

EMERGENT METALS CORP.

(AN EXPLORATION STAGE COMPANY)

UNAUDITED CONDENSED

INTERIM CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 September 2023 AND 2022

Stated in US Dollars

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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.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at	
		September 30	December 31
		2023	2022
Note			
ASSETS			
Current assets			
Cash		\$ 15,351	\$ 688,124
Amounts receivable	4	15,078	185,882
Due from related parties	7	20,778	–
Marketable securities	5	5,861	222,153
Prepaid expenses		29,975	142,856
		87,043	1,239,015
Non-current assets			
Advance payments for assets acquisition	6(k)	114,387	114,192
Deposit		4,500	4,500
Equipment	9	39,541	46,713
Exploration and evaluation assets	6	2,522,590	2,534,616
Reclamation bonds		750	2,148
Right-of-use asset	11	4,498	15,154
		2,686,266	2,717,323
Total Assets		\$ 2,773,309	\$ 3,956,338
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		578,164	1,030,081
Deposit received		50	50
Due to related parties	7	195,897	85,438
Flow-through share premium liability	10	61,230	73,648
Lease liability	11	4,459	16,792
Subscription Receipt	8	89,008	–
Warrant liability	8	251,180	1,406,769
Total liabilities		1,179,988	2,612,778
SHAREHOLDERS' EQUITY			
Share capital	8	48,879,669	48,838,993
Warrants - reserve	8	1,014,788	1,014,788
Options - reserve	8	7,917,845	7,865,859
Accumulated Deficit		(56,218,981)	(56,376,080)
		1,593,321	1,343,560
Total liabilities and equity		\$ 2,773,309	\$ 3,956,338

Nature of operations and going concern (Note 1)

Commitments (Note 14)

Events after the reporting period (Note 15)

Approved and authorized for issuance by the board of directors on November 24, 2023

"David Watkinson"

David Watkinson, Director

Andrew MacRitchie

Andrew MacRitchie, Director

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

		Three months ended September 30,		Nine months ended September	
	Note	2023	2022	2023	2022
EXPENSES					
Exploration and Evaluation					
Resource property expense	6	\$ 218,641	\$ 382,917	\$ 452,736	\$ 898,307
General and Administrative					
Advertising and promotion		23,406	1,076	122,951	84,993
Amortization	9	2,391	3,017	7,172	9,053
Banking costs		420	568	1,244	3,747
Depreciation of right-of-use asset	11	3,555	3,626	10,656	11,149
Insurance		7,496	9,026	22,935	24,868
Listing and filing fees		4,321	5,997	31,096	41,415
Management and consulting		44,743	44,599	134,101	148,954
Professional fees		25,027	33,998	99,561	91,464
Office and administration		7,697	9,304	24,279	23,515
Rent		8,160	6,538	21,907	17,070
Share based compensation	7 & 8	—	—	51,986	—
Shareholder communication		—	—	—	—
Travel		4,885	6,364	16,039	15,605
Net Loss Before Other Items		(350,742)	(507,030)	(996,663)	(1,370,140)
Other Items					
Sublet income		8,250	7,225	24,750	18,325
Amortization of flow-through share premium liability	10	—	—	10,273	—
Financing charges		—	—	(589)	—
Lease liability accretion expense	11	(235)	(891)	(1,193)	(3,139)
Foreign exchange gain (loss)		42,132	(42,054)	(638)	(20,827)
Gain on disposition of assets		—	—	—	693,271
Loss on disposition of marketable securities	5	—	—	(89,881)	—
Fair value adjustment for marketable securities	5	—	(180,017)	55,451	(258,611)
Fair value adjustments for warrant liability	8	(68,732)	29,624	1,155,589	(170,340)
Income (Loss) and comprehensive income (loss)		(369,327)	(693,143)	157,099	(1,111,461)
Loss per share, basic and diluted		(0.01)	(0.04)	0.01	(0.07)
Weighted average number of common shares outstanding - basic and diluted		27,528,670	19,431,887	27,318,170	16,216,270

