



## **Condensed Consolidated Financial Statements**

**For the three-month period ended March 31, 2022 and 2021**

(Formerly EnviroLeach Technologies Inc.)

(Unaudited, expressed in Canadian dollars)

**EnviroMetal Technologies Inc.**  
**Consolidated Statements of Financial Position**  
*(Unaudited, expressed in Canadian dollars)*

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**Management's Responsibility for Financial Reporting**

**Responsibility for Financial Statements**

The accompanying unaudited condensed consolidated interim financial statements of EnviroMetal Technologies Inc. as at and for the three-month period ended March 31, 2022 have been prepared by the Company's management. Recognizing that the Company is responsible for both the integrity and objectivity of the condensed consolidated interim financial statements, management is satisfied that these condensed consolidated interim financial statements have been fairly presented.

The external auditors of the Company have not audited these condensed consolidated interim financial statements.

**EnviroMetal Technologies Inc.**  
**Consolidated Statements of Financial Position**  
(Unaudited, expressed in Canadian dollars)

	March 31, 2022	December 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 2,950,557	\$ 784,790
Trade and other receivables (Note 4)	495,397	434,921
Inventories (Note 5)	415,473	4,058,440
Assets held for sale (Note 6)	382,694	326,947
Prepaid expenses and deposits	137,230	155,546
	<b>4,381,351</b>	<b>5,760,644</b>
<b>Non-current assets</b>		
Investment in Group 11 (Note 7)	221,085	301,665
Plant and equipment (Note 8)	2,169,578	2,169,295
	<b>2,390,663</b>	<b>2,470,960</b>
<b>Total assets</b>	<b>\$ 6,772,014</b>	<b>\$ 8,231,604</b>
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 10)	\$ 894,131	\$ 4,405,623
Due to (from) related parties (Note 12)	-	62,264
Deferred revenues	22,425	38,125
Loan payable (Note 14)	40,000	40,000
Lease liabilities (Note 9)	306,457	322,025
Contingent liability (Note 20)	1,099,795	1,109,026
	<b>\$ 2,362,808</b>	<b>\$ 5,977,063</b>
<b>Non-current liabilities</b>		
Lease liabilities (Note 9)	59,107	129,470
Advance royalty payable (Note 11)	-	-
	<b>59,107</b>	<b>129,470</b>
<b>Total liabilities</b>	<b>2,421,915</b>	<b>6,106,533</b>
<b>Equity</b>		
Share capital (Note 13)	32,208,313	29,726,904
Reserves (Note 13)	7,991,242	7,765,126
Contributed surplus (Note 13)	1,498,964	750,000
Accumulated deficit	(37,348,420)	(36,116,959)
Equity attributable to shareholders	4,350,099	2,125,071
Non-controlling interest	-	-
<b>Total equity</b>	<b>4,350,099</b>	<b>2,125,071</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 6,772,014</b>	<b>\$ 8,231,604</b>

Going concern (Note 1), Commitments (Note 20), and Subsequent Events (Note 21)  
The accompanying notes form an integral part of these condensed interim financial statements.  
Approved by the Board of Directors of EnviroMetal Technologies Inc. on May 27, 2022:

/s/ Duane Nelson

/s/ Court Anderson

**EnviroMetal Technologies Inc.****Consolidated Statements of Loss and Comprehensive Loss**

For the three-month periods ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars)*

	<b>March 31, 2022</b>	<b>March 31, 2021</b>
<b>Revenues</b>		
Consulting revenue	48,450	5,131
Sale of precious and other metals	3,707,516	38,070
	<b>3,755,966</b>	<b>43,201</b>
<b>Expenses</b>		
Operating costs	(3,611,521)	(77,199)
Management and Employee costs	(525,377)	(364,686)
General and administration (Note 15)	(548,116)	(294,127)
	<b>(4,685,014)</b>	<b>(736,012)</b>
<b>Loss before other items</b>	<b>(929,048)</b>	<b>(692,811)</b>
<b>Other items</b>		
Interest income	649	893
Interest and financing costs	(10,073)	(401,936)
Amortization (Note 8)	(187,634)	(470,878)
Loss on disposal of assets	(20,527)	-
Unrealised loss on investment in associate (Note 7)	(80,581)	(11,386)
Gain on settlement of advance royalty payable (Note 11)	-	629,850
Expected credit loss (Note 20)	-	(117,104)
Foreign exchange	(4,247)	62,015
	<b>(302,413)</b>	<b>(308,546)</b>
<b>Loss and comprehensive loss</b>	<b>(1,231,461)</b>	<b>(1,001,357)</b>
Loss and comprehensive loss attributable to:		
Shareholders	(1,231,461)	(892,450)
Non-controlling interest	-	(108,907)
	<b>(1,231,461)</b>	<b>(1,001,357)</b>
Net loss per common share, basic and diluted	(0.012)	(0.011)
Weighted-average number of common shares outstanding, basic and diluted	99,788,207	93,596,002

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

**EnviroMetal Technologies Inc.**
**Consolidated Statements of Changes in Equity**

For the three-month periods ended March 31, 2022 and 2021

(Unaudited, expressed in Canadian dollars, except for number of shares amount)

	Share capital		Reserves		Contributed surplus	Accumulated deficit	Non-controlling interest	Total Equity
	Shares #	Amount	Share-based payments	Warrants				
<b>Balance, January 1, 2022</b>	93,696,002	\$ 29,726,904	\$ 5,343,452	\$ 2,421,674	\$ 750,000	\$ (36,116,959)	\$ -	\$ 2,125,072
Private placement of units (Note 13)	14,232,406	2,481,409	-	975,080	-	-	-	3,456,489
Issuance of shares for options	-	-	-	-	-	-	-	-
Shares issued for debt settlement	-	-	-	-	-	-	-	-
Share issuance costs (Note 13)	-	-	-	-	-	-	-	-
Transfer	-	-	-	(748,964)	748,964	-	-	-
Equity contribution from minority shareholder	-	-	-	-	-	-	-	-
Net loss for the period	-	-	-	-	-	(1,231,461)	-	(1,231,461)
<b>Balance, March 31, 2022</b>	<b>107,928,408</b>	<b>\$ 32,208,313</b>	<b>\$ 5,343,452</b>	<b>\$ 2,647,790</b>	<b>\$ 1,498,964</b>	<b>\$ (37,348,420)</b>	<b>\$ -</b>	<b>\$ 4,350,099</b>

