

CONSOLIDATED FINANCIAL STATEMENTS

EMERGENT METALS CORP.

An Exploration Stage Company

FOR THE YEARS ENDED 31 DECEMBER 2024 AND 31 DECEMBER 2023

STATED IN US DOLLARS

Management’s Responsibility.....	0
Consolidated Statements of Financial Position.....	1
Consolidated Statements of Comprehensive Loss	2
Consolidated Statements of Changes in Equity	3
Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	5
1) Nature of operations and going concern	5
2) Basis of preparation – Statement of Compliance.....	6
3) Summary of material accounting policies	7
4) Newly adopted and upcoming standards.....	12
5) Critical accounting judgment and key sources estimation uncertainty	13
6) Financial instruments and risk management.....	16
7) Amounts receivable	19
8) Equipment.....	20
9) Exploration and evaluation	21
10) Related party transactions	29
11) Flow-through share premium liability	30
12) Share capital.....	31
13) Warrants.....	33
14) Summary of stock option activity.....	34
15) Segmented information	35
16) Capital management	36
17) Taxes.....	36
18) Subsequent Events	38

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, 2024 and December 31, 2023, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

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 the Company incurred a net loss during the year ended December 31, 2024 and, as of that date, 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 IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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 30, 2025

MNP LLP

Chartered Professional Accountants

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Emergent Metals Corp.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, 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"
David Watkinson, CEO

"Grant T. Smith"
Grant T. Smith, CFO

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at	
	31 Dec 2024	31 Dec 2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 52,366	\$ 224,525
Amounts receivable (note 7)	108,023	87,754
Prepaid amounts and deposits	34,906	45,019
	195,295	357,298
Non-current Assets		
Exploration and evaluation assets ("E&E") (note 9)	2,511,498	2,522,590
Equipment (note 8)	29,704	37,242
Right of use asset	-	966
	2,541,202	2,560,798
	\$ 2,736,497	\$ 2,918,096
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,306,229	\$ 1,336,717
Due to related parties (note 10)	491,873	233,038
Flow-through share premium liability (note 11)	-	87,787
Warrant liability (note 13)	517,739	247,422
Short term debt	-	26,603
	2,315,841	1,931,567
Equity		
Share capital (note 12)	49,019,229	49,111,305
Option reserve (note 14)	8,078,459	8,050,806
Warrant reserve (note 13)	1,071,598	1,026,749
Deficit	(57,748,630)	(57,202,331)
	420,656	986,529
	\$ 2,736,497	\$ 2,918,096

Nature of operations and going concern (note 1)
Subsequent events (note 18)

These consolidated financial statements were approved and authorized for issuance on behalf of the Board of Directors on 30 April 2025.

"David Watkinson"
David Watkinson, Director

"Andrew MacRitchie"
Andrew MacRitchie, Director

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the years ended	31 Dec 2024	31 Dec 2023
Expenses		
Exploration and Evaluation (note 9)		
Surface exploration	\$ 414,525	\$ 633,255
Claim maintenance	105,536	171,593
Infrastructure	-	19,058
Reporting	9,665	12,463
	<u>\$ 529,726</u>	<u>\$ 836,369</u>
General and Administrative		
Management and consulting	253,838	161,811
Professional fees	128,201	193,434
Shareholder communications	90,517	132,482
Tax penalties	35,136	303,967
Bad debt	30,382	116,862
Insurance	30,131	31,198
Listing and filing fees	29,027	37,858
Share-based compensation (note 14)	27,653	184,947
Office	13,078	13,534
Bank charges and interest	5,538	1,832
Amortization of tangible assets (note 8)	7,539	9,471
Travel	3,802	20,539
Rent	1,055	13,553
Depreciation of right of use asset	-	14,188
	<u>\$ 655,897</u>	<u>\$ 1,235,676</u>
Net Loss before other items	1,185,623	2,072,045
Other Items – Expense (Income)		
Fair value change for warrant liability (note 13)	(434,239)	(1,225,375)
Lease liability accretion	966	1,251
Foreign exchange	(120,442)	13,205
Write-off of flow-through liability (note 11)	-	(39,038)
Loss on sale of securities	-	89,881
Amortization of flow-through liability (note 11)	(85,609)	(36,127)
Fair value change on securities	-	(49,591)
	<u>\$ (639,324)</u>	<u>\$ (1,245,794)</u>
Loss and Comprehensive Loss	\$ 546,299	\$ 826,251
Basic and diluted loss per share	\$ (0.02)	\$ (0.03)
Weighted average shares – basic and diluted	<u>34,505,449</u>	<u>27,776,214</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended	31 Dec 2024	31 Dec 2023
Common share capital		
Balance at the start of the year	\$ 49,111,305	\$ 48,838,993
Private placements (note 12)	-	56,662
Private flow-through placement (note 12)	-	217,528
Share issuance costs (note 12)	(92,076)	(42,554)
Shares issued on exercise of warrants (note 12)	-	40,676
Balance at the end of the year (Statement 1) (note 12)	\$ 49,019,229	\$ 49,111,305
Contributed surplus		
Warrant reserve at the start of the year	\$ 1,026,749	\$ 1,014,788
Issuance costs	44,849	11,961
	1,071,598	1,026,749
Option reserve at the start of the year	8,050,806	7,865,859
Share-based compensation (note 14)	27,653	184,947
	8,078,459	8,050,806
Contributed surplus at the end of the year	\$ 9,150,057	\$ 9,077,555
Accumulated deficit		
Balance at the start of the year	\$ (57,202,331)	\$ (56,376,080)
Net loss for the year	(546,299)	(826,251)
Balance at the end of the year (Statement 1)	\$ (57,748,630)	\$ (57,202,331)
Total Equity	\$ 420,656	\$ 986,529

