

# **Emergent Metals Corp.**

An Exploration Stage Company

## **Consolidated Financial Statements**

For the year ended 31 December 2023

Stated in US Dollars

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## Management's Responsibility

To the Shareholders of Emergent Metals Corp.:

Management is responsible for the preparation and presentation of the accompanying Emergent Metals Corp., including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information presented. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management, and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

We draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

*"David Watkinson"*

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David Watkinson, CEO

*"Grant T. Smith"*

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Grant T. Smith, CFO

## Independent Auditor's Report

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To the Shareholders of Emergent Metals Corp.:

### Opinion

We have audited the consolidated financial statements of Emergent Metals Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and December 31, 2022, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that as of December 31, 2023, the Company had a working capital deficiency and an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

## Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jenny Lee.

Vancouver, British Columbia  
April 29, 2024

*MNP* **LLP**  
Chartered Professional Accountants

US Dollars

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at	
		31 Dec 2023	31 Dec 2022
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		\$ 224,525	\$ 688,124
Amounts receivable	6)	87,754	185,882
Marketable securities		-	222,153
Prepaid amounts and deposits		45,019	149,504
		<b>357,298</b>	<b>1,245,663</b>
<b>Non-current Assets</b>			
Exploration and evaluation assets ("E&E")	8)	2,522,590	2,534,616
Equipment	7)	37,242	46,713
Advance payments for assets acquisition		-	114,192
Right of use asset		966	15,154
		<b>2,560,798</b>	<b>2,710,675</b>
		<b>\$ 2,918,096</b>	<b>\$ 3,956,338</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		\$ 1,336,717	\$ 1,030,081
Warrant liability		247,422	1,406,769
Due to related parties	9)	233,038	85,438
Flow-through share premium liability	10)	87,787	73,648
Short term debt		26,603	-
Lease liability	11)	-	16,842
		<b>1,931,567</b>	<b>2,612,778</b>
<b>Equity</b>			
Share capital	12)	49,111,305	48,838,993
Option reserve	12)	8,050,806	7,865,859
Warrant reserve	12)	1,026,749	1,014,788
Deficit		(57,202,331)	(56,376,080)
		<b>986,529</b>	<b>1,343,560</b>
		<b>\$ 2,918,096</b>	<b>\$ 3,956,338</b>
Nature of Operations and Going Concern	1)	Capital Management	14)
Basis of Preparation - Statement of Compliance	2)	Subsequent Events	16)
Segmented Disclosure	13)		

These financial statements were approved and authorized for issuance on behalf of the Board of Directors on 29 April 2024.

David Watkinson, Director

Andrew MacRitchie, Director

US Dollars

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note	Year Ended 31 Dec 2023	Year ended 31 Dec 2022
<b>Expenses</b>			
<b>Exploration and Evaluation</b>			
Surface exploration		\$ 633,255	\$ 1,296,752
Claim maintenance		171,593	338,239
Infrastructure		19,058	-
Reporting		12,463	-
		<b>836,369</b>	<b>1,634,991</b>
<b>General and Administrative</b>			
Tax penalties	10)	303,967	-
Professional fees		193,434	127,461
Share-based compensation		184,947	-
Management and consulting		161,811	208,675
Shareholder communications		132,482	151,271
Bad debt		116,862	-
Listing and filing fees		37,858	57,872
Insurance		31,198	32,631
Travel		20,539	23,663
Depreciation of right of use asset	11)	14,188	14,680
Rent		13,553	23,584
Office		13,534	33,247
Amortization of tangibles	7)	9,471	12,071
Bank charges and interest		1,832	4,234
		<b>1,235,676</b>	<b>689,389</b>
<b>Net Loss before Other Items</b>		<b>2,072,045</b>	<b>2,324,380</b>
<b>Other Items – Expense (Income)</b>			
Amortization of flow-through liability	10)	(36,127)	(52,788)
Lease liability accretion	11)	1,251	3,845
Foreign exchange		13,205	38,542
Gain on disposition of assets		-	(693,271)
Gain (loss) on securities		89,881	68,934
Fair value change on securities		(49,591)	79,959
Fair value change for warrant liability	12)	(1,225,375)	(172,143)
Write off flow-through liability	10)	(39,038)	-
Sublet income		-	(26,575)
		<b>(1,245,794)</b>	<b>(753,497)</b>
<b>Loss and Comprehensive for the Year</b>		<b>\$ 826,251</b>	<b>\$ 1,570,883</b>
Basic and diluted loss per share		<b>\$ (0.03)</b>	<b>\$ (0.09)</b>
Weighted average number of shares outstanding		<b>27,776,214</b>	<b>17,915,577</b>



US Dollars

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Shares Outstanding #	Share Amount \$	Warrants Reserve \$	Options Reserve \$	Deficit \$	Shareholders' Equity \$
<b>Balance 01 January 2022</b>	13,618,221	48,302,216	971,650	7,865,859	(54,805,197)	2,334,528
Private placement – non flow-through	10,378,666	165,903	-	-	-	165,903
Share issuance costs	-	(69,551)	21,172	-	-	(48,379)
Private placement – flow-through	3,173,450	534,401	-	-	-	534,401
Share issuance costs	-	(93,976)	21,966	-	-	(72,010)
Loss & comprehensive loss	-	-	-	-	(1,570,883)	(1,570,883)
<b>Balance 31 December 2022</b>	27,170,337	48,838,993	1,014,788	7,865,859	(56,376,080)	1,343,560
<b>Balance 01 January 2023</b>	27,170,337	48,838,993	1,014,788	7,865,859	(56,376,080)	1,343,560
Private placement	1,680,000	56,662	-	-	-	56,662
Share issuance costs	-	(5,476)	1,461	-	-	(4,015)
Private placement – Flow through	2,900,000	217,528	-	-	-	217,528
Share issuance costs	-	(37,078)	10,500	-	-	(26,578)
Exercise of warrants	358,333	40,676	-	-	-	40,676
Stock-based compensation	-	-	-	184,947	-	184,947
Loss & comprehensive loss	-	-	-	-	(826,251)	(826,251)
<b>Balance 31 December 2023</b>	32,108,670	49,111,305	1,026,749	8,050,806	(57,202,331)	986,529

