



ENVIROMETAL TECHNOLOGIES INC.

Condensed Interim Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Financial Statements for the Three Months Ended March 31, 2024 and 2023

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 interim 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 financial statements of Envirometal Technologies Inc. for the interim periods ended March 31, 2024 and 2023, have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, WDM CPA, have not performed a review of these unaudited condensed interim financial statements.

May 30, 2024

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

	Note	March 31, 2024	December 31, 2023
		\$	\$
ASSETS			
Current			
Cash		128,668	201,281
Trade and other receivables	5, 12	85,232	264,986
Assets held for sale	6	28,800	28,800
Prepaid expenses and deposits		38,325	56,027
		281,025	551,094
Property, plant and equipment	7	532,751	590,760
Total assets		813,776	1,141,854
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8	258,723	256,179
Current portion of lease liabilities	9	94,114	90,696
Due to related parties	12	854,841	769,431
Promissory notes	10	50,000	50,000
		1,257,678	1,166,306
Lease liabilities	9	8,342	32,919
Total liabilities		1,266,020	1,199,225
SHAREHOLDERS' DEFICIENCY			
Share capital	11(b)	35,594,867	35,594,867
Reserves		6,072,314	6,072,314
Contributed surplus		750,000	750,000
Deficit		(42,869,425)	(42,474,552)
Total shareholders' deficiency		(452,244)	(57,371)
Total liabilities and shareholders' deficiency		813,776	1,141,854

Nature of operations and going concern (Note 1)
Subsequent event (Note 19)

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

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

	Note	Three months ended March 31, 2024	2023
		\$	\$
Revenue			
Consulting		660	-
Operating expenses			
Operating costs		22,329	23,100
Management and employee costs	12	160,333	240,779
General and administration	12,14	153,183	279,001
Share-based payments		-	1,230
		335,845	544,110
Net loss from operations		(335,185)	(544,110)
Other income (expenses)			
Depreciation	7	(58,009)	(84,452)
Foreign exchange gain		2,398	271
Interest income		1,829	1,021
Interest and financing costs	9,10	(5,906)	(8,238)
		(59,688)	(91,398)
Loss from continuing operations		(394,873)	(635,508)
Loss from discontinued operations	15	-	(104,251)
Loss and comprehensive loss		(394,873)	(739,759)
Loss per share:			
Basic and diluted		(0.00)	(0.01)
Weighted average number of common shares:			
Basic and diluted		113,607,280	107,928,458

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

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

	Three months ended	
	2024	March 31, 2023
	\$	\$
Operating activities:		
Net loss for the period	(394,873)	(739,759)
Adjustments for:		
Share-based payments	-	1,230
Depreciation	58,009	84,452
Interest expense	4,674	6,502
Changes in working capital items other than cash:		
Trade and other receivables	110,748	(370,133)
Inventory	-	26,800
Prepaid expenses and deposits	17,702	27,807
Accounts payable and accrued liabilities	1,065	112,910
Due to related parties	85,410	144,226
Cash used in operating activities of continuing operations	(117,265)	(705,965)
Cash provided by operating activities of discontinued operations	69,006	39,786
Investing activities:		
Proceeds from disposals of property, plant and equipment	-	3,581
Cash provided by investing activities of continuing operations	-	3,581
Cash provided by investing activities of discontinued operations	-	562,119
Financing activities:		
Payment of lease liabilities	(24,354)	(33,282)
Cash used in financing activities of continuing operations	(24,354)	(33,282)
Cash used in financing activities of discontinued operations	-	(65,675)
Change in cash of continuing operations	(141,619)	(735,666)
Change in cash of discontinued operations	69,006	536,230
Effect of foreign exchange rate on changes in cash	-	-
Cash, beginning of period	201,281	429,038
Cash, end of period	128,668	229,602
Supplemental cash flow information:		
Cash interest paid	1,232	1,333
Cash interest received	1,829	1,021
Reversal of accrued unit issuance costs from accounts payable and accrued liabilities	-	5,874
Cash income tax paid	-	-