	Share capital		Reserves		Contributed surplus	Accumulated deficit	Non-controlling interest	Total Equity
	Shares #	Amount	Share-based payments	Warrants				
<b>Balance, January 1, 2021</b>	93,046,002	29,447,944	5,323,802	2,421,674	750,000	24,630,185	1,121,068	\$ 14,434,303
Issuance of shares for options	300,000	138,690	(63,690)	-	-	-	-	75,000
Shares issued for debt settlement (Note 11)	250,000	102,927	-	-	-	-	-	102,927
Share issuance costs (Note 13)	-	(8,307)	-	-	-	-	-	(8,307)
Equity contribution from minority shareholder	-	-	-	-	-	-	117,104	117,104
Net loss for the period	-	-	-	-	-	(892,450)	108,907	(1,001,357)
<b>Balance, March 31, 2021</b>	<b>93,596,002</b>	<b>\$ 29,681,253</b>	<b>\$ 5,260,112</b>	<b>\$ 2,421,674</b>	<b>\$ 750,000</b>	<b>\$ (25,522,635)</b>	<b>\$ 1,129,265</b>	<b>\$ 13,719,670</b>

**EnviroMetal Technologies Inc.****Consolidated Statements of Cash Flows**

For the three-month periods ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars)*

	<b>March 31, 2022</b>	<b>March 31, 2021</b>
<b>Cash flows from (to) operating activities</b>		
Net loss for the period	\$ (1,231,461)	\$ (1,001,357)
Adjustments to reconcile net loss to cash used in operating activities:		
Amortization	187,634	470,878
Loss on disposal and write-down of assets (Note 8)	23,916	-
Amortized interest on liabilities	8,255	398,927
Gain on settlement of advance royalty payable (Note 11)	-	(629,850)
Loss related to investment in associate (Note 7)	80,580	11,386
Expected credit loss (Note 20)	-	117,104
Changes in non-cash operating working capital (Note 16)	(55,908)	(540,508)
	<b>(986,984)</b>	<b>(1,173,420)</b>
<b>Cash flows to investing activities</b>		
Acquisition of plant and equipment	(187,917)	(45,890)
	<b>(187,917)</b>	<b>(45,890)</b>
<b>Cash flows from (to) financing activities</b>		
Issuance of common shares for private placement	3,558,114	-
Share issuance costs	(101,625)	(10,380)
Shares issued for options	-	75,000
Royalty payments	-	(191,658)
Payments of lease obligations	(94,186)	(97,374)
	<b>3,362,303</b>	<b>(224,412)</b>
Increase (decrease) in cash	<b>2,187,402</b>	<b>(1,443,722)</b>
Effects of foreign exchange rates on cash	(21,635)	1,964
<b>Cash, beginning of period</b>	<b>784,790</b>	<b>5,511,314</b>
<b>Cash, end of period</b>	<b>\$ 2,950,557</b>	<b>\$ 4,069,556</b>

Supplemental cash flow information (Note 16)

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

## **EnviroMetal Technologies Inc.**

### **Notes to the Consolidated Financial Statements**

For the three-month periods ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars)*

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#### **1. Corporate information and going concern**

EnviroMetal Technologies Inc. (the Company or EnviroMetal) was incorporated under the Province of Alberta Business Company 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 *Business Corporation Act* (British Columbia) and adopted new articles of incorporation. On August 8, 2021, the Company applied for and received a name change from Enviroleach Technologies Inc. to EnviroMetal Technologies Inc.

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 (FSE) under the symbol "7N2".

The Company's registered office is located at 1500, 1055 West Georgia St., Vancouver BC V6E 0B6 and its corporate head office is located at #114 - 8331 Eastlake Drive, Burnaby, BC V5A 4W2.

These unaudited condensed consolidated interim financial statements (the Interim Financial Statements) have been prepared on the assumption 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. The Company incurred a loss of \$1,231,461 for the three-month period ended March 31, 2022 (2021 – loss of \$1,001,357) and has an accumulated deficit since inception of \$37,348,420 (December 31, 2021 - \$36,116,959). There are several adverse conditions which create a material uncertainty that may cast significant doubt about 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 believes these objectives can be met, and that the going concern assumption is appropriate. If the going concern assumption was not appropriate for these Interim Financial Statements, then adjustments would be necessary to the carrying value of assets and liabilities, reported expenses, and the consolidated statement of financial position classifications used, and such adjustments could be material.

#### ***Impact of COVID-19***

The global transmission of COVID-19 and the related global efforts to contain its spread have resulted in international border closings, travel restrictions, significant disruptions to supply chains, as well as a significant impact on commodity prices and capital markets. The Company has adopted certain procedures to respond to COVID-19 and mitigate the impacts of the COVID-19 crisis. These impacts include reduced sales attributable to supply chain disruptions and travel restrictions, increased costs from efforts to mitigate the impact of COVID-19 and disruptions to processing plant operations. The Company does not believe that COVID-19 has impacted any of the significant estimates or judgments used in these Interim Financial Statements.

#### **2. Basis of presentation**

##### **(a) Statement of compliance**

These Interim Financial Statements have been prepared in accordance with *International Accounting Standard ("IAS") 34, Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting

## **EnviroMetal Technologies Inc.**

### **Notes to the Consolidated Financial Statements**

For the three-month periods ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars)*

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Standards (“IFRS”). These Interim Financial Statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2021 (the “2021 Annual Financial Statements”), which have been prepared in accordance with IFRS.

These Interim Financial Statements have been prepared using accounting policies consistent with those used in the 2021 Annual Financial Statements. Certain comparative amounts have been reclassified to conform to the current year’s presentation.

These Interim Financial Statements were authorized for issue by the Board of Directors on May 27, 2022.

#### **(b) Basis of measurement**

These Interim Financial Statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that are measured at fair value as disclosed elsewhere in the notes to the financial statements.

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and judgments that may have a significant impact to the financial statements. Estimates are continuously evaluated and are based on management’s experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.

These Interim Financial Statements are presented in Canadian dollars, unless otherwise indicated.

