



ELECTRO METALS AND MINING INC.
INTERIM CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

ELECTRO METALS AND MINING INC.

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ELECTRO METALS AND MINING INC.**INTERIM CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT**

(In Canadian dollars)

	September 30, 2025	December 31, 2024
Assets		
Current Assets		
Cash	\$ 14,973	\$ 1,830
Amounts receivable	2,544	-
Total assets	\$ 17,517	\$ 1,830
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 213,644	\$ 255,714
Total liabilities	\$ 213,644	\$ 255,714
Shareholders' Equity (Deficit)		
Share capital (note 7)	2,620,065	2,086,274
Contributed surplus	745,695	669,875
Deficit	(3,561,887)	(3,010,033)
Total shareholders' equity (deficit)	(196,127)	(253,884)
Total liabilities and shareholders' equity (deficit)	\$ 17,517	\$ 1,830

Going concern (Note 2)**Commitments and contingencies (Notes 5 and 8)****Subsequent events (Note 12)****Approved on Behalf of the Board***Signed* _____ Director*Signed* _____ Director

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

ELECTRO METALS AND MINING INC.**INTERIM CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS)**

(In Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Expenses				
Exploration and evaluation expenditures	\$ 2,000	\$ -	\$ 466,000	\$ 88,686
Share-based compensation	4,910	-	9,820	-
Professional fees	19,065	2,340	34,340	2,340
Office, general and administrative	1,735	1,642	13,476	14,302
Travel	347	424	2,693	3,714
Consulting fees	-	-	25,000	-
Other expense	-	-	525	-
Net (loss) and comprehensive (loss) for the period	(28,057)	(4,406)	(551,854)	(109,042)
Weighted average number of common shares outstanding				
Basic and diluted	38,530,869	33,146,565	38,392,182	33,146,565
Loss per share				
Basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)

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

ELECTRO METALS AND MINING INC.**INTERIM CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025**

(In Canadian dollars)

	Capital Stock		Share based payment reserve	Warrant reserve	Deficit	Total
	Number of shares	Amount				
Balance, December 31, 2023	33,146,565	\$ 2,086,274	\$ 218,000	\$ 451,875	\$(2,871,216)	\$ (115,067)
Loss for the period	-	-	-	-	(109,042)	(109,042)
Balance, September 30, 2024	33,146,565	2,086,274	218,000	451,875	(2,980,258)	(224,109)
Loss for the period	-	-	-	-	(29,775)	(29,775)
Balance, December 31, 2024	33,146,565	2,086,274	218,000	451,875	(3,010,033)	(253,884)
Shares issued in property acquisition	4,000,000	364,000	-	-	-	364,000
Share based compensation	-	-	9,820	-	-	9,820
Shares issued for settlement of accounts payable	446,804	89,361	-	-	-	89,361
Shares issued pursuant to unit financing	937,500	150,000	-	-	-	150,000
Share issue costs	-	(3,570)	-	-	-	(3,570)
Fair value allocation of warrants in unit financing	-	(66,000)	-	66,000	-	-
Loss for the period	-	-	-	-	(551,854)	(551,854)
Balance, September 30, 2025	38,530,869	\$ 2,620,065	\$ 227,820	\$ 517,875	\$ (3,561,887)	\$ (196,127)

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

ELECTRO METALS AND MINING INC.**INTERIM CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**

(In Canadian dollars)

For the nine months ended September 30,	2025	2024
Operating activities		
Net loss for the period	\$ (551,854)	\$ (109,042)
Adjustments not affecting cash:		
Shares issued in property acquisition	364,000	-
Shares issued pursuant to settlement of debt	89,361	-
Share-based compensation	9,820	-
Changes in non-cash working capital:		
(Increase) in amounts receivable	(2,544)	(304)
Increase (decrease) in accounts payable	(42,070)	109,175
Cash used in operating activities	(133,287)	(171)
Financing activities		
Proceeds from unit financing	150,000	-
Share issue costs	(3,570)	-
Cash from financing activities	146,430	-
Increase (decrease) in cash during the period	13,143	(171)
Cash, beginning of the period	1,830	1,698
Cash, end of the period	14,973	1,527

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

ELECTRO METALS AND MINING INC.

NOTES TO THE INTERIM CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2025 (In Canadian dollars)

1. GENERAL INFORMATION

Electro Metals and Mining Inc. (the “Company” or “Electro”) was incorporated under the laws of Canada in 2014 and is engaged in the business of exploring and developing base and precious metal mineral properties, primarily copper and gold. Substantially all of the efforts of the Company are devoted to these business activities and to date the Company has not earned revenues. The principal registered business address of the Company is 2 Queen St. East, Suite 1500, Toronto, ON, M5C 3G5.

The interim condensed unaudited consolidated financial statements of the Company for the nine months ended September 30, 2025, were authorized by the Board of Directors on November 21, 2025.

2. GOING CONCERN

The Company’s ability to realize the costs it has incurred to date on its properties is dependent upon it being able to identify economically recoverable reserves; to finance their exploration and evaluation costs; to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the reserves; and to attain profitable operations.

The business of mining and exploration for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the expenditures incurred on the exploration properties and the Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, Aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company’s property interests may also be subject to increases in taxes and royalties, and political uncertainty.

The Company has cumulative operating losses and a significant working capital deficiency at September 30, 2025. The Company expects to incur further losses in the exploration and development of its properties. The Company has a need for equity financing for working capital and exploration and development of its properties.

The Company’s continuance as a going concern is dependent upon its ability to obtain adequate financing and make arrangements to repay or renegotiate past due accounts payable and accrued liabilities. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. These matters represent material uncertainties which cast significant doubt upon the Company’s ability to continue as a going concern.