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
Balance, December 31, 2021	13,618,261	\$ 48,302,216	7,002,955	\$ 971,650	1,257,500	\$ 7,865,859	\$ (54,805,197)	\$ 2,334,528
Private Placement - Non flow-through	5,813,666	—	5,813,666	—	—	—	—	—
Share issuance costs - Non flow-through	—	(5,038)	—	—	—	—	—	(5,038)
Warrants expired	—	—	(4,867,945)	—	—	—	—	—
Comprehensive income for the period	—	—	—	—	—	—	(1,111,461)	(1,111,461)
Balance, September 30, 2022	19,431,927	\$ 48,297,178	7,948,676	\$ 971,650	1,257,500	\$ 7,865,859	\$ (55,916,658)	\$ 1,218,029
Balance, December 31, 2022	27,170,337	\$ 48,838,993	12,995,891	\$ 1,014,788	1,257,500	\$ 7,865,859	\$ (56,376,080)	\$ 1,343,560
Private Placement - Non flow-through	—	—	—	—	—	—	—	—
Share issuance costs - Non flow-through	—	—	—	—	—	—	—	—
Private Placement - Flow-through	—	—	—	—	—	—	—	—
Share issuance costs - Flow-through	—	—	—	—	—	—	—	—
Exercise of warrants	358,333	40,676	(358,333)	—	—	—	—	40,676
Expired	—	—	(600,000)	—	—	—	—	—
Comprehensive income for the period	—	—	—	—	1,300,000	51,986	157,099	209,085
Balance, September 30, 2023	27,528,670	\$ 48,879,669	12,037,558	\$ 1,014,788	2,557,500	\$ 7,917,845	\$ (56,218,981)	\$ 1,593,321

(* 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

CONSOLIDATED STATEMENT OF CASHFLOWS

		Nine months ended September 30,	
	Note	2023	2022
		\$	\$
Operating activities			
Income (loss) for the periods		157,099	(1,111,461)
Items not affecting cash:			
Amortization of equipment	9	7,172	9,053
Depreciation of right-of-use assets	11	10,656	11,149
Lease liability accretion expense	11	1,193	3,139
Unrealized foreign exchange loss		(2,882)	14,885
Fair value adjustment for marketable securities	5	(55,451)	258,611
Fair value adjustments for warrant liability	8	(1,155,589)	170,340
Gain on disposition of assets		–	(693,271)
Gain on disposition of marketable securities		89,881	–
Share-based compensation		51,986	–
Changes in non-cash operating working capital			
Amounts receivable		96,971	(8,462)
Prepaid expenses and deposits		112,881	14,648
Accounts payable and accrued liabilities		(451,917)	(194,366)
Due to related parties		89,681	10,214
Cash used in operating activities		(1,058,592)	(1,515,521)
Investing activities			
Reclamation bond		1,398	–
Resource property option payments received		55,000	–
Resource properties royalty payments received		10,000	10,000
Proceeds from sale of mineral property		–	583,800
Proceeds from sale of marketable securities		182,754	–
Acquisition of mineral properties		(52,974)	(45,000)
Cash provided by investing activities		196,178	548,800
Financing activities			
Advance receipt for future shares issuance		89,008	84,868
Lease payments on principal portion		(12,410)	(10,751)
Lease payments on interest portion		(1,193)	(3,139)
Net proceeds from units issued for cash	8	40,676	551,238
Collection of subscription receivable		73,833	–
Cash provided by financing activities		189,914	622,216
Increase (decrease) in cash		(672,500)	(344,505)
Exchange difference on cash		(273)	–
Cash, beginning of year		688,124	357,312
Cash, end of period		15,351	12,807

1. Nature of operations and going concern

Effective March 2, 2022, the Company 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 working capital, negative operating cash flow and has incurred operating losses since inception. The Company generates cash inflow primarily through issuing additional equity, and so is highly dependent on capital markets. The amount or timing of cash inflows cannot be guaranteed.

The Company is currently unable to self-finance 100% of its planned operations for the 2023 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 price of commodities, general market sentiment toward metals and minerals that the Company is targeting with exploration, and other impacts to financial markets that are beyond the control of the Company.

As at September 30, 2023, the Company had a working capital deficit of \$1,092,945 (December 31, 2022 working capital deficit - \$1,373,763), an accumulated deficit of \$56,218,981 (December 31, 2022 - \$56,376,080), income and comprehensive income of \$145,882 (September 30, 2022 - loss and comprehensive loss of \$1,111,461) and a net cash outflow used in operating activities of \$1,058,592 (September 30, 2022 - outflow of \$1,515,521) 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 November 24, 2023.

