



## **Management Discussion and Analysis**

**For the Three-Month Periods Ended March 31, 2023 and 2022**

**EnviroMetal Technologies Inc.**  
**Management Discussion and Analysis**  
For the three-month periods ended March 31, 2023 and 2022

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## 1. INTRODUCTION

This Management Discussion and Analysis (MDA) has been prepared to provide material updates and analysis of the business operations, financial condition, financial performance, cash flows, liquidity, and capital resources of EnviroMetal Technologies Inc. (“EnviroMetal” or the “Company”) (formerly EnviroLeach Technologies Inc).

The information provided herein should be read in conjunction with the Company’s unaudited condensed consolidated interim financial statements (“Interim Financial Statements”) and the notes thereto for the three-month periods ended March 31, 2023, and the audited financial statements for the year ended December 31, 2022 (“Financial Statements”). The Financial Statements have been prepared in accordance with International Reporting Standards (“IFRS”).

Except as otherwise disclosed, all dollar figures in this report are stated in Canadian dollars. The effective date of this report is May 29, 2023.

EnviroMetal Technologies Inc. is listed on the Canadian Securities Exchange (the “CSE”) under the symbol ETI and began trading on March 30, 2017. In addition to the listing on the CSE, the Company also trades on the OTCQX and Frankfurt Stock Exchange under the symbols EVLL and 7N2, respectively.

The Company has developed a unique, cost-effective, cyanide free, and more environmentally friendly alternative to current broadly used methods for the hydrometallurgical extraction of precious metals from ores, concentrates and other host materials for use in the primary and secondary metals recovery industries.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. See Forward-Looking Information and Statements herein.

Information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com) and more information is also available on the Company’s website at [www.EnviroMetal.com](http://www.EnviroMetal.com).

### Corporate Overview

EnviroMetal develops and markets technologies for the extraction of precious and other valuable metals from mine products and electronic waste (“E-waste”) in a safe, environmentally friendly, and sustainable manner. The Company’s technology is applicable in the mining industry to recover gold from ores and concentrates, and in the recycling industry to recover gold and other valuable metals from printed circuit board assemblies and other E-waste. The Company is seeking opportunities to license its technology to companies in the mining and electronics recycling industries.

EnviroMetal’s patented metal recovery technology (“EnviroMetal Process”) is similar to other hydrometallurgical processes which leach gold, but the Company’s proprietary lixiviant and unique process eliminate the use of toxic leaching agents such as sodium cyanide or strong acids and significantly reduces water consumption. EnviroMetal’s metal recovery technology targets industry participants seeking an on-site processing solution with low logistics and third-party costs and a reduced environmental impact.

The Company’s patented metal recovery technology creates strong differentiation in the marketplace and pending and awarded patents combined with the process knowledge required for use and site optimization create significant barriers for competitors to overcome. The EnviroMetal Process is cost competitive, safe, sustainable, and holds potential for multiple revenue streams.

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## 2. OVERALL PERFORMANCE AND OPERATIONS

In 2022, following a review of opportunities and market positioning in the mining and E-waste industries, EnviroMetal management elected close the Company's EnviroCircuit E-waste processing facility and focus on consulting and licensing opportunities. During the period ended March 31, 2023, the Company continued to pursue commercial relationships in the primary and secondary metals industries while advancing the wind up of the discontinued E-waste processing business.

### Gold Mining

The EnviroMetal Process is the foundation of the Company's technology licensing business model. It provides miners a simple, on-site gold recovery solution which eliminates the need for sodium cyanide or smelting. The EnviroMetal Process incorporates proven technologies in a novel manner to address real challenges facing miners seeking to maximize return on investment while meeting environmental, social, and corporate governance obligations and goals.

Although the EnviroMetal Process addresses financial, operational, permitting, regulatory, risk, and social issues facing gold miners, the industry has historically been resistant to new processes and technologies. Recognizing the size and diverse nature of the gold mining industry, and the challenge of gaining acceptance for a new technology in a conservative industry, the Company's focus is on developing relationships potential clients most likely to benefit from the Company's innovative technology. The Company believes gaining technical validation will lead to wide acceptance within the gold mining industry.