For the year ended 31 December 2023

US Dollars

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year Ended 31 Dec 2023	Year Ended 31 Dec 2022
Operating Activities		
<b>Net loss for the year</b>	<b>\$ (826,251)</b>	<b>\$ (1,570,883)</b>
<b>Items not affecting cash</b>		
Amortization of flow through share premium liability	(36,127)	(52,788)
Amortization of equipment	9,471	12,071
Depreciation of right-of-use asset	14,188	14,680
Lease liability accretion	1,251	3,845
Unrealized foreign exchange	4,592	108,435
Fair value adjustment for securities	(49,591)	79,959
Gain on sale of securities	89,881	-
Gain on disposition of assets	-	(624,337)
Bad debt	116,862	-
Write off flow-through premium	(39,038)	-
Stock-based compensation	184,947	-
Fair value adjustment warrant liability	(1,225,375)	(172,143)
	<b>(928,939)</b>	<b>(630,278)</b>
<b>Net change in non-cash working capital</b>		
Amounts receivable	98,128	(46,134)
Prepays amounts and other assets	104,485	(104,996)
Accounts payable & accrued liabilities	306,636	191,400
Due from related parties	147,600	35,085
	<b>656,849</b>	<b>75,355</b>
	<b>(1,098,341)</b>	<b>(2,125,806)</b>
Investing Activities		
Proceeds from sale of mineral properties	-	583,793
Royalty payments received	65,000	10,000
Sale of marketable securities	182,753	188,465
Acquisition of exploration assets	(52,974)	(49,555)
	<b>194,779</b>	<b>732,703</b>
Financing Activities		
Lease payment	(18,093)	(18,245)
Exercise of warrants	40,676	-
Proceeds from short term debt	26,303	-
Net proceeds from private placement	390,777	1,770,022
	<b>439,963</b>	<b>1751,777</b>
<b>Net Increase (decrease) in Cash</b>	<b>(463,599)</b>	<b>358,674</b>
Exchange diff in cash	-	(27,862)
Cash position – beginning of year	688,124	357,312
<b>Cash Position – End of Year</b>	<b>\$ 224,525</b>	<b>\$ 688,124</b>

## EMERGENT METALS CORP.

For the Year-Ended 31 December 2023

US Dollars

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 1) Nature of operations and going concern

Effective 02 March 2022, the Company has changed its name from Emgold Mining Corporation to Emergent Metals Corp. (the "Company" or "Emergent").

The Company was incorporated on 17 March 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 could be purchase or sale of assets, option or joint venture of assets, royalty transaction, 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, cash inflow 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 2024 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 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 Emergent to obtain the necessary financing to advance exploration on these properties, the ability 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 gold, and other impacts to financial markets that are beyond Emergent's control.

As at 31 December 2023, the Company had the following negative indicators.

<b>Rounded to 000's</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Working capital	\$ (1,574,000)	\$ (1,367,000)
Accumulated deficit	\$ 57,202,000	\$ 56,376,000
Loss and comprehensive loss	\$ 826,000	\$ 1,571,000
Cash outflow from operations	\$ 1,098,000	\$ 2,126,000

Emergent expects to incur further loss in the development of its business. For the Company to continue to operate as a going concern it must obtain additional financing; 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.

## **EMERGENT METALS CORP.**

For the Year-Ended 31 December 2023

US Dollars

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

## **2) Basis of preparation – Statement of Compliance**

### **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 consolidated financial statements were authorized for issue by the Board of Directors on 29 April 2024.

### **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) Basis of consolidation**

These consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiaries:

- Golden Arrow Mining Corporation
- Emgold (US) Corporation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. All significant intercompany transactions and balances have been eliminated.

### **d) Currency**

The financial statements of each entity in the group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). These consolidated financial statements are presented in United States dollars, which is the Company and its subsidiaries’ functional and presentation currency. References to CDN\$ represent Canadian dollars.

## **3) Summary of material accounting policies**

### **a) Cash**

Cash consists of cash on hand and deposits in banks.

### **b) Marketable securities**

Marketable securities consist of equity securities over which the Company does not have control or significant influence and are carried at fair value.

### **c) Foreign Currencies**

Transactions entered into by the Company in a currency other than the functional currency are recorded at the rates ruling when the transactions occur except depreciation and depletion which are translated at the rates of exchange applicable to the related assets, with any gains or losses recognized in the Consolidated Statements of Comprehensive Loss.

Foreign currency monetary assets and liabilities are translated at current rates on the reporting date with the resulting gain or losses recognized in the Consolidated Statements of Comprehensive Loss. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in Consolidated Statements of Comprehensive Loss. Non-monetary assets and liabilities are translated using historical exchange rates. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined.

### **d) Equipment**

All items of equipment are stated at historical cost, less any accumulated depreciation and any accumulated impairment losses. Historical cost includes all costs directly attributable to the acquisition. Amortization of other items of equipment is calculated on components that have homogeneous useful lives by using the straight-line method so as to amortize the initial cost as follows:

Field equipment	3-5 years
Office furniture	3-5 years
Computer hardware	1-2 years
Vehicles	2-4 years

Useful lives, residual values and amortization methods are reviewed at each year-end. Such a review takes into consideration the nature of the assets, their intended use and technological changes. The straight-line method applies from the month an asset is put into use. Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in “Other items” in profit or loss.

## **EMERGENT METALS CORP.**

For the Year-Ended 31 December 2023

US Dollars

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

#### **e) Exploration and evaluation**

The Company is in the exploration stage with all of its mineral interests. Exploration and evaluation costs include:

- the costs of acquiring licenses,
- costs incurred to explore and evaluate properties, and
- the fair value, upon acquisition, of mineral properties acquired in a business combination or an asset acquisition.

Exploration and evaluation expenditures are expensed in the period they are incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or an asset acquisition. Significant property acquisition costs are capitalized only to the extent that such costs can be directly attributed to an area of interest where it is considered likely to be recoverable by future exploitation or sale. Development costs relating to specific properties are capitalized once management has made a development decision.

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. As these options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded in the period that the payments are made or received. The Company does not accrue costs to maintain mineral interests in good standing.

#### **f) Impairment of non-financial assets**

Indicators of impairment of exploration and evaluation assets are assessed at each reporting period. If an indicator of impairment exists to suggest that the technical feasibility and commercial viability of the project is in question, and facts and circumstances suggest the carrying amount exceeds the recoverable amount, the carrying value of the exploration and evaluation assets will be written down to the estimated recoverable amount.

#### **g) Flow-through shares**

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for tax purposes by the investors who purchased the shares. While

IFRS contains no specific guidance on accounting for flow-through shares, the Company has chosen to adopt the following accounting policy:

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the “flow-through commitment”) as follows:

- Share capital – if warrants are being issued, based on the valuation derived using the residual method after fair value of warrants. If warrants are not being issued, the fair market price at the date of the issuance will be applied;
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature, i.e. the portion of share capital in excess of the market value of the shares without the flow-through features at the time of issue; and
- Warrants – if warrants are being issued, the fair value of warrants will be based on the Black-Scholes option-pricing model.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period under the regular method. Under the “Look-back” rule, the proceeds that were received in the year and not spent by 31 December of the same year were renounced under the “Look-back” rule and need to be spent by 31 December of the following year.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the “Look-back” Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

#### **h) Share based payments**

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The Board of Directors grants such options for periods of up to five years, with immediate vesting upon grant. The exercise prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized in the period that the options are earned. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Forfeitures of stock options are accounted for as incurred.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, are recorded at the date the goods or services are received.

