TSXV: NEV) (now Nevada Sunrise Metals Corp.) and also exercised its option to earn 100% interest after completing the \$100,000 in aggregate cash payments and issuing Nevada Sunrise a total of 5.0 million common shares of Emergent. At that time, the property consisted of 17 unpatented mineral claims and 357 unpatented mineral claims. On November 3, 2021, the Company announced it has staked an additional 137 mineral claims, increasing the total number of unpatented mineral claims to 494.

Six (6) unpatented claims are subject to an advance royalty payment of \$25,000 per year and a 3% NSR upon production (2% can be purchased for \$200,000). Four hundred and seventy-seven (477) unpatented mineral claims (185 leased claims plus 292 claims falling under the area of influence in the lease) are subject to a \$25,000 per year advance royalty payment and a 3% NSR upon production, of which 1% can be purchased for \$1 million. Seventeen (17) patented mining claims are subject to a 1% NSR. Eleven (11) claims are not subject to any royalty.

Advance royalty payments related to the six unpatented mining claims, for the years 2019, 2020, 2021 and 2022, totaling \$100,000 (\$25,000 per year) were accrued and capitalized as mineral property interests as at March 31, 2023 and December 31, 2022. Payment of these advance royalty payments have been put on hold as one of the parties to the royalty passed away without a will and Emergent is waiting for the family of this party to the royalty agreement to complete a probate process to determine the current ownership of the royalty.

In 2018, Maverix Metals Inc. (now Triple Flag Precious Metals Corp.) acquired the rights to the lease of 185 unpatented mineral claims and the royalty rights to the 477 unpatented mineral claims from Newmont Mining Corporation. In 2020, Emergent put the advance royalty payments on hold until such time as Triple Flag Metals completes the transfer of the mineral rights from Newmont U.S. subsidiary to Triple Flag's U.S. subsidiary.

#### b) New York Canyon Property, Nevada

On July 8, 2019, the Company completed a Claim Purchase Agreement with Searchlight Resources Inc. (TSXV: SCLT) giving it the option to acquire 100% interest in the New York Canyon Property, subject to underlying royalties. The property included 21 patented mineral claims and 60 unpatented mining claims totaling about 1,500 acres. Sixty unpatented claims are subject to a 2% NSR, 1% which can be purchased for \$1 million. Eighteen patented claims are subject to a 1.75% NSR royalty capped at \$2 million and a \$0.50 per metric tonne royalty for decorative stone shipped or sold from the property capped at \$0.5 million. The Company completed the CDN\$50,000 in payment due at closing of the transaction and issued 2,941,176 common shares to Searchlight Resources Inc.

On November 15, 2019, the Company staked 92 additional claims, expanding the size of the property to 152 unpatented and 21 patented mineral claims.

#### Kennecott Joint Venture Agreement

On February 7, 2020, the Company signed an Earn-In with Option to Joint Venture Agreement with Kennecott Exploration Company ("Kennecott"), a subsidiary of Rio Tinto PLC (NYSE: RIO) for the New York Canyon Property. Kennecott can earn up to a 75% interest in the Property by completing \$22.5 million in exploration expenditures. Kennecott staked 265 unpatented mineral claims, expanding the Property to 21 patented and 417 unpatented mineral claims, totaling approximately 8,700 acres.

Under the terms of the Earn-In with Option to Joint Venture between the Company and Kennecott:

1. Kennecott has an option (the "First Option") to acquire a 55% undivided interest in the Property by incurring \$5.0 million in expenditures over a 5-year period, of which \$1.0 million is a committed expenditure that must be completed prior to the 18-month anniversary of the Agreement.



## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Three month periods ended March 31, 2023  
and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

---

2. Kennecott has a second option (the "Second Option") to earn an additional 10% undivided interest in the Property (for a total of 65%) by incurring an additional \$7.5 million in expenditures within 8 years of the date the agreement was signed.
3. Kennecott will have a third option (the "Third Option") to earn an additional 10% undivided interest in the Property (for a total of 75%) by incurring an additional \$10 million in expenditures within 11 years of the date the Agreement was signed.
4. Any expenditure in excess of an option expenditure requirement in a given time period will be credited against subsequent option expenditure requirements. Kennecott may, at any time or from time to time, accelerate its satisfaction of the First, Second, or Third Option by paying the Company money in lieu of incurring expenditures.
5. While earning in, Kennecott will have the right to make exploration and development decisions.
6. Kennecott must maintain the Property in good standing during the option period(s), including payment of BLM and County maintenance fees and make any underlying property payments due to Searchlight.
7. Kennecott will have the right to elect to form a joint venture (the "Joint Venture") with the Company upon completion of either the First, Second, or Third Option. Upon establishing a Joint Venture each participant will fund the joint venture according to its participating interest, with Kennecott acting as the Manager of the joint venture. If a party's participating interest falls below 10%, then such parties participating interest will be converted to a 1% Net Smelter Royalty, capped at \$25 million.
8. As further consideration for the grant of Options, Kennecott agreed to make a payment of \$25,000 to Golden Arrow within forty-five (45) days of executing the Agreement (the "Execution Payment"). The Company received this payment in 2020.