For miners, the selection of a metal recovery technology is dependent on many factors including total metal recovery, capital costs, operating costs, permitting, site suitability, reliability, ease of use, industry standards and sustainability. As is the case with any metallurgical process, prior to adoption for use the processing technology must go through a series of progressive tests from lab through pilot scale in order to ensure the compatibility of the technology with the material to be processed. During the period ended March 31, 2023, EnviroMetal conducted amenability and recovery test work on client samples received from numerous clients and submitted proposals for initial or additional test work to clients.

### E-waste

In response to the ongoing challenges in the E-waste industry the Company shifted its E-waste strategy from material processing to consulting and potentially licensing intellectual property to existing and new E-waste processors. EnviroMetal believes this new strategy will be less capital intensive and offer the potential for significantly higher margins than processing E-waste while aligning its E-waste and mining strategies.

During the period ended March 31, 2023, the Company initiated the process to sell surplus equipment related to E-waste processing and anticipates having all equipment sold prior to the expiration of the existing lease on the EnviroCircuit facility at the end of June 2023. For additional information relating to the discontinuance of E-waste processing and closing the EnviroCircuit facility please see Note 16 *Discontinued Operations* in the Company's Financial Statements.

### Revenues

During the period EnviroMetal recognized revenues of \$17,172 attributable to discontinued operations from the sale of concentrates and other materials recovered at EnviroCircuit and no licensing or consulting revenues. During the period ended March 31, 2022, the Company recognized revenues of \$48,450 from consulting work, \$244,257 from discontinued operations and \$3,511,709 from the sale of 1,440 ounces of gold recovered from high grade gold bearing dust and other materials purchased from a Canadian gold mine.

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### 3. SUMMARY OF QUARTERLY RESULTS

The following summarized financial data has been prepared in accordance with IFRS. This data should be read in conjunction with the Company's interim financial statements, and its consolidated annual financial statements for the respective periods. All net loss figures in the table are presented in Canadian dollars, the Company's functional currency.

	31-Mar-2023	31-Dec-2022	30-Sept-2022	30-June-2022
Revenues	\$ -	\$ (63,885)	\$ 179,286	\$ (2,298)
Loss and comprehensive loss attributable to: Shareholders	739,759	1,542,621	815,954	1,925,165
	<b>\$ 739,759</b>	<b>\$ 1,542,621</b>	<b>\$ 815,954</b>	<b>\$ 1,925,165</b>
Net loss per common share, basic & diluted	\$ 0.007	\$ 0.015	\$ 0.008	\$ 0.018

  

	31-Mar-2022	31-Dec-2021	30-Sept-2021	30-June-2021
Revenues	\$ 3,755,966	\$ 226,648	\$ 19,540	\$ 561,967
Loss and comprehensive loss attributable to: Shareholders	1,231,461	6,841,935	2,268,709	1,483,680
	<b>\$ 1,231,461</b>	<b>\$ 6,841,935</b>	<b>\$ 2,268,709</b>	<b>\$ 1,483,680</b>
Net loss per common share, basic & diluted	\$ 0.012	\$ 0.073	\$ 0.024	\$ 0.016

The Company has yet to achieve consistent revenues from consulting and licensing activities or material processing, and therefore has un-predictable cashflows from these activities. Although EnviroMetal continues to pursue E-waste consulting and licensing opportunities the Company's primary focus is on mining related activities where projected margins are substantially higher, and risks are lower. EnviroMetal believes it will achieve consistent and increasing revenue over time by providing technical solutions which allow clients to unlock additional value in their operations. Negative revenues in periods reflect the impact of changing metal prices and exchange rates between sales estimate and final sale.