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 of 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 amounts recognized in the consolidated financial statements.

a) Critical judgments in applying accounting policiesGoing 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 considered the existence of impairment indicators for the Company's properties and has concluded that no indicators of impairment exist as at September 30, 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)

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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.

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The following table shows the classifications:

For the Periods ended September 30, 2023 and 2022 In US Dollars, unless otherwise stated

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	
Financial assets	Classification
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
Financial liabilities	Classification
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 September 30, 2023 and 2022 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.

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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 September 30, 2023 and 2022 as presented in the Financial Statements are due within 12 months of the respective reporting dates.

As at September 30, 2023

	Carrying Amount	Contractual Obligation	Less than 12 months
Accounts payable and accrued liabilities	\$ 578,164	\$ 578,164	\$ 578,164
Due to related parties	195,897	195,897	195,897
Lease liability	4,459	4,459	4,459
	\$ 778,520	\$ 778,520	\$ 778,520

As at September 30, 2022

	Carrying Amount	Contractual Obligation	Less than 12 months	Between 1-3 years
Accounts payable and accrued liabilities	\$ 619,315	\$ 619,315	\$ 619,315	\$ -
Due to related parties	60,567	60,567	60,567	-
Lease liability	20,209	20,209	8,939	11,270
	\$ 700,091	\$ 700,091	\$ 688,821	\$ 11,270

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

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The US dollar equivalent balances denominated in Canadian dollars at September 30, 2023 and December 31, 2022 are as follows:

Rounded (000's)	September 30, 2023	December 31, 2022
Cash	\$ 55,000	\$ 672,000
Accounts receivable excludes sales taxes receivable	12,000	178,000
Accounts payable and accrued liabilities	(473,000)	(936,000)
Due to related parties	(24,000)	(4,000)
Lease liability	(4,000)	(17,000)
Warrant liabilities	(251,000)	(1,407,000)
	\$ (685,000)	\$ (1,292,000)

Based on the net exposure at September 30, 2023 and December 31, 2022, a 5% depreciation or appreciation in Canadian dollar against US dollar would result in a gain or loss of \$34,000.

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:

	September 30, 2023	December 31, 2022
Goods and services tax	\$ 13,878	\$ 109,454
Share subscription receivable	—	75,228
Other receivable	1,200	1,200
	\$ 15,078	\$ 185,882

5. Marketable securities

As at September 30, 2023, the fair value of the Company's marketable securities was \$5,861 (December 31, 2022 - \$222,153) The marketable securities classified as level 3 in the fair value hierarchy. The fair value of the marketable securities on September 30, 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	September 30, 2023	December 31, 2022
Shares in a publicly traded company	Level 1	\$ —	\$ 185,620
Investment in warrants	Level 3	5,861	36,533
		\$ 5,861	\$ 222,153

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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	Koegel Rawhide, NV	Yorkie, 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	-	-	-	-	-	45,003	-	-	-	-	-	45,003
Disposal	-	(440,227)	-	-	-	-	-	-	-	-	-	(440,227)
(Royalty payment received)	-	-	-	-	-	-	-	(10,000)	-	-	-	(10,000)
Balance as at												
September 30, 2022	\$ 529,148	\$ -	\$ 208,228	\$ 258,957	\$ 56,440	\$ 235,310	\$ 662,870	\$ 274,052	\$ 140,029	\$ 140,030	\$ -	\$ 2,505,064
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	1,587	-	387	-	-	-	-	-	-	-	6,000	7,974
Option payment received	-	-	-	-	-	(10,000)	-	-	-	-	-	(10,000)
Disposal	-	-	-	-	-	-	-	-	-	-	-	-
(Royalty payment received)	-	-	-	-	-	-	-	(10,000)	-	-	-	(10,000)
Balance as at												
September 30, 2023	\$ 530,735	\$ -	\$ 213,170	\$ 258,957	\$ 56,440	\$ 225,307	\$ 687,870	\$ 264,052	\$ 140,029	\$ 140,030	\$ 6,000	\$ 2,522,590