### **3. Summary of significant accounting policies**

#### **(a) Basis of consolidation**

The consolidated financial statements are prepared by consolidating entities that are controlled by the Company. An entity is controlled when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through power over the investee. Power over an entity is the ability to exercise rights that give affect the entity’s returns (relevant activities). Power may be determined on the basis of voting rights or, in the case of structured entities, other contractual arrangements. The determination of control is based on the current facts and circumstances and is continuously assessed. In some circumstances, different factors and conditions may indicate that different parties control an entity depending on whether those factors and conditions are assessed in isolation or in totality. Significant judgment is applied in assessing the relevant factors and conditions in totality when determining whether an entity is controlled. Specifically, judgment is applied in assessing whether the Company has substantive decision-making rights over the relevant activities. Controlled entities are consolidated from the date control is obtained and consolidation is ceased when an entity is no longer controlled by the Company. Non-controlling interests in subsidiaries that are consolidated are shown on the consolidated statements of financial position as a separate component of equity which is distinct from equity attributable to shareholders. The net income attributable to non-controlling interests is separately disclosed in the consolidated statements of loss and comprehensive loss.

At March 31, 2021 and December 31, 2021, the consolidated financial statements of EnviroMetal Technologies Inc. were consolidated with the accounts of a joint venture project with Mineworx Technologies Ltd. (Mineworx) in which the Company was the operator and had control over the decision-making process. The interest attributed to Mineworx was 20% and recorded as non-controlling interest. This determination was made after an analysis of *IFRS 10 Consolidated Financial Statements* and the terms of the agreement with Mineworx. The Company



## **EnviroMetal Technologies Inc.**

### **Notes to the Consolidated Financial Statements**

For the three-month periods ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars)*

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terminated the joint venture with Mineworx, as of April 5, 2021, and the Company now owns 100% of the assets per the joint venture agreement dated February 14, 2020.

#### **(b) Functional and presentation currencies and foreign currency translation**

The functional currency of the Company is determined using the currency of the primary economic environment in which the Company operates, the Canadian dollar. The presentation currency is also the Canadian dollar.

In preparing the financial statements of the Company, transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at rates prevailing at the reporting dates and are recognized in profit and loss in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### **(c) Cash**

Cash includes cash on deposit in Canadian and Dubai National banks and are subject to negligible risk of changes in value. As at March 31, 2022, the Company had cash of \$2,950,557 (December 31, 2021 - \$748,790) of which \$2,822,389 was placed with a bank in Canada and \$128,168 was placed with a bank in the United Arab Emirates.

#### **(d) Inventories**

Inventories consist of raw materials, finished goods and supplies to be consumed in operating and research activities and include unprocessed electronic waste (E-waste), E-waste in circuit, processed E-waste, consumables, inventory of parts and spare parts for the E-waste processing plant, and gold bearing materials secured from external mining and milling operations. All inventories are measured at the lower of cost and net realizable value in accordance with *IAS 2 Inventories*. The cost of inventories is based on weighted average cost formula, and includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. The cost of conversion is calculated based on the standard allocation of the direct labour and fixed and variable overheads incurred in converting the raw materials to finished goods. When inventories are sold the cost are expensed in the period the revenue is recognized. At each reporting period precious metal finished goods are held at net realizable value, and updated with assay results from downstream customers.

#### **(e) Assets held for sale**

The Company has accounted for assets held for sale in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*. Items classified as assets held for sale are non-current assets and liabilities that will be recovered principally through a sale transaction rather than continual use. This condition is satisfied when the asset is available for immediate sale in its present condition, management is committed to the sale, and it is highly probable to occur within one year. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less selling costs and, if significant, are presented separately from other assets as current assets on the Consolidated Statements of Financial Position. If assets are held for longer than 12 months, the Company records a provision for the expected decrease in sales value.

#### **(f) Intangible assets, plant and equipment**

##### ***Plant and equipment***

Plant and equipment are recorded at cost less accumulated depreciation and impairment losses, if any. Costs

## **EnviroMetal Technologies Inc.**

### **Notes to the Consolidated Financial Statements**

For the three-month periods ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars)*

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directly attributable to the acquisition or construction of plant and equipment are also capitalized as part of the costs. Repairs and maintenance are charged to the consolidated statement of loss and comprehensive loss during the financial period in which they are incurred. Upon retirement, disposal or destruction of an asset, the cost and related depreciation are removed from the accounts and any gain or loss is included in the consolidated statement of loss and comprehensive loss. Plant and equipment assets are tested for impairment if events or circumstances indicate that the assets might be impaired.

#### ***Technology***

Technology assets are the costs of acquiring rights to proprietary environmentally friendly technologies for the concentration and extraction of valuable metals for use in the mining and environmental waste/reclamation industries. The expected future economic benefits support the carrying value, which will be amortized over its estimated useful life, expected to be 10 years. These assets are tested for impairment if events or circumstances indicate that the assets might be impaired.

#### ***Depreciation***

Depreciation is based on estimated useful lives of the assets on a straight-line basis, as follows:

Plant and equipment	7 to 10 years
Vehicles	5 years
Office furniture and fixtures	3 to 5 years
Computers	3 years
Technology	10 years
Patents	Life of patent (20 years)

The assets' residual values, method of depreciation and useful lives are reviewed and adjusted, if appropriate, at least annually.

#### **(g) Leases**

In accordance with *IFRS 16 Leases*, as of January 1, 2018, at the commencement date of a lease, the Company recognizes a lease liability and an asset representing the right to use the underlying asset during the lease term (i.e. the "right-of-use" asset) unless the underlying asset has a low value or the lease term is twelve months or less, in which case leases are expensed in the period incurred. At commencement date, the right-of-use asset is measured at cost, which includes the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset. The right-of-use asset is then amortized using the straight-line method from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. The right-of-use asset may also be reduced for any impairment losses, if any.

At the lease commencement date, the lease liability is measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate, which is the rate the Company would pay for similar assets at similar locations over a similar term. The lease liability is measured at amortized cost using the effective interest method.