## **EMERGENT METALS CORP.**

For the Year-Ended 31 December 2023

US Dollars

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

#### **i) Income taxes**

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the consolidated statement of loss and comprehensive loss, except to the extent that it relates directly to equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured on a non-discounted basis using the enacted or substantively enacted tax rates at the end of the year, and which are expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that enactment or substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### **j) Loss per share**

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

#### **k) Comprehensive loss**

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net loss such as unrealized gains or losses on FVTOCI, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive loss is presented in the Consolidated Statements of Comprehensive Loss and the Consolidated Statements of Changes in Equity.

#### **l) Warrant liability**

As the exercise price of certain of the Company's share purchase warrants is fixed in Canadian Dollar, and the functional currency of the Company is the US Dollar, these warrants are considered a derivative as a variable amount of cash in the Company's functional currency will be received on exercise. Accordingly, these share purchase warrants are classified and accounted for as a derivative liability measured at FVTPL. The fair value of the warrants is remeasured at each reporting period end using the Black-Scholes option pricing model.

#### **m) Provisions for restoration and rehabilitation**

The Company determined that it has no material restoration obligations at 31 December 2023 or 2022.

#### **n) Share capital**

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Share purchase warrants for a price not fixed in the Company's functional currency are classified as a derivative liability and measured at fair value with changes recognized in the consolidated statements of comprehensive loss as they arise. The proceeds from the issuance of units consist of both of these share purchase warrants and common shares are allocated first to the fair value of the derivative liability on date of issuance with the residual amount to the common shares.

#### **o) Leases**

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonable certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination
- option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value of the related right-of-use assets.

#### 4) 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. (Note 1)

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

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 31 December 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.

#### 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. Emergent's share instruments are not freely tradable nor transferable and there is uncertainty about the reasonability of using this model, however it is the only recognized model. Management believes this can materially affect operations.

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.

## 5) 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:

<b>Financial Assets</b>	<b>Classification</b>
Cash and equivalents	Amortized cost
Marketable securities	FVTPL
Amounts receivable (excludes goods and service tax)	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
Short-term debt	Amortized cost
Warrant liability	FVTPL

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.



## EMERGENT METALS CORP.

For the Year-Ended 31 December 2023

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 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 31 December 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.

The Company's marketable securities were considered to be classified as Level 1. Investment in warrants 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 31 December 2023 and 2022 as presented in the Financial Statements are due within 12 months of the respective reporting dates.

<b>31 December 2023</b> <b>Rounded 000's</b>	<b>Carrying amount</b>	<b>Contractual obligation</b>	<b>Less than 12 months</b>
Accounts payable & accrued liabilities	\$ 1,337,000	\$ 1,337,000	\$ 1,337,000
Due to related parties	233,000	233,000	233,000
Short-term debt	27,000	27,000	27,000
	<b>\$ 1,597,000</b>	<b>\$ 1,597,000</b>	<b>\$ 1,597,000</b>
<b>31 December 2022</b>			
Accounts payable & accrued liabilities	\$ 1,030,000	\$ 1,030,000	\$ 1,030,000
Due to related parties	85,000	85,000	85,000
Lease liability	17,000	17,000	17,000
	<b>\$ 1,132,000</b>	<b>\$ 1,132,000</b>	<b>\$ 1,132,000</b>

#### d)

#### e) 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 are exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

## EMERGENT METALS CORP.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### f) 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 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.

#### g) 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.

#### h) Foreign exchange risk

The functional currency of the Company and its subsidiaries is 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 maintains only the budget amount of foreign cash required to fund its near-term exploration expenditures.

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

<b>Rounded (000's)</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Cash	\$ 215,000	\$ 672,000
Amounts receivable excluding GST	-	178,000
Accounts payable and accrued liabilities	(1,168,000)	(936,000)
Due to related parties	-	(4,000)
Lease liability	-	(17,000)
Short-term debt	(27,000)	-
Warrant liability	(247,000)	(1,407,000)
	<b>\$ (1,227,000)</b>	<b>\$ (1,514,000)</b>

Based on the net exposure at 31 December 2023 and 2022, a 5% depreciation or appreciation in Canadian dollar against US dollar would result in a gain or loss of \$61,000 (2022 - \$64,000).

#### i) 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 commercial mineral interests, it is not exposed to commodity price risk at this time.

## 6) Amounts receivable

The Company's receivables arise from other receivable and goods and services tax from government taxation authority as follows:

<b>Amounts receivable rounded 000'S</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Goods and service tax	\$ 54,000	\$ 109,000
Share subscription receivable	\$ -	\$ 74,000
Other receivable	\$ 34,000	\$ 3,000
	<b>\$ 88,000</b>	<b>\$ 186,000</b>

**EMERGENT METALS CORP.**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****7) Equipment**

	<b>Equipment</b>	<b>Computer</b>	<b>Vehicle</b>	<b>Total</b>
<b>Cost</b>				
<b>Balance: 01 January 2022, 31 December 2022 &amp; 2023</b>	\$ <b>58,785</b>	\$ <b>51,802</b>	\$ <b>43,210</b>	\$ <b>153,797</b>
<b>Accumulated Amortization</b>				
<b>Balance: 01 January 2022</b>	\$ 34,255	\$ 48,659	\$ 12,099	\$ 95,013
Amortization for the year	4,906	943	6,222	12,071
<b>Balance: 31 December 2022</b>	39,161	49,602	18,321	107,084
Depreciation for the year	<b>3,193</b>	<b>1,301</b>	4,977	9,471
<b>Balance: 31 December 2023</b>	\$ <b>42,354</b>	\$ <b>50,903</b>	\$ 23,298	\$ 116,555
<b>Carrying amounts</b>				
31 December 2022	\$ 19,624	\$ 2,200	\$ 24,889	\$ 46,713
31 December 2023	\$ <b>16,431</b>	\$ <b>899</b>	\$ <b>19,912</b>	\$ <b>37,242</b>

**EMERGENT METALS CORP.**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**8) Exploration and evaluation**

Acquisition costs Canada, Quebec	Casa South	Troillus	Trecesson	East West	Total
<b>Balance: 01 January 2022</b>	\$ 529,148	\$ 56,440	\$ 208,228	\$ 440,227	\$ 1,234,043
Acquisition costs	-	-	4,555	-	4,555
Disposal	-	-	-	(440,227)	(440,227)
<b>Balance:31 December 2022</b>	\$ 529,148	\$ 56,440	\$ 212,783	\$ -	\$ 798,371
Additions	1,587	-	387	-	1,974
<b>Balance: 31 January 2023</b>	\$ 530,735	\$ 56,440	\$ 213,170	\$ -	\$ 800,345