EMI For 1 No	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
Balance as at												
January 1, 2022	1,493,080	41,584	5,355	115,783	339,249	208,776	313,055	1,409,300	6,165	22,494	44,798	3,999,639
Claims Fee	4,795	262	1,596	-	-	256	26,118	88,137	-	3,774	6,429	131,367
Carrying Costs	-	-	-	-	-	-	-	108,346	-	-	-	108,346
General property search	578,325	22,601	27,509	4,317	-	2,342	2,272	19,050	1,658	-	-	658,074
Balance as at												
September 30, 2022	2,076,200	64,447	34,460	120,100	339,249	211,374	341,445	1,624,833	7,823	26,268	51,227	4,897,426
Balance as at												
January 1, 2023	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	7,837	-	1,745	28,675	-	-	217	109,912	-	3,794	6,449	158,629
Carrying Costs	-	-	12,843	384	-	-	-	120,057	-	-	-	133,284
General property search	22,930	-	74,794	26,708	-	2,015	13,138	9,661	-	-	11,577	160,823
Balance as at												
September 30, 2023	2,132,152	66,034	786,063	178,305	339,249	215,821	356,230	1,906,374	7,823	30,062	69,253	6,087,366

EMERGENT METALS CORP.

For the nine months ended September 30, 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, 2022 and 2023, totaling \$125,000 (\$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. A second party to the royalty agreement has also passed away and the status of the ownership for this interest in the royalty is currently unknown.

In 2018, Maverix Metals Inc. (now Triple Flag Precious Metals Corp.) acquired the rights to the lease of 185 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's U.S. subsidiary to Triple Flag's U.S. subsidiary. Tentatively, the parties are contemplating the transfer of the mineral rights associated with the lease to Emergent's U.S. subsidiary, Golden Arrow Mining Corporation, and filing of a Quitclaim Deed with reserved royalty to document the royalty interest held by Triple Flag.

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 has options to 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.

For the nine months ended September 30, 2023 and 2022 in US Dollars, unless otherwise stated

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. Kennecott had 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 had to be completed prior to the 18-month anniversary of the Agreement.
2. Kennecott had 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 \$5.5 million in expenditures within 8 years of the date the agreement was signed.
3. Kennecott had 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 could be credited against subsequent option expenditure requirements. Kennecott could, 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 had the right to make exploration and development decisions.
6. Kennecott had to 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 had 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 would 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 fell 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. Kennecott commenced exploration activities in 2023 including drilling.

On September 30, 2023, the Company announced Kennecott had elected to terminate the Option to Earn-in Agreement effective June 29, 2023. Pursuant to the exit terms, Kennecott will be providing Emergent with exploration results from the 2023 drill program on the Property, with assay results still pending. It will also be transferring all other exploration data from past-year exploration programs. Kennecott will also transfer claims it staked as part of the Agreement to Emergent, subject to completion of the necessary agreements.

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c) Mindora Property, Nevada

For the nine months ended September 30, 2023 and 2022 In US Dollars, unless otherwise stated

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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:

- 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 5th 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 5th anniversary and before the 9th 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.

Transaction with Lahontan Gold Corp.

On May 15, 2023, the Company announced it had signed a binding Term Sheet and planned to complete an Option to Purchase Agreement with Lahontan Gold Corp. ("Lahontan"). Lahontan, subject to certain terms and conditions, will have the option to acquire a 100% interest in the Mindora Property by completing US\$1.8 million in cash and/or share payments and US\$1.4 million in work expenditures on the Property (total US\$3.2 million) over a seven-year period.

Cash payments will be as follows:

EMERGENT METALS CORP.**For**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Timing	Amount (\$US)
Upon Signing of the Letter of Intent	\$10,000 (received)
First Anniversary of Agreement*	\$20,000
Second Anniversary of Agreement*	\$25,000
Third Anniversary of Agreement*	\$25,000
Fourth Anniversary of Agreement*	\$30,000
Fifth Anniversary of Agreement*	\$30,000
Sixth Anniversary of Agreement*	\$40,000
Seventh Anniversary of Agreement*	\$1,620,000
Total	\$1,800,000

*50% of these payments may be made in common shares of Lahontan Gold Corp. at Lahontan's discretion. Lahontan may accelerate these payments by paying the remaining balance of the purchase price at any time during the option period.

