



ENVIROMETAL TECHNOLOGIES INC.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three and Nine months ended September 30, 2023 and 2022

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of EnviroMetal Technologies Inc. for the interim periods ended September 30, 2023 and 2022, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, MNP LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

November 22, 2023

ENVIROMETAL TECHNOLOGIES INC.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	September 30, 2023	December 31, 2022
		\$	\$
ASSETS			
Current			
Cash		671,638	429,038
Trade and other receivables	5, 15	50,619	29,158
Inventory	6	193,540	239,940
Assets held for sale	7	43,200	1,187,206
Prepaid expenses and deposits		78,935	80,404
		1,037,932	1,965,746
Property, plant and equipment	9	661,379	979,904
Total assets		1,699,311	2,945,650
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	732,836	681,830
Due to related parties	15	624,295	252,498
Current portion of lease liabilities	12	101,328	262,156
Interest payable	13	12,877	-
Convertible notes	13	215,200	-
Provision	19	1,089,685	1,109,026
Subscription liability		80,000	-
		2,856,221	2,305,510
Loan payable	11	40,000	40,000
Lease liabilities	12	56,745	108,625
Total liabilities		2,952,966	2,454,135
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	14(b)	32,207,887	32,202,013
Reserves		9,175,353	9,171,664
Contributed surplus		750,000	750,000
Deficit		(43,386,895)	(41,632,162)
Total shareholders' equity (deficiency)		(1,253,655)	491,515
Total liabilities and shareholders' equity		1,699,311	2,945,650

Nature of operations and going concern (Note 1)
Subsequent event (Note 22)

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

ENVIROMETAL TECHNOLOGIES INC.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended		Nine months ended	
		2023	September 30, 2022	2023	September 30, 2022
		\$	\$	\$	\$
Revenue					
Consulting revenue		-	-	-	81,648
Sale of precious and other metals		-	40,068	-	3,480,629
		-	40,068	-	3,562,277
Operating expenses					
Operating costs	6	24,559	270,002	208,868	3,534,220
Management and employee costs	15, 16	189,524	155,807	547,532	828,827
General and administration	15, 17	143,570	263,084	626,511	1,030,008
Share-based payments	15	270	-	3,689	428,160
		357,923	688,893	1,386,600	5,821,215
Net loss from operations		357,923	648,825	1,386,600	2,258,938
Other income (expenses)					
Depreciation	9	(59,184)	54,839	(188,922)	(121,669)
Foreign exchange		(760)	21,368	(548)	(6,160)
Loss on disposal and write-down of assets	7	(36,605)	(9,494)	(2,605)	(9,494)
Gain on lease buy-out	12	-	-	2,496	-
Interest income		-	815	1,021	2,803
Interest expense	12, 13	(11,960)	(10,548)	(37,356)	(32,362)
Loss on investment in associate	8	-	(109,099)	-	(298,777)
		(108,509)	(52,119)	(225,914)	(465,659)
Loss from continuing operations		(466,432)	(700,944)	(1,612,514)	(2,724,597)
Loss and comprehensive loss from discontinued operations	18	(4,702)	(115,010)	(142,219)	(1,247,983)
Net loss and comprehensive loss		(471,134)	(815,954)	(1,754,733)	(3,972,580)
Net loss per share:					
Basic and diluted		(0.00)	(0.01)	(0.02)	(0.04)
Weighted average number of common shares:					
Basic and diluted		107,928,458	107,928,458	107,928,458	103,858,333