Acquisition costs USA, Nevada	New York Canyon	Mindora	Golden Arrow	Buckskin Rawhide East	Buckskin Rawhide West	Koegal Rawhide	Total
<b>Balance: 01 January 2022</b>	\$ 258,957	\$ 190,307	\$ 662,870	\$ 284,052	\$ 140,029	\$ 140,030	\$ 1,676,245
Acquisition costs	-	45,000	25,000	-	-	-	70,000
Royalty payment received	-	-	-	(10,000)	-	-	(10,000)
<b>Balance:31 December 2022</b>	\$ 258,957	\$ 235,307	\$ 687,870	\$ 274,052	\$ 140,029	\$ 140,030	\$ 1,736,245
Additions	6,000	45,000	-	-	-	-	51,000
Funds received under option agreements	-	(55,000)	-	(10,000)	-	-	(65,000)
<b>Balance: 31 Dec 2023</b>	\$ 264,957	\$ 225,307	\$ 687,870	\$ 264,052	\$ 140,029	\$ 140,030	\$ 1,722,245
<b>Total</b>							\$ 2,522,590

**EMERGENT METALS CORP.**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Exploration and evaluation expenses Canada, Quebec	Casa South	Troillus	Trecesson	East West	Total
<b>Expenses incurred up to 01 January 2022</b>	\$ 1,493,080	\$ 339,249	\$ 3,768	\$ 43,171	\$ 1,879,268
<b>Expenses for the year ended 31 Dec 2022</b>					
Surface exploration	595,903	-	673,870	195	1,269,968
Claim maintenance	12,402	-	19,043	22,668	54,113
	<u>608,305</u>	<u>-</u>	<u>692,913</u>	<u>22,863</u>	<u>1,324,081</u>
<b>Expenses incurred up to 31 Dec 2022</b>	\$ 2,101,385	\$ 339,249	\$ 696,681	\$ 66,034	\$ 3,203,349
<b>Expenses for the year ended 31 Dec 2023</b>					
Surface exploration	\$ 23,824	\$ -	\$ 517,712	\$ -	\$ 541,536
Reporting	12,424	-	39	-	12,463
Claim maintenance	16,797	-	1,328	-	18,125
	<u>53,045</u>	<u>-</u>	<u>519,079</u>	<u>-</u>	<u>572,124</u>
<b>Balance: 31 Dec 2023</b>	\$ 2,154,430	\$ 339,249	\$ 1,215,760	\$ 66,034	\$ 3,775,473

Exploration and evaluation costs USA, Nevada	New York Canyon	Mindora	Golden Arrow	Buckskin Rawhide East	Buckskin Rawhide West	Koegal Rawhide	Other Prospects	Total
<b>Balance: 01 January 2022</b>	\$ 115,783	\$ 313,055	\$ 1,409,300	\$ 6,165	\$ 22,494	\$ 44,798	\$ 208,776	\$ 2,120,371
<b>Expenses for the year ended 31 Dec 2022</b>								
Surface exploration	6,755	3,702	9,895	1,658	-	-	4,774	26,784
Claim maintenance	-	26,118	247,549	-	3,774	6,429	256	284,126
	<u>6,755</u>	<u>29,820</u>	<u>257,444</u>	<u>1,658</u>	<u>3,774</u>	<u>6,429</u>	<u>5,030</u>	<u>310,910</u>
<b>Expenses incurred up to 31 Dec 2022</b>	\$ 122,538	\$ 342,875	\$ 1,666,744	\$ 7,823	\$ 26,268	\$ 51,227	\$ 213,806	\$ 2,431,281
<b>Expenses for the year ended 31 Dec 2023</b>								
Surface exploration	\$ 37,247	\$ 15,809	\$ 21,692	\$ 550	\$ -	\$ 13,987	\$ 2,438	\$ 91,723
Infrastructure	1,684	60	17,314	-	-	-	-	19,058
Claim maintenance	34,547	262	106,282	4,583	-	7,790	-	153,464
	<u>73,478</u>	<u>16,131</u>	<u>145,288</u>	<u>5,133</u>	<u>-</u>	<u>21,777</u>	<u>2,438</u>	<u>264,245</u>
<b>Balance: 31 Dec 2023</b>	\$ 196,016	\$ 359,006	\$ 1,812,032	\$ 12,956	\$ 26,268	\$ 73,004	\$ 216,244	\$ 2,695,526

## EMERGENT METALS CORP.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### USA, NEVADA PROPERTIES

##### a) Golden Arrow Property, Nevada

The Company has a 100% interest in the Golden Arrow Property, an advanced stage exploration property, including:

- 494 unpatented lode mining claims, consisting of
  - 185 unpatented mining claims are leased,
  - 309 unpatented mining claims are owned, and
- 17 patented lode mining claims
- Golden Arrow Property totals about 10,000 acres.

The Golden Arrow Property has the following underlying obligations:

- 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). Payments have been withheld due to ownership obligations but \$25,000 is accrued in the accounts
- 357 unpatented claims, plus area of influence are subject to an advance royalty payments (withheld) of totalling \$75,000 (\$25,000 per year) were accrued and capitalized as mineral property interests as at 31 December 2023 and a 3% NSR upon production, of which 1% can be purchased for \$1 million.
- 17 patented mining claims are subject to a 1% NSR.

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

The Company has a 100% interest in the New York Canyon Property, subject to underlying royalties. The properties include:

- 21 patented mineral claims
- 60 unpatented mining claims totalling about 1,500 acres.
- 92 claims are additionally staked by the Company

The New York Canyon property has the following underlying obligations

- The 60 unpatented claims are subject to a 2% NSR (1% may be purchased for \$1,000,000)
- 18 patented claims are subject to a 1.75% NSR royalty (capped at \$2,000,000) and a \$0.50 per metric tonne royalty for decorative stone shipped or sold from the property (capped at \$500,000)

#### Kennecott Joint Venture Agreement

In February of 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. In September of 2023 Emergent announced that Kennecott had elected to terminate the option to earn in agreement, effective 29 June 2023. The effective date was 29 June 2023, but the final agreement was completed subsequent to the year-end pursuant to the exit terms Kennecott must:

- Provide exploration results from the 2023 drill program on the property,
- Transferred all other exploration data from the past year exploration programs.
- transfer to Emergent; 266 claims staked as part of the agreement.

Kennecott also agreed to transfer 368 unpatented claims, which they had staked outside of the agreement, in return for a 1% NSR (capped at \$100,000,000).