Work commitments will be as follows:

Timing	Amount (\$US)
December 31, 2024	\$150,000
December 31, 2025	\$150,000
December 31, 2026	\$200,000
December 31, 2027	\$200,000
December 31, 2028	\$200,000
December 31, 2029	\$250,000
Seventh Anniversary of Agreement*	\$250,000
Total	\$1,400,000

Exploration expenditures include, but are not limited to, geological, geochemical, and geophysical studies, exploration drilling and support activities, reasonable management costs associated with the proceeding items, any payments associated with maintaining the underlying agreements in good standing including BLM and County fees. Any excess expenditures, in any year, under the Work Commitments scheduled above can be credited against subsequent Work Commitment expenditures in a future year.

Due to timing for completion of the Agreement and Due Diligence, GAMC made a final \$25,000 claim purchase payment due to Nevada Sunrise LLC on June 15, 2023, and made an advance royalty payment due to BL Exploration on June 15, 2023. Upon signing of the Agreement, LGUSC reimbursed GAMC for these payments.

Upon exercise of the Option and payment of the purchase price to GAMC, GAMC shall transfer 100% of its interest in the mineral claims to Lahontan, or its designee, within 30 days of payment of the purchase price. As part of the transfer, Lahontan or its designee will grant a 1% NSR royalty in favor of GAMC over the claims it acquired from Nevada Sunrise LLC (Mind 1 through Mind 12). In addition, Lahontan or its designee will grant a 1.5% NSR in favor of GAMC for any additional claims not currently having a NSR royalty. LGUSC will have the right to purchase 50% of this 1.5% NSR royalty for US\$200,000 prior to the fifth anniversary of signing of the Agreement or for US\$500,000 after the fifth anniversary of the signing of the Agreement.

On July 20, 2023, the Company announced it had completed a Lease with Option to Purchase Agreement with Lahontan.

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 due on June 1, 2023.

e) Buckskin Rawhide West Property, Nevada

17 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 totaling 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 located 13 km west of Amos, Quebec. The property is partially 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 83.3 ha. In December 2022, the Company staked an additional 6 claims totaling 139.5 ha. In December 2022, the Company announced the acquisition of 9 claims totaling 147.3 ha from 9210-8845 Quebec Inc. for \$4,555 (CDN\$6,000). In September 2023, the Company staked an additional 6 claims totaling 149.2 ha. The property currently consists of 77 mineral claims totaling 2,348.7 ha.

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 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 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.

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 ⁽ⁱ⁾	Remuneration or fees ⁽ⁱⁱ⁾
	2023	\$ 112,500
David Watkinson, CEO and President – salary	2022	\$ 112,500
	2023	\$ 36,000
David Watkinson, CEO and President – benefits and allowance	2022	\$ 36,000
	2023	\$ 21,846
David Watkinson, CEO and President – Share-based compensation	2022	\$ –
	2023	\$ 90,000
Robert Rosner, CFO and director – management fees	2022	\$ 90,000
	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	\$ 23,369
Vancouver Corporate Solutions Inc. owned by Denise Pilla, Corporate Secretary – Consulting fees	2022	\$ 24,697
	2023	\$ 1,365
Denise Pilla, Corporate Secretary – Share-based compensation	2022	\$ –

(i) For the periods ended September 30, 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; and
25,000 to Denise Pilla, Corporate Secretary.

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

	September 30, 2023	December 31, 2022
David Watkinson, the CEO	\$ 166,598	\$ 41,883
Robert Rosner, the CFO	18,815	43,555
Companies affiliated to CFO	(20,778)	—
Vancouver Corporation Solution Inc, owned Denise Pilla, Corporate Secretary	10,484	—
	\$ 175,119	\$ 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 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 period ended September 30, 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.

On June 19, 2023, a warrant holder exercised 333,333 share purchase warrants at CDN\$0.15 per warrant resulted in 333,333 shares issued from the capital of the Company.

During the period ended September 30, 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.

On May 31, 2022, the Company completed a non-flow-through private placement with an issuance of 5,813,666 units at CDN\$0.12/unit. Each unit consists of one common share and one share purchase warrants exercisable at CDN\$0.15/unit with a 2-year expiry term.

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.