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

ENVIROMETAL TECHNOLOGIES INC.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Nine months ended September 30,	
	2023	2022
	\$	\$
Operating activities:		
Net loss for the period	(1,754,733)	(3,972,580)
Items not affecting cash:		
Write-down of inventory included in operating costs	19,600	-
Share-based payments	3,689	428,160
Depreciation	311,842	588,476
(Gain) loss on disposal and write-down of assets	(48,640)	14,396
Gain on lease buy-out	(2,496)	-
Interest expense	31,548	8,255
Unrealized loss on investment in associate	-	298,777
Changes in working capital items other than cash:		
Trade and other receivables	(21,461)	167,138
Inventory	26,800	3,530,460
Prepaid expenses and deposits	1,469	(21,681)
Accounts payable and accrued liabilities	46,450	(3,835,420)
Due to related parties	371,797	-
Provision	(19,341)	(15,700)
Cash used in operating activities	(1,033,476)	(2,809,719)
Investing activities:		
Proceeds from disposals of property, plant and equipment	5,698	-
Purchases of property, plant and equipment	-	(799,994)
Proceeds from the sale of assets held for sale	1,192,646	-
Cash provided by (used in) investing activities	1,198,344	(799,994)
Financing activities:		
Proceeds from units issued in private placement	-	3,558,114
Unit issuance costs	-	(114,989)
Proceeds from the issuance of convertible notes	215,200	-
Proceeds from subscriptions liability	80,000	-
Payment of lease liabilities	(217,468)	(187,942)
Cash provided by financing activities	77,732	3,255,183
Change in cash	242,600	(354,530)
Effect of exchange rate on changes in cash	-	(22,046)
Cash, beginning of period	429,038	784,790
Cash, end of period	671,638	408,214
Supplemental cash flow information		
Cash interest paid	24,328	8,255
Cash interest received	1,021	2,803
Cash income taxes paid	-	-
Reversal of over accrued unit issuance costs from accounts payable and accrued liabilities	5,874	-
Purchase of property, plant and equipment in accounts payable and accrued liabilities	7,882	-

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

ENVIROMETAL TECHNOLOGIES INC.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)**

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Reserves						Total shareholders' equity (deficiency)
	Common shares	Share capital	Share-based payments	Warrants	Contributed surplus	Deficit	
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2021	93,696,002	29,726,905	5,343,453	2,421,674	750,000	(36,116,959)	2,125,073
Units issued in private placement	14,232,456	2,614,133	-	943,981	-	-	3,558,114
Unit issuance costs	-	(139,025)	-	24,036	-	-	(114,989)
Share-based payments	-	-	428,160	-	-	-	428,160
Net loss for the period	-	-	-	-	-	(3,972,580)	(3,972,580)
Balance, September 30, 2022	107,928,458	32,202,013	5,771,613	3,389,691	750,000	(40,089,539)	2,023,778
Share-based payments	-	-	10,360	-	-	-	10,360
Net loss for the period	-	-	-	-	-	(1,542,623)	(1,542,623)
Balance, December 31, 2022	107,928,458	32,202,013	5,781,973	3,389,691	750,000	(41,632,162)	491,515
Reversal of over accrued unit issuance costs	-	5,874	-	-	-	-	5,874
Share-based payments	-	-	3,689	-	-	-	3,689
Net loss for the period	-	-	-	-	-	(1,754,733)	(1,754,733)
Balance, September 30, 2023	107,928,458	32,207,887	5,785,662	3,389,691	750,000	(43,386,895)	(1,253,655)

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

ENVIROMETAL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

EnviroMetal Technologies Inc. (“the Company” or “EnviroMetal”) was incorporated under the province of Alberta’s Business Corporations Act on October 21, 2016. On December 4, 2020, the Company enacted a continuance from the province of Alberta to the province of British Columbia under the province of British Columbia’s Business Corporation Act and adopted new articles of incorporation.

The Company specializes in precious metal extraction processes with applications in the primary and secondary metals industries. The Company shares are listed for trading on the Canadian Securities Exchange (“CSE”) under the symbol “ETI”. The Company additionally trades in the United States on the OTCQX venture marketplace under the symbol “EVLLF” and on the Frankfurt Stock Exchange under the symbol “7N2”.

The Company’s registered office is located at 1500, 1055 West Georgia St., Vancouver BC V6E 0B6 and its corporate offices are located at #208 - 6741 Eastlake Drive, Burnaby, BC V3N 4A3.

These unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2023 and 2022 (“financial statements”) have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. For the three and nine months ended September 30, 2023, the Company incurred a loss of \$471,134 and \$1,754,733, respectively (2022 - \$815,954 and \$3,972,580, respectively), and has an accumulated deficit of \$43,386,895 (December 31, 2022 - \$41,632,162). There are several adverse conditions which present a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. The Company has incurred operating losses since inception, is unable to self-finance operations and has significant on-going cash requirements to meet its overhead obligations. The continuing operations of the Company are dependent upon economic and market factors which involve uncertainties including the Company’s ability to raise adequate equity financing and ultimately develop profitable operations. The Company is of the view that these objectives can be met, and that the going concern assumption is appropriate. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenue, expenses and the consolidated statements of financial position classifications used, and such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were authorized for issue by the Board of Directors on November 22, 2023.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company’s audited financial statements for the years ended December 31, 2022 and 2021 (the “Annual Financial Statements”).

b) Basis of measurement

The financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS, as well as information presented in the condensed interim consolidated statements of cash flows.

c) Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the functional currency of the Company. References to “US \$” or “USD” are to United States dollars.

ENVIROMETAL TECHNOLOGIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

2. BASIS OF PREPARATION (continued)**d) Basis of consolidation**

These financial statements include the accounts of the Company and its subsidiary, EnviroCircuit. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

During the year ended December 31, 2022, the Company dissolved its inactive subsidiary EnviroMetal DMCC.

3. SIGNIFICANT ACCOUNTING POLICIES

In the preparation of these financial statements, the Company used the same accounting policies as in the Annual Financial Statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and judgments, in applying accounting policies. Management continually evaluates these estimates and judgments based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgments which may cause a material adjustment to the carrying amounts of assets and liabilities. The Company's interim results are not necessarily indicative of its results for a full year. The significant estimates and judgments applied in the preparation of these financial statements are consistent with those applied and disclosed in the Annual Financial Statements.

5. TRADE AND OTHER RECEIVABLES

A summary of the Company's trade and other receivables is as follows:

	September 30, 2023	December 31, 2022
	\$	\$
Trade receivable	45,632	9,575
Taxes receivable	-	14,596
Due from related party	4,987	4,987
	50,619	29,158

A summary of the Company's aging of trade and other receivables is as follows:

	September 30, 2023	December 31, 2022
	\$	\$
Aged 1 - 30 days	24,977	24,388
Aged 31 - 60 days	-	4,400
Aged 61 - 90 days	20,655	-
Aged > 90 days	4,987	370
	50,619	29,158

ENVIROMETAL TECHNOLOGIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

6. INVENTORY

A summary of the Company's inventory is as follows:

	September 30,	December 31,
	2023	2022
	\$	\$
Parts	-	46,400
Chemicals	193,540	193,540
	193,540	239,940

Parts consist of equipment and parts used in the Company's pilot plant and which are not included in property, plant and equipment (Note 9). Chemicals include chemicals and other reagents used in pilot plant and lab operations. During the three and nine months ended September 30, 2023, the Company recognized a write-down of \$nil and \$19,600, respectively (2022 - \$nil and \$nil, respectively), included in operating costs. During the three and nine months ended September 30, 2023, the Company sold parts carried at \$nil and \$26,800, respectively (2022 - \$nil and \$nil, respectively), which were held in inventory.

