ENVIROMETAL TECHNOLOGIES INC.

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 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 Six Months Ended June 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 June 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 Company's independent auditors, MNP LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

August 24, 2023

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

	Note	June 30, 2023	December 31, 2022
		$	$
ASSETS			
Current			
Cash		**884,379**	429,038
Trade and other receivables	3	**94,946**	29,158
Inventory	4	**193,540**	239,940
Assets held for sale	5	**127,005**	1,187,206
Prepaid expenses and deposits		**79,146**	80,404
		1,379,016	1,965,746
Property, plant and equipment	7	**720,563**	979,904
Total assets		**2,099,579**	2,945,650
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8	**723,912**	681,830
Due to related parties	12, 13	**549,096**	252,498
Loan payable	9	**40,000**	40,000
Current portion of lease liabilities	10	**98,091**	262,156
Interest payable	11	**6,368**	-
Convertible notes	11	**215,200**	-
Provision	18	**1,089,685**	1,109,026
Subscriptions liability		**80,000**	-
		2,802,352	2,345,510
Lease liabilities	10	**80,018**	108,625
Total liabilities		**2,882,370**	2,454,135
SHAREHOLDERS' EQUITY			
Share capital	12(b)	**32,207,887**	32,202,013
Reserves		**9,175,083**	9,171,664
Contributed surplus		**750,000**	750,000
Deficit		**(42,915,761)**	(41,632,162)
Total shareholders' equity (deficiency)		**(782,791)**	491,515
Total liabilities and shareholders' equity		**2,099,579**	2,945,650

Nature of operations and going concern (Note 1)
Subsequent event (Note 21)

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 June 30, **2023**	Three months ended June 30, 2022	Six months ended June 30, **2023**	Six months ended June 30, 2022
		$	$	**$**	$
Revenue					
Consulting revenue		**-**	33,198	**-**	81,648
Sale (refund) of precious and other metals		**-**	(22,698)	**-**	3,440,561
		-	10,500	**-**	3,522,209
Operating expenses					
Operating costs (recovery)		**114,809**	(30,544)	**184,309**	3,264,218
Management and employee costs	13, 14	**117,229**	328,596	**358,008**	673,020
General and administration	13, 15	**203,940**	320,239	**482,941**	766,924
Share-based payments	13	**2,189**	428,160	**3,419**	428,160
		438,167	1,046,451	**1,028,677**	5,132,322
Net loss from operations		**438,167**	1,035,951	**1,028,677**	1,610,113
Other income (expenses)					
Depreciation	7	**(45,286)**	(137,445)	**(129,738)**	(176,508)
Foreign exchange		**(59)**	(23,281)	**212**	(27,528)
Gain on disposal of assets held for sale	5	**7,200**	-	**34,000**	-
Gain on lease buy-out	10	**2,496**	-	**2,496**	-
Interest income		**-**	1,339	**1,021**	1,988
Interest expense	10, 11	**(17,158)**	(11,741)	**(25,396)**	(21,814)
Unrealized loss on investment in associate	6	**-**	(109,097)	**-**	(189,678)
		(52,807)	(280,225)	**(117,405)**	(413,540)
Loss from continuing operations		**(490,974)**	(1,316,176)	**(1,146,082)**	(2,023,653)
Loss and comprehensive loss from discontinued operations	16	**(52,866)**	(608,989)	**(137,517)**	(1,132,973)
Net loss and comprehensive loss		**(543,840)**	(1,925,165)	**(1,283,599)**	(3,156,626)
Net loss per share:					
Basic and diluted		**(0.00)**	(0.02)	**(0.01)**	(0.03)
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)