#### Expenditures by Kennecott to Date

As at December 31, 2019, the remaining commitment for completing the 100% interest acquisition of the core property from Searchlight by Emergent included three payments of CDN\$100,000 each due to Searchlight. Pursuant to the Claim Purchase Agreement, the Company had the option of accelerating the acquisition. If the outstanding payments (3 x CDN\$100,000) were made on or before the 6- month anniversary of the closing of the Transaction, the Company would be entitled to a 25% discount on the outstanding balance, reducing the amount of the payment due to CDN\$225,000. On March 11, 2020, Kennecott paid the remaining option payments of CDN\$225,000 on behalf of the Company for the acquisition of 100% interest in New York Canyon Property. The CDN\$225,000 payment was part of Kennecott's \$1.0 million committed expenditure required prior to the 18-month anniversary of the Agreement.

At year- end 2022, Kennecott reported to Emergent that they had spent \$5.24 million in exploration expenditures. They have met the monetary expenditures to exercise the First Option, but have until February 7, 2025, to do so.

#### **c) Mindora Property, Nevada**

On June 15, 2019, Emergent and Nevada Sunrise LLC ("Nevada Sunrise") entered into a claim purchase agreement for the purchase of 12 unpatented mining claims ("Mindora Claims of Nevada Sunrise") owned by Nevada Sunrise. The payment terms were later amended on December 23, 2019, as follows:

- \$25,000 due on or before December 31, 2019 (paid);
- \$25,000 due on or before February 29, 2020 (paid); and
- \$25,000 per year, for four years, with each payment due on subsequent anniversary dates of the signing date on June 15, 2019 (first, second, and third payment completed)

On June 15, 2019, Emergent and BL Exploration LLC ("BL") entered into a claim purchase agreement for the purchase of 18 unpatented mining claims ("Mindora Extension Property") owned by BL. The payment terms were later amended on December 23, 2019, as follows:

Emergent would pay BL:

## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Three month periods ended March 31, 2023  
and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

---

- Cash payment of \$50,000 (\$25,000 paid in fiscal 2019 and \$25,000 paid in fiscal 2020) for the total purchase price upon closing date;
- Grant of \$20,000 Advance Minimum Royalty ("AMR") per year and a 2% Net Smelter Royalty ("NSR") on the Mindora Extension Property; Any AMR shall be credited against future NSR payments. The AMR shall be due on each anniversary of the closing date on June 15, 2019; and Emergent would retain a first option to acquire half of the 2% NSR by making a payment of \$200,000 on or before the 5<sup>th</sup> anniversary of the Closing Date. AMR remains at \$20,000 per year.

If Emergent does not exercise the first option described above, Emergent would still retain a second option to acquire half of the 2% NSR by making a payment of \$500,000 after the 5<sup>th</sup> anniversary and before the 9<sup>th</sup> anniversary of the Closing Date. The AMR remains at \$20,000 per year.

On December 17, 2020, Emergent announced that it has staked 117 unpatented claims at Mindora, expanding the property size to 147 unpatented claims totaling about 2,940 acres.

During the year ended December 31, 2022, the annual \$20,000 AMR payment was made to BL and a \$25,000 property payment was made to Nevada Sunrise.

#### **d) Buckskin Rawhide East Property, Nevada**

The Company has a 100% interest in the 48 unpatented mineral claims, totalling 960 acres, making up Buckskin Rawhide East Property. The claims are inlying claims to Rawhide Mining LLC's ("RMC") operating Rawhide Mien.

The Buckskin Rawhide Property is leased to RMC, owners of the Rawhide Mine, under the following terms:

1. The Lease Term is 20 years (start date of 01 June 2013)
2. Advance royalty payments will be \$10,000 per year, paid by RMC to Emergent, with the first payment due at signing and subsequent payments due on the anniversary of the Lease Agreement.
3. During the Lease Term, RMC will make all underlying claim fees to keep the claims in good standing.
4. RMC will conduct a minimum of \$250,000 in exploration activities by the end of Year 1.
5. RMC will conduct an additional minimum of \$250,000 in exploration activities by the end of Year 3, for a total of \$500,000 in exploration activities by the end of Year 3.
6. RMC will have the option of earning a 100% interest in the property by bringing it into commercial production.
7. Upon bringing the property into commercial production, RMC will make "Bonus Payments" to Emergent. Bonus Payments will be \$15 per ounce of gold when the price of gold ranges between \$1,200 per ounce and \$1,799 per ounce. If the price of gold exceeds \$1,800 per ounce, the Bonus Payment will increase to \$20 per ounce.
8. After meeting its exploration requirements, should RMC subsequently elect to drop the property or decide not to advance it, the property will be returned to Emergent. Should Emergent subsequently advance the property into production, RMC shall then be entitled to the same type of Bonus Payments as contemplated in 7 above.