The lease liability is re-measured when there is a change in future lease payments due to a change in an index or

## **EnviroMetal Technologies Inc.**

### **Notes to the Consolidated Financial Statements**

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rate, a change in the Company's estimate of an amount payable under residual value guarantee, or if there is a change in the assessment of whether the Company will exercise a purchase, termination or extension option. When the lease liability is re-measured, a corresponding adjustment is made to the right-of-use asset or recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### **(h) Revenue recognition**

The Company derives revenue from the sale of precious metals in a concentrate or pure form, licensing fees and consulting fees. In accordance with *IFRS 15 Revenue from Contracts with Customers*, the Company recognizes revenue using the following 5 steps:

1. Identify that a contract exists
2. Identify performance obligations
3. Determine price
4. Allocate price to performance
5. Recognize performance is completed

Revenue streams are as follows:

##### ***Sales of precious and other metals***

The Company sells precious and other metals to smelters and refiners for final transformation into investment grade precious metals or commercial grade base metals. These smelters and refiners have over-arching agreements that govern how materials flows will be accounted for at the point of sale. The sale is recorded in point in time when performance obligation is met, and when the risk and rewards of ownership is passed on to the smelting or refining companies, which is the date that they acknowledge receipt of the goods via waybill or bill of lading. The transaction price is determined over time, with provisional payments based on the market value of the marketable metals at the time of delivery (using the previous months average price) and adjusted at time of the final settlement. As the Company does not use forward contracts, there is provisional adjustments to the price received from the sale of materials for up to 6 months after initial delivery.

##### ***Sales of intellectual property***

The Company sells intellectual property, processes, and patented knowledge in the form of licenses, territories and/or exclusivity agreements. The transaction price is determined with the customer prior to contract execution for an effective date in the future. Control is transferred when both the effective date of the contract has passed and there is no further ongoing involvement of management in the use of the intellectual property. The Company's performance obligation is the creation and delivery of Intellectual property rights. Those rights do not require ongoing maintenance and are based on time. The revenue associated is recorded on a straight-line basis based on the period of the agreement and where the term of the agreement is indefinite the revenue is recorded based on the estimated useful life of the rights sold.

##### ***Consulting services***

The services are sold to companies operating in the E-waste and/or mining industries and primarily relate to the design and implementation of the Company's intellectual property, catered to the client's needs. Services rendered are measured either using time as the basis for measurement, or achievement of pre-determined milestones. The primary time basis of measurement is labour hours for technical analysis, and the primary milestones would be delivery of digital report, investigatory result, or completion of a project. For consulting services where the sales

## **EnviroMetal Technologies Inc.**

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model is uncapped hours with a report to formalize completion, revenue is recorded as the input hours are measured. When a project has a fixed value, and the duration is longer than one period revenue is recorded based on actual hours as a percentage of budgeted. When a project has a fixed value and the duration is within a period, revenue is recorded on the delivery of the final milestone, usually a technical report.

#### **(i) Impairments**

##### ***Non-financial assets***

At each reporting date, the Company reviews its intangible assets, plant and equipment at the cash generating unit (“CGU”) level to determine whether there is any indication that these assets are impaired. If any such indication exists, the recoverable amount of the relevant CGU is estimated in order to determine the extent of impairment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company has two CGUs; (1) an E-waste and mineral processing plant; and (2) performing technical services related to implementing its proprietary technology for the extraction of precious metals for the mining and E-waste industries. These two revenue streams have independent labour pools, locations, and client profiles and as such are separated for the purposes of CGU analysis.

Impairment of a CGU is assessed when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount, being the higher of the value in use and the fair value less costs to sell. In assessing value in use, the estimated future cash flows associated with the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For fair value less costs to sell, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. Discounted cash flow techniques require management to make estimates and assumptions concerning future production revenues and expenses. The determination of discounted cash flows is dependent on many factors, including future metal prices, production schedules, production costs, sustaining capital expenditures and plant closure and site rehabilitation costs. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount with the impairment recognized in profit and loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there had been a change in the estimates used to determine the recoverable amount. If an impairment is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have been determined had impairment not been recognized for the asset in prior periods.

#### **(j) Provisions**

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of past events for which it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the present value of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

## **EnviroMetal Technologies Inc.**

### **Notes to the Consolidated Financial Statements**

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*(Unaudited, expressed in Canadian dollars)*

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#### **(k) Government assistance**

Amounts received or receivable resulting from government assistance programs are recognized where there is reasonable assurance that the amount of government assistance will be received, and all attached conditions will be complied with. When the amount relates to an expense item, it is recognized as a reduction against the costs it is intended to compensate. When the amount relates to an asset, it reduces the carrying amount of the asset and is then recognized as income over the useful life of the depreciable asset by way of a reduced depreciation charge.

#### **(l) Share-based compensation**

The Company has a share-based compensation plan described in Note 13. Compensation costs are measured at the grant date based on the fair value of the award and are recognized on a graded basis over the vesting period in profit and loss, with a corresponding increase to reserves. Upon exercise, common shares are issued from treasury and the amount reflected in reserves is credited to share capital, as adjusted for any consideration paid.

The Black-Scholes option pricing model is used to determine the fair value of new grants. This model incorporates subjective assumptions, including volatility and expected life. At the end of each reporting period, the Company reviews and adjusts the amount recognized as an expense based on the number of options expected to vest. The impact of the revision, if any, is recognized in profit and loss, with a corresponding adjustment to reserves.

Options issued to non-employees are measured based on the fair value of the services received at the date of receiving those services. If the fair value of the goods or services cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

#### **(m) Share capital**

The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issuance of common shares are shown in equity as a deduction from the proceeds of issuance.

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value. The relative fair value of the share component is credited to share capital and the relative fair value of the warrant component is credited to reserves. Upon exercise of warrants, consideration paid by the warrant holder together with the amount previously recognized in reserves is recorded as an increase to share capital. Upon expiration of warrants, the amount applicable to warrants expired is recorded as an increase to share capital.

#### **(n) Earnings (loss) per share**

Basic earnings (loss) per share is computed by dividing the net income (loss) by the weighted-average number of outstanding common shares for the year.

Diluted earnings (loss) per share is computed by dividing the net income (loss) attributable to the common shareholders of the Company by the weighted-average number of outstanding common shares for the year including all additional common shares that would have been outstanding if potentially dilutive equity instruments were converted to common shares. The weighted average number of common shares used to calculate the dilutive effect assumes that the proceeds that could be obtained upon exercise of stock options would be used to purchase common shares at the average market price during the period.

In periods where a net loss is incurred, basic and diluted loss per share is the same as the effect of outstanding stock options would be anti-dilutive.