### 4. OPERATIONAL RESULTS FOR THE PERIOD

EnviroMetal's operational results for the three-month periods ended March 31, 2022 and 2021 are summarized below:

	March 31, 2023	March 31, 2022
<b>Results from all operations</b>		
<b>Revenues</b>	\$ 17,172	\$ 3,755,966
<b>Expenses</b>		
Operating costs	(23,100)	(3,611,521)
Management and employee costs	(294,022)	(525,377)
General and administrative expenses	(309,131)	(548,116)
Depreciation and amortization	(145,912)	(187,634)
	(772,165)	(4,872,648)
	<b>\$ (754,993)</b>	<b>\$ (1,116,682)</b>
<b>Results attributable to ongoing operations</b>		
<b>Revenues</b>	\$ -	\$ 3,511,709
<b>Expenses</b>		
Operating costs	(23,100)	(3,294,761)
Management and employee costs	(240,779)	(334,424)
General and administrative expenses	(279,001)	(446,685)
Depreciation and amortization	(84,452)	(39,063)
	(627,332)	(4,124,934)
	<b>\$ (627,332)</b>	<b>\$ (613,225)</b>

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	March 31, 2023		March 31, 2022	
<b>Results attributable to discontinued operations</b>				
<b>Revenues</b>	\$	17,172	\$	244,257
<b>Expenses</b>				
Operating costs		-		(316,760)
Management and employee costs		(53,243)		(180,953)
General and administrative expenses		(30,130)		(101,431)
<b>Depreciation and amortization</b>		(61,460)		(148,571)
		(144,833)		(747,714)
	\$	(127,661)	\$	(503,457)

**Revenues** - During the three-month period ended March 31, 2023, the Company recognized total revenues of \$17,172 (2022 - \$3,755,966) consisting of \$nil (2022 - \$3,511,709) from processing mining materials for clients, \$nil, (2022 - \$48,450) from licensing and consulting work for mining clients, and \$17,172 (2022 - \$244,257) in revenues from discontinued operations.

**Operating Expenses** – During the three-month period ended March 31, 2023, the Company recognized operating costs of \$23,100 (2022 - \$3,611,521). Operating costs include costs associated with purchasing material for processing, labour and other processing related costs, and internal and external laboratory costs related to consulting work billed to clients. During the period operating costs attributable to continuing operations \$23,100 (2022 - \$3,294,761) were lower as a result of not purchasing material for processing and limited consulting work while operating costs attributable to discontinued operations \$nil (2022 – \$316,760) are a result of ceasing operations at EnviroCircuit prior to the start of the period.

**Management and Employee costs** – Management and employee costs during the three-month period ended March 31, 2023, were \$294,022 a decrease of \$231,355 from the three-month period ended March 31, 2022 (\$525,377). The reduction in employee related costs reflects adjustments to staffing levels in response to discontinuing operations at EnviroCircuit and difficult financial markets. During the period ended March 31, 2023, management and employee costs were reduced by \$14,546, (2022 - \$40,904) as a result of wage subsidies received from IRAP so support additional research.

**General and administrative** – During the three-month periods ended March 31, 2023 and 2022, general and administration costs for continuing and discontinued operations were as follows:

	March 31, 2022		March 31, 2022	
Consulting fees	\$	(93,000)	\$	(195,900)
Office and general		(63,702)		(63,047)
Professional fees		(46,398)		(85,428)
Public company costs		(94,864)		(214,117)
Travel		(11,167)		10,376
	\$	(309,131)	\$	(548,116)

The decrease in consulting fees during the three-month period ended March 31, 2023, \$93,000 (2022 - \$195,900) reflect both the increased reliance on consultants during the period ended March 31, 2022, as the Company has temporarily outsourced some accounting and other functions in response to a tight labour market and the reduced activity levels during the 2023 period due to financial constraints.

Professional fees which include audit costs and legal fees during the period ended March 31, 2023, \$46,398 (2022 - \$85,428) were lower as the Company had reduced legal activity during the period. During the three-month period ended March 31, 2022 the Company's legal costs were increased due to costs associated with securing an injunction against

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Mineworx Technologies Inc. (see Note 17. Contingencies). Travel was limited during the period while the travel credit of \$10,376 during the three-month period ended March 31, 2022 reflects cancelled and refunded travel.