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. This grant was approved by the shareholders of the Company on June 14, 2023 the date of the annual general meeting. 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 nine months ended September 30, 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 nine months ended September 30, 2023 and 2022 are summarized as follows:

STOCK OPTION ACTIVITY	September 30, 2023	Weighted average exercise price	September 30, 2022	Weighted average exercise price
		(CDN\$)		(CDN\$)
Options Outstanding and Exercisable				
Balance – beginning of year	1,257,500	\$ 1.10	1,257,500	\$ 1.10
Granted	1,300,000	0.25	–	–
Balance – End of period	2,557,500	\$ 0.67	1,257,500	\$ 1.10

Details of stock options outstanding as at September 30, 2023 are as follows:

Expiry Date	Exercise Price	September 30, 2023	Weighted Average Remaining Life
	(CDN\$)		
November 19, 2023	\$1.50	260,000	0.39
May 17, 2024	\$2.00	102,500	0.88
January 4, 2028	\$0.25	1,300,000	4.52
January 30, 2025	\$0.90	300,000	1.59
November 30, 2025	\$0.90	595,000	2.42
		2,557,500	3.12

d) Warrants

Share purchase warrants activity during the periods end September 30, 2023 and 2022 are summarized as follows:

SHARE PURCHASE WARRANT ACTIVITY	September 30, 2023	Weighted average exercise price	September 30, 2022	Weighted average exercise price
		(CDN\$)		(CDN\$)
Warrants Outstanding and Exercisable				
Balance – beginning of year	12,995,891	\$ 0.27	7,002,955	\$ 1.07
Granted	–	–	5,813,666	0.15
Exercised	(358,333)	0.15	–	0.00
Expired/Forfeited	(600,000)	1.00	(4,867,945)	1.04
Balance – end of period	12,037,558	\$ 0.24	7,948,676	\$ 0.42

Details of share purchase warrants outstanding as at September 30, 2023 are as follows:

Expiry Date	Exercise Price	September 30, 2023	Weighted Average Remaining Life
	(CDN\$)		
December 12, 2024	\$0.45	1,838,725	1.45
November 30, 2024	\$0.26	1,508,750	1.42
October 21, 2024	\$0.26	3,234,750	1.31
May 31, 2024	\$0.15	5,455,333	0.92
		12,037,558	1.17

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:

WARRANT LIABILITY (WARRANTS PRICED IN CANADIAN DOLLARS)	September 30, 2023		September 30, 2022	
	Number of Warrants	Fair Value	Number of Warrants	Fair Value
Balance – beginning of year	12,490,391	\$ 1,406,769	6,640,783	\$ 385,708
Issued	–	–	5,813,666	551,238
Exercised	(358,333)	–	–	–
Expiration and Fair value adjustments	(600,000)	(1,155,589)	(6,115,783)	170,339
Balance – end of year	11,532,058	\$ 251,180	6,338,666	\$ 1,107,285

During the period ended September 30, 2023, the Company did not have any new issuance of subscribers' warrants (September 30, 2022 - \$551,238 fair value related to the issuance of 5,813,666 warrants).

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 4.83% - 5.13%, volatility factors of 108% - 127% and an expected life of 8 months – 14 months.

A fair value adjustment of \$1,155,589 to reduce warrant liability has been recorded for the nine months ended September 30, 2023 (September 30, 2022 – \$170,339 of fair value increase). As at September 30, 2023, the Company had a warrant liability in the amount of \$251,180 (December 31, 2022 - \$1,406,769).

9. Equipment

	Equipment	Computer	Vehicle	Total
Cost				
Balance, December 31, 2021	\$ 58,785	\$ 51,802	\$ 43,210	\$ 153,797
Additions	–	–	–	–
Balance, September 30, 2022	\$ 58,785	\$ 51,802	\$ 43,210	\$ 153,797
Accumulated Amortization				
Balance, December 31, 2021	\$ 34,255	\$ 48,659	\$ 12,099	\$ 95,013
Additions	3,679	708	4,667	9,054
Balance, September 30, 2022	\$ 37,934	\$ 49,367	\$ 16,766	\$ 104,067
Cost				
Balance, December 31, 2022	\$ 58,785	\$ 51,802	\$ 43,210	\$ 153,797
Additions	–	–	–	–
Balance, September 30, 2023	\$ 58,785	\$ 51,802	\$ 43,210	\$ 153,797
Accumulated Amortization				
Balance, December 31, 2022	\$ 39,161	\$ 49,602	\$ 18,321	\$ 107,084
Additions	2,944	495	3,733	7,172
Balance, September 30, 2023	\$ 42,105	\$ 50,097	\$ 22,054	\$ 114,256
Net Carrying Amount				
Balance, September 30, 2022	\$ 20,851	\$ 2,435	\$ 26,444	\$ 49,730
Balance, September 30, 2023	\$ 16,680	\$ 1,705	\$ 21,156	\$ 39,541