A summary of the Company's inventory movement is as follows:

	\$
Balance, December 31, 2021	4,058,440
Purchased	853
Sold	(3,691,503)
Loss on sale	(127,850)
Balance, December 31, 2022	239,940
Sold	(26,800)
Write down	(19,600)
Balance, September 30, 2023	193,540

7. ASSETS HELD FOR SALE

During the year ended December 31, 2022, the Company ceased processing E-waste (Note 18). As a result, management determined the value of the E-waste processing assets to be recovered through a sale transaction rather than continued use. During the year ended December 31, 2022, the Company reclassified \$997,401 from property, plant, and equipment to assets held for sale. The assets reclassified as assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

A summary of the Company's assets held for sale is as follows:

	\$
Balance, December 31, 2021	326,947
Additions	997,401
Sold	(25,001)
Write-down	(112,141)
Balance, December 31, 2022	1,187,206
Sold	(1,088,401)
Write-down	(55,605)
Balance, September 30, 2023	43,200

During the three months ended September 30, 2023, the Company recorded a write-down of assets held for sale of \$55,605 related to continuing operations and a net gain on disposal of assets held for sale of \$18,165, of which \$19,000 related to continuing operations and a loss of \$835 related to the discontinued operations.

During the nine months ended September 30, 2023, the Company recorded a write-down of assets held for sale of \$55,605 related to continuing operations and a net gain on disposal of assets held for sale of \$104,245, of which \$53,000 related to continuing operations and \$51,245 related to the discontinued operations.

ENVIROMETAL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian dollars, except where noted)

8. INVESTMENT IN GROUP 11

During the year ended December 31, 2020, the Company acquired 12,000,000 shares of Group 11 Technologies Inc. ("Group 11"), a US-based technology firm, representing 40% of the issued and outstanding shares of Group 11 at the acquisition date. In exchange for the initial 40% ownership position, EnviroMetal granted Group 11 a license to use the Company's metal extraction technology. On initial recognition, the investment was recorded at cost, being \$750,000. During the year ended December 31, 2021, Group 11 completed a private placement financing resulting in the issuance of additional shares and a dilution of the Company's ownership to 34.46%.

The Company has determined it has significant influence over Group 11 and has accounted for this investment using the equity method of accounting. As at December 31, 2022, Group 11 had constrained activities and additional financing was unavailable in its market. As a result, the Company determined its investment to be unrecoverable and wrote the balance of its investment off through profit or loss.

During the three and nine months ended September 30, 2023, the Company recognized a loss on investment in associate of \$nil and \$nil, respectively (2022 - \$109,099 and \$298,777, respectively).

ENVIROMETAL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian dollars, except where noted)

9. PROPERTY, PLANT AND EQUIPMENT

A summary of the Company's property, plant and equipment is as follows:

	Equipment	Right-of-use assets	Office fixtures	Computers	Vehicle	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance, December 31, 2021	4,594,065	1,592,526	162,409	41,391	20,158	6,410,549
Additions	213,217	247,950	199,359	-	-	660,526
Transfers	(1,432,605)	-	-	-	-	(1,432,605)
Balance, December 31, 2022	3,374,677	1,840,476	361,768	41,391	20,158	5,638,470
Additions	-	-	7,882	-	-	7,882
Disposals	-	(8,867)	(5,698)	-	-	(14,565)
Balance, September 30, 2023	3,374,677	1,831,609	363,952	41,391	20,158	5,631,787
Accumulated depreciation						
Balance, December 31, 2021	2,897,407	1,155,056	144,376	41,391	3,024	4,241,254
Additions	446,825	341,634	60,024	-	4,032	852,515
Transfers	(435,203)	-	-	-	-	(435,203)
Balance, December 31, 2022	2,909,029	1,496,690	204,400	41,391	7,056	4,658,566
Additions	61,388	195,912	51,519	-	3,023	311,842
Balance, September 30, 2023	2,970,417	1,692,602	255,919	41,391	10,079	4,970,408
Carrying value						
Balance, December 31, 2022	465,648	343,786	157,368	-	13,102	979,904
Balance, September 30, 2023	404,260	139,007	108,033	-	10,079	661,379

During the three and nine months ended September 30, 2023, the Company exercised its purchase option to purchase leased equipment prior to the end of the lease and recorded a gain on lease buy-out of \$nil and \$2,496, respectively (2022 - \$nil and \$nil, respectively).