Public company costs which include director fees, listing fees and other costs directly associated with maintaining a public listing decreased during the period ended March 31, 2023, \$94,864 (2022 - \$214,117) as the Company completing a non-brokered private placement during the three-month period ended March 31, 2022 and incurred associated costs.

*Other items* –During the three-month period ended March 31, 2023, including continuing and discontinued operations, the Company recorded an amortization expense of \$145,912 (2022 - \$187,634), recognized a net gain on disposal of assets of \$23,400 (2022 – net loss \$20,527), recorded an unrealized loss of \$nil (2022 - \$80,581) on its investment in Group 11, incurred interest and financing costs of \$8,238 (2022 - \$10,073), and recognized foreign exchange losses of \$271 (2022 - \$4,247).

The following table summarizes the allocation of items classified as Other Items between ongoing and discontinued operations:

	March 31, 2022	March 31, 2022
<b>Other items attributable to ongoing operations</b>		
Interest income	\$ 1,021	\$ 649
Interest and financing costs	(8,238)	(10,073)
Amortization	(84,452)	(39,063)
Gain (loss) on disposal of assets	(19,600)	-
Unrealized gain (loss) on investment in associate	-	(80,581)
Foreign exchange	(271)	(4,247)
	<b>\$ (110,998)</b>	<b>\$ (133,315)</b>
<b>Other items attributable to discontinued operations</b>		
Depreciation and amortization	\$ (61,460)	\$ (148,571)
Gain (loss) on disposal of assets	\$ 43,010	\$ (20,527)
	<b>\$ (18,450)</b>	<b>\$ (169,098)</b>

*Overall performance* - For the three-month period ended March 31, 2023, the Company incurred a loss and comprehensive loss of \$739,759 (2022 - \$1,231,461). Net loss per common share, basic and diluted for the three-month period ended March 31, 2023 was \$0.007 as compared to \$0.012 in 2022. Although year over year revenues were negatively impacted by ceasing operations at EnviroCircuit and not processing purchased material the loss for the year improved as a result of cost cutting initiatives and exiting low margin and uneconomic businesses.

## 5. LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2023, the Company had \$229,602 in cash (December 31, 2022 - \$429,038) and negative working capital of \$972,878 (December 31, 2022 – negative \$379,764). The decrease in working capital is primarily attributable to expenditures related to the closure of EnviroCircuit, general operating costs, and a reduction in assets held for sale.

### Liquidity Outlook

The Company generates limited cash flows and is reliant on raising equity to fund working capital, research and development and any modifications, expansion, or improvements to processing facilities. The Company raises money through the sale of equity and from the exercise of convertible securities. Many factors influence the Company's ability to raise funds, including the health of the capital markets, the Company's track record, and the experience and calibre of its

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management. Actual funding requirements may vary from those planned due to several factors, including technology development costs, government and other external funding, business opportunities, and revenues from consulting and licensing activities.

Management currently follows a policy of raising only enough capital to carry out its near-term plans. This policy is intended to minimize share dilution by raising capital when the stock price is at higher levels. Management is encouraged by improving equity markets for innovative and green mining technologies and anticipates seeking additional sources of funding prior to the end of the fiscal year. Given volatility in equity markets, global economic uncertainty, and cost pressures there can be no certainty equity funding will be available to the Company or if available funding will be on acceptable terms. Management believes it will be able to raise equity capital as required but recognizes that there will be risks which may be beyond its control.

***Capital Commitments***

As at March 31, 2023, the Company did not have contractual obligations other than those disclosed in its Interim Financial Statements. The Company expects that any property and equipment expenditures incurred, based on future needs, will be funded from working capital and/or from operating or capital leases.

At March 31, 2023, the Company had \$280,065 in lease obligations.