	Six months ended June 30, 2023	2022
	$	$
Operating activities:		
Net loss for the period	**(1,283,599)**	(3,156,626)
Items not affecting cash:		
Write-down of inventory	**19,600**	-
Share-based payments	**3,419**	428,160
Depreciation	**252,658**	643,315
(Gain) loss on disposal and write-down of assets	**(86,080)**	23,916
Gain on lease buy-out	**(2,496)**	-
Interest expense	**20,721**	8,255
Unrealized loss on investment in associate	**-**	189,678
Changes in working capital items other than cash	**312,954**	(40,259)
Cash used in operating activities	**(762,823)**	(1,903,561)
Investing activities:		
Purchases of property, plant and equipment	**5,698**	(757,881)
Net proceeds from the sale of assets held for sale	**1,110,380**	-
Cash provided by (used in) investing activities	**1,116,078**	(757,881)
Financing activities:		
Proceeds from private placement	**-**	3,558,114
Share issuance costs	**-**	(114,130)
Proceeds from convertible notes	**215,200**	-
Proceeds from subscriptions liability	**80,000**	-
Payment of lease obligations	**(193,114)**	(94,186)
Cash provided by financing activities	**102,086**	3,349,798
Change in cash	**455,341**	688,356
Effect of exchange rate on changes in cash	**-**	(21,635)
Cash, beginning of period	**429,038**	784,790
Cash, end of period	**884,379**	1,451,511

Supplemental cash flow disclosures (Note 17)

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				
	Common shares	Share capital	Share-based payments	Warrants	Contributed surplus	Deficit	Total shareholders' equity (deficiency)
	#	$	$	$	$	$	$
Balance, December 31, 2021	93,696,002	29,726,905	5,343,453	2,421,674	750,000	(36,116,959)	2,125,073
Private placement of units	14,232,456	2,614,133	-	943,981	-	-	3,558,114
Share issuance costs	-	(139,025)	-	24,036	-	-	(114,989)
Share-based payments	-	-	428,160	-	-	-	428,160
Net loss for the period	-	-	-	-	-	(3,156,626)	(3,156,626)
Balance, June 30, 2022	107,928,458	32,202,013	5,771,613	3,389,691	750,000	(39,273,585)	2,839,732
Share-based payments	-	-	10,360	-	-	-	10,360
Net loss for the period	-	-	-	-	-	(2,358,577)	(2,358,577)
Balance, December 31, 2022	107,928,458	32,202,013	5,781,973	3,389,691	750,000	(41,632,162)	491,515
Recovery of accrued share issuance costs	-	5,874	-	-	-	-	5,874
Share-based payments	-	-	3,419	-	-	-	3,419
Net loss for the period	-	-	-	-	-	(1,283,599)	(1,283,599)
Balance, June 30, 2023	**107,928,458**	**32,207,887**	**5,785,392**	**3,389,691**	**750,000**	**(42,915,761)**	**(782,791)**

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

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 ("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 offices are located at #208 - 6741 Eastlake Drive, Burnaby, BC V3N 4A3.

These unaudited condensed interim consolidated financial statements for the three and six months ended June 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 six months ended June 30, 2023, the Company incurred a loss of $543,840 and $1,283,599, respectively (2022 - $1,925,165 and $3,156,626, respectively), and has an accumulated deficit since inception of $42,915,761 (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 August 24, 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

These 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 consolidated 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.

c) Significant accounting policies

These financial statements were prepared using accounting policies consistent with those in Note 3 to the Annual Financial Statements.

2. BASIS OF PREPARATION (continued)

d) Functional and presentation currency

The financial statements are presented in Canadian dollars and is the functional currency is the currency of the primary economic environment in which an entity operates. References to "US $" or "USD" are to United States dollars.

e) Basis of consolidation

These financial statements include the accounts of the Company and its subsidiaries. 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 the operations of its inactive subsidiary EnviroMetal DMCC. As such the financial statements subsequent to the date of dissolution comprise the financial statements of the Company.