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended	31 Dec 2024	31 Dec 2023
Operating Activities		
Net loss for the year	\$ (546,299)	\$ (826,251)
Items not affecting cash		
Amortization of flow-through premium	(85,609)	(36,127)
Amortization of equipment (note 8)	7,539	9,471
Depreciation of right-of-use asset	-	14,188
Lease liability accretion	966	1,251
Unrealized foreign exchange loss (gain)	(2,177)	4,592
Fair value adjustment for securities	-	(49,591)
Loss on sale of marketable securities	-	89,881
Bad debt	30,382	116,862
Write off flow-through premium	-	(39,038)
Stock-based compensation (note 14)	27,653	184,947
Fair value adjustment warrant liability	(434,239)	(1,225,375)
	\$ (455,485)	\$ (928,939)
Net change in non-cash working capital		
Amounts receivable	(50,651)	98,128
Prepays amounts and other assets	10,112	104,485
Accounts payables & accrued liabilities	(180,488)	306,636
Due from related parties (note 10)	258,835	147,600
	\$ 37,808	\$ 656,849
	\$ (963,976)	\$ 1,098,341
Investing Activities		
Property payments received (note 9)	330,000	65,000
Sale of marketable securities	-	182,753
Acquisition of exploration assets (note 9)	(168,908)	(52,974)
	\$ 161,092	\$ 194,779
Financing Activities		
Lease payment	-	(18,093)
Exercise of warrants	-	40,676
Short term debt	(26,603)	26,303
Net proceeds from private placement	657,328	390,777
	\$ 630,725	\$ 439,663
Net decrease in Cash	(172,159)	(463,599)
Cash position – beginning of year	\$ 224,525	\$ 688,124
Cash Position – End of Year	\$ 52,366	\$ 224,525

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1) NATURE OF OPERATIONS AND GOING CONCERN

Emergent Metals Corp. (formerly Emgold Mining Corporation) (“Emergent” or the “Company”) was incorporated under the British Columbia Corporations Act on March 17, 1989. The Company’s principal business office is located at 1010 – 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. The Company’s shares trade on the TSX Venture Exchange under the symbol EMR, on the OTC Market as EGMCF, and on the Frankfurt and Berlin Stock Exchanges under the symbol EMLM.

Emergent is engaged in the acquisition, exploration, and divestiture of mineral property interests (the “A&D model”), with the objective of generating shareholder value. Transactions may include asset purchases or sales, joint ventures, options, royalties, or other structures appropriate to the specific asset.

These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will continue operations for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred cumulative losses, has negative operating cash flows, and is unable to fully finance its planned operations for the 2024 fiscal year without additional funding. The Company’s ability to continue as a going concern is dependent upon its capacity to raise additional financing, generate proceeds from asset transactions, or otherwise obtain sufficient working capital. There can be no assurance that such financing or transactions will be available in the future.

As a result, there is a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. If the going concern assumption were not appropriate, adjustments would be required to the carrying amounts of assets and liabilities, the reported expenses, and the classification of balances in the consolidated statement of financial position. Such adjustments could be material.

As at 31 December 2024 and 31 December 2023, the Company had the following negative indicators.

Rounded to 000’s	31 Dec 2024	31 Dec 2023
Working capital (deficiency)	\$ (2,121,000)	\$ (1,574,000)
Accumulated deficit	\$ 57,749,000	\$ 57,202,000
Loss and comprehensive loss	\$ 546,000	\$ 826,000

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 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[®] Accounting Standards) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements were authorized for issue by the Board of Directors on 30 April 2025.

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.

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3) SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) Cash

Cash consists of cash on hand and deposits in banks.

b) 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.

c) 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 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 years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**d) Exploration and evaluation**

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

- License acquisition costs
- Costs incurred to explore and evaluate properties
- The fair value of mineral properties acquired in a business combination or asset acquisition

Exploration and evaluation expenditures are expensed as incurred, except for acquisition costs arising from business combinations or asset acquisitions, which are capitalized. Significant acquisition costs are capitalized only when directly attributable to an area of interest and when recovery through development or sale is considered likely. Development costs are capitalized once management has determined that commercial development is probable.

From time to time, the Company may acquire or dispose of mineral interests under option agreements. As these options are exercisable at the optionee's discretion, related amounts are not recognized until paid or received. The Company does not accrue costs to maintain mineral interests in good standing.

e) 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.

f) Flow-through shares

Flow-through shares entitle the company to renounce certain Canadian resource expenditures for tax purposes allowing the expenditures to be tax deductible by placement participants. While IFRS contains no specific guidance on accounting for flow-through shares, the Company has chosen to adopt the following accounting policy:

On closing a flow-through financing the Company allocates the gross proceeds received (i.e. the "flow-through commitment") as follows:

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- Share capital – 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 eligible Canadian exploration expenditures as defined in the Income Tax Act (Canada). Under the “look-back rule”, the Company may renounce qualifying expenditures to investors effective December 31 of the year in which the shares are issued, even if the related expenditures are incurred in the subsequent calendar year. In such cases, the Company must incur the qualifying expenditures by December 31 of the following year.

If the Company does not meet the required expenditure timeline, it may be subject to Part XII.6 tax on unspent amounts, calculated from the beginning of the following year until the funds are fully spent. When applicable, this tax is accrued as a finance expense until settled.

g) 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. When stock options are forfeited prior to vesting, the Company ceases recognizing stock-based compensation expense related to those options from the date of forfeiture onward. However, any expense previously recognized in respect

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

of the forfeited options is not reversed. This approach is consistent with the Company's accounting policy under IFRS 2 – Share-based Payment.

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.