***Capital Resources***

The Company may not have sufficient capital to cover its anticipated administrative overhead expenses for the next 12 months. To continue developing its technology and pursue licensing opportunities, EnviroMetal may be required to raise additional capital, and if capital is not available the Company will have to delay some planned activities and expenditures.

During the three-month period ended March 31, 2023, the Company announced it had issued \$165,200 in unsecured convertible notes. The Company has commenced liquidating surplus assets related to E-waste processing and anticipates having the majority of these assets sold prior to end of June 2023.

**6. OFF - BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

**7. TRANSACTIONS BETWEEN RELATED PARTIES**

The Company had no additional transactions with related parties except for compensation of key management personnel and payment to its directors as disclosed in Note 10 to the Company's Interim Financial Statements for the three-month periods ended March 31, 2023 and 2022.

**8. PROPOSED TRANSACTIONS**

The Company continually reviews potential merger, acquisition, investment, and other joint agreement and strategic transactions that could enhance shareholder value. However, as of the date of this MD&A, there are no proposed transactions currently under examination.

## **9. CHANGES IN ACCOUNTING POLICY**

There were no changes in the Company's accounting policies during the three-month period ended March 31, 2023.

## **10. FINANCIAL RISK MANAGEMENT**

### **Financial risk management**

The Company's existing business involves the use of its proprietary technology for the extraction of precious metals for the mining and E-waste industries, which exposes the Company to a variety of financial instrument related risks. These risks include foreign currency risk, credit risk, liquidity risk, market risk and other risks. The Company's board of directors provides oversight for the Company's risk management processes.

#### ***Foreign currency***

The Company is exposed to currency risk due to business transactions in foreign countries. The Company mainly transacts in Canadian dollars and United States dollars. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At March 31, 2023, the Company was not exposed to significant interest rate risk.

At March 31, 2023, the Company has net liabilities of \$17,890 (US \$13,220) due in USD (December 31, 2022 - \$6,390 (US \$4,673)). A 10% weakening against the US dollar of the currencies to which the Company had exposure would have had a \$1,789 impact on net liabilities (December 31, 2022 - \$673). A 10% strengthening against the US dollar would have had the opposite effect.

#### ***Credit risk***

The Company's credit risk is primarily attributable to cash and trade and other receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of chequing account at reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to \$100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. At March 31, 2023, management considers the Company's exposure to credit risk is minimal.

#### ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

## **11. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

### **(a) Financial instruments**

On initial recognition, a financial asset is classified as: amortized cost, fair value through profit and loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). The classification of financial assets is made in accordance with



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their contractual cash flow characteristics and the business models under which they are held.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in profit and loss. Gains or losses on equity financial assets classified as FVTOCI remain within accumulated other comprehensive income.

The Company's financial assets are cash, trade, and other receivables.

***Financial assets at amortized cost***

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current or non-current based on their maturity dates.

***Financial assets at FVTPL***

Financial assets at FVTPL are initially recognized at fair value and transaction costs are expensed in profit and loss. Realized and unrealized gains and losses arising from changes in fair value of the financial asset held at FVTPL are included in profit and loss in the period in which they arise. Derivatives are also recognized as FVTPL unless they are designated as hedges.

***Financial assets at FVTOCI***

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investment in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit and loss following the derecognition of the investment.

***Financial Liabilities***

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provision of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or they expire.

Financial liabilities are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to their initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

The Company's financial liabilities are its accounts payable and accrued liabilities, due to related parties, lease liabilities, advance royalty payable and loan payable. Financial liabilities are classified as current or non-current based on their maturity dates.

## **12. RISKS AND UNCERTAINTIES**

Please see the Company's Management Discussion and Analysis for the year ended December 31, 2022 for disclosure of risks and uncertainties.

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## 13. NATURE OF SECURITIES

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

## 14. DISCLOSURE OF OUTSTANDING SHARE DATA

Authorized share capital - Unlimited number of common shares without par value. The table below presents the Company's common share data as of May 29, 2022.