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

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

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

	Reserves						Total shareholders' equity (deficiency)
	Common shares	Share capital	Share-based payments	Warrants	Contributed surplus	Deficit	
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2022	107,928,458	35,333,446	5,781,973	258,258	750,000	(41,632,162)	491,515
Reversal of unit issuance costs	-	5,874	-	-	-	-	5,874
Share-based payments	-	-	1,230	-	-	-	1,230
Net loss for the period	-	-	-	-	-	(739,759)	(739,759)
Balance, March 31, 2023	107,928,458	35,339,320	5,783,203	258,258	750,000	(42,371,921)	(241,140)
Units issued in private placement	2,100,000	94,500	-	10,500	-	-	105,000
Units issued to settle convertible notes	3,578,822	161,047	-	17,894	-	-	178,941
Share-based payments	-	-	2,459	-	-	-	2,459
Net loss for the period	-	-	-	-	-	(102,631)	(102,631)
Balance, December 31, 2023	113,607,280	35,594,867	5,785,662	286,652	750,000	(42,474,552)	(57,371)
Net loss for the period	-	-	-	-	-	(394,873)	(394,873)
Balance, March 31, 2024	113,607,280	35,594,867	5,785,662	286,652	750,000	(42,869,425)	(452,244)

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

ENVIROMETAL TECHNOLOGIES INC.

Notes to the Interim Financial Statements

For the three months ended March 31, 2024 and 2023

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

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

These unaudited financial statements for the three months ended March 31, 2024 and 2023 ("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 months ended March 31, 2024, the Company incurred a loss of \$394,873 (2023 - \$739,759) and has an accumulated deficit of \$42,869,425 (December 31, 2023 - \$42,474,552). 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 statements of financial position classifications used, and such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on May 30, 2024.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") 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, 2023 and 2022 (the "Annual Financial Statements").

b) Basis of measurement

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

c) Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the functional currency of the Company.

d) Reclassification of prior period presentation

Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications had no effect on the reported results of operations.

ENVIROMETAL TECHNOLOGIES INC.
Notes to the Interim Financial Statements
For the three months ended March 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

3. MATERIAL ACCOUNTING POLICIES

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

4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

In the preparation of these financial statements, the Company used the same accounting estimates and judgments as those applied and disclosed in the Annual Financial Statements.

5. TRADE AND OTHER RECEIVABLES

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

	March 31, 2024	December 31, 2023
	\$	\$
Due from related parties	29,988	29,988
Government subsidies	27,381	144,597
Taxes receivable	21,338	15,563
Trade receivable	6,525	74,838
	85,232	264,986

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

	March 31, 2024	December 31, 2023
	\$	\$
Current to 30 days	52,863	148,721
31 - 60 days	27,381	111,277
Greater than 90 days	4,988	4,988
	85,232	264,986

6. ASSETS HELD FOR SALE

During the year ended December 31, 2022, the Company ceased processing E-waste (Note 15). As a result, management determined the value of the E-waste processing assets to be recovered through a sale transaction rather than continued use. The assets reclassified as assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

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

Balance, December 31, 2022	\$ 1,187,206
Sold	(1,101,261)
Write down	(57,145)
Balance, March 31, 2024 and December 31, 2023	28,800

ENVIROMETAL TECHNOLOGIES INC.**Notes to the Interim Financial Statements****For the three months ended March 31, 2024 and 2023**