## **EnviroMetal Technologies Inc.**

### **Notes to the Consolidated Financial Statements**

For the three-month periods ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars)*

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#### **(o) Comprehensive income (loss)**

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. For the years presented, comprehensive loss was the same as net loss.

#### **(p) Non-controlling interest**

Non-controlling interest represents equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net income and other comprehensive income is recognized directly in equity even if the results of the non-controlling interest have a deficit balance.

The Company recognizes transactions with non-controlling interest as transactions with equity shareholders. Changes in the Company's ownership interest in subsidiaries that do not result in loss of control are accounted for as equity transactions. Following a change in control, any non-controlling interest that represents amounts owing to the counterparty are recognized as a current liability.

#### **(q) 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 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***

At each reporting date, the Company assesses whether there has been a significant increase in credit risk that would provide objective evidence that a financial asset at amortized cost is impaired. The Company recognizes a loss allowance for expected credit losses on its financial assets. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

Financial assets at amortized cost are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost less any impairment using the effective interest method. 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.

## **EnviroMetal Technologies Inc.**

### **Notes to the Consolidated Financial Statements**

For the three-month periods ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars)*

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#### ***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 less any directly attributable transaction costs. Subsequent to 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 and loan payable. Financial liabilities are classified as current or non-current based on their maturity dates. Financial liabilities held for trading or designated at fair value through profit or loss are subsequently carried at fair value with gains and losses recognized in profit or loss.

Non-controlling interest, derecognized as equity during the year is held at amortized cost and gains or losses on settlement will be recognized through profit and loss.

#### **(r) Investments in associates**

Our investments in associated corporations and limited partnerships over which the Company has significant influence are accounted for using the equity method. The equity method is also applied to interests in joint ventures over which joint control has been established. Under the equity method of accounting, investments are initially recorded at cost, and the carrying amount is increased or decreased to recognize our share of the investee's net profit or loss, including the proportionate share of the investee's other comprehensive income (OCI), subsequent to the date of acquisition.

At March 31, 2021 the Company's consolidated financial statements include an investment in Group 11, held at 34.46% interest where the Company contributed technology assets valued at \$750,000. (Note 7).

**EnviroMetal Technologies Inc.****Notes to the Consolidated Financial Statements**

For the three-month periods ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars)***4. Trade and other receivables**

The following table provides details on trade and other receivables at March 31, 2022 and December 31, 2021:

		<b>March 31, 2022</b>		<b>December 31, 2021</b>
Trade	\$	193,462	\$	523,528
Government subsidies		-		23,945
Taxes		53,059		25,578
Due from Mineworx		-		324,080
Other		248,876		11,499
Expected credit loss (Note 20)		-		(473,709)
	<b>\$</b>	<b>495,397</b>	<b>\$</b>	<b>434,921</b>

**5. Inventory**

The Company's inventory at March 31, 2022 and December 31, 2021 consisted of the following:

		<b>March 31, 2022</b>		<b>December 31, 2021</b>
Parts	\$	90,317	\$	89,845
Raw materials		46,442		3,496,737
Chemicals		278,714		301,244
Finished goods		-		170,614
	<b>\$</b>	<b>415,473</b>	<b>\$</b>	<b>4,058,440</b>

Raw materials consist of precious metals bearing material at the invoiced amount, based on the current estimated value. Finished goods consists of precious metals and concentrate delivered or in-transit to customers at period-end.

Costs of inventories recognized as an expense during the three-month period ended March 31, 2022 and the year ended December 31, 2021 are as follows:

		<b>March 31, 2022</b>		<b>December 31, 2021</b>
Opening inventory	\$	4,058,440	\$	800,193
Purchase		472		4,754,574
Consumed		(3,557,491)		(604,910)
Write-down and other adjustments		(85,948)		(891,417)
<b>Closing balance</b>	<b>\$</b>	<b>415,473</b>	<b>\$</b>	<b>4,058,440</b>



## EnviroMetal Technologies Inc.

### Notes to the Consolidated Financial Statements

For the three-month periods ended March 31, 2022 and 2021

(Unaudited, expressed in Canadian dollars)

#### 6. Assets held for sale

The Company's inventory at March 31, 2022 and December 31, 2021 consisted of the following:

		March 31, 2022		December 31, 2021
Opening balance	\$	326,947	\$	366,966
Additions		55,747		274,400
Sold		-		(169,100)
Written-down		-		(145,319)
<b>Closing balance</b>	<b>\$</b>	<b>382,694</b>	<b>\$</b>	<b>326,947</b>

#### 7. Investment in Group 11

On August 28, 2020, the Company entered into a license agreement with Group 11 Technologies Inc. ("Group 11") for the use of the Company's gold recovery technology for use in-situ gold mining applications.

In exchange for an initial 40% ownership (March 31, 2022 – 34.46%) position in Group 11, EnviroMetal has granted Group 11 a license to use the Company's metal extraction technology. On initial recognition, the licensing fee was recorded at cost, being \$750,000. The Company is entitled to royalty payments on any metal produced in accordance with the license agreement.

The Company has determined that it exercises significant influence over Group 11 and accounts for this investment using the equity method. During the three-month period ended March 31, 2022, the Company recorded \$80,580 (March 31, 2021 - \$49,876) as its proportionate share of Group 11's net loss on the consolidated statements of loss and comprehensive loss. The following table is a reconciliation of the carrying value of the investment in Group 11:

		March 31, 2022		December 31, 2021
Opening balance	\$	301,665	\$	700,124
Adjustments to carrying value:				
Proportionate share of net gain (loss)		(80,580)		(398,459)
<b>Closing balance</b>	<b>\$</b>	<b>221,085</b>	<b>\$</b>	<b>301,665</b>
The Company's percentage ownership		34.46%		34.46%

Concurrent with the licensing agreement, the Company entered into a support and services agreement with Group 11, which was amended effective February 28, 2022. Under the terms of the amended support and services agreement, the Company will earn a minimum aggregate fee of \$750,000 for support services provided prior to August 28, 2024. During the three-month period ended March 31, 2021, the Company billed Group 11 \$48,371 (cumulative \$213,443) for work performed under the services agreement.