3. TRADE AND OTHER RECEIVABLES

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

	June 30, 2023	December 31, 2022
	$	$
Trade receivable	**89,959**	9,575
Taxes receivable	**-**	14,596
Due from related party	**4,987**	4,987
	94,946	29,158

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

	June 30, 2023	December 31, 2022
	$	$
Aged 1 - 30 days	**89,959**	24,388
Aged 31 - 60 days	**-**	4,400
Aged 61 - 90 days	**-**	-
Aged > 90 days	**4,987**	370
	94,946	29,158

4. INVENTORY

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

	June 30, 2023	December 31, 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 7). Chemicals include chemicals and other reagents used in pilot plant and lab operations. During the three and six months ended June 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 six months ended June 30, 2023, the Company sold equipment valued at $nil and $26,800 respectively (2022 - $nil and $nil, respectively) which was held in inventory.

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

4. INVENTORY (continued)

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, June 30, 2023	**193,540**

5. ASSETS HELD FOR SALE

During the year ended December 31, 2022, the Company ceased processing E-waste, as further described in Note 16. As a result, management determined the value of the E-waste processing assets would principally be recovered through a sale transaction rather than continued use. During the year ended December 31, 2022, the Company reclassified $997,401 in property, plant, and equipment assets to assets held for sale. The assets reclassified as assets held for sale were measured at the lower of carrying amount and fair value less costs to sell.

A summary of the Company's assets held for sale are 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	(1,060,201)
Balance, June 30, 2023	**127,005**

During the three months ended June 30, 2023, the Company recorded a gain on disposal of assets held for sale of $43,070, of which $34,000 related to continuing operations and $9,070 related to the discontinued operations.

During the six months ended June 30, 2023, the Company recorded a gain on disposal of assets held for sale of $86,080, of which $34,000 related to continuing operations and $52,080 related to the discontinued operations.

6. 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 six months ended June 30, 2023, the Company recognized an unrealized loss on investment in associate of $nil and $nil, respectively (2022 - $109,097 and $189,678, respectively).

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

7. 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, June 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	40,925	175,755	33,962	-	2,016	252,658
Balance, June 30, 2023	**2,949,954**	**1,672,445**	**238,362**	**41,391**	**9,072**	**4,911,224**
Carrying value						
Balance, December 31, 2022	465,648	343,786	157,368	-	13,102	979,904
Balance, June 30, 2023	**424,723**	**159,164**	**125,590**	**-**	**11,086**	**720,563**

During the three and six months ended June 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 $2,496 and $2,496, respectively (2022 - $nil and $nil, respectively).

During the three months ended June 30, 2023, the Company recorded depreciation of $106,746 (2022 - $233,023) consisted of $45,286 (2022 - $84,452) from continuing operations and $61,460 (2022 - $148,571) from discontinued operations (Note 16).

During the six months ended June 30, 2023, the Company recorded depreciation of $252,658 (2022 - $643,315) consisted of $129,738 (2022 - $176,508) from continuing operations and $122,920 (2022 - $466,807) from discontinued operations (Note 16).

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

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	June 30, 2023	December 31, 2022
	$	$
Accounts payable	**693,913**	207,951
Accrued liabilities	**29,999**	473,879
	723,912	681,830

9. 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. The CEBA Loan has an initial term that expires on December 31, 2022, throughout which, the CEBA Loan remains interest free. Repayment of $30,000 by December 31, 2022, results in a $10,000 loan forgiveness. If the balance is not paid prior to December 31, 2022, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly effective January 1, 2023. The full balance must be repaid by no later than December 31, 2025. During the year ended December 31, 2022, the Company was notified that the payment due date for partial loan forgiveness and interest free period has been extended to December 31, 2023. As at June 30, 2023, the Company has not repaid the loan payable.

10. LEASE LIABILITIES

The Company's right-of-use assets are included in property, plant and equipment (Note 7). 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 are 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	(13,911)
Payment of lease liabilities	(193,114)
Interest expense	14,353
Balance, June 30, 2023	**178,109**
Current portion	**98,091**
Non-current portion	**80,018**

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

	June 30, 2023
	$
2023	48,708
2024	99,821
2025	33,675
Total future minimum lease payments	182,204
Effects of discounting	(4,095)
Total present value of minimum lease payments	**178,109**

10. LEASE LIABILITIES (continued)

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

11. 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. As at June 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 six months ended June 30, 2023, the Notes have accrued interest expense of $6,368 and $6,368, respectively (2022 - $nil and $nil, respectively). As at the approval date of these financial statements, the Notes are currently due on demand as the Company anticipates completing a private placement prior to December 31, 2023, and the lenders have not expressed intent to demand repayment.