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock options granted, as required under IFRS 2. While the model is widely accepted for financial reporting purposes, it relies on several assumptions, which may not fully reflect the economic realities of junior issuers such as the Company. These include assumptions about expected volatility, risk-free rates, and the absence of dividends. In the context of a low trading volume, low share price, and an early-stage business model with no history of dividends and ongoing operating losses, these assumptions may introduce estimation uncertainty and result in values that are not directly observable or readily comparable to market-based pricing.

The Black-Scholes model is considered the most practical and supportable approach available under current accounting standards, and the Company applies it consistently in accordance with IFRS requirements.

h) Income taxes

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

Current tax is the expected tax payable on taxable income for the year, based on tax rates and laws enacted or substantively enacted at the reporting date, and includes adjustments for prior periods.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are measured at the tax rates expected to apply when the assets are realized or the liabilities settled, based on rates enacted or substantively enacted at year-end.

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A deferred tax asset is recognized only to the extent it is probable that future taxable income will be available to utilize the asset. Deferred tax assets are reduced to the extent that recovery is no longer probable.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets against liabilities, and the deferred taxes relate to the same taxation authority and entity intending net settlement.

i) Loss per share

Basic loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period.

Diluted loss per share is calculated by adjusting the weighted average number of shares outstanding to assume the exercise of all potentially dilutive instruments, including stock options and warrants, using the treasury stock method. However, under IAS 33, potential common shares are excluded from the calculation of diluted loss per share when their effect would be anti-dilutive. As such, in periods where the Company reports a loss, diluted loss per share is equal to basic loss per share.

j) Comprehensive loss

Comprehensive loss includes the Company's net loss as well as other items that affect the value of shareholders' equity but are not part of regular operations. These items include, for example, unrealized gains or losses on investments measured at fair value through other comprehensive income (FVTOCI), certain gains or losses on derivatives, and foreign exchange differences from translating the financial statements of self-sustaining foreign operations. Comprehensive loss is shown in both the Consolidated Statement of Comprehensive Loss and the Consolidated Statement of Changes in Equity.

k) Warrant liability

Warrants issued with exercise prices denominated in a currency other than the Company's functional currency are classified as derivative liabilities under IAS 32, as they represent a variable cash inflow in functional currency terms. These instruments are measured at fair value through profit or loss ("FVTPL") in accordance with IFRS 9, with fair value determined at issuance and remeasured at each reporting date using an appropriate option pricing model.

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

l) Provisions for restoration and rehabilitation

The Company is engaged in mineral exploration activities and, as at 31 December 2024 and 31 December 2023, has determined that it does not have any material legal or constructive obligations requiring a provision for site restoration or environmental rehabilitation.

This assessment is based on the Company's current stage of operations, which consists solely of early-stage exploration activities such as mapping, sampling, and limited drilling. These activities do not involve significant ground disturbance or long-term environmental impact that would give rise to a present obligation under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

The Company will continue to monitor its activities and regulatory environment. A provision will be recognized when it becomes probable that restoration or rehabilitation costs will be incurred and a reliable estimate of those costs can be made.

4) NEWLY ADOPTED AND UPCOMING STANDARDS

In October 2022, IASB issued amendments to IAS 1, *Presentation of Financial Statements - Non-Current Liabilities with Covenants*. The aim of amendments was to improve the information provided about liabilities with covenants and to provide additional information to stakeholders. The amendments clarify that liabilities should be classified as non-current where a company has a right to defer settlement for at least 12 months after the reporting period. These amendments were adopted effective 01 January 2024 and did not have any effect on the Company's consolidated financial statements.

Accounting standards issued but not yet effective

In April 2024, IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*, to replace IAS 1, *Presentation of Financial Statements*. The aim of IFRS 18 is to set out requirements for presentation and disclosure of financial statements to ensure the entity provides relevant and accurate information about its assets, liabilities, equity, income and expenses. IFRS 18 is effective for the fiscal years beginning on or after 01 January 2027.

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*. These amendments updated classification and measurement requirements in IFRS 9, *Financial Instruments*, and related disclosure requirements in IFRS 7, *Financial Instruments: Disclosures*. The IASB clarified the recognition and derecognition date of certain financial

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance (“ESG”)-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs and amended disclosures relating to equity instruments designated at fair value through other comprehensive income. The Amendments are effective for the fiscal years beginning on or after 01 January 2026.

The Company is currently assessing the impact on its consolidated financial statements.

5) CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES ESTIMATION UNCERTAINTY

In applying the Company’s accounting policies, management is required to exercise judgment and make estimates and assumptions regarding the carrying amounts and classifications of assets and liabilities when objective evidence is not readily available; these estimates, which are based on historical experience and other relevant factors, may differ from actual outcomes. Management reviews these estimates on an ongoing basis and recognizes revisions in the period they occur (or in both the current and future periods when applicable). The following critical judgments and areas involving significant estimates have been identified by management as having the most substantial effect on the amounts recognized in the consolidated financial statements.

a) Critical judgments in applying accounting policies**Functional Currency Determination**

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.

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Going Concern Assessment

Management exercises significant judgment in determining whether this assumption remains appropriate, particularly in light of the Company's exploration-stage status, history of operating losses, and reliance on equity financings or asset transactions for funding.

In forming its judgment, management considers the Company's expected ability to generate cash inflows through sales of marketable securities, potential option or joint venture agreements, equity financings, or the divestiture of mineral property interests under its acquisition and divestiture (A&D) model. The timing and success of such transactions are inherently uncertain and influenced by external factors such as commodity prices, investor sentiment, and capital market conditions.

While the Company has a demonstrated history of raising capital and managing its liquidity proactively, the continued ability to access financing remains a key assumption underlying the going concern basis of preparation.

Impairment of Exploration and Evaluation Assets

Exploration and evaluation assets are assessed for impairment when facts or circumstances suggest that their carrying amount may exceed their recoverable amount. Management uses judgment in determining whether indicators of impairment exist, including changes in exploration results, rights of tenure, or the Company's plans for continued exploration. The absence of active development or a market for a property may also trigger a review.