For the 368 claims the Company agreed to reimburse Kennecott for the claim maintenance fees for 2023 and 2024 (paid subsequently).

Subsequent to the year-end the Company acquired 6 Yorkie claims, which are now part of the NYC property.

- \$66,000 (\$6,000 on signing LOI) another \$6,000 on extending the LOI and the balance to be paid (\$9,000 per month for each of the month from February to July 2024),
- There is a 2% NSR capped at \$1,750,000.

#### Ivanhoe transaction

Subsequent to the year end, the Company entered into an option agreement for purchase or sale with Ivanhoe Electric ("IE"). They will pay \$300,000 on signing with Emergent.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Emergent will grant IE the option ("Option") to acquire 100% of the property.

The term of the Option (the "Option Term") will be approximately 18 months ending on 01 August 2025.

In consideration for the Option, IE will pay Emergent US\$300,000 upon signing of the Agreement (the "Option Payment"), of which approximately US\$157,000 will be used by Emergent to satisfy certain land payment obligations in respect of the property.

IE will have the exclusive right to conduct exploration on the property during the Option Term.

IE will be responsible for claim maintenance payments during the Option Term.

Should IE elect to exercise its Option to purchase the property, the purchase price will be US\$2.0 million (the "Purchase Price") which includes the Option Payment of US\$300,000 and remaining purchase price of US\$1,700,000 (the "Remaining Purchase Price").

US\$700,000 of the Remaining Purchase Price will be paid in cash (the "Cash Payment").

US\$1.0 million of the Remaining Purchase Price will be paid in common stock of IE (the "Share Payment"), to be issued at the higher of (1) the IE 19 September 2023, follow-on public offering price of US\$13.50 per share or (2) the 30-day volume weighted average price determined on the date of exercise notice, but subject to stock exchange rules as well as a possible cash top-up in certain circumstances based on IE's future share price.

On closing of the exercise of the Option, Emergent will reserve a 1% Net Smelter Royalty (the "Production Royalty") on claims within the property that are not already encumbered with a royalty of 1% or greater from previous owners. However, IE will have the right prior to the commencement of commercial production, to buy-out the Production Royalty for a purchase price of US\$2.0 million in cash and/or IE shares (the "Royalty Buyout").

IE shall also retain a first right of refusal to acquire the Production Royalty in the event that Emergent wishes to sell, assign, or transfer the Production Royalty to an unaffiliated third party.

The transaction will occur between IE's subsidiary Ivanhoe Electric Nevada Holdings Inc. and Emergent's subsidiary Golden Arrow Mining Corporation.

#### c) Mindora Property, Nevada

The Company has an interest in the Mindora Property, an advanced stage exploration property, with 147 unpatented mining claims, including:

- 12 unpatented claims (The Mindora Claims) acquired from Nevada Sunrise LLC,
- 18 unpatented claims (The Mindora Extension Property) acquired from BL Exploration LLC, and
- 117 unpatented claims staked by Emergent.

The Mindora Properties have the following obligations:

- On the Mindora Extension Property there is a \$20,000 Advance minimum royalty per year and a 2% net smelter royalty ("NSR"). AMR is due annually on or before 15 June (up to date). Any AMR paid shall be credited against the royalty.
- 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 Company retains 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 (23 December 2024).

On 20 July 2023 the Company completed an option to purchase agreement with Lahontan Gold Corp. ("Lahontan"). Lahontan, subject to certain terms and conditions. Lahontan will have the option to acquire a 100% interest in the Mindora property by paying \$1,800,000 in cash and/or share payments (50% of the payments may be in shares at Lahontan's election) and \$1,400,000 in work expenditure on the property over a seven-year period. Lahontan can accelerate the payments by completing the purchase price at any time. Claim maintenance fees are paid by Lahontan.

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Commitment	Cash or shares	Work expenditures
On signing letter of intent	\$ 10,000 (paid)	\$ -
19 July 2024	20,000	-
By 31 December 2024	-	150,000
19 July 2025	25,000	-
By 31 December 2025	-	150,000
19 July 2026	25,000	-
By 31 December 2026	-	200,000
19 July 2027	30,000	-
By 31 December 2027	-	200,000
19 July 2028	30,000	-
By 31 December 2028	-	200,000
19 July 2029	40,000	-
By 31 December 2029	-	250,000
19 July 2030	1,620,000	250,000
	\$ 1,800,000	\$ 1,400,000

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

The Company has a 100% interest in:

- 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 Mine.

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

- The Lease Term is 20 years (start date of 01 June 2013)
- 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.
- During the Lease Term, RMC will make all underlying claim fees to keep the claims in good standing.
- RMC will conduct a minimum of \$250,000 in exploration activities by the end of Year 1.
- 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.
- RMC will have the option of earning a 100% interest in the property by bringing it into commercial production.
- 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.
- After meeting its exploration requirements, should RMC 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 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 01 June 2016. However, as at 01 June 2016, RMC had completed only \$325,000 in exploration activities on the property. On 01 June 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 01 June 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 31 December 2023 (2022 - \$10,000)



## **EMERGENT METALS CORP.**

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

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

The Company has a 100% interest, acquired from Jeremy C. Wire, in the Buckskin Rawhide West Property, being the PC and RH mineral claims, located 0.3 miles west of the Company's Buckskin Rawhide 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, which consists of:

- 19 unpatented lode mining claims (the RHT and GEL claims) totaling 380 acres, acquired from Jeremy C. Wire, located 4.0 miles south of Emergent's Buckskin Rawhide East Property
- 17 additional unpatented lode claims totaling 340 acres.
- On 13 February 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.

The property is subject to a 2% Net Smelter Royalty, which can be purchased at any time for \$1.0 million.

### **CANADA, QUEBEC PROPERTIES**

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

The Company has a 100% interest in the Casa South Property, an early-stage exploration property, adjacent to Hecla Mining Corporation's (NYSE: HL) operating Casa Berardi Mine, as at 31 December 2023 - 236 claims for 13,194 hectares:

- consisting of 204 mining titles covering a total of 11,400 hectares (acquired from Greg Explorations Inc. et al),
- The 204 claims are subject to a 1.5% NSR, of which 0.5% can be purchased by Emergent for CDN\$500,000.
- 26 October 2023 the Company staked 32 additional mineral claims.

#### **b) Trecesson Property, Quebec**

On 27 September 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. ("Knick"). The claims are located 13 km west of Amos, Quebec. At 31 December 2023 the Company has 63 claims totalling 2,331 hectares.

Obligations related to the properties are:

- 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\$1,000,000 million at any time.

#### **c) 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.

- Emergent has a 1% NSR.
- 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.

#### **d) East West Property Royalty, Quebec**

During the year ended 31 December 2022, Emergent sold the property to O3 Mining Inc. ("O3") and recognized a gain of \$693,271 as a result of the disposition of the Property.