Under the terms of the lease agreement, RMC was to complete \$500,000 in exploration related expenditures on the property by the third anniversary or June 1, 2016. However, as at June 1, 2016, RMC had completed only \$325,000 in exploration activities on the property.

On June 1, 2016, RMC and Emergent mutually agreed to amend the original Lease Agreement whereby RMC would pay Emergent \$175,000, in seven quarterly payments of \$25,000, starting June 1, 2016, to keep the Lease Agreement in good standing. These payments were in lieu of completing the additional \$175,000 in exploration work required in the original Lease Agreement.

Emergent received the \$10,000 annual advance royalty payment for the Buckskin Rawhide Property from RMC during the year ended December 31, 2022 (2021 - \$10,000).

## **EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)**

**For the Three month periods ended March 31, 2023  
and 2022 In US Dollars, unless otherwise stated**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

---

#### **e) Buckskin Rawhide West Property, Nevada**

The Company has a 100% interest acquisition in the Buckskin Rawhide West Property. On February 6, 2012, the Company entered a Lease and Option to Purchase Agreement with Jeremy C. Wire to acquire the PC and RH mineral claims, located 0.3 miles west of Emergent's Buckskin Rawhide Property. Pursuant to the lease agreement, advance royalty payments or equivalent aggregate value in common shares having an equivalent market value were paid/issued to Jeremy C. Cash payment of \$5,000 was paid and common shares of \$5,000 was issued in 2012. Common shares of \$10,000 were issued each year during 2013, and 2014, \$20,000 in year 2015, and \$30,000 each year in 2016, 2017, and 2018 (total \$140,000) completed the acquisition of the property. The property is subject to a 2% Net Smelter Royalty, which can be purchased at any time for \$1.0 million.

#### **f) Koegel Rawhide, Nevada**

Emergent has a 100% interest in the Koegel Rawhide Property. The property consists of the RHT and GEL claims, 19 unpatented lode mining claims totalling 380 acres, acquired from Jeremy C. Wire. On February 13, 2013, the Company entered a Lease and Option to Purchase Agreement with Jeremy C. Wire to acquire the RHT and GEL mineral claims, located 4.0 miles south of Emergent's Buckskin Rawhide East Property. Pursuant to the lease agreement, advance royalty payments or equivalent aggregate value in common shares having an equivalent market value were paid/issued to Jeremy C. Wire. Cash payment of \$5,000 was paid and common shares of \$5,000 was issued in 2012. Common shares of \$10,000 were issued each year during 2013, and 2014, \$20,000 in year 2015, and \$30,000 each year in 2016, 2017, and 2018 (total \$140,000) completed the acquisition of the property. The property is subject to a 2% Net Smelter Royalty, which can be purchased at any time for \$1.0 million.

In addition, Emergent staked 17 additional unpatented lode claims totalng 340 acres. In total, the 36 unpatented lode claims totaling 720 acres make up the Property.

#### **g) Casa South Property, Quebec**

The Company has a 100% interest in the Casa South Property, an early-stage exploration property consisting of 204 mining titles covering a total of 11,400 hectares. It is adjacent to Hecla Mining Corporation's (NYSE: HL) operating Casa Berardi Mine.

On March 20, 2019, the Company closed the acquisition of the option to acquire up to a 91% interest in the property, totaling 180 mineral claims, by obtaining final Exchange approval, by completing the first option payment of CDN\$75,000 to the Vendors, and by making the share payment required under the Amended Assignment Agreement to the finder.

The Company issued 807,692 common shares for settling CDN\$52,500 finder's fee related to the acquisition of the mineral claims of Casa South, Quebec.

On June 13, 2019, Emergent announced it had amended the option agreement to allow it to acquire a 100% interest in the property. On July 29, 2019, the Company issued 4,000,000 units to the vendors of Casa South Property, Quebec whereby each unit consists of one common share and one-half share purchase warrant exercisable at CDN\$0.25/unit with a 2-year expiry term.

On February 5, 2020, Emergent announced that it expanded the property with the addition of 24 mineral claims totaling approximately 1,320 ha (3,260 ac) bringing the total of the property consisting of 204 claims for payments totaling \$26,111.

The property is subject to a 1.5% NSR, of which 0.5% can be purchased by Emergent for CDN\$500,000.

#### **h) Trecesson Property, Quebec**

On September 27, 2021, the Company announced it had acquired a 100% interest in the Trecesson Property through a Commercial Proposal made under the Canadian Bankruptcy and Insolvency Act from Knick Exploration Inc. The property consisted of 50 mineral claims totaling 1,820 ha. It is locate1d 13 km west of Amos, Quebec. The property is partially

## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Three month periods ended March 31, 2023  
and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

---

subject to underlying royalties to Exploration Carat, Group Leblanc, and Robert-Audet, each a 2% NSR applicable to separate individual claims blocks. Emergent may buy back 1% of each NSR for CDN\$1.0 million at any time.