Restoration and Rehabilitation Obligations

The Company evaluates whether its exploration activities create legal or constructive obligations for environmental restoration or site rehabilitation. At the current stage, management has judged that no such obligations exist, as the Company's activities to date are limited to early-stage exploration. This assessment is revisited periodically based on the nature and extent of site disturbance and evolving regulatory expectations.

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**b) Key sources of estimation uncertainty**

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, and expenses. These estimates are inherently uncertain and could result in outcomes that differ from those anticipated. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and in future periods if applicable.

The following areas involve significant estimation uncertainty that could result in material adjustments to the carrying amounts of assets or liabilities within the next financial year:

Fair value of warrant liabilities

Warrants classified as derivative liabilities are measured at fair value using the Black-Scholes option pricing model. This model requires the use of several inputs, including the Company's share price, expected volatility, risk-free interest rate, and remaining term of the instrument. While Black-Scholes is a widely accepted model under IFRS, it assumes liquid markets, stable volatility, and no early exercise, which may not fully reflect the realities of junior issuers with low trading volumes, no dividends, and early-stage operations. These limitations can result in significant variability in calculated fair values. Fair value changes are recognized in profit or loss at each reporting date.

Share-based compensation

The fair value of stock options granted is also estimated using the Black-Scholes option pricing model. Assumptions used in the model, such as expected share price volatility, option life, forfeiture rates, and risk-free interest rates, are based on available information at the time of grant. However, due to the Company's limited trading history and development-stage status, these assumptions may not fully capture future behaviour. The Company continues to use Black-Scholes as the most practical and supportable valuation method available under IFRS, but recognizes the inherent estimation uncertainty involved.

Deferred taxes

The recognition of deferred tax assets depends on management's judgment regarding the likelihood of future taxable income against which deductible temporary differences and unused tax losses can

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

be applied. The estimation of future taxable income involves assumptions about future profitability, timing of reversals, and potential tax planning strategies. As at 31 December 2024, no deferred tax asset has been recognized due to uncertainty regarding the timing and realization of taxable income. These estimates will continue to be reassessed as operating results evolve.

6) 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:

Financial Assets	Classification
Cash and equivalents	Amortized cost
Amounts receivable (excludes goods and service tax)	Amortized cost

Financial Liabilities	Classification
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	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 years ended 31 December 2024 and 31 December 2023

US Dollars

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 measured at fair value on the Consolidated Statements of Financial Position include marketable securities and warrant liabilities. The fair value of marketable securities is based on quoted prices in active markets and is classified as Level 1 under the fair value hierarchy. Warrant liabilities are valued using the Black-Scholes option pricing model and are classified as Level 2, as the model relies on observable market inputs such as share price, volatility, interest rates, and time to expiry.

While the Black-Scholes model is widely accepted under IFRS, it assumes market conditions (such as continuous trading and no early exercise) that may not fully reflect the characteristics of instruments issued by junior exploration companies. As a result, fair value estimates may not represent prices at which the instruments could be exchanged in an active market.

The Company had no Level 3 financial instruments at 31 December 2024 or 2023, and there were no transfers between levels during the reporting periods.

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 2024 and 2023 as presented in the consolidated financial statements are due within 12 months of the respective reporting dates.

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Rounded 000's				
31 Dec 2024	Carrying amount	Contractual obligation	Less than 12 months	
Accounts payable & accrued liabilities	\$ 1,306,000	\$ 1,306,000	\$ 1,306,000	
Due to related parties	492,000	492,000	492,000	
	\$ 1,798,000	\$ 1,798,000	\$ 1,798,000	
31 Dec 2023				
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	
	\$ 1,597,000	\$ 1,597,000	\$ 1,597,000	

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.

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 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

For the year ended 31 December 2024, the functional currency of the Company and its subsidiaries was the U.S. dollar. Most of the Company's foreign exchange risk during the reporting period related to Canadian dollar-denominated financial instruments held by the parent entity. Foreign exchange risk arises from the impact of fluctuations in the CAD-USD exchange rate on financial assets and liabilities denominated in a currency other than the functional currency.

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company does not use derivative financial instruments to hedge its exposure to currency risk. Instead, the Company manages this risk by maintaining only the minimum Canadian dollar balances required to fund short-term expenditures.

The U.S. dollar equivalent balances of Canadian dollar–denominated financial instruments at 31 December 2024 and 31 December 2023 are as follows:

<i>Rounded (000's)</i>	31 Dec 2024	31 Dec 2023
Cash	\$ 50,000	\$ 215,000
Accounts payable and accrued liabilities	(1,046,000)	(1,168,000)
Due to related parties	(51,000)	-
Short-term debt	-	(27,000)
	\$ (1,047,000)	\$ (980,000)

Based on the net exposure at 31 December 2024, a 5% appreciation or depreciation of the Canadian dollar against the U.S. dollar would result in an estimated foreign exchange loss or gain of approximately \$52,350 (2023 – \$49,000).