(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, 2022	3,374,677	1,840,476	361,768	41,391	20,158	5,638,470
Additions	-	-	7,882	-	-	7,882
Disposals	(3,375)	(8,867)	(5,699)	-	(20,158)	(38,099)
Balance, March 31, 2024 and December 31, 2023	3,371,302	1,831,609	363,951	41,391	-	5,608,253
Accumulated depreciation						
Balance, December 31, 2022	2,909,029	1,496,690	204,400	41,391	7,056	4,658,566
Additions	81,850	216,069	69,029	-	3,359	370,307
Disposals	(965)	-	-	-	(10,415)	(11,380)
Balance, December 31, 2023	2,989,914	1,712,759	273,429	41,391	-	5,017,493
Additions	-	20,157	37,852	-	-	58,009
Balance, March 31, 2024	2,989,914	1,732,916	311,281	41,391	-	5,075,502
Carrying value						
Balance, December 31, 2023	381,388	118,850	90,522	-	-	590,760
Balance, March 31, 2024	381,388	98,693	52,670	-	-	532,751

During the three months ended March 31, 2024, the Company recorded depreciation of \$58,009 (2023 - \$145,912) consisting of \$58,009 (2023 - \$84,452) from continuing operations and \$nil (2023 - \$61,460) from discontinued operations (Note 15).

ENVIROMETAL TECHNOLOGIES INC.
Notes to the Interim Financial Statements
For the three months ended March 31, 2024 and 2023
(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:

	March 31,	December 31,
	2024	2023
	\$	\$
Accounts payable	180,330	165,255
Accrued liabilities	72,376	86,387
Accrued interest	6,017	4,537
	258,723	256,179

9. 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 is as follows:

	\$
Balance, December 31, 2022	370,781
Buyout of leases	(14,062)
Payments	(241,822)
Interest expense	8,718
Balance, December 31, 2023	123,615
Payments	(24,354)
Interest expense	3,195
Balance, March 31, 2024	102,456
Current portion	94,114
Non-current portion	8,342

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

	March 31,
	2024
	\$
2024	100,723
2025	8,419
Total future minimum lease payments	109,142
Effects of discounting	(6,686)
Total present value of minimum lease payments	102,456

10. PROMISSORY NOTES

On December 15, 2023, the Company entered into agreements with the holders of convertible notes, pursuant to which the convertible notes with a total value of \$50,000 were reissued as promissory notes. The promissory notes bear interest at a rate of 12% per annum and matured on March 30, 2024. During the three months ended March 31, 2024, promissory notes accrued interest of \$1,480 (2023 - \$nil). The Company is in negotiations with the promissory note holders on settlement through future financings.

ENVIROMETAL TECHNOLOGIES INC.
Notes to the Interim Financial Statements
For the three months ended March 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

11. SHARE CAPITAL

a) Authorized

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

b) Issued and outstanding

During the three months ended March 31, 2024, the Company did not have any share capital transactions.

During the year ended December 31, 2023, the Company had the following share capital transactions.

- On December 15, 2023, the Company issued 3,578,822 units at \$0.05 per unit, to settle convertible notes of \$178,941. Each unit comprises one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at \$0.10 per share until December 15, 2024 and \$0.15 per share thereafter until December 15, 2025, the expiry date of the warrants. Proceeds were allocated using the residual method and as a result, \$161,047 was allocated to share capital and \$17,894 was allocated to warrant reserves.
- On December 15, 2023, the Company issued 2,100,000 units at \$0.05 per unit, for gross proceeds of \$105,000, of which \$80,000 was received during the year ended December 31, 2022 and \$25,000 was outstanding for collection and included in trade and other receivables as at March 31, 2024. Each unit comprises one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at \$0.10 per share until December 15, 2024 and \$0.15 per share thereafter until December 15, 2025, the expiry date of the warrants. Proceeds were allocated using the residual method and as a result, \$94,500 was allocated to share capital and \$10,500 was allocated to warrants reserves.
- During the year ended December 31, 2023, the Company reversed \$5,874 of unit issuance costs related to a financing which closed on March 31, 2022.

c) Stock options

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 will 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 will 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, consultants or a subsidiary of the Company. Options granted must be exercised no more than five years from the date of grant or such lesser period as may be determined by the Company's board of directors and in accordance with the policies of the CSE. The board of directors determine the time period during which options will vest and the method of vesting, which are subject to the policies of the CSE.