In November 2021, the Company staked an additional 6 claims totaling 83.26 ha. In December 2022, the Company staked an additional 6 claims totaling 139.47 ha. In December 2022, the Company announced the acquisition of 9 claims totaling 147.31 ha from 9210-8845 Quebec Inc. for \$4,555 (CDN\$6,000). The property currently consists of 71 mineral claims totaling 2,181 ha.

#### i) Troilus North Royalty Interest, Quebec

In December 2018, Troilus Gold acquired the Troilus North property from the Company for CDN\$250,000 in cash and 3.75 million Troilus Gold common shares. Two underlying royalties remained on the property (the “Troilus North Royalties”), including a 1% NSR granted to CAT Strategic Metals (formerly Chimata Gold Corporation) (CSE: CAT) (“CAT”).

On December 9, 2019, the Company and CAT completed the assignment agreement whereby CAT assigned its rights in the Troilus North Royalty to the Company for a cash payment of CDN\$75,000 (paid). Troilus Gold retains first option to acquire this 0.5% of this royalty for a cash payment of CDN\$500,000 and a second option to acquire the remaining 0.5% of this royalty for an additional cash payment of CDN\$500,000. On April 29, 2020, the above assignment transaction was approved by TSX Venture Exchange.

#### j) East West Royalty Interest, Quebec

On December 6, 2019, Emergent signed a Claim Purchase and Option Agreement giving the Company the option (the “First Option”) to acquire up to a 50% interest in the East-West Property, Quebec (the “Property”) from a private individual (the “Vendor”). The remaining 50% interest in the Property was owned by Knick Exploration Inc. (“Knick”) (TSXV: KNX).

The Vendor granted Emergent the First Option to acquire 50% ownership and title to the claims comprising the Property and all rights under pursuant to a sale agreement between the Vendor and Knick dated November 27, 2018, as amended on November 29, 2019 (together, the “Sale Agreement”). In exchange, Emergent agreed to pay the Vendor:

- 4,000,000 common shares in the share capital of Emergent (the “Share Consideration”)(issued to the Vendor on January 3, 2020 the Closing Date);
- CDN\$35,000 to be paid to the Vendor upon the three-month anniversary of the Closing Date;
- CDN\$50,000 to be paid to the Vendor upon the six-month anniversary of the Closing Date; and
- CDN\$50,000 to be paid to the Vendor upon the nine-month anniversary of the Closing Date.

On May 5, 2020, the Company paid CDN\$35,000 to the Vendor. On July 9, 2020, Emergent paid the remaining CDN\$100,000 to the Vendor, exercised its option to acquire a 50% interest in the claims, and subsequently transferred the 50% interest in the claims from the Vendor into Emergent’s name. The completion of the acquisition of the 50% interest was announced by press release on November 11, 2020.

On September 24, 2021, the Company completed the acquisition of the remaining 50% interest in the East-West Property and 100% interest in the Trecesson Property, both located in Quebec, from Knick. The Transaction was completed as part of a Commercial Proposal made under the Canadian Bankruptcy and Insolvency Act by Knick with its creditors. The Proposal was agreed to by a vote of creditors and subsequently approved by the Superior Court of Quebec, Abitibi District. The Company paid the Trustee \$126,183 or CDN\$160,000 in return for Knick’s interest in the properties. In addition, operations loans totaling \$78,864 or CDN\$100,000 advanced to Knick are considered as part of the acquisition cost of the East-West Property and Trecesson Properties by the Company.

The acquisition costs incurred during the year ended December 31, 2021, totaling \$245,898 (CDN\$295,801) consist of (i) \$126,183 (CDN\$160,000) payment made to the Trustee per above, (ii) \$78,864 (CDN\$100,000) forgiveness of the operation loans advanced to Knick of cash, (iii) \$12,303 capitalized operation loans interest from Knick and (iii) \$28,548 (CDN\$35,801) legal and professional fees related to the acquisition.

During fiscal 2020, the Company advanced \$114,192 (CDN\$150,000) to a consultant related to the transaction of the

## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Three month periods ended March 31, 2023  
and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

---

East-West Property acquisition. These advances remained unused after the completion of the East-West Property acquisition as at December 31, 2022. The Company and the consultant agreed on utilizing these advances for future property acquisition.