- The Company retains a 1% net smelter returns ("NSR") royalty over the East West Property. O3 may elect to buy back the Royalty for:
  - CDN\$500,000 if the Buy-Back Right is exercised within the first three years from the date of the Definitive Agreement (03 May 2025)
  - CDN\$1,000,000 if the Buy-Back Right is exercised within the fourth and fifth years from the date of the Definitive Agreement.

**EMERGENT METALS CORP.**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****9) Related party transactions**

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

<b>Principal Position</b>	<b>Fiscal Period</b>	<b>Fees or remuneration<sup>(i)</sup></b>	<b>Benefits and allowances</b>	<b>Share-based awards</b>	<b>Amounts Payable</b>
CEO, President – D. Watkinson	2022	\$ 120,000	\$ 78,000	\$ -	\$ 41,883
	2023	120,000	78,000	56,907	237,519
Former CFO, Director – R Rosner	2022	120,000	-	-	43,555
	2023	120,000	-	28,453	(4,481)
Director – A MacRitchie	2022	-	-	-	-
	2023	-	-	21,340	-
Director – V. Garibaldi	2022	-	-	-	-
	2023	-	-	21,340	-
Director – J. Davy	2022	-	-	-	-
	2023	-	-	21,340	-
CFO, Director – G. Smith	2022	-	-	-	-
	2023	\$ -	\$ -	\$ -	\$ -

**10) Flow-through share liability**

A summary of Emergent's flow-through share premium liability is as follows:

<b>Flow-through share liability</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
<b>Balance – beginning of year</b>	<b>\$ 73,648</b>	<b>\$ 52,910</b>
Issuance	<b>87,708</b>	70,736
Foreign exchange	<b>2,596</b>	2,790
Write off flow through liability	<b>(39,038)</b>	-
Settlement of liability pursuant to incurring qualified expenditures	<b>(37,127)</b>	(52,788)
<b>Balance – end of year</b>	<b>\$ 87,787</b>	<b>\$ 73,648</b>

Included in Accounts payable and accrued liabilities is \$237,688 which has been accrued as the company did not complete all of the flow through requirements has a potential liability to compensate the investors should the flow through deductions be denied.

Renunciations related to flow through share issuances during the year ended 31 December 2023 are as follows:

<b>In Canadian dollars</b>	<b>Funds raised</b>	<b>Expenditures</b>	<b>Liability</b>
<b>Opening 31 December 2021</b>			\$ -
18 September 2020	\$ 1,041,000	\$ 1,041,000	-
16 July 2021	800,000	800,000	-
10 August 2021	40,000	1,818	38,182
12 December 2022	1,015,504	-	1,015,504
<b>Balance at 31 December 2022</b>			<b>1,053,686</b>
10 August 2021	<b>40,000</b>	<b>38,182</b>	-
12 December 2022	<b>1,015,504</b>	<b>469,579</b>	<b>545,925</b>
20 December 2023	<b>406,000</b>	-	<b>406,000</b>
<b>Balance at 31 December 2023</b>	<b>\$</b>	<b>\$</b>	<b>\$ 951,925</b>

## EMERGENT METALS CORP.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 11) Lease Disclosure

During 2023 the Company was leasing office space in Vancouver and recognized a right of use asset, however the lease expired at or about year-end and, only a nominal lease asset remains at 31 December 2023.

## 12) Share capital

### a) Authorized:

Unlimited common shares without par value.

Unlimited preference shares without par value

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

During the year ended 31 December 2023

- On 1 February 2023, a warrant holder exercise 25,000 share purchase warrants at CND\$0.15 per warrant resulting in 25,000 shares issued from the capital of the Company for a total of CND \$3,750 (\$2,816).
- On 19 June 2023 a warrant holder exercised 333,333 share purchase warrants at CND\$0.15 per warrant resulting in 333,333 shares issued from the capital of the Company for a total of CND \$50,000 (\$37,860).
- On 23 October 2023, Emergent closed a non-brokered private placement of 1,680,000 units at a price of CND \$0.10 per unit raising gross proceeds of CND \$168,000. Each unit consisted of one common share in the capital of the Company and one whole nontransferable common share purchase warrant. Each warrant is exercisable to acquire one share at an exercise price of CND \$0.12 per share for a period of 24 months from the date of issuance. Warrant liability of \$66,028 was calculated based on Black-Scholes model (risk-free rate: 4.72%, volatility: 128%; expected life: 2 years) (Note 12(c)) and \$56,662 was allocated to share capital. Further, Emergent paid finder's fees of \$4,015 and issued 33,600 finder's warrants fair valued at \$1,461. Each whole warrant exercisable to acquire one common share at CDN \$0.12 for a period of 24 months.
- On 20 December 2023 the Company closed a non-brokered flow-through private placement of 2,900,000 flow through common shares at a price of CND \$0.14 dollars per share for gross proceeds of CDN \$406,000. \$217,528 was allocated to share capital based on fair value of the common shares and \$87,708 was allocated to flow-through premium (Note 10). The Company paid finders fees of USD\$26,578 and issued 232,000 share purchase warrants fair valued at \$10,500 in connection with the subscription. Each finders warrant is exercisable to acquire one common share in the capital of the Company at an exercise price of CND \$0.14 per common share until 20 December 2025, which is 24 months from the date of issuance.

During the year ended 31 December 2022:

- on 17 March 2022 the Company completed a 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 31 May 2022, the Company completed a non-flow-through private placement with an issuance of 5,813,666 units at CDN\$0.12/unit for gross proceeds of \$551,591 (CDN\$697,640). Each unit consists of one common share and one share purchase warrant exercisable at CDN\$0.15 per share with a 2-year expiry term.
- On 21 October 2022, the Company completed the first tranche of a non-brokered private placement of 3,065,000 units at a price of CDN\$0.20 per unit for gross proceeds of \$447,030 (CDN\$613,000). Each unit consists of one common share and one whole transferable common share purchase warrant. Each whole warrant is exercisable to acquire one share at an exercise price of CDN\$0.26 per share for a period of 24 months from the date of issuance.
- In relation to the private placement, finders' fees of \$24,758 (CDN\$33,950) were paid in cash and 169,750 share purchase warrants were issued to finders of this financing.
- On 30 November 2022, the Company completed the second tranche of a non-brokered private of 1,500,000 at a price of CDN\$0.20 per unit for gross proceeds of \$222,100 (CDN\$300,000). Each unit consists of one common share and one whole transferable common share purchase warrant. Each whole warrant is exercisable to acquire one share at an exercise price of CDN\$0.26 per share for a period of 24 months from the date of issuance.
- In relation to the private placement, finders' fees of \$1,296 (CDN\$1,750) were paid in cash and 8,750 share purchase warrants were issued to finders of this financing.
- In addition, the Company has paid additional share issuance costs of \$22,325 related to non-flow-through private placements.