	Price	Expiry date	May 29, 2023
Common shares issued and outstanding:			<b>107,928,458</b>
Securities convertible into common shares:			
Stock Options	\$1.20	July 18, 2023	25,000
	\$0.76	March 1, 2024	1,275,000
	\$0.25	June 6, 2024	5,525,000
	\$0.96	June 14, 2024	250,000
	\$0.25	October 24, 2024	350,000
	\$1.45	December 11, 2024	725,000
	\$0.15	February 16, 2025	200,000
	\$0.76	April 24, 2025	1,200,000
	\$0.46	October 15, 2025	400,000
	\$0.38	August 20, 2026	35,000
<b>Total Options</b>			<b>9,985,000</b>
Warrants	\$0.50	February 18, 2024	13,198,230
	\$0.50	March 31, 2024	1,271,956
<b>Total Warrants</b>			<b>14,470,186</b>
<b>Total options &amp; warrants outstanding</b>			<b>24,455,186</b>

## 15. COMMITMENTS

Other than obligations disclosed in the Financial Statements and elsewhere this MD&A the Company does not have any commitments.

## 16. ADDITIONAL DISCLOSURE

Additional disclosure concerning Midnight Sun's general and administrative expenses and exploration and evaluation assets expenditures is provided in the Company's Financial Statements. These Financial Statements are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## 17. CONTINGENCIES

The Company commenced a civil action against Mineworx Technologies Ltd. and related parties (jointly, the Mineworx Defendants) in the Supreme Court of British Columbia in June 2021.

The claims against the Mineworx Defendants include, among other things, the following:

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- The Mineworx Defendants, through various agreements with EnviroMetal, gained access to certain of EnviroMetal's intellectual property relating to the development and commercialization of environmentally friendly chemical formulas and technologies for use in the treatment of materials in the primary and secondary metals sectors. EnviroMetal has since terminated those access agreements.
- Because access to EnviroMetal's IP has been terminated and without a license from EnviroMetal, the Mineworx Defendants are not entitled to use or otherwise exploit any of EnviroMetal's IP.
- The Mineworx Defendants have failed to comply with EnviroMetal's notices to cease and desist using EnviroMetal's IP and they continue to make public statements in relation to their purported ability to develop and commercialize "proprietary, environmentally friendly processing technologies for the recovery of precious metals."
- Absent the prior access to EnviroMetal's IP, the Mineworx Defendants lacked the scientific or technical resources and capabilities to develop and commercialize "proprietary, environmentally friendly processing technologies for the recovery of precious metals."

The Mineworx Defendants are purporting to be competing with EnviroMetal in the recovery of platinum group metals from spent catalysts using a chemical formula and process based on EnviroMetal's IP without a license to do so from EnviroMetal. These actions by the Mineworx Defendants are in breach of access agreements and confidentiality agreements, as well as the asset purchase agreement between Mineworx and EnviroMetal dated December 19, 2016. These actions also constitute breach of confidence.

EnviroMetal is seeking, among other relief from the court, general, aggravated, and punitive damages against the Mineworx Defendants, an injunction prohibiting the Mineworx Defendants from using any confidential information or intellectual property belonging to EnviroMetal, and disgorgement of profit arising from such unauthorized use.

In January 2022, the court granted EnviroMetal's application for an injunction that, amongst other things, prohibits the Mineworx Defendants from disclosing any confidential information or intellectual property belonging to EnviroMetal until further court order.

Mineworx disputes EnviroMetal's claims and has commenced a counterclaim against EnviroMetal for, amongst other things, alleged breaches of various agreements between the parties. Some of Mineworx's claims are subject to arbitration clauses. As a result, Mineworx has served EnviroMetal with a notice to arbitrate those claims. EnviroMetal believes there are no merits to the claims.