On May 3, 2022, the Company completed the sale of its 100% of its interests, rights and title to its East-West Property, Quebec to O3 Mining Inc. ("O3") (TSXV:OIII). The consideration for O3 to acquire the Company's interest in the East West Property was consisted of:

- (i) Cash consideration of \$583,793 (CDN\$750,000) at closing (CDN\$750,414 were received in May 2022);
- (ii) Issuance of 325,000 O3's common shares to the Company at closing (325,000 O3's common shares were received in May 2022);
- (iii) Grant of 1% net smelter returns ("NSR") royalty to the Company over the East West Property in favour of the Company (the "Royalty"), which shall be subject to a buy-back right in favor of O3 (the "Buy-Back Right"), whereby O3 may elect to buy back the Royalty for: (a) CDN\$500,000 if the Buy-Back Right is exercised within the first three years from the date of the Definitive Agreement (as defined herein); (b) CDN\$1,000,000 if the Buy-Back Right is exercised within the fourth and fifth years from the date of the Definitive Agreement. For greater certainty, subsequent to the fifth anniversary date of a Definitive Agreement for the Transaction, the Royalty will no longer be subject to the Buy-Back Right. The Transaction is subject to due diligence by O3, completion of a Definitive Agreement, and any necessary regulatory approvals.

During the year ended December 31, 2022, \$693,271 for the gain on disposition of assets were recognized as a result of the disposition of the Property.

## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Three month periods ended March 31, 2023  
and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 7. Related party transactions

Related party transactions and balances not disclosed elsewhere in the consolidated financial statements are as follows:

Name and Principal Position	Period <sup>(i)</sup>	Remuneration or fees <sup>(ii)</sup>
	2023	\$ 37,500
David Watkinson, CEO and President – salary	2022	\$ 37,500
	2023	\$ 12,000
David Watkinson, CEO and President – benefits and allowance	2022	\$ 12,000
	2023	\$ 21,846
David Watkinson, CEO and President – Share-based compensation	2022	\$ –
	2023	\$ 30,000
Robert Rosner, CFO and director – management fees	2022	\$ 30,000
	2023	\$ 10,923
Robert Rosner, CFO and director – Share-based compensation	2022	\$ –
	2023	\$ 8,192
Andrew MacRitchie, Director – Share-based compensation	2022	\$ –
	2023	\$ 8,192
Vincent Garibaldi, Director – Share-based compensation	2022	\$ –
	2023	\$ 8,192
Julien Davy, Director – Share-based compensation	2022	\$ –
	2023	\$ 5,208
Vancouver Corporate Solutions Inc. owned by Denis Pilla, Corporate Secretary – Consulting fees	2022	\$ –
	2023	\$ 1,365
Denis Pilla, Corporate Secretary – Share-based compensation	2022	\$ –

(i) For the years ended March 31, 2023 and 2022.

(ii) Amounts disclosed were paid or accrued to the related party.

On January 4, 2023, the Company granted 1,075,000 incentive stock options with an exercise price of CDN\$0.25/option with and expiry date of January 4, 2025 to the following related parties:

400,000 options to David Watkinson, CEO and President;  
200,000 to Robert Rosner, CFO and director;  
150,000 each to Andrew MacRitchie, Director, Vincent Garibaldi, Director and Julien Davy, Director;  
25,000 to Denise Pilla, Corporate Secretary;

The following table reports amounts included in due from and due to related parties:

	March 31, 2023	December 31, 2022
David Watkinson, the CEO	\$ 35,755	\$ 41,883
Robert Rosner, the CFO	(15,894)	43,555
	\$ 19,861	\$ 85,438

#### 8. Share Capital

As required by IFRS, all references to share capital, common shares outstanding and per share amounts in these consolidated financial statements and the accompanying notes have been restated retrospectively to reflect the March 17, 2022, for 1 for 10 share consolidation. The Company's outstanding options and warrants were adjusted on the same

## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Three month periods ended March 31, 2023  
and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

basis as the common shares, with proportionate adjustment being made to the exercise prices.

#### a) Authorized

Unlimited - Number of common shares without par value. Unlimited - Number of preference shares without par value.

#### b) Common shares, issued and fully paid

During the year ended March 31, 2023:

On February 1, 2023, a warrant holder exercised 25,000 share purchase warrants at CDN\$0.15 per warrant resulted in 25,000 shares issued from the capital of the Company.

During the period ended March 31, 2022:

On March 17, 2022, the Company completed a consolidation (the "Consolidation") of the Company's issued and outstanding common shares on the basis of ten (10) pre-Consolidation shares for one (1) post-Consolidation share.

#### c) Stock options

The Company has a rolling stock option plan for its directors and employees to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. The maximum aggregate number of common shares reserved for issuance pursuant to the plan is 10% of the issued and outstanding common shares.

On January 4, 2023, the Company announced that in order to align with the TSX Venture Exchange's Policy 4.4 *Security Based Compensation*, it has adopted a new 10% rolling stock option plan (the "New Stock Option Plan") in place of its current stock option plan. The New Stock Option Plan is subject to approval by the shareholders at the 2023 annual shareholders meeting and final TSXV approval.