During the three months ended September 30, 2023, the Company recorded depreciation of \$59,184 (2022 - recovery of \$54,839) consisted of \$59,184 (2022 - recovery of \$54,839) from continuing operations and \$nil (2022 - \$nil) from discontinued operations (Note 18).

During the nine months ended September 30, 2023, the Company recorded depreciation of \$311,842 (2022 - \$588,476) consisted of \$188,922 (2022 - \$121,669) from continuing operations and \$122,920 (2022 - \$466,807) from discontinued operations (Note 18).

ENVIROMETAL TECHNOLOGIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	September 30,	December 31,
	2023	2022
	\$	\$
Accounts payable	702,834	207,951
Accrued liabilities	30,002	473,879
	732,836	681,830

11. LOAN PAYABLE

Due to the global COVID-19 outbreak, the federal government of Canada introduced the Canada Emergency Benefit Account ("CEBA"). CEBA provides an interest-free loan ("CEBA Loan") of \$40,000 to eligible businesses. On September 14, 2023, the Government of Canada announced changes to the maturity date which was extended to December 31, 2026. The loan will remain interest free until January 18, 2024 with a rate of 5% per annum being applied from January 19, 2024. Repayment of \$30,000 by January 18, 2024 will result in a \$10,000 loan forgiveness. If the CEBA loan remains outstanding on January 18, 2024 it will convert to a non-amortizing term loan with the full principal repayment due on December 31, 2026. During the nine months ended September 30, 2023, the Company was notified that the payment due date for partial loan forgiveness and interest free period has been extended to January 18, 2024. As at September 30, 2023, the Company has not repaid the loan payable.

12. LEASE LIABILITIES

The Company's right-of-use assets are included in property, plant and equipment (Note 9). The imputed financing costs for lease liabilities were determined based on the Company's incremental borrowing rate and finance lease terms available to similar sized natural resource focussed companies, which was estimated to be 11.48% for equipment and 10.96% for buildings.

A summary of the Company's lease liabilities is as follows:

	\$
Balance, December 31, 2021	451,493
Remeasurement adjustment	258,301
Payment of lease liabilities	(377,587)
Interest expense	38,574
Balance, December 31, 2022	370,781
Buy-out leases	(13,910)
Payment of lease liabilities	(217,468)
Interest expense	18,670
Balance, September 30, 2023	158,073
Current portion	101,328
Non-current portion	56,745

A summary of the Company's future minimum lease payments related to the equipment under finance and land lease is as follows:

	September 30,
	2023
	\$
2023	48,708
2024	99,821
2025	33,675
Total future minimum lease payments	182,204
Effects of discounting	(24,131)
Total present value of minimum lease payments	158,073

ENVIROMETAL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian dollars, except where noted)

12. LEASE LIABILITIES (continued)

During the nine months ended September 30, 2023, the Company purchased office equipment before the end of its lease contract. As a result, during the three and nine months ended September 30, 2023, the Company recognized a gain on lease buy-out of \$nil and \$2,496, respectively (2022 - \$nil and \$nil, respectively).

13. CONVERTIBLE NOTES

On April 1, 2023, (the "Closing Date"), the Company issued convertible notes (the "Notes") for total proceeds of \$215,200. The Notes bear interest at a rate of 12% per annum and mature 120 days after the date of issue on July 30, 2023, (the "Maturity Date"). The principal amount and accrued interest expense of the Notes are convertible into units of the Company. The details are as follows:

- In the event of a conversion pursuant to the completion of a private placement after the Closing Date and prior to the Maturity Date, the principal balance will convert into units of Company at the price equal to the price of the units issued in the private placement, subject to the same terms and conditions. In addition, interest accrued up to the date of the private placement will be payable in cash.
- If the Company does not complete a private placement prior to the Maturity Date, the principal balance and accrued interest will automatically convert into units of the Company at a conversion price of \$0.08 per unit. Each unit contains one common share and one share purchase warrant exercisable into one common share of the Company for a period of two years from the Closing Date of the Notes, at a price of \$0.15 per warrant if exercised within one year following the Closing Date and at a price of \$0.24 per warrant if exercised more than one year following the Closing Date.