Prior to commencing the legal action against Mineworx, the Company provided the Mineworx Defendants with notices of breach and provided the required amount of time to remedy. The Joint Venture was terminated on April 5, 2021, and no further non-controlling interest was recorded as of June 30, 2021. In accordance with IFRS 9, the Company recorded an expected credit loss of \$473,709 related to amounts due to the Company from Mineworx during year ended December 31, 2021.

Due to the ongoing dispute with Mineworx, the final settlement value, if any, of the non-controlling interest is subject to significant uncertainty, and as such until judgement is rendered or settlement occurs the Company will recognize a contingent liability of \$1,109,026, the amount recognized in the Company's consolidated financial statements at the time the joint venture was terminated. The Company believes that the maximum exposure is not representative of the actual potential loss exposure.

## **18. APPROVAL**

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through

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an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of EnviroMetal Technologies Inc. approved the financial statements and the disclosure contained in this MD&A on May 22, 2023. A copy of this MD&A is available upon request.

## **20. FORWARD LOOKING INFORMATION**

This MD&A contains certain forward-looking statements and forward-looking information (collectively referred to herein as (“forward-looking statements”) within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as “could”, “should”, “can”, “anticipate”, “expect”, “believe”, “will”, “may”, “projected”, “sustain”, “continues”, “strategy”, “potential”, “projects”, “grow”, “take advantage”, “estimate”, “well positioned” or similar words suggesting future outcomes. These forward-looking statements include, without limitation, statements about our market opportunity, our strategies, ability to improve and expand our capabilities, competition, expected activities and expenditures as we pursue our business plan, the adequacy of our available cash resources, regulatory compliance, plans for future growth and future operations, the size of our addressable market, market trends, and the effectiveness of the Company’s internal control over financial reporting. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements.

By their very nature, forward looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. Undue reliance should not be placed on forward looking statements, as a number of important factors could cause the actual results to differ materially from the Company’s beliefs, plans, objectives and expectations, including, among other things: general economic and market factors, including business competition, changes in government regulations or in tax laws; the early stage development of the Company and its projects; general political and social uncertainties; commodity prices; the actual results of current research and development or operational activities; changes in project parameters as plans continue to be refined; accidents and other risks inherent in the technology and resource industries; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting the Company; timing and availability of external financing on acceptable terms; conclusions of economic evaluations; and lack of qualified, skilled labour or loss of key individuals; commercialization of our technology and products, our status of relationship with partners; development and protection of our intellectual property and products; industry competition; building and maintaining our manufacturing facility; our ability to sell our products and services in order to generate revenues; our proposed business model and our ability to execute thereon; adverse effects on the Company’s business and operations as a result of increased regulatory, media or financial reporting issues and practices; rumors or otherwise disease epidemics and health related concerns, such as the current outbreak of a novel strain of coronavirus (COVID-19), which could result in (and, in the case of the COVID-19 outbreak, has resulted in some of the following) reduced access to capital markets, supply chain disruptions and scrutiny or embargoing of goods produced in affected areas, government-imposed mandatory business closures and resulting furloughs of our employees, travel restrictions or the like to prevent the spread of disease; and market or other changes that could result in noncash impairments of our intangible assets, and property, plant and equipment. These factors should not be considered exhaustive. Many of these risk factors are beyond the Company’s control and each contributes to the possibility that the forward-looking statements will not occur or that actual results, performance, or achievements may differ materially from those expressed or implied by such statements. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these risks, uncertainties and factors are interdependent and management’s future course of action depends upon the Company’s assessment of all information available at that time.

## **EnviroMetal Technologies Inc.**

### **Management Discussion and Analysis**

For the three-month periods ended March 31, 2023 and 2022

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Management has included projections and estimates in this MD&A which are based primarily on management's experience in the industry, assessments of our results of operations, discussions, and negotiations with third parties and a review of information filed by our competitors with securities regulators or otherwise publicly available.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as at the date of this MD&A, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

We caution readers not to place undue reliance on any such forward-looking statements, which speak only as at the date made. We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A and the Company does not undertake and is not obligated to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.