Subject to approval by the shareholders at the 2023 annual shareholders meeting, the Company has granted an aggregate of 1.3 million incentive stock options (the "Options"), pursuant to the New Stock Option Plan, to directors, officers, employees, and consultants of the Company. The Options are exercisable at a price of CDN\$0.25 per common share for a period of 5 years from the date of grant. All Options will vest on the following schedule: (a) 34% on January 4, 2023; (b) 33% on January 4, 2024; and (c) 33% on January 4, 2024; and (c) 33% on January 4, 2025.

During the quarter ended March 31, 2023, the Company recorded share-based compensation of \$51,986 related to the grant of the incentive stock options on January 4, 2023. The Company estimated the share-based compensation using the Black-Scholes option pricing model, with the following assumptions: risk free rate of 4.02%, volatility factors of 127 and an expected life of 2 years.

Stock option activities during the years ended March 31, 2023 and 2022 are summarized as follows:

STOCK OPTION ACTIVITY	March 31, 2023	Weighted average exercise price	March 31, 2022	Weighted average exercise price
		(CDN\$)		(CDN\$)
<b>Options Outstanding and Exercisable</b>				
Balance – beginning of year	1,257,500	\$ 1.10	1,257,500	\$ 1.10
Granted	1,300,000	0.25	–	–
<b>Balance – beginning and end of year</b>	<b>2,557,500</b>	<b>\$ 0.67</b>	<b>1,257,500</b>	<b>\$ 1.10</b>

Details of stock options outstanding as at March 31, 2022 are as follows:

## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Three month periods ended March 31, 2023  
and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Expiry Date	Exercise Price (CDN\$)	March 31, 2023	Weighted Average Remaining Life
November 19, 2023	\$1.50	260,000	0.64
May 17, 2024	\$2.00	102,500	1.13
January 4, 2025	\$0.25	1,300,000	1.77
January 30, 2025	\$0.90	300,000	1.84
November 30, 2025	\$0.90	595,000	2.67
		<b>2,557,500</b>	<b>1.85</b>

#### d) Warrants

Share purchase warrants activity during the periods ended March 31, 2023 and 2022 are summarized as follows:

SHARE PURCHASE WARRANT ACTIVITY	March 31, 2023	Weighted average exercise price (CDN\$)	March 31, 2022	Weighted average exercise price (CDN\$)
<b>Warrants Outstanding and Exercisable</b>				
Balance – beginning of year	12,995,891	\$ 0.27	7,167,701	\$ 1.10
Exercised	(25,000)	0.15	–	0.00
Cancelled	–	–	(35,000)	1.20
Expired/Forfeited	–	–	(5,200)	1.70
<b>Balance – end of year</b>	<b>12,970,891</b>	<b>\$ 0.27</b>	<b>7,127,501</b>	<b>\$ 1.10</b>

Details of share purchase warrants outstanding as at March 31, 2023 are as follows:

Expiry Date	Exercise Price (CDN\$)	March 31, 2023	Weighted Average Remaining Life
December 12, 2024	\$0.45	1,838,725	1.70
November 30, 2024	\$0.26	1,508,750	1.67
October 21, 2024	\$0.26	3,234,750	1.56
May 31, 2024	\$0.15	5,788,666	1.17
August 10, 2023	\$1.00	25,000	0.36
July 16, 2023	\$1.00	575,000	0.29
		<b>12,970,891</b>	<b>1.36</b>

Movement related to the warrant liability resulted from the private placement subscribers' warrants (finders warrants are excluded from derivative liability calculation), for warrants priced in Canadian dollars, is as follows:



## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Three month periods ended March 31, 2023  
and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

WARRANT LIABILITY (WARRANTS PRICED IN CANADIAN DOLLARS)	March 31, 2023		March 31, 2022	
	Number of Warrants	Fair Value	Number of Warrants	Fair Value
<b>Balance – beginning of year</b>	<b>12,490,391</b>	<b>\$ 1,406,769</b>	6,640,783	\$ 385,708
Issued	–	–	–	–
Exercised	<b>(25,000)</b>	–	–	–
Cancelled	–	–	–	–
Expiration and Fair value adjustments	–	(627,190)	(609,790)	(294,435)
<b>Balance – end of year</b>	<b>12,465,391</b>	<b>\$ 779,579</b>	6,030,993	\$ 91,273

During the period ended March 31, 2023, the Company did not have any new issuance of subscribers' warrants (March 31, 2022 - \$NIL).

The subscribers' warrants granted during the year ended December 31, 2022, were subsequently re-valued on the Company's reporting dates using the Black-Scholes option pricing model, with the following assumptions: weighted average risk free rate of 3.78%, volatility factors of 106% - 127% and an expected life of 14 months – 20 months.