The Notes have been classified as a financial liability measured at amortized cost and are due on demand. As at September 30, 2023, the Notes had not been converted due to no triggering events taking place since the Closing Date and had a balance of \$215,200 (December 31, 2022 - \$nil). During the three and nine months ended September 30, 2023, the Notes have accrued interest of \$6,509 and \$12,877, respectively (2022 - \$nil and \$nil, respectively).

14. SHARE CAPITAL

a) Authorized

Authorized share capital consists of an unlimited number of common shares, without par value.

b) Issued and outstanding

During the nine months ended September 30, 2023, the Company did not have any share capital transactions. Certain over accrued unit issuance costs of \$5,874 were reversed.

During the year ended December 31, 2022, the Company had the following share capital transaction:

On March 31, 2022, the Company closed a non-brokered private placement of 14,232,456 units at a price of \$0.25 per unit for gross proceeds of \$3,558,114. Each unit consists of one common share of the Company and one common share purchase warrant entitling the holder to purchase one common share of the Company at a price of \$0.50 until March 31, 2024. In connection with the private placement, the Company paid finder's fees of \$59,455 and issued 237,820 compensation warrants valued at \$24,036 and incurred \$55,534 in other issuance costs. The compensation warrant terms are the same as the share purchase warrants.

During the nine months ended September 30, 2023, the Company did not have any share capital transactions. Certain over accrued unit issuance costs of \$5,874 were reversed.

ENVIROMETAL TECHNOLOGIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

14. SHARE CAPITAL (continued)**c) Share-based payments**

The Company's equity compensation plan ("2020 Plan") was approved by shareholders on November 24, 2020. Per the 2020 Plan, the aggregate number of shares reserved for issuance shall not exceed 20% of the Company's issued and outstanding common shares on the date of grant. Options that are exercised, expire or are otherwise terminated for any reason shall again be available for the purpose of granting options pursuant to the 2020 Plan. The 2020 Plan allows for options to be issued to directors, officers, employees and consultants of the Company or a subsidiary of the Company. Options granted must be exercised no more than five years from the date of grant or such lesser period as may be determined by the Company's board of directors and in accordance with the policies of the CSE. The board of directors determine the time period during which options shall vest and the method of vesting, which are subject to the policies of the CSE.

The grant date fair value is calculated using the Black-Scholes option pricing model. Where relevant, the expected life has been adjusted based on management's best estimate for the effects of historical forfeitures and behavioral considerations. Expected volatility is based on the historical share price volatility. For the three and nine months ended September 30, 2023, share-based payments were \$270 and \$3,689, respectively (2022 - \$nil and \$428,160, respectively).

A summary of the Company's inputs used in the Black-Scholes option pricing model for stock options granted during the nine months ended September 30, 2023 is as follows:

Exercise price	\$0.15
Grant date market price	\$0.07
Risk-free interest rate	3.29%
Expected life in years	2.00
Expected volatility	99.62%
Dividend yield	-

A summary of the Company's stock option activity is as follows:

	Number of stock options	Weighted average exercise price
	#	\$
Balance, December 31, 2021	7,660,000	0.66
Granted	5,925,000	0.25
Expired	(3,600,000)	(0.41)
Balance, December 31, 2022	9,985,000	0.66
Granted	200,000	0.15
Expired	(2,660,000)	1.03
Balance, September 30, 2023	7,525,000	0.52

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14. SHARE CAPITAL (continued)

A summary of the Company's stock options outstanding as at September 30, 2023 is as follows:

Date of expiry	Number of options outstanding	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
March 1, 2024	1,125,000	0.76	0.42
June 6, 2024	3,700,000	0.25	0.68
June 14, 2024	250,000	0.96	0.71
October 25, 2024	350,000	0.25	1.07
December 11, 2024	600,000	1.45	1.20
February 17, 2025	200,000	0.15	1.39
April 24, 2025	900,000	0.76	1.57
October 15, 2025	400,000	0.46	2.04
	7,525,000	0.52	0.90

d) Warrants

During the three and nine months ended September 30, 2023, there was no warrant activity.