**EMERGENT METALS CORP.**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

- On 12 December 2022, the Company completed a non-brokered flow-through private placement of 3,173,450 units (the "FT Units") at a price of CDN\$0.32 per unit for gross proceeds of \$743,523 (CDN\$1,015,504). Each FT Unit consists of one common share and one half transferable common share purchase warrant. Each whole warrant is exercisable to acquire one share at an exercise price of CDN\$0.45 per share for a period of 24 months from the date of issuance. In relation to the private placement, finders' fees of \$59,042 (CDN\$90,640) were paid in cash and 252,000 share purchase warrants were issued to finders of this financing.
- In addition, the Company has paid additional share issuance costs of \$12,968 related to flow-through private placement. As of 31 December 2022, the Company had outstanding subscription receivable of \$73,833, received subsequent to year ended 31 December 2022.

**c) Warrants**

Warrant activities during the years ended 31 December 2023 and 2022 are as follows:

Warrant activity	31 Dec 2023	Weighted avg exercise price	31 Dec 2022	Weighted avg exercise price
<b>Balance – beginning of year</b>	<b>12,995,891</b>	<b>\$ 0.27</b>	7,002,955	\$ 1.07
Granted	1,945,600	0.12	12,395,891	0.24
Expired	(600,000)	1.00	(6,402,955)	1.08
Exercised	(358,333)	0.15	-	-
<b>Balance – end of year</b>	<b>13,983,158</b>	<b>\$ 0.22</b>	12,995,891	\$ 0.27

Details of warrants outstanding as at 31 December 2023 and 2022 are as follows:

Expiry Date	Exercise Price	31 Dec 2023 Outstanding	Weighted Average remaining life	31 Dec 2022 Outstanding	Weighted Average remaining life
20 Dec 2025	\$ 0.14	232,000	1.97	-	-
23 Oct 2025	0.12	1,680,000	1.81	-	-
23 Oct 2025	0.12	33,600	1.81	-	-
12 Dec 2024	0.45	1,838,725	0.95	1,838,725	1.95
30 Nov 2024	0.26	1,508,750	0.92	1,508,750	1.92
21 Oct 2024	0.26	3,234,750	0.81	3,234,750	1.81
31 May 2024	0.15	5,455,333	0.42	5,813,666	1.42
10 Aug 2023	1.00	-	-	25,000	0.61
16 Jul 2023	1.00	-	-	575,000	0.54
	<b>\$ 0.22</b>	<b>13,983,158</b>	<b>0.83</b>	<b>12,995,891</b>	<b>1.61</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:

Warrant liability	31 Dec 2023 Number of Warrants	Fair Value	31 Dec 2022 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	1,680,000	66,028	11,965,391	1,193,204
Exercised	(358,333)	-	-	-
Expiration and fair value adjustment	(525,000)	(1,225,375)	(6,115,783)	(172,143)
<b>Balance – end of year</b>	<b>13,287,058</b>	<b>\$ 247,422</b>	12,490,391	\$ 1,406,769

**EMERGENT METALS CORP.**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

During the year ended 31 December 2023, the Company recorded warrant liability with fair value of \$66,028 arising from new issuances (31 December 2022 - \$1,193, 204). There were 1,680,000 subscribers warrants with an exercise price of \$0.12.

The subscribers' warrants granted initially on the grant dates in fiscal year 2023 use the Black-Scholes option pricing model, with the following assumptions: weighted average risk free rate of 3.91%, volatility of 128% and an expected life of 2 years.

The subscribers' warrants granted during the year ended 31 December 2023 and prior years 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 3.88% - 4.94%, volatility factors of 125% - 169% and an expected life of 5 months - 24 months.

The subscribers' warrants granted initially on the grant dates in fiscal year 2022 use the Black-Scholes option pricing model, with the following assumptions: weighted average risk free rate of 2.67% - 4.16%, volatility factors of 127% - 134% and an expected life of 2 years.

The subscribers' warrants granted during the year ended 31 December 2022 and prior years 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 4.06% - 4.47%, volatility factors of 126% - 131% and an expected life of 6 months - 23 months.

**d) Summary of stock option activity**

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.

Stock option activities during the years ended 31 December 2023 and 31 December 2022 are as follows:

Stock option activity	31 Dec 2023	Weighted Avg exercise price	31 Dec 2022	Weighted Avg exercise price
<b>Balance – beginning of year</b>	<b>1,257,500</b>	<b>\$ 1.10</b>	1,257,500	\$ 1.10
Granted	1,300,000	0.25	-	-
Expired	(260,000)	1.50	-	-
<b>Balance – end of year</b>	<b>2,297,500</b>	<b>\$ 0.58</b>	1,257,500	\$ 1.10

  

Grant Date	Expiry Date	Exercise Price	31 Dec 2023 Outstanding	31 Dec 2023 Exercisable	31 Dec 2022 Outstanding
19 Nov 2018	19 Nov 2023	\$ 1.50	-	-	260,000
17 May 2019	17 May 2024	2.00	102,500	102,500	102,500
30 Jan 2020	30 Jan 2025	0.90	300,000	300,000	300,000
30 Nov 2020	30 Nov 2025	0.90	595,000	595,000	595,000
04 Jan 2023	04 Jan 2028	0.25	1,300,000	442,000	-
			<b>2,297,500</b>	<b>1,439,500</b>	<b>1,257,500</b>

The outstanding options have a weighted average remaining life of 2.92 years (31 December 2022 – 2.17 years).

**e) Share-based payments**

During the year ended 31 December 2023, the Company granted – 1,300,000 (Fiscal 2022 – Nil) incentive stock options to consultants of the Company. Emergent recognized \$184,947 (2022 - \$Nil) in share-based payments from vested options.