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

7) AMOUNTS RECEIVABLE

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

Table 1 Amounts receivable – 31 Dec 2024 and 31 Dec 2023

Amounts receivable rounded 000'S	31 Dec 2024	31 Dec 2023
Goods and service tax	\$ 105,000	\$ 54,000
Other receivables	3,000	34,000
	\$ 108,000	\$ 88,000

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**8) EQUIPMENT****Table 2 Schedule of Equipment**

	Equipment	Computer	Vehicle	Total
Cost				
Balance: 01 Jan 2023, 31 Dec 2023 & 31 Dec 2024	\$ 58,785	\$ 51,802	\$ 43,210	\$ 153,797
Accumulated Depreciation				
Balance: 31 Dec 2022	\$ 39,161	49,602	18,321	107,084
Depreciation for the year	3,193	1,301	4,977	9,471
Balance: 31 Dec 2023	42,354	50,903	23,298	116,555
Depreciation for the year	3,286	270	3,982	7,538
Balance: 31 Dec 2024	\$ 45,640	\$ 51,173	\$ 27,280	\$ 124,093
Carrying amounts				
31 Dec 2023	\$ 16,431	\$ 899	\$ 19,912	\$ 37,242
31 Dec 2024	\$ 13,145	\$ 629	\$ 15,930	\$ 29,704

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

Notes to Consolidated Financial Statements

9) EXPLORATION AND EVALUATION

Table 3 Acquisition Costs

Acquisition costs Canada, Quebec	Casa South		Troillus	Trecesson	Total
Balance: 01 Jan 2023	\$ 529,148	\$ 56,440	\$ 212,783	\$ 798,371	
Acquisition costs	1,587	-	387	1,974	
Balance: 31 Dec 2023	\$ 530,735	\$ 56,440	\$ 213,170	\$ 800,345	
Acquisition costs	-	-	-	-	
Balance: 31 Dec 2024	\$ 530,735	\$ 56,440	\$ 213,170	\$ 800,345	

Acquisition costs USA, Nevada	New York Canyon	Santa Fe (Mindora)	Golden Arrow	Buckskin Rawhide East	Buckskin Rawhide West	Koegal Rawhide	Total
Balance: 01 Jan 2023	\$ 258,957	\$ 235,307	\$ 687,870	\$ 274,052	\$ 140,029	\$ 140,030	\$ 1,736,245
Acquisition costs	6,000	45,000	-	-	-	-	51,000
Royalty received under option agreements	-	(55,000)	-	(10,000)	-	-	(65,000)
Balance: 31 Dec 2023	\$ 264,957	\$ 225,307	\$ 687,870	\$ 264,052	\$ 140,029	\$ 140,030	\$ 1,722,245
Additions	168,908	-	150,000	-	-	-	318,908
Funds received under option agreements	(300,000)	(20,000)	-	(10,000)	-	-	(330,000)
Balance: 31 Dec 2024	\$ 133,865	\$ 205,307	\$ 837,870	\$ 254,052	\$ 140,029	\$ 140,030	\$ 1,711,153
Grand Total 31 Dec 2023							\$ 2,522,590
Grand Total 31 Dec 2024							\$ 2,511,498

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Table 4 Schedule of Exploration and Evaluation expense

Exploration and evaluation costs Canada, Quebec	Casa South	Troillus	Trecesson	East West	Total
Expenses incurred up to 31 Dec 2022	\$ 2,101,385	\$ 339,249	\$ 696,681	\$ 66,034	\$ 3,203,349
Expenses - year ended 31 Dec 2023					
Surface exploration	23,824	-	517,712	-	541,536
Reporting	12,424	-	39	-	12,463
Claim maintenance	16,797	-	1,328	-	18,125
	53,045	-	519,079	-	572,124
Expenses incurred up to 31 Dec 2023	\$ 2,154,430	\$ 339,249	\$ 1,215,760	\$ 66,034	\$ 3,775,473
Expenses - year ended 31 Dec 2024					
Surface exploration	313,499	-	35,206	-	348,705
Claim maintenance	2,839	-	401	-	3,240
	316,338	-	35,607	-	351,945
Expenses incurred up to 31 Dec 2024	\$ 2,470,768	\$ 339,249	\$ 1,251,367	\$ 66,034	\$ 4,127,418

Exploration and evaluation costs USA, Nevada	New York Canyon	Mindora	Golden Arrow	Buckskin Rawhide East	Buckskin Rawhide West	Koegal Rawhide	Other	Total
Expenses incurred up to 31 Dec 2022	\$ 122,538	\$ 342,875	\$ 1,666,744	\$ 7,823	\$ 26,268	\$ 51,227	\$ 213,806	\$ 2,431,281
Expenses - year ended 31 Dec 2023								
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
	73,478	16,131	145,288	5,133	-	21,777	2,438	264,245
Expenses incurred up to 31 Dec 2023	\$ 196,016	\$ 359,006	\$ 1,812,032	\$ 12,956	\$ 26,268	\$ 73,004	\$ 216,244	\$ 2,695,526
Expenses - year ended 31 Dec 2024								
Surface exploration	17,425	7,695	18,102	7,500	7,598	7,500	-	65,820
Reporting	-	-	9,665	-	-	-	-	9,665
Claim maintenance	90,090	-	9,510	2,696	-	-	-	102,296
	107,515	7,695	37,277	10,196	7,598	7,500	-	177,781
Expenses incurred up to 31 Dec 2024	\$ 303,531	\$ 366,701	\$ 1,849,309	\$ 23,152	\$ 33,866	\$ 80,504	\$ 216,244	\$ 2,873,307

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

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 totalling about 10,000 acres in size, including:

- 494 unpatented lode mining claims, consisting of
 - 185 unpatented leased mining claims,
 - 309 unpatented owned mining claims, and
- 17 patented lode owned mining claims.

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). Advance royalty payments since 2019 have been withheld due to ownership obligations by the other party (probate requirements) totalling \$150,000.
- 185 unpatented claims, plus area of influence around them, are subject to an advance royalty payments of \$25,000 per year and a 3% NSR upon production, of which 1% can be purchased for \$1 million. Advance royalty payments since 2021 have been withheld due to ownership obligations by the other party (title transfer of the property), and \$100,000 has been withheld.
- 17 patented mining claims are subject to a 1% NSR.

b) New York Canyon Property, Nevada

The Company has a 100% interest in the approximately 7,400-acre New York Canyon Property, subject to underlying royalties. The property includes:

- 21 patented mineral claims acquired from Searchlight Resources Inc.
- 60 unpatented mining claims acquired from Searchlight Resources Inc.
- 92 unpatented claims staked by the Company
- 189 claims acquired from Kennecott Exploration Company
- 6 unpatented claims acquired from Western Geoscience Inc.