The grant date fair value is calculated using the Black-Scholes option pricing model. Where relevant, the expected life has been adjusted based on management's best estimate for the effects of historical forfeitures and behavioral considerations. Expected volatility is based on the historical share price volatility. For the three months ended March 31, 2024, share-based payments recognized in profit or loss were \$nil (2023 - \$1,230).

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

	Number of stock options	Weighted average exercise price
	#	\$
Balance, December 31, 2022	9,985,000	0.66
Granted	200,000	0.15
Expired	(2,660,000)	1.03
Balance, December 31, 2023	7,525,000	0.52
Expired	(1,725,000)	0.67
Balance, March 31, 2024	5,800,000	0.47

ENVIROMETAL TECHNOLOGIES INC.
Notes to the Interim Financial Statements
For the three months ended March 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

11. SHARE CAPITAL (continued)

A summary of the Company's stock options outstanding as at March 31, 2024 is as follows:

Date of expiry	Weighted average exercise price	Number of options outstanding	Weighted average remaining life
	\$	#	Years
June 6, 2024	0.25	3,250,000	0.18
June 14, 2024	0.96	250,000	0.21
October 25, 2024	0.25	350,000	0.57
December 11, 2024	1.45	500,000	0.70
February 17, 2025	0.15	200,000	0.88
April 24, 2025	0.76	850,000	1.07
October 15, 2025	0.46	400,000	1.54
	0.47	5,800,000	0.50

d) Warrants

During the year ended December 31, 2023, the Company issued 5,678,822 share purchase warrants through the issuance of 5,678,822 units.

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

	Number of warrants	Weighted average exercise price
	#	\$
Balance, December 31, 2022	14,470,276	0.50
Issued	5,678,822	0.15
Balance, December 31, 2023	20,149,098	0.40
Expired	(14,470,276)	0.50
Balance, March 31, 2024	5,678,822	0.15

As at March 31, 2024, the Company had 5,678,822 warrants outstanding and exercisable (December 31, 2023 - 20,149,098) with an exercise price of \$0.15 per common share and an expiration date of December 15, 2025. As at March 31, 2024, the weighted average remaining contractual life of outstanding warrants is 1.71 years (December 31, 2023 - 0.66 years).

12. RELATED PARTY TRANSACTIONS

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

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

	Three months ended	
	2024	March 31, 2023
	\$	\$
Consulting fees included in general and administration expense (Note 14)	-	75,000
Directors' fees included under public company costs in general and administration (Note 14)	69,105	69,018
Salaries and benefits included in management and employee costs	56,250	102,500
	125,355	246,518

As at March 31, 2024, the Company had a balance due from related parties of \$29,988 (December 31, 2023 - \$29,988) included in trade and other receivables.

ENVIROMETAL TECHNOLOGIES INC.
Notes to the Interim Financial Statements
For the three months ended March 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

12. RELATED PARTY TRANSACTIONS (continued)

As at March 31, 2024, the Company had a balance due to related parties of \$854,841 (December 31, 2023 - \$769,431). 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.

13. GOVERNMENT SUBSIDIES

The National Research Council of Canada Industrial Research Assistance Program provides companies with qualifying research projects with a monthly financial grant based on eligible wage expenses. During the three months ended March 31, 2024, the Company recognized \$14,019 (2023 - \$14,546) in government wage subsidy income, which were recorded as a reduction to management and employee costs.