	31 Dec 2023
<b>Total options granted</b>	<b>1,300,000</b>
Average exercise price	\$ 0.25
Estimated fair value of compensation (100% vested)	\$ 223,000
Estimated value per option	\$ 0.17

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The fair value of the stock-based compensation of options recognized in the accounts has been estimated using the Black-Scholes Model with the following weighted-average assumptions:

<b>Assumptions used in Black Scholes modelling</b>	<b>31 Dec 2023</b>
Risk free interest rate	3.28%
Expected dividend yield	0.00%
Stock price	\$0.25
Expected stock price volatility	156.00%
Forfeiture rate	-
Expected option life in years	5.00

- The Black-Scholes Option Pricing Model was created for use in estimating the fair value of freely tradable, fully transferable options.
  - The Company's options have characteristics significantly different from those of traded options, and
  - because changes in the highly subjective input assumptions can materially affect the calculated values, management believes that the accepted Black-Scholes model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

### 13) Segmented information

<b>(Rounded to 000's)</b>	<b>Canada</b>	<b>United States</b>	<b>Total</b>
<b>31 Dec 2023</b>			
Current Assets	\$ 344,000	\$ 13,000	\$ 357,000
Non-Current Assets	1,574,000	987,000	2,561,000
	1,918,000	1,000,000	2,918,000
Current Liabilities	\$ 1,461,000	\$ 471,000	\$ 1,932,000
<b>31 Dec 2022</b>			
Current Assets	\$ 1,215,000	\$ 31,000	\$ 1,246,000
Non-Current Assets	1,700,000	1,011,000	2,711,000
	2,915,000	1,042,000	3,957,000
Current Liabilities	\$ 2,423,000	\$ 190,000	\$ 2,613,000

### 14) Capital management

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 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 year ended 31 December 2023.

**EMERGENT METALS CORP.**

For the Year-Ended 31 December 2023

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****15) Taxes**

The following table reconciles the expected income taxes (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of comprehensive loss as at 31 December 2023 and 2022. The presentation of the prior year income tax note has been updated to conform with the current year presentation.

	December 31, 2023	December 31, 2022
Net loss and comprehensive loss for the year	\$ (826,251)	\$ (1,570,883)
Statutory income tax rate	27%	27%
Expected income tax (recovery)	(223,088)	(424,138)
Non-deductible (non-taxable) items and others	66,761	14,893
Warrant liability	(330,852)	(46,479)
Tax effect of flow-through shares	93,579	371,579
Foreign exchange and other	(238,650)	282,479
Change in deferred tax asset not recognized	632,250	(198,334)
Provision for income taxes	\$ -	\$ -

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values for tax purposes.

Deferred tax asset (liabilities) at December 31, 2023 and 2022 are comprised of the following:

	December 31, 2023	December 31, 2022
Non capital loss carryforwards	261	4,091
Right-of-use assets	(261)	(4,091)
Net operating loss carryforwards	13,122	15,173
Equipment	(10,422)	(13,072)
Exploration and evaluation assets	(2,700)	(2,101)
	\$ -	\$ -

The unrecognized deductible temporary differences are as follows:

	December 31, 2023	December 31, 2022
Canada		
Non-capital loss carryforwards	\$ 10,300,763	\$ 9,542,411
Exploration and evaluation assets	7,384,779	6,720,607
Capital losses	319,511	-
Equipment	6,314	6,166
Investment tax credit	18,739	18,299
Marketable securities	-	278,952
Lease liability	-	16,846
Tax reserves	237,688	-
Financing cost	213,457	318,895
Unrecognized deductible temporary differences	\$ 18,481,251	\$ 16,902,176

**EMERGENT METALS CORP.**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

	December 31, 2023	December 31, 2022
USA		
Federal net operating loss carryforwards	\$ 26,962,126	\$ 26,673,590
California net operating loss carryforwards	16,041,856	15,503,543
Equipment	64,464	67,584
Exploration and evaluation assets	1,635,238	1,651,608
Unrecognized deductible temporary differences	\$ 44,703,684	\$ 43,896,325

The Company has not recognized a deferred tax asset in respect of non-capital loss carryforwards of \$10,300,763 (2022 - \$9,542,411), which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Year of Expiry	Taxable Loss
2026	\$ 562,695
2027	1,393,454
2028	880,296
2029	848,861
2030	547,714
2031	602,924
2032	807,438
2033	167,815
2035	109,799
2036	62,727
2037	71,560
2038	550,708
2039	1,159,498
2040	1,285,736
2041	523,178
2042	232,578
2043	493,782
Total	\$ 10,300,763

The Company has net operating loss carryforwards of \$26,962,126 (2022 - \$26,673,590) which may be carried forward to apply against future year income tax for US tax purposes, as follows:



**EMERGENT METALS CORP.**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Year of Expiry	Taxable Loss
2023	-
2024	1,582,986
2025	1,056,097
2026	1,063,847
2027	1,441,550
2028	1,999,239
2029	1,334,762
2030	1,700,442
2031	1,721,728
2032	1,336,369
2033	1,317,217
2034	1,271,214
2035	1,017,605
2036	6,572,916
2037	167,646
No expiry	3,378,508
Total	\$ 26,962,126

The Company has California net operating loss carryforwards of \$16,041,856 (2022 - \$15,503,543) which may be carried forward to apply against future year income tax for US tax purposes, as follows:

Year of Expiry	Taxable Loss
2028	\$ 1,932,573
2029	1,317,153
2030	1,693,164
2031	1,712,443
2032	1,329,706
2033	1,288,308
2034	1,272,174
2035	1,018,039
2036	860,704
2037	166,559
2038	646,464
2039	553,552
2040	257,887
2041	664,940
2042	504,371
2043	823,819
Total	\$ 16,041,856

**16) Subsequent Events**

On 02 January 2024 the Company announced that it has appointed Grant T. Smith, CPA, CA, chartered director, as chief financial officer and director of the Company, effective 01 January 2024. Mr. Smith is a chartered professional accountant with over two decades of experience in the accounting field.

## **EMERGENT METALS CORP.**

For the Year-Ended 31 December 2023

US Dollars

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

On 29 January 2024 the Company announced it had expanded its New York Canyon property in Nevada, by acquiring 634 unpatented lode claims from Kennecott Exploration Company ("KEX") As part of the transaction Emergent is acquiring 266 claims that were staked by KEX as part of an earn in option to joint venture between Emergent and KEX. The option agreement was terminated by KEX (effective 29 June 2023) after KEX had spent over \$6,700,000 in exploration on the property. The Company also acquired 368 additional claims (previously staked by KEX). Under the agreement the Company reimbursed KEX for BLM and mineral county claims fees paid in 2023.

On 21 February 2024 the Company announced it has further expanded its New York Canyon property in Nevada by acquiring six unpatented lode claims (the Yorkie claims) from Western Geoscience Inc. (WGI). The property now consists of 21 patented claims and 792 unpatented mining claims totalling about 16,000 acres (6,500 hectares). Located about 30 miles (48 kilometres) east of Hawthorne, New York Canyon hosts copper skarn and porphyry exploration targets, including Longshot Ridge, Copper Queen, Champion and Emma.

Emergent acquired the claims for \$66,000 (\$12,000 paid to WGI with six additional monthly payments of \$9,000 due 15 February 2024 (paid), and continuing through July 15, 2024). In addition, Emergent will grant WGI a 2% net smelter royalty (NSR) on the claims, capped at \$1.75 million.

On 01 March 2024 the Company announced an option agreement for sale of the Company's New York Canyon property to Ivanhoe Electric (Note 8).