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The New York Canyon property has the following underlying obligations

- 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)
- 60 unpatented claims are subject to a 2% NSR (1% may be purchased for \$1,000,000)
- 146 unpatented claims are subject to a 1% NSR royalty capped at \$100,000,000.
- 6 unpatented claims are subject to a 2% NSR capped at \$1,750,000.

On 01 March 2024, the Company entered into an option agreement for purchase or sale of the New York Canyon Property to Ivanhoe Electric (“IE”). Emergent granted 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 \$300,000 (paid) upon signing of the Agreement (the “Option Payment”). IE will have the exclusive right to conduct exploration on the property during the Option Term and will be responsible for claim maintenance payments.

Should IE elect to exercise its Option to purchase the property, the purchase price will be \$2.0 million (the “Purchase Price”) which includes the Option Payment of \$300,000 and remaining purchase price of \$1,700,000 (the “Remaining Purchase Price”). A total of \$700,000 of the Remaining Purchase Price will be paid in cash (the “Cash Payment”). A total of \$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 \$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.

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

In September 2024, due to an increase in annual claim maintenance fees from \$165 per unpatented claims per year to \$200 per unpatented claims per year, IE and the Company agreed to reduce the size of the unpatented claim package at New York Canyon from 792 unpatented claims and 21 patented claims to the current 347 unpatented claims and 21 patented claims.

c) Santa Fe Property (Mindora), Nevada

The Company has an 100% interest in the West Santa Fe Property, a 2,900-acre exploration property consisting of:

- 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 West Santa Fe Property has 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 West Santa Fe 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.

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Commitment	Cash or shares	Work expenditures
On signing letter of intent	\$ 10,000	(paid) \$ -
19 July 2024	20,000	(paid) -
By 31 December 2024	-	150,000 (done)
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

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 \$175,000 in exploration work required in the Lease Agreement.

Emergent received the \$10,000 annual advance royalty payment for the Buckskin Rawhide Property from RMC during the year ended 31 December 2024 (2023 - \$10,000)

e) Buckskin Rawhide West Property, Nevada

The Company has a 100% interest in the Buckskin Rawhide West Property consisting of 21 unpatented claims totalling about 420 acres. The property is adjacent to and west of the Rawhide Mine 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) totalling 380 acres, acquired from Jeremy C. Wire, located 4.0 miles south of Emergent's Buckskin Rawhide East Property
- 17 additional unpatented lode claims totalling 340 acres.

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

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 operating Casa Berardi Mine. It consists of 236 mineral claims totalling about 13,200 hectares. It consists of:

- 204 mineral claims acquired from Greg Explorations Inc. et al
- 32 mineral claims staked by the Company

The 204 claims are subject to a 1.5% NSR, of which 0.5% can be purchased by Emergent for CDN\$500,000.

b) Trecsson Property, Quebec

The Company has a 100% interest in the Trecsson Property, an early-stage exploration property near Amos, QC. The property consists of:

- 63 mineral claims initially acquired from the bankruptcy of Knick Exploration Inc.
- 22 claims subsequently staked by the Company.

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

Emergent acquired a 1% royalty on the Troilus North Property from CAT Strategic Metals in 2020. The Troilus North Property is adjacent to Troilus Gold Corporation's Troilus Mine Property. Under the terms of the royalty:

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.

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**d) East West Property Royalty, Quebec**

In 2022, Emergent sold the East-West property to O3 Mining Inc. (“O3”) to O3 Mining Inc. 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, after which the Buy-Back Right expires.

10) RELATED PARTY TRANSACTIONS

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

Table 5 Schedule of related party transactions

Principal Position	Fiscal Period	Fees ⁽ⁱ⁾	Benefits and allowances	Share-based awards	Amounts Payable
CEO, President – D. Watkinson ^{*1}	Y 2023	\$ 150,000	\$ 48,000	\$ 56,907	\$ 233,038
	Y 2024	\$ 150,000	\$ 48,000	\$ 10,791	\$ 440,568
CFO, Director – G. Smith ^{*1}	Y 2023	\$ -	\$ -	\$ -	\$ -
	Y 2024	\$ 61,801	\$ -	\$ -	\$ 51,305
Director – A MacRitchie	Y 2023	\$ -	\$ -	\$ 21,340	\$ -
	Y 2024	\$ -	\$ -	\$ 4,047	\$ -
Director – V. Garibaldi	Y 2023	\$ -	\$ -	\$ 21,340	\$ -
	Y 2024	\$ -	\$ -	\$ 4,047	\$ -
Director – J. Davy	Y 2023	\$ -	\$ -	\$ 21,340	\$ -
	Y 2024	\$ -	\$ -	\$ 4,047	\$ -

^{*1}Included in related payable are certain payments made by the parties on behalf of the company, these are in the normal course of business.

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**11) FLOW-THROUGH SHARE PREMIUM LIABILITY**

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

Flow-through share premium liability	31 Dec 2024	31 Dec 2023
Balance – beginning of year	\$ 87,787	\$ 73,648
Issuance	-	87,708
Foreign exchange	(2,178)	2,596
Write off flow through liability	-	(39,038)
Amortization of flow through premium from expenditures	(85,609)	(37,127)
Balance – end of year	\$ -	\$ 87,787

Included in accounts payable and accrued liabilities is \$246,302 (2023: \$237,688), related to incomplete flow-through obligations from fiscal 2023.