During the year ended December 31, 2022, the Company completed a non-brokered private placement in two tranches and issued a total of 14,232,456 share purchase warrants and 237,820 compensation warrants.

A summary of the Company's warrant activity is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, December 31, 2021	21,210,252	0.58
Issued	14,470,276	0.50
Expired	(21,210,252)	(0.58)
Balance, September 30, 2023 and December 31, 2022	14,470,276	0.50

A summary of the Company's outstanding warrants as at September 30, 2023 is as follows:

Date of expiry	Number of warrants outstanding	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
February 18, 2024	13,198,320	0.50	0.39
March 31, 2024	1,271,956	0.50	0.50
	14,470,276	0.50	0.40

ENVIROMETAL TECHNOLOGIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

15. RELATED PARTY TRANSACTIONS

Related parties include directors and key management of the Company and entities controlled by these individuals. Key management personnel consist of senior management including the Chief Executive Officer.

A summary of the Company's related party transactions is as follow:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Consulting fees ⁽¹⁾	-	-	150,000	-
Directors' fees ⁽²⁾	68,952	71,961	205,290	199,316
General and administration ⁽³⁾	-	-	-	8,400
Salaries and benefits ⁽⁴⁾	56,250	105,833	235,899	460,833
Share-based payments	-	-	-	330,240
	125,202	177,794	591,189	998,789

1. Included under general and administration in profit or loss and under consulting in Note 17.
2. Included under general and administration in profit or loss and under public company costs in Note 17.
3. Included under general and administration in profit or loss and under general and administration in Note 17.
4. Included under management and employee costs in profit or loss.

As at September 30, 2023, the Company had a balance due from related party of \$4,987 (December 31, 2022 - \$4,987) included in trade and other receivables.

A summary of the Company's due to related parties is as follows:

	September 30, 2023	December 31, 2022
	\$	\$
Directors' fees	410,433	252,498
Consulting fees	213,862	-
	624,295	252,498

These amounts are unsecured, non-interest bearing, without specific repayment terms, are due on demand and have been incurred in the normal course of business. All transactions involving related parties are made on terms equivalent to those which prevail with arm's length transactions.

16. GOVERNMENT STIMULUS SUBSIDIES

The National Research Council of Canada Industrial Research Assistance Program provides companies with qualifying research projects with a monthly financial grant based on eligible wage expenses. During the three and nine months ended September 30, 2023, the Company recognized \$15,846 and \$43,275, respectively (2022 - \$2,641 and \$35,536, respectively), in government wage subsidy income as reductions of management and employee costs.

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(Unaudited - Expressed in Canadian dollars, except where noted)

17. GENERAL AND ADMINISTRATION

A summary of the Company's general and administration expenses is as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Consulting fees	21,533	53,713	180,533	297,455
General and administration	10,853	76,387	119,566	196,385
Professional fees	14,614	90,014	67,366	332,519
Public company costs	104,363	134,338	307,678	473,706
Travel	1,796	9,316	11,469	27,307
Attributable to discontinued operations (Note 18)	(9,589)	(100,684)	(60,101)	(297,364)
	143,570	263,084	626,511	1,030,008

18. DISCONTINUED OPERATIONS

In 2022, the Company discontinued processing E-waste at its EnviroCircuit facility. Consequently, as at December 31, 2022, assets and liabilities allocable to EnviroCircuit were classified as a disposal group. Revenue and expenses, gains and losses relating to the discontinuation of this subgroup have been eliminated from the Company's continuing operations and are shown as a single line item in profit and loss.