**EnviroMetal Technologies Inc.**

**Notes to the Consolidated Financial Statements**

For the three-month periods ended March 31, 2022 and 2021

(Unaudited, expressed in Canadian dollars)

**8. Plant and equipment**

	Equipment	Right of Use	Office Fixtures	Computers	Vehicle	Total
<b>Costs</b>						
Opening balance - Jan 1, 2021	\$ 5,314,656	\$ 1,100,843	\$ 162,409	\$ 32,195	\$ -	\$ 6,610,103
Additions	432,676	491,683	-	9,196	20,158	953,713
Other adjustments	(1,153,267)	-	-	-	-	(1,153,267)
Closing balance - Dec 31, 2021	\$ 4,594,065	\$ 1,592,526	\$ 162,409	\$ 41,391	\$ 20,158	\$ 6,410,549
<b>Depreciation and impairment</b>						
Opening balance - Jan 1, 2021	\$ 1,344,518	\$ 815,538	\$ 90,240	\$ 29,373	\$ -	\$ 2,279,670
Additions	725,872	339,518	54,136	12,018	3,024	1,134,568
Other adjustments	827,017	-	-	-	-	827,017
Closing balance - Dec 31, 2021	\$ 2,897,407	\$ 1,155,056	\$ 144,376	\$ 41,391	\$ 3,024	\$ 4,241,254
<b>Net book value – Dec 31, 2021</b>	<b>\$ 1,696,658</b>	<b>\$ 437,470</b>	<b>\$ 18,033</b>	<b>\$ -</b>	<b>\$ 17,134</b>	<b>\$ 2,169,295</b>

	Equipment	Right of Use	Office Fixtures	Computers	Vehicle	Total
<b>Costs</b>						
Opening balance - Jan 1, 2022	\$ 4,594,065	\$ 1,592,526	\$ 162,409	\$ 41,391	\$ 20,158	\$ 6,410,549
Additions	187,919	-	-	-	-	187,919
Transfers	-	-	-	-	-	-
Closing balance - Mar 31, 2021	\$ 4,781,984	\$ 1,592,526	\$ 162,409	\$ 41,391	\$ 20,158	\$ 6,598,468
<b>Depreciation and impairment</b>						
Opening balance - Jan 1, 2022	\$ 2,897,407	\$ 1,155,056	\$ 144,376	\$ 41,391	\$ 3,024	\$ 4,241,254
Additions	87,111	85,982	13,534	-	1,008	187,636
Transfers	-	-	-	-	-	-
Closing balance - March 31,	\$ 2,984,518	\$ 1,241,038	\$ 157,910	\$ 41,391	\$ 4,032	\$ 4,428,890
<b>Net book value – Mar 31, 2022</b>	<b>\$ 1,797,465</b>	<b>\$ 351,488</b>	<b>\$ 4,499</b>	<b>\$ -</b>	<b>\$ 16,126</b>	<b>\$ 2,169,578</b>

**EnviroMetal Technologies Inc.****Notes to the Consolidated Financial Statements**

For the three-month periods ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars)***9. Leases**

The Company's right of use assets is included in plant and equipment (Note 8). 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 6.58% for buildings. Lease liabilities recognized at March 31, 2022 and December 31, 2021 are as follows:

		<b>March 31, 2022</b>		<b>December 31, 2021</b>
Lease liabilities, opening balance	\$	451,495	\$	308,578
Leases added		-		491,683
Payment of lease liabilities		80,178		(381,731)
Interest expense		5,753		32,965
Lease liabilities, closing balance	\$	365,564	\$	451,495
Lease liabilities, current		306,457		322,025
Lease liabilities, non-current		59,107		129,470
Lease liabilities, closing balance	\$	365,564	\$	451,495

**10. Accounts payable and accrued liabilities**

The following table summarizes the Company's accounts payable and accrued liabilities at March 31, 2022:

		<b>March 31, 2022</b>		<b>December 31, 2021</b>
Accounts payable	\$	480,408	\$	802,621
Payroll liabilities		262,344		155,138
Accrued liabilities		151,378		91,215
	\$	<b>894,131</b>	\$	<b>1,048,974</b>

These amounts are unsecured, non-interest bearing, without specific repayment terms and have been incurred in the normal course of business.

**11. Advance royalty payable**

As part of the consideration for the acquisition of the Company's technology the Company granted the vendor an advance royalty. The advance royalty payable was incurred on the acquisition of the technology. During the year ended December 31, 2021, the Company settled the advance royalty in full by way of a cash payment in the amount of US \$150,000 and by issuing to the vendor 250,000 common shares in the capital of the Company.

## EnviroMetal Technologies Inc.

### Notes to the Consolidated Financial Statements

For the three-month periods ended March 31, 2022 and 2021

(Unaudited, expressed in Canadian dollars)

#### 12. Related party transactions

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

Compensation paid or accrued to key management during the period ended March 31, 2022 and year ended December 31, 2021 are as follows:

	Three months ended	
	March 31, 2022	March 31, 2021
Salaries and consulting fees	\$ 177,500	\$ 217,583
Directors fees	64,126	64,126
Other	4,200	5,600
	<b>\$ 245,826</b>	<b>\$ 287,309</b>

All transactions involving related parties are made on terms equivalent to those which prevail with arm's length transactions. At March 31, 2022 outstanding payables to related parties were \$nil (December 31, 2021 - \$62,264). Any amounts are unsecured, non-interest bearing, without specific repayment terms, are due on demand and have been incurred in the normal course of business

#### 13. Share capital

##### (a) Capital stock

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

On January 29, 2021, the Company issued 250,000 shares, valued at \$105,000, less share issuance costs of \$2,073 as part of the settlement of the advance royalty payable (refer to Note 11).

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 March Unit consists of one common share of the Company and one common share purchase warrant entitling the holder to purchase one common share in the capital of the Company at a price of \$0.50 at any time within prior to the 24-month anniversary date of closing. In connection with the private placement, the Company paid finder's fees of \$59,455 and issued 237,820 compensation warrants valued at \$24,163 and incurred \$48,167 in other issuance costs.

##### (b) Share-based payments

The Company has a stock option plan (the "Plan") whereby the maximum number of shares reserved for issue under the plan shall not exceed 20% of the outstanding common shares of the Company, as at the date of the grant. Options granted must be exercised no later than five years from the date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of an option may not be less than the closing price on the Canadian Securities Exchange on the last trading day preceding the grant date. Options granted to directors, officers, employees, and consultants vest in accordance with the Plan and the vesting terms established by the Board of Directors at the time of grant.