The subscribers' warrants granted during the year ended December 31, 2021, were subsequently re-valued on the Company's reporting dates using the Black-Scholes option pricing model, with the following assumptions: weighted average risk free rate of 4.41% to 4.44%, volatility factors of 87% - 92% and an expected life of 3 months – 4 months.

A fair value adjustment of \$627,190 to reduce warrant liability has been recorded for the three months ended March 31, 2023 (March 31, 2022 – \$294,435 of fair value reduction). As at March 31, 2023, the Company had a warrant liability in the amount of \$779,579 (December 31, 2022 - \$1,406,769).

## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Three month periods ended March 31, 2023  
and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 9. Equipment

	Equipment	Computer	Vehicle	Total
<b>Cost</b>				
Balance, December 31, 2021	\$ 58,785	\$ 51,802	\$ 43,210	\$ 153,797
Additions	–	–	–	–
<b>Balance, March 31, 2022</b>	<b>\$ 58,785</b>	<b>\$ 51,802</b>	<b>\$ 43,210</b>	<b>\$ 153,797</b>
<b>Accumulated Amortization</b>				
Balance, December 31, 2021	\$ 34,255	\$ 48,659	\$ 12,099	\$ 95,013
Additions	1,226	236	1,555	3,017
<b>Balance, March 31, 2022</b>	<b>\$ 35,481</b>	<b>\$ 48,895</b>	<b>\$ 13,654</b>	<b>\$ 98,030</b>
<b>Cost</b>				
Balance, December 31, 2022	\$ 58,785	\$ 51,802	\$ 43,210	\$ 153,797
Additions	–	–	–	–
<b>Balance, March 31, 2023</b>	<b>\$ 58,785</b>	<b>\$ 51,802</b>	<b>\$ 43,210</b>	<b>\$ 153,797</b>
<b>Accumulated Amortization</b>				
Balance, December 31, 2022	\$ 39,161	\$ 49,602	\$ 18,321	\$ 107,084
Additions	981	165	1,244	2,390
<b>Balance, March 31, 2023</b>	<b>\$ 40,142</b>	<b>\$ 49,767</b>	<b>\$ 19,565</b>	<b>\$ 109,474</b>
<b>Net Carrying Amount</b>				
Balance, March 31, 2022	\$ 23,304	\$ 2,907	\$ 29,556	\$ 55,767
<b>Balance, March 31, 2023</b>	<b>\$ 18,643</b>	<b>\$ 2,035</b>	<b>\$ 23,645</b>	<b>\$ 44,323</b>

#### 10. Flow-through shares premium liability

A summary of the changes in the Company's flow-through share premium liability was as follows:

<b>Flow-through Share Premium Liability</b>	<b>March 31, 2023</b>	March 31, 2022
Balance - beginning of the year	\$ 73,648	\$ 52,910
Foreign exchange	63	6,852
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	(7,552)	–
<b>Balance - end of the year</b>	<b>\$ 66,159</b>	<b>\$ 59,762</b>

Summary of renunciations related to the tranches for flow through share issuances during the year ended December 31, 2022, are as follows:

During the three-month period ended March 31, 2023, CDN\$110,463 was spent on qualifying activities in relation to the flow through shares issued during the year ended December 31, 2022, and 2021.

#### Tranche 1 flow through share issued on August 10, 2021 for gross proceeds of CDN\$ 40,000

As of March 31, 2023, the gross proceeds of CDN\$ NIL remained unspent.

## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Three month periods ended March 31, 2023  
and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### Tranche 1 flow through share issued on December 12, 2022 for gross proceeds of CDN\$ 1,015,504

As of March 31, 2023, the gross proceeds of CDN\$ 941,113 remained unspent and will need to be incurred prior to the year ended December 31, 2023.

#### 11. Leases – right of use assets and lease liabilities

##### 2021 Office Lease

The Company entered into a 3-year lease agreement for new office space in Vancouver on January 1, 2021. There are arrangements with other companies that share rent and office expense on a cost-recovery basis. The Company recognized the corresponding Right-of-use asset at inception of the lease in the amount of \$43,597 (CDN\$58,832) related to the 2021 Office Lease in accordance with IFRS 16.

##### *Right-of-use assets*

A summary of the changes in the right-of-use assets for the three months ended March 31, 2023 and 2022 is as follow:

<b>Right-of-use assets</b>		
<b>Balance at January 1, 2022</b>	<b>\$</b>	<b>29,834</b>
<b>Addition</b>		<b>772</b>
<b>Depreciation</b>		<b>(3,776)</b>
<b>Foreign exchange difference</b>		<b>(771)</b>
<b>Balance at March 31, 2022</b>	<b>\$</b>	<b>26,059</b>
<hr/>		
<b>Balance at January 1, 2023</b>	<b>\$</b>	<b>15,154</b>
<b>Depreciation</b>		<b>(3,547)</b>
<b>Balance at March 31, 2023</b>	<b>\$</b>	<b>11,607</b>

##### *Lease liabilities*

##### 2021 Office Lease

The Company entered into a 3-year lease agreement for new office space in Vancouver on January 1, 2021. There are arrangements with other companies that share rent and office expense on a cost-recovery basis. The Company recognized the lease liability at inception of the lease in the amount of \$43,597 (CDN\$57,448) with an incremental borrowing rate of 15.95% related to the 2021 Office Lease in accordance with IFRS 16.