A summary of the Company's discontinued operations is as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Revenue	12,618	139,218	93,416	370,677
Operating costs	(875)	(3,249)	(875)	(321,762)
Management and employee costs	(6,021)	(150,295)	(102,984)	(512,200)
General and administration	(9,589)	(100,684)	(60,101)	(297,364)
Depreciation	-	-	(122,920)	(466,807)
Loss (gain) from disposal of assets	(835)	-	51,245	(20,527)
	(4,702)	(115,010)	(142,219)	(1,247,983)

ENVIROMETAL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

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19. PROVISION

EnviroMetal commenced a civil action against Regenx Technologies Corp. (formerly “Mineworx Technologies Ltd.”) and related parties (jointly, the “Mineworx Defendants”) in the Supreme Court of British Columbia in June 2021.

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 intellectual property (“IP”) without a license to do so from EnviroMetal. These actions by the Mineworx Defendants are in breach of the access agreements, confidentiality agreements, as well as the asset purchase agreement between Mineworx and EnviroMetal dated December 19, 2016. These actions constitute a 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.

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.

Due to the ongoing dispute with Mineworx, the Company recognized a provision of \$1,089,685.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying value of the Company's financial assets and liabilities approximate their fair values due to their nature and their short-term to maturity.

The Company's current business involves consulting for clients, licensing its proprietary technology for the extraction of precious metals for the mining and E-waste industries and select processing of ores and concentrates, which exposes the Company to a variety of financial instrument related risks. These risks include credit risk, liquidity risk and market risk. The Company's board of directors provides oversight for the Company's risk management processes.

a) 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 accounts at reputable financial institution, from which management believes the risk of loss to be remote. In Canada, federal deposit insurance covers balances up to \$100,000. As at September 30, 2023, management considers the Company's exposure to credit risk is minimal. Aging of trade and other receivables are as disclosed in Note 5.

b) 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.

ENVIROMETAL TECHNOLOGIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

As at September 30, 2023, the Company had a cash balance of \$671,638 (December 31, 2022 - \$429,038) to settle current liabilities of \$2,856,221 (December 31, 2022 - \$2,305,510). The Company is exposed to liquidity risk.

A summary of the Company's contractual undiscounted cash flow requirements as at September 30, 2023, is as follows:

	< 1 Year	1 - 3 Years	Total
	\$	\$	\$
Accounts payable and accrued liabilities	732,836	-	732,836
Due to related parties	624,295	-	624,295
Loan payable	-	40,000	40,000
Lease liabilities	101,328	56,745	158,073
Interest payable	12,877	-	12,877
Convertible notes	215,200	-	215,200
Subscription liability	80,000	-	80,000
	1,766,536	96,745	1,863,281

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at September 30, 2023, the Company is not exposed to significant market risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has no financial instruments that are subject to variable interest rates. As at September 30, 2023, the Company is not exposed to interest rate risk.

Foreign currency risk

The Company is exposed to currency risk due to business transactions in foreign countries or currencies. The Company primary transactions are 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. 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. As at September 30, 2023, the Company is not exposed to significant foreign exchange risk.

As at September 30, 2023, the Company has accounts payable and accrued liabilities of \$480,999 (US \$363,109) due in USD (December 31, 2022 - \$6,390 (US \$4,673)). A 10% change in foreign exchange rates would have an impact of approximately \$48,000 on net liabilities (December 31, 2022 - \$639).

ENVIROMETAL TECHNOLOGIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

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21. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring its mineral properties to commercial production.

The Company manages its capital structure and makes adjustments to it for changes in economic conditions and the risk characteristics of the underlying assets, being mineral properties.

In order to maintain or adjust its capital structure, the Company may issue new shares through equity offerings or sell assets to fund operations. Management reviews the Company's capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid, and highly-rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major financial institutions. There have not been changes to the Company's capital management policy during the year.