Renunciations from flow through share issuances during the year ended 31 December 2024 are as follows:

In Canadian dollars	Funds raised	Expenditures	Liability
Opening 31 December 2022			\$ 1,053,686
10 August 2021	40,000	38,182	-
12 December 2022	1,015,504	469,579	545,925
20 December 2023	406,000	-	406,000
Balance at 31 Dec 2023			\$ 951,925
12 December 2022	1,015,504	469,579	545,925
Adjustment for unmet obligation in 2023*		(545,925)	(545,925)
20 December 2023	406,000	406,000	-
Balance at 31 Dec 2024			\$ -

*Expenditure requirement not met; liability extinguished under Part XII.6 rules

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**12) SHARE CAPITAL**

The authorized share capital of the company is comprised of an unlimited number of common shares without par value. A summary of common share transactions for the year end 31 Dec 2024 and 31 Dec 2023 is as follows:

Table 6: Share transactions

	Year ended 31 Dec 2024		Year-ended 31 Dec 2023	
	# of shares	\$	# of shares	\$
Common shares				
Opening balance	32,108,670	\$ 49,111,305	27,170,337	\$ 48,838,993
Private placements	19,662,487	-	1,680,000	56,662
Private flow-through placements	-	-	2,900,000	217,528
Shares issuance costs	-	(92,076)	358,333	(42,554)
Issuance from exercise of warrants	-	-	-	40,676
	51,771,157	\$ 49,019,229	32,108,670	\$ 49,111,305

a) Common shares, issued and fully paid

During the year ended 31 December 2024

On 14 November 2024, Emergent closed the first of two tranches of a private placement:

- Units issued: 9,800,000
- Gross Proceeds: C\$490,000
- Finder's fees C\$16,800 in cash and 336,000 non-transferable finder's warrants, exercisable at C\$0.10 until November 14, 2026

On 19 November 2024, Emergent closed the second of two tranches of a private placement:

- Units issued: 9,862,487
- Gross Proceeds: C\$493,124
- Finder's fees C\$25,865 in cash and 517,300 non-transferable finder's warrants, exercisable at C\$0.10 until November 19, 2026

Each unit in both tranches consisted of one common share and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at an exercise price of C\$0.10 for a period of 24 months from the date of issuance. The warrants are

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

subject to an acceleration clause: if the Company's shares trade at or above C\$0.15 for 10 consecutive trading days, Emergent may accelerate the expiry date by providing 30 days' notice. In accordance with policy, the gross proceeds from the unit offering were allocated first to the fair value of the warrants, with any residual allocated to share capital. As the fair value of the warrants approximated the gross proceeds, all of the consideration was attributed to the warrant liability due to the exercise prices denominated in Canadian dollars, and no amount was allocated to share capital.

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.

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.

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-Sholes model (risk-free rate: 4.72%, volatility: 128%; expected life: 2 years) and \$56,662 was allocated to share capital. Further, Emergent paid finder's fees of \$4,015 and issued 33,600 finder's warrants. 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. The Company paid finders fees of CDN\$32,480 and issued 232,000 share purchase warrants in connection with the subscription. Each finder's warrant is exercisable to acquire one common share in the capital of the Company at an exercise

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

price of CND \$0.14 per common share until 20 December 2025, which is 24 months from the date of issuance.

13) WARRANTS

Warrant activity is as follows:

Table 7 Schedule of warrant activity

	31 Dec 2024		31 Dec 2023	
	# of warrants	Weighted average exercise price	# of warrant	Weighted average exercise price
Balance – beginning of year	13,983,158	\$ 0.22	12,995,891	\$ 0.27
Granted	20,515,787	0.10	1,945,600	0.12
Exercised	-	-	(600,000)	0.15
Expired	(12,037,558)	0.24	(358,333)	1.00
Balance – end of year	22,461,387	\$ 0.10	13,983,158	\$ 0.22

The subscribers' warrants and finder warrants granted initially on the grant dates in fiscal year 2024 use the Black-Scholes option pricing model, with the following assumptions: weighted average risk-free rate of 3.18% to 3.21%, volatility of 144% and an expected life of 2 years.

Details of warrants outstanding are as follows:

Table 8 Schedule of outstanding warrants

Expiry Date	31 Dec 2024		31 Dec 2023
	Exercise Price	Outstanding	Outstanding
31 May 2024	\$ 0.15	-	5,455,333
21 Oct 2024	0.26	-	3,234,750
30 Nov 2024	0.26	-	1,508,750
12 Dec 2024	0.45	-	1,838,725
23 Oct 2025	0.12	33,600	33,600
23 Oct 2025	0.12	1,680,000	1,680,000
20 Dec 2025	0.14	232,000	232,000
14 Nov 2026	0.10	336,000	-
14 Nov 2026	0.10	9,800,000	-
19 Nov 2026	0.10	517,300	-
19 Nov 2026	0.10	9,862,487	-
	\$ 0.10	22,461,387	13,983,158

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

Table 9 Warrant liability reconciliation

Warrant liability	31 Dec 2024		31 Dec 2023	
	Number of Warrants	Fair Value	Number of warrants	Fair Value
Balance – beginning of year	13,287,058	\$ 247,422	12,490,391	\$ 1,406,769
Issued	19,662,487	704,556	1,680,000	66,028
Exercised	-	-	(358,333)	-
Expiration and fair value adjustment	(11,607,058)	(434,239)	(525,000)	(1,225,375)
Balance – end of year	21,342,487	\$ 517,739	13,287,058	\$ 247,422

The subscribers' warrants granted during the year ended 31 December 2024 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 2.93% - 3.03%, volatility factors of 132% - 146%, forfeiture rate 0% and an expected life of 12 months - 23 months.