A summary of changes in lease liabilities during the three months ended March 31, 2023, and 2022 is as follows:

## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Three month periods ended March 31, 2023  
and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<b>Lease liabilities</b>	
Balance at January 1, 2022	\$ 32,051
Lease payment on principal portion	(14,400)
Lease payment on interest portion	(3,845)
Lease liability accretion expense	3,845
Foreign exchange difference	(859)
Balance at March 31, 2022	\$ 16,792
<b>Balance at January 1, 2023</b>	
Balance at January 1, 2023	\$ 16,792
Lease payment on principal portion	(3,967)
Lease payments on interest portion	(560)
Lease liability accretion expense	560
Foreign exchange difference	26
Balance at March 31, 2023	\$ 12,851
Current portion	\$ 12,851
Long term portion	\$ -
<b>Future lease payments</b>	
2023	15,253
Total undiscounted lease payments	15,253
Less: imputed interest	(2,402)
Total carry value of lease obligations	\$ 12,851

## 12. Capital disclosures

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital.

Management reviews its capital management approach on an on-going basis and believes that this approach is reasonable and appropriate relative to the size of the Company.

The Company is in the business of mineral exploration and has no source of operating revenue. Operations are financed through the issuance of capital stock or liability instruments, or through the sale of property, plant, and equipment. Capital raised is held in cash in an interest-bearing bank account until such time as it is required to pay operating expenses or resource property costs. The Company is not subject to any externally imposed capital restrictions. Its objectives in managing its capital are to safeguard its cash and its ability to continue as a going concern, and to utilize as much of its available capital as possible for exploration activities. The Company's objectives have not changed during the quarter ended March 31, 2023.

## 13. Segmented disclosure

The Company operates in one operating segment, which is acquisition, and exploration of mineral properties. The following provides segmented disclosure on the non-current assets:

## EMERGENT METALS CORP.(FORMERLY EMGOLD MINING CORPORATION)

For the Three month periods ended March 31, 2023  
and 2022 In US Dollars, unless otherwise stated

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT DISCLOSURE (ROUNDED TO 000s)	Canada	United States	Total
<b>March 31, 2023</b>			
<b>Long-term Assets</b>			
Advance payments for assets acquisition	\$ 114,000	\$ –	\$ 114,000
Deposit	\$ –	\$ 4,500	\$ 4,500
Exploration and Evaluation Assets	\$ 799,000	\$ 1,736,000	\$ 2,535,000
Equipment	\$ –	\$ 44,000	\$ 44,000
Right-of-use asset	\$ 12,000	\$ –	\$ 12,000
<b>March 31, 2022</b>			
<b>Long-term Assets</b>			
Advance payments for assets acquisition	\$ 124,000	\$ –	\$ 124,000
Deposit	\$ –	\$ 5,000	\$ 5,000
Exploration and Evaluation Assets	\$ 1,234,000	\$ 1,676,000	\$ 2,910,000
Equipment	\$ –	\$ 56,000	\$ 56,000
Right-of-use asset	\$ 26,000	\$ –	\$ 26,000

#### 14. Commitment

The Company has commitment related to the issuance of flow through shares. See Note 10 for a discussion of flow through expenditure commitments related to exploration assets.

#### 15. Event After The Reporting Period

On May 15, 2023, Emergent announced that it has signed a Term Sheet with Lahontan Gold Corp. (TSXV:LG) and plans to complete an Option to Purchase Agreement to allow Lahontan to acquire a 100% interest in the Company's Mindora Property for \$1.8 million in payments spread over a seven year period and by completing \$1.4 million in exploration expenditures spread over a seven year period. Fifty percent of these payments can be made in shares of Lahontan. The transaction is subject to due diligence, completion of a definitive agreement, board of director approval by each company, and regulatory approval. The transaction is contemplated to be completed within a 45-day period. Lahontan paid Emergent \$10,000 upon signing the Term Sheet. Lahontan will reimburse Emergent for the 2023 purchase payment to be made to Nevada Sunrise and the \$20,000 Advance Royalty Payment to be made to BL Exploration as part of the Transaction. Emergent will retain a 1.0% royalty on the Nevada Sunrise claims. Emergent will retain a 1.5% NSR royalty on any other claims except the BL Exploration claims or any claims covered by the existing BL Exploration royalty. Lahontan will have the option of purchasing 50% of this 1.5% NSR royalty by paying emergent \$200,000 prior to the fifth anniversary of the definitive agreement and for \$500,000 thereafter.