14. GENERAL AND ADMINISTRATION

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

	Three months ended March 31,	
	2024	2023
	\$	\$
Consulting fees	15,375	93,000
General and administration	25,715	33,572
Professional fees	4,507	46,398
Public company costs	106,783	94,864
Travel	803	11,167
	153,183	279,001

15. DISCONTINUED OPERATIONS

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

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

	Three months ended March 31,	
	2024	2023
	\$	\$
Revenue	-	17,172
Management and employee costs	-	(53,243)
General and administration	-	(30,130)
Depreciation	-	(61,460)
Gain on disposal of assets held for sale	-	43,010
Write-down of inventory	-	(19,600)
	-	(104,251)

ENVIROMETAL TECHNOLOGIES INC.
Notes to the Interim Financial Statements
For the three months ended March 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

15. DISCONTINUED OPERATIONS (continued)

A summary of the Company's carrying values of the assets in the disposal group is as follows:

	March 31,	December 31,
	2024	2023
	\$	\$
Current assets		
Trade and other receivables	-	69,006
Assets held for sale	28,800	28,800

16. COMMITMENTS AND CONTINGENCIES

In June 2021, 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.

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 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 the Mineworx Defendants and EnviroMetal dated December 19, 2016. These actions constitute a breach of confidence.

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.

The Mineworx Defendants dispute EnviroMetal's claims and commenced a counterclaim against EnviroMetal for, amongst other things, alleged breaches of various agreements between the parties. Some of the Mineworx Defendants' claims are subject to arbitration clauses. As a result, the Mineworx Defendants served EnviroMetal with a notice to arbitrate those claims.

Prior to commencing the legal action against the Mineworx Defendants, the Company provided the Mineworx Defendants with notices of breach and provided the required amount of time to remedy.

During the year ended December 31, 2021, the Company recognized a contingent liability of \$1,089,685. During the year ended December 31, 2023, the Company recognized a recovery on the provision of \$1,089,685 due to the unlikelihood of Mineworx Defendant being successful with the ongoing dispute.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, trade and other receivables (excluding government subsidies and taxes receivable), deposits, due to related parties, accounts payable and accrued liabilities and promissory notes and are classified as and measured at amortized cost. As at March 31, 2024 and December 31, 2023, the carrying values of these financial instruments approximate their fair values because of their short-term nature.

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

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk is primarily attributable to cash, deposits as well as trade and other receivables. The Company has no significant concentration of credit risk arising from operations. Cash and guaranteed investment certificates 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 March 31, 2024, management considers the Company's exposure to credit risk is minimal. Aging of trade and other receivables are as disclosed in Note 6.

ENVIROMETAL TECHNOLOGIES INC.
Notes to the Interim Financial Statements
For the three months ended March 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) Liquidity risk

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

As at March 31, 2024, the Company had a cash balance of \$128,668 (December 31, 2023 - \$201,281) to settle current liabilities of \$1,257,678 (December 31, 2023 - \$1,166,306). The Company is exposed to liquidity risk.

A summary of the Company's contractual undiscounted cash flow requirements as at March 31, 2024, is as follows:

	Less than 1 year	1 to 3 years	Total
	\$	\$	\$
Accounts payable and accrued liabilities	258,723	-	258,723
Due to related parties	854,841	-	854,841
Lease liabilities	100,723	8,419	109,142
Promissory notes	50,000	-	50,000
	1,264,287	8,419	1,272,706

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at March 31, 2024, the Company is not exposed to significant market risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has no financial instruments that are subject to variable interest rates. As at March 31, 2024, the Company is not exposed to interest rate risk.

Foreign currency risk

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

The Company is subject to normal risks including fluctuations in foreign exchange rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

A summary of the Company's financial assets and liabilities that are denominated in US\$ is as follows:

	March 31, 2024	December 31, 2023
	\$	\$
Cash	49,385	55,740
Accounts payable and accrued liabilities	(32,499)	(26,255)
	16,886	29,485

A 5% change in the foreign exchange rates would result in an impact of approximately \$844 to the Company's net loss and comprehensive loss.

18. CAPITAL MANAGEMENT

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

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

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

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid, and highly-rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major financial institutions. There have not been changes to the Company's capital management policy during the three months ended March 31, 2024.

19. SUBSEQUENT EVENT

The Company had no reportable events subsequent to March 31, 2023.