10. Flow-through shares premium liability

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

Flow-through Share Premium Liability	September 30, 2023	September 30, 2022
Balance - beginning of the year	\$ 73,648	\$ 52,910
Foreign exchange	(2,145)	1,546
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	(10,273)	–
Balance - end of the year	\$ 61,230	\$ 54,456

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

During the nine-month period ended September 30, 2023, CDN\$148,336 was spent on qualifying activities in relation to the flow through shares issued during the year ended December 31, 2022, and 2021.

As of September 30, 2023, the gross proceeds of CDN\$ NIL remained unspent.

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

As of September 30, 2023, the gross proceeds of CDN\$ 903,240 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 nine months ended September 30, 2023 and 2022 is as follow:

Right-of-use assets		
Balance at January 1, 2022	\$	29,834
Depreciation		(11,148)
Balance at September 30, 2022	\$	18,686
Balance at January 1, 2023	\$	15,154
Depreciation		(10,656)
Balance at September 30, 2023	\$	4,498

Lease liabilities

A summary of changes in lease liabilities during the nine months ended September 30, 2023, and 2022 is as follows:

Lease liabilities		
Balance at January 1, 2022	\$	32,051
Lease payment on principal portion		(10,750)
Lease payment on interest portion		(3,139)
Lease liability accretion expense		3,139
Foreign exchange difference		(1,092)
Balance at September 30, 2022	\$	20,209

Balance at January 1, 2023	\$	16,792
Lease payment on principal portion		(12,410)
Lease payments on interest portion		(958)
Lease liability accretion expense		1,193
Foreign exchange difference		(158)
Balance at September 30, 2023	\$	4,459
Current portion	\$	4,459
Long term portion	\$	—
Future lease payments		
2023		4,517
Total undiscounted lease payments		4,517
Less: imputed interest		(58)
Total carry value of lease obligations	\$	4,459

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 nine months ended September 30, 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:

SEGMENT DISCLOSURE (ROUNDED TO 000s)	Canada	United States	Total
September 30, 2023			
Long-term Assets			
Advance payments for assets acquisition	\$ 114,000	\$ –	\$ 114,000
Deposit	\$ –	\$ 4,500	\$ 4,500
Exploration and Evaluation Assets	\$ 800,000	\$ 1,723,000	\$ 2,523,000
Equipment	\$ –	\$ 40,000	\$ 40,000
Right-of-use asset	\$ 4,000	\$ –	\$ 4,000
September 30, 2022			
Long-term Assets			
Advance payments for assets acquisition	\$ 113,000	\$ –	\$ 113,000
Deposit	\$ –	\$ 5,000	\$ 5,000
Exploration and Evaluation Assets	\$ 794,000	\$ 1,711,000	\$ 2,505,000
Equipment	\$ –	\$ 50,000	\$ 50,000
Right-of-use asset	\$ 19,000	\$ –	\$ 19,000

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. Events after the reporting period

On November 19, 2023, 260,000 share purchase options with an exercise price of CDN\$1.50 expired.

On October 23, 2023, the Company closed a non-brokered private placement (the "Offering") of 1,680,000 units (the "Units") at a price of CDN\$0.12 per Unit raising gross proceeds of CDN\$201,600. Each Unit consisted of one common share in the capital of the Company (a "Share") and one whole non-transferable common share purchase warrant (a "Warrant"). Each whole Warrant is exercisable to acquire one Share at an exercise price of CDN\$0.15 per Share for a period of 24 months from the date of issuance.

On October 26, 2023, the Company announced it had staked 32 additional claims at its Casa South Property in Quebec totaling 1,790 ha, covering a graphite exploration target.