12. SHARE CAPITAL

a) Authorized

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

b) Issued and outstanding

During the six months ended June 30, 2023, the Company did not issue any common shares of the Company; however, share issuance costs of $5,874 were reversed as a result of reversal of accrued share issuance costs.

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.

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

12. 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 Canadian Securities Exchange. 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 Canadian Securities Exchange.

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 six months ended June 30, 2023, share-based payments were $2,189 and $3,419, respectively (2022 - $428,160 and $428,160, respectively).

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

	February 17, 2023
Exercise price	$0.15
Grant date market price	$0.07
Risk-free interest rate	3.29%
Expected life (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
Issued	5,925,000	0.25
Expired	(3,600,000)	(0.41)
Balance, December 31, 2022	9,985,000	0.66
Issued	200,000	0.15
Expired	(250,000)	1.03
Balance, June 30, 2023	**9,935,000**	**0.49**

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

12. SHARE CAPITAL (continued)

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

Date of expiry	Number of options outstanding	Weighted average exercise price	Weighted average remaining life
	#	$	Years
July 18, 2023	25,000	1.20	0.05
March 1, 2024	1,275,000	0.76	0.67
June 6, 2024	5,500,000	0.25	0.94
June 14, 2024	250,000	0.96	0.96
October 25, 2024	350,000	0.25	1.32
December 11, 2024	700,000	1.45	1.45
February 17, 2025	200,000	0.15	1.64
April 24, 2025	1,200,000	0.76	1.82
October 15, 2025	400,000	0.46	2.30
August 20, 2026	35,000	0.38	3.14
	9,935,000	**0.49**	**1.13**

d) Warrants

During the three and six months ended June 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, June 30, 2023 and December 31, 2022	**14,470,276**	**0.50**

A summary of the Company's outstanding warrants as at June 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	0.64
March 31, 2024	1,271,956	0.50	0.75
	14,470,276	**0.50**	**0.65**

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

13. 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 compensation paid or accrued to directors and key management are as follows:

	Three months ended	June 30,	Six months ended	June 30,
	2023	2022	**2023**	2022
	$	$	**$**	$
Consulting fees (1)	**75,000**	-	**150,000**	-
Directors' fees (2)	**67,320**	63,199	**136,338**	127,355
Salaries and benefits (3)	**102,500**	177,500	**205,000**	355,000
Share-based payments	**-**	330,240	**-**	330,240
General and administration (4)	**-**	4,200	**-**	8,400
	244,820	575,139	**491,338**	820,995

1. Included in and presented as general and administration in profit or loss and as consulting in Note 15.
2. Included in and presented as general and administration in profit or loss and as public company costs in Note 15.
3. Included in and presented as management and employee costs in profit or loss.
4. Included in and presented as general and administration in profit or loss and as general and administration in Note 15.

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.

A summary of the Company's outstanding payables to related parties are as follows:

	June 30, 2023	December 31, 2022
	$	$
Directors' fees	**341,481**	252,498
Consulting fees	**207,615**	-
	549,096	252,498

14. 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 wages expenses. During the three and six months ended June 30, 2023, the Company recognized $12,883 and $27,429, respectively (2022 - $32,895 and $32,895, respectively), in government wage subsidy income as reductions of management and employee costs.

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

15. GENERAL AND ADMINISTRATION

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

	Three months ended	June 30,	Six months ended	June 30,
	2023	2022	**2023**	2022
	$	$	**$**	$
Consulting fees	**78,000**	47,842	**159,000**	243,742
General and administration	**22,611**	56,951	**108,713**	119,998
Professional fees	**13,245**	157,077	**52,752**	242,505
Public company costs	**108,451**	125,251	**203,315**	339,368
Travel	**2,006**	28,367	**9,673**	17,991
Attributable to discontinued operations (Note 16)	**(20,373)**	(95,249)	**(50,512)**	(196,680)
	203,940	320,239	**482,941**	766,924

16. 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 the consolidated statement of profit and loss.