**EnviroMetal Technologies Inc.****Notes to the Consolidated Financial Statements**

For the three-month periods ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars)*

Stock options outstanding and exercisable are summarized as follows:

	Number of stock options outstanding	Weighted average exercise prices
<b>Balance, December 31, 2020</b>	<b>9,150,000</b>	<b>\$ 0.69</b>
Granted	335,000	0.57
Exercised	(400,000)	0.25
Expired/cancelled	(1,425,000)	0.75
<b>Balance, December 31, 2021</b>	<b>7,660,000</b>	<b>\$ 0.66</b>
Granted	-	-
Expired/cancelled	2,850,000	0.30
<b>Balance, March 31, 2022</b>	<b>4,810,000</b>	<b>\$ 0.88</b>
<b>Exercisable, March 31, 2022</b>	<b>4,810,000</b>	<b>\$ 0.88</b>

The following tables summarize the number of stock options that the Company has outstanding at March 31, 2022:

Expiry date	Exercise price	Number of stock options	Weighted average years to expiry
June 30, 2022	\$ 0.50	100,000	0.25
April 9, 2022	1.00	400,000	0.02
April 12, 2023	1.65	100,000	1.03
July 18, 2023	1.20	25,000	1.30
March 1, 2024	0.76	1,275,000	1.93
June 14, 2024	0.96	250,000	2.21
December 11, 2024	1.45	725,000	2.71
April 24, 2025	0.76	1,250,000	3.07
October 15, 2025	0.46	400,000	3.55
February 15, 2026	0.70	200,000	3.89
August 20, 2026	0.38	85,000	4.40
	<b>\$ 0.88</b>	<b>4,810,000</b>	<b>2.40</b>

The grant date fair value of options 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. Stock based compensation for the period ended March 31, 2022 was \$nil (March 31, 2021 - \$nil). Forfeiture has been calculated at 38% over 5 years in accordance with realized values.

**EnviroMetal Technologies Inc.****Notes to the Consolidated Financial Statements**

For the three-month periods ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars)*

The Black-Scholes option valuation model input factors for stock options granted in 2022 and 2021 were as follows:

	<b>March 31, 2022</b>	<b>August 20, 2021</b>	<b>February 15, 2021</b>
Exercise price	NA	\$0.38	\$0.70
Grant date market price	NA	\$0.38	\$0.70
Risk free interest rate		0.74%	0.74%
Expected life (years)		3.75	4.19
Expected volatility		83.85%	87.86%
Dividend yield		-	-
Fair value		\$0.2238	\$0.4458

Reserves, \$7,991,242 (December 31, 2021: \$7,765,126) recognize share-based payments expenses and compensation warrant issuance costs until such time the underlying stock options and warrants are exercised, at which time the corresponding amounts will be transferred to share capital.

**(c) Warrants**

The Company's share purchase warrants outstanding March 31, 2022, and the changes for the year ended December 31, 2021 are as follows:

	<b>Number of warrants outstanding</b>	<b>Weighted average exercise prices</b>
<b>Balance, December 31, 2020</b>	<b>21,210,252</b>	<b>\$ 0.58</b>
Issued	-	-
Exercised	-	-
Expired/cancelled	-	-
<b>Balance, December 31, 2021</b>	<b>21,210,252</b>	<b>\$ 0.58</b>
Granted	14,470,276	0.50
Expired/cancelled	3,385,251	1.00
<b>Balance, March 31, 2022</b>	<b>32,295,277</b>	<b>\$ 0.50</b>

During the period ended March 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. On February 18, 2021 a total of 13,026,000 share purchase warrants and 172,320 compensation warrants (February Warrants) were issued on the closing of the first tranche of the private placement and on March 31, 2021 a total of 1,206,456 share purchase warrants and 65,500 compensation warrants (March Warrants) were issued on the closing of the second and final tranche of the private placement.

The fair value of the February warrants was estimated at \$1,351,508 and the fair value of the March warrants was estimated at \$126,560 using the Black-Scholes pricing model. The Company has allocated the gross proceeds from unit issuances between common shares and warrants using their relative fair values.

**EnviroMetal Technologies Inc.****Notes to the Consolidated Financial Statements**

For the three-month periods ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars)*

The following tables summarize the number of share purchase warrants the Company has outstanding at March 31, 2022:

<b>Expiry date</b>		<b>Exercise price</b>	<b>Number of warrants outstanding</b>	<b>Weighted average years to expiry</b>
December 30, 2022	\$	0.50	17,825,001	0.75
February 18, 2024		0.50	13,198,320	1.89
March 31, 2024		0.50	1,271,956	2.00
	\$	<b>0.50</b>	<b>32,295,277</b>	<b>1.27</b>

**14. Government stimulus subsidies**

The Company has participated in available stimulus subsidies offered by the Federal Governments of Canada to help offset the negative impact of the COVID-19 pandemic.

**(a) Canada Emergency Wage Subsidy (CEWS)**

The CEWS provided qualifying companies with a monthly financial support grant based on payroll, subject to certain caps. Eligibility was triggered by and scaled according to the reduction in year-over-year Canadian revenue on a month-by-month basis. During the three-month period ended March 31, 2022, the Company recognized \$nil (2021 - \$109,148) in government wage subsidy income as reductions of management and employee costs.

**(b) Canada Emergency Rent Subsidy (CERS)**

The CERS provided qualifying companies with a monthly financial support grant based on eligible expenses, subject to certain caps. Eligibility was triggered by and scaled according to the reduction in year-over-year Canadian revenue on a month-by-month basis. During the three-month period ended March 31, 2022, the Company recognized \$nil (2021 - \$51,902) in government rent subsidy income as reductions of operating costs, and \$nil as reduction of office and general expenses (2021 - \$14,735).

**(c) Canada Emergency Business Account (CEBA)**

On May 8, 2020, the Company received an interest-free loan of \$40,000 from the government of Canada pursuant to the CEBA program. Repaying the balance of the loan on or before December 31, 2022, will result in a loan forgiveness of \$10,000.

**(d) National Research Council of Canada Industrial Research Assistance Program (IRAP)**

IRAP provides companies with qualifying research projects with a monthly financial grant based on eligible wages expenses. During the three-month period ended March 31, 2022, the Company recognized \$40,904 (2021 - \$35,517) in government wage subsidy income as reductions of management and employee costs.