14) 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 are as follows:

Table 10 Schedule of stock option activity

Stock option activity	31 Dec 2024		31 Dec 2023	
	Weighted Avg exercise price	Weighted Avg exercise price	Weighted Avg exercise price	Weighted Avg exercise price
Balance – beginning of year	2,297,500	\$ 0.58	1,257,500	\$ 1.10
Granted	-	-	1,300,000	0.25
Cancelled or forfeit	(660,000)	0.71	-	-
Expired	(55,000)	2.00	(260,000)	1.50
Balance – end of year	1,582,500	\$ 0.48	2,297,500	\$ 0.58

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**Table 11 Schedule of outstanding options**

Grant Date	Expiry Date	Exercise Price	31 Dec 2024 Outstanding	31 Dec 2024 Exercisable	31 Dec 2023 Outstanding	31 Dec 2023 Exercisable
17 May 2019	17 May 2024	\$ 2.00	-	-	102,500	102,500
30 Jan 2020	30 Jan 2025	\$ 0.90	197,500	197,500	300,000	300,000
30 Nov 2020	30 Nov 2025	\$ 0.90	360,000	360,000	595,000	595,000
04 Jan 2023	04 Jan 2028	\$ 0.25	1,025,000	871,000	1,300,000	442,000
			1,582,500	1,428,500	2,297,500	1,439,500

The outstanding options have a weighted average remaining life of 2.34 years (31 December 2023 – 2.92 years).

b) Share-based payments

During the year ended 31 December 2024, the Company granted Nil (Fiscal 2023 – 1,300,000) incentive stock options to consultants of the Company. Emergent recognized \$27,653 (2023 - \$184,947) in share-based payments, from vesting.

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: weighted average risk-free rate of 3.28%, volatility factors of 156% and an expected life of 60 months.

15) SEGMENTED INFORMATION

(Rounded to 000's)	Canada	United States	Total
31 Dec 2024			
Current Assets	\$ 184,000	\$ 11,000	\$ 195,000
Non-Current Assets	801,000	1,741,000	2,542,000
	985,000	1,752,000	2,737,000
Current Liabilities	\$ 1,639,000	\$ 677,000	\$ 2,316,000
31 Dec 2023			
Current Assets	\$ 344,000	\$ 13,000	\$ 357,000
Non-Current Assets	800,000	1,761,000	2,561,000
	1,144,000	1,774,000	2,918,000
Current Liabilities	\$ 1,461,000	\$ 471,000	\$ 1,932,000

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**16) 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 2024.

17) TAXES

The following table reconciles the expected income tax (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of comprehensive loss.

	31 Dec 2024	31 Dec 2023
Net loss and comprehensive loss for the year	\$ (546,000)	\$ (826,000)
Statutory income tax rate	27%	27%
Expected income tax (recovery)	(147,000)	(223,000)
Non-deductible (non-taxable) items and others	(492,000)	67,000
Warrant liability	-	(331,000)
Tax effect of flow-through shares	80,000	94,000
Foreign exchange and other	33,000	(239,000)
Change in deferred tax asset not recognized	526,000	632,000
Balance – end of year	\$ -	\$ -

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Deferred tax assets (liabilities) are comprised of the following:

	31 Dec 2024	31 Dec 2023
Non-capital loss carryforwards	\$ -	\$ 261
Right-of-use assets	-	(261)
Net operating loss carryforwards	8,311	13,122
Equipment	(8,311)	(10,422)
Exploration and evaluation assets	-	(2,700)
	\$ -	\$ -

Unrecognized deductible temporary differences are as follows:

	31 Dec 2024	31 Dec 2023
Canada		
Non-capital loss carry-forwards	\$ 10,049,116	\$ 10,300,763
Exploration and evaluation assets	7,492,854	7,384,779
Capital losses	149,561	319,511
Equipment	8,351	6,314
Investment tax credit	18,093	18,739
Tax reserves	261,236	237,688
Financing costs	171,093	213,457
	\$ 18,150,304	\$ 18,481,251
United States		
federal net operating loss carryforwards	\$ 25,131,117	\$ 26,962,126
California net operating loss carry forwards	1,986,409	16,041,856
equipment	-	64,464
exploration and evaluation assets	1,798,833	1,635,238
	\$ 28,916,359	\$ 44,703,684

The Company has not recognized the deferred tax asset in respect of non capital loss carryforwards of \$10,049,116 (2023 \$10,300,763), 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. Carry forwards are expiring in the following years:

EMERGENT METALS CORP.

For the years ended 31 December 2024 and 31 December 2023

US Dollars

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year of expiry	Taxable loss
2026	\$ 523,524
2027	1,294,229
2028	817,612
2029	788,415
2030-2042	6,625,336
Balance – end of year	\$ 10,049,116

During the year ended 31 December 2024, \$1,582,986 of operating carry forward losses expired. The Company has net operating loss carry forwards of \$25,131,117 (2023 - \$26,962,126) which may be carried forward to apply against future year income tax for US purposes as follows:

Year of expiry	Taxable loss
2025	\$ 1,056,097
2026	1,063,847
2027	1,441,550
2028	1,999,239
2029	1,334,762
2030 – 2038	15,105,137
No expiry	3,130,485
Balance – end of year	\$ 25,131,117

The Company has California net operating loss carryforwards of \$18,969,555 (2023 - \$16,041,856) which may be carried forward to apply against future year income tax for US purposes, as follows:

Year of expiry	Taxable loss
2025	\$ 918,706
2026	975,106
2027	1,371,071
2028	1,973,795
2029	1,316,443
2030 – 2038	9,982,409
2044	2,432,025
Balance – end of year	\$ 18,969,555

18) SUBSEQUENT EVENTS

Subsequent to year end, the United States and Canadian governments announced new tariffs on imported goods. This has caused significant uncertainty and market volatility. Management is actively assessing the situation and the effects on the Company, if any, are currently uncertain.