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

	Three months ended	June 30,	Six months ended	June 30,
	2023	2022	**2023**	2022
	$	$	**$**	$
Revenue (refund)	**63,626**	(12,798)	**80,798**	231,459
Operating costs	**-**	(1,754)	**-**	(318,513)
Management and employee costs	**(43,729)**	(180,952)	**(96,963)**	(361,905)
General and administration	**(20,373)**	(95,249)	**(50,512)**	(196,680)
Depreciation and amortization	**(61,460)**	(318,236)	**(122,920)**	(466,807)
Gain (loss) from disposal of assets	**9,070**	-	**52,080**	(20,527)
	(52,866)	(608,989)	**(137,517)**	(1,132,973)

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

17. SUPPLEMENTAL CASH FLOW DISCLOSURES

A summary of the Company's supplemental details of the changes in non-cash working capital are as follows:

		Six months ended June 30,
	2023	2022
	$	$
Changes in non-cash working capital		
Trade and other receivables	**(29,887)**	251,336
Inventory	**26,800**	3,530,460
Prepaid expenses and deposits	**1,258**	(8,593)
Accounts payable and accrued liabilities	**37,526**	(3,797,756)
Due to related parties	**296,598**	-
Provision	**(19,341)**	(15,706)
	312,954	(40,259)
Supplemental cash flow information		
Cash interest paid on lease liabilities	**14,353**	8,255
Cash interest paid on credit card balance	**4,525**	-
Cash income taxes paid	**-**	-
Reversal of share issuance costs from accounts payable and accrued liabilities	**5,874**	-
Purchase of property and equipment in accounts payable and accrued liabilities	**7,882**	-

18. PROVISION

As at June 30, 2023 and December 31, 2022, the Company does not have contractual obligations other than disclosed in the consolidated financial statements.

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.

19. 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 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 or currencies. 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. 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 June 30, 2023, the Company was not exposed to significant foreign exchange risk.

As at June 30, 2023, the Company has accounts payable and accrued liabilities of $480,999 (USD $363,109) due in USD (December 31, 2022 - $6,390 (USD $4,673)). A 10% weakening against the US dollar of the currencies to which the Company had exposure would have had impact of approximately $48,000 on net liabilities (December 31, 2022 - $639). 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 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 June 30, 2023, management considers the Company's exposure to credit risk is minimal. Aging of trade and other receivables are as disclosed in Note 3.

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.

As at June 30, 2023, the Company had a cash balance of $884,379 (December 31, 2022 - $429,038) to settle current liabilities of $2,802,352 (December 31, 2022 - $2,345,510). The Company is exposed to liquidity risk.

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

	< 1 Year	**1 - 3 Years**	**3 - 5 Years**	**>5 Years**	**Total**
	$	$	$	$	$
Accounts payable and accrued liabilities	723,912	-	-	-	723,912
Due to related parties	549,096	-	-	-	549,096
Loan payable	40,000	-	-	-	40,000
Lease liabilities	98,091	80,018	-	-	178,109
Interest payable	6,368	-	-	-	6,368
Convertible notes	215,200	-	-	-	215,200
Provision	1,089,685	-	-	-	1,089,685
Subscription liability	80,000	-	-	-	80,000
	2,802,352	**80,018**	**-**	**-**	**2,882,370**

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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.

20. CAPITAL MANAGEMENT

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.

There have not been changes to the Company's capital management policy during the period.

21. SUBSEQUENT EVENT

On July 18, 2023, 25,000 outstanding stock options expired with an exercise price of $1.20. On July 25, 2023, 35,000 stock options with an exercise price of $0.38 were cancelled per the terms of the Company's Stock Option Plan.