## EnviroMetal Technologies Inc.

### Notes to the Consolidated Financial Statements

For the three-month periods ended March 31, 2022 and 2021

(Unaudited, expressed in Canadian dollars)

#### 15. Nature of expenses

The components of general and administration for the three-month periods ended March 31, 2022 and 2021 were as follows:

	Three months ended	
	March 31, 2022	March 31, 2021
Consulting fees	\$ 195,900	\$ 34,201
Office and general expenses	63,047	41,243
Professional fees	85,428	93,601
Public company costs	214,117	119,842
Travel	(10,376)	2,240
	<b>\$ 548,116</b>	<b>\$ 294,127</b>

#### 16. Supplemental cash flow disclosures

Supplemental details of the changes in non-cash working capital impacting cash flows from operating activities for the three-month periods ended March 31, 2022 and 2021 were as follows:

	Three months ended	
	March 31, 2022	March 31, 2021
Trade and other receivable	\$ (60,476)	\$ 36,552
Inventories and assets held for sale	3,584,939	(269,488)
Prepaid expenses and depositis	18,316	(153,096)
Deferred revenues	(15,700)	75,000
Equity contribution from minority shareholder	-	117,104
Accounts payable and accrued liabilities	(3,582,987)	(346,580)
	<b>\$ (55,908)</b>	<b>\$ (540,508)</b>

#### 17. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or acquire new debt. The Company does not currently pay dividends.

The realization of the Company's long-range strategic objectives is dependent on its ability to generate revenues and raise financing from shareholders or lenders. Management continues to regularly review and consider financing alternatives to fund the Company's future operations and development efforts.

The Company considers the components of shareholders' equity to be its capital. The Company is not subject to any externally imposed capital requirements.



## **EnviroMetal Technologies Inc.**

### **Notes to the Consolidated Financial Statements**

For the three-month periods ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars)*

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#### **18. Financial instruments and risks**

The Company's current business involves processing PCBA and 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.

##### **(a) Foreign currency risk**

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, 2022 and December 31, 2021, the Company was not exposed to significant interest rate risk.

At March 31, 2022, the Company has net liabilities of \$248,798 (US \$199,054) due in USD (December 31, 2021 - \$641,157 (US \$507,485)). A 10% weakening against the US dollar of the currencies to which the Company had exposure would have had a \$24,880 impact on net liabilities (December 31, 2021 - \$64,115). A 10% strengthening against the US dollar would have had the opposite effect.

##### **(b) 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 accounts at reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to \$100,000 per account in Canada. Financial instruments included in receivables consist of amounts due from government agencies. At March 31, 2022 and December 31, 2021, management considers the Company's exposure to credit risk is minimal.

##### **(c) 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 Consolidated Financial Statements

For the three-month periods ended March 31, 2022 and 2021

(Unaudited, expressed in Canadian dollars)

As at March 31, 2022, the Company had a cash balance of \$2,950,557 (December 31, 2021 - \$784,790) to settle current liabilities of \$2,363,217 (December 31, 2021 - \$5,977,066).

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
<b>March 31, 2022</b>					
Trades payable and accrued liabilities	\$ 894,131	\$ -	\$ -	\$ -	\$ 894,131
Due to related parties	-	-	-	-	-
CEBA loan	40,000	-	-	-	40,000
Lease liabilities	306,457	59,107	-	-	365,564
Contingent liability	1,099,795	-	-	-	1,109,026
<b>December 31, 2021</b>					
Trades payable and accrued liabilities	\$ 4,405,623	\$ -	\$ -	\$ -	\$ 4,405,623
Due to related parties	62,264	-	-	-	62,264
CEBA loan	40,000	-	-	-	40,000
Lease liabilities	322,025	129,470	-	-	451,495
Non controlling interest	1,109,026	-	-	-	1,109,026

The Company is not yet profitable and has relied on the issuance of equity securities, primarily through private placements, and loans from related and other parties to fund its operations. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity or other funding.

#### (d) Fair value

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value in the fair value hierarchy.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Valuation techniques using input other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data.

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.

## 19. Segmented information

The executive committee headed by the CEO, has been identified by the group as the chief operational decision maker responsible for assessing the performance and allocation of resources of the group. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The identification of reportable segments is determined based on a consideration of products and services, organizational structures, geographical areas, economic and regulatory environments and the separable nature of activities or conversely inherent interconnectedness and whether these meet the criteria for aggregation.

## EnviroMetal Technologies Inc.

### Notes to the Consolidated Financial Statements

For the three-month periods ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars)*

Management assesses information relating to the performance of the single segment on multiple levels and from multiple perspectives. All elements are regarded as inter-connected and as such, no part of the business is regarded as separable from the rest.

The total revenue recorded during the years ended December 31, 2021 and 2020 is allocated to the following income streams:

	Three months ended	
	March 31, 2022	March 31, 2021
Sales of precious and other metals	\$ 3,707,516	\$ 38,070
Services related to intellectual property	48,450	5,130
	<b>\$ 3,755,966</b>	<b>\$ 43,201</b>

## 20. Commitments and contingencies

As at March 31, 2022 and December 31, 2021, the Company does not have contractual obligations other than disclosed in the consolidated financial statements.

EnviroMetal 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:

- 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 industries. 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 the access agreements, 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.

## **EnviroMetal Technologies Inc.**

### **Notes to the Consolidated Financial Statements**

For the three-month periods ended March 31, 2022 and 2021

*(Unaudited, expressed in Canadian dollars)*

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In January 2022, the court granted Enviroleach'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 \$350,292 related to amounts due to the Company from Mineworx during the year ended December 31, 2020, and \$117,104 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 \$1,099,795, the amount recognized in the Company's consolidated financial statements at the time the joint venture terminated.

#### **21. Subsequent events**

On April 20, 2022, the Company entered into a three-year lease commencing on June 1, 2022, and terminating on April 29, 2024, for office and warehouse space located at #208 – 6741 Cariboo Road, Burnaby, BC.

On April 9, 2022, 400,000 stock options with an exercise price of \$1.00 expired unexercised. On April 30, 2022, 50,000 stock options priced at \$0.38 with an originally expiry date of August 20, 2026 expired unexercised.