These interim condensed unaudited consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profitable levels of operations.

ELECTRO METALS AND MINING INC.**NOTES TO THE INTERIM CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

(In Canadian dollars)

Details of deficit and working capital of the Company are as follows:

	September 30, 2025	December 31, 2024
Deficit	3,561,887	3,010,033
Working capital	(196,127)	(253,884)

3. BASIS OF PREPARATION**Statement of Compliance**

The interim condensed unaudited consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”). The interim condensed unaudited financial statements do not include all disclosures required by IFRS for annual financial statements and accordingly should be read in conjunction with the Company’s audited financial statements and notes thereto for the year ended December 31, 2024.

Basis of Measurement

The interim condensed unaudited financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

Foreign Currency

The financial statements are presented in Canadian dollars, which is the Company’s functional and presentation currency.

Use of Estimates and Judgments

The timely preparation of the interim condensed unaudited consolidated financial statements requires management to make estimates and use judgement regarding the reported amounts of the assets and liabilities and disclosures and the reported expenses during the period. These estimates relate to unsettled transactions at the date of the interim condensed unaudited consolidated financial statements. Accordingly, the actual results may differ from estimated amounts.

Estimates and judgements, which are based on historical experience and other factors, including expectations under reasonable circumstances, are continually evaluated. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Key Sources of Estimation Uncertainty

The following are the key estimates and related assumptions concerning the sources of estimation uncertainty that have a significant risk of causing adjustments to the carrying amount of assets and liabilities:

Stock options and warrants

In estimating the fair value of stock options and warrants using the Black-Scholes option pricing model, the Company uses assumptions related to the risk-free interest rate, expected option life, estimated forfeitures, estimated market price of the Company’s shares, and estimated future volatility of the Company’s share price.

Share-based payments (Restricted Share Units “RSUs”)

The Company measures the fair value of RSUs granted to employees and consultants at the grant date and recognizes the corresponding expense over the vesting period. The fair value of RSUs is estimated based on the market price of the Company’s common shares on the grant date, adjusted for any vesting

ELECTRO METALS AND MINING INC.

NOTES TO THE INTERIM CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2025

(In Canadian dollars)

conditions. Management is required to make assumptions regarding the expected vesting period, forfeiture rates, and the probability of meeting performance conditions, where applicable.

These estimates have a direct impact on the amount of share-based compensation expense recognized in the statement of profit or loss and on the contributed surplus reported in equity. Changes in these assumptions could materially affect the reported amounts.

4. MATERIAL ACCOUNTING POLICIES

Basis of consolidation

These interim condensed unaudited consolidated financial statements include the accounts of the Company and its controlled subsidiaries. An investor controls an investee when it 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.

These consolidated financial statements include the accounts of the Company; and its wholly-owned subsidiary Ancient Strains International Limited, a federally incorporated company. The financial statements of the subsidiaries are consolidated from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated.

Basis of measurement

These interim condensed unaudited consolidated financial statements have been prepared on a going concern basis, under the historical cost basis, except for those financial instruments recorded at Fair Value through Profit and Loss and have been prepared using the accrual basis of accounting except for cash flow information.

Exploration and evaluation assets – acquisition costs and exploration expenditures

All acquisition costs and exploration expenditures relating to the properties are expensed as incurred.

Provisions and decommissioning liabilities

Provisions, which include decommissioning liabilities, are liabilities that are uncertain in timing or amount. The Company records a provision when:

- (i) the Company has a present obligation, legal or constructive, as a result of a past event;
- (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) a reliable estimate can be made of the amount of the obligation.

Constructive obligations arise when:

- (i) by an established pattern of past practice, published policies or a sufficiently specific current statement, the Company has indicated to other parties that it will accept certain responsibilities; and
- (ii) as a result, the Company has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Provisions are reviewed at the end of each reporting period and adjusted to reflect management's current best estimate of the expenditure required to settle the present obligation. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Provisions are reduced by actual expenditures for which the provision was originally recognized. Where discounting has been used, the carrying amount of a provision increases in each year to reflect the passage of time. This increase (accretion expense) is

ELECTRO METALS AND MINING INC.**NOTES TO THE INTERIM CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

(In Canadian dollars)

included in finance costs in the consolidated statement of operations.

The Company did not have any material reclamation provisions or decommissioning liabilities as at September 30, 2025, and December 31, 2024.

Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated by assuming that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the year, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share. During the nine months ended September 30, 2025, and the year ended December 31, 2024, all outstanding options, warrants, restricted share units and deferred share units were considered anti-dilutive and were therefore excluded from the diluted loss per share calculation.

Income taxes

Income tax expense includes both current and deferred components. Income tax is recognized in the consolidated statement of operations except to the extent it relates to items recognized in other comprehensive loss or directly in equity.

Current income tax

Current income tax expense is based on the results for the year as adjusted for items that are not taxable and not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting year. Management at the end of each reporting year evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the financial statements and their corresponding tax bases used in the computation of taxable profit and are accounted for using the asset and liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Foreign currency translation

The Canadian dollar is the functional and reporting currency of the Company's operations. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities are translated at historical exchange rates. Revenues and expenses are translated at the rate at the time of the transaction. Any resulting gain or loss is recorded in the consolidated statement of operations.

Warrants

All warrants issued are valued on the date of grant using the Black-Scholes option pricing model, net of related issue costs and are recorded in contributed surplus. The value of warrants that expire is credited directly to deficit.

Stock Options

The fair value of stock options granted is determined at the grant date using the Black-Scholes option pricing model. The resulting fair value is recognized as an expense over the vesting period of the options, with a corresponding increase in contributed surplus. The amount recognized as an expense is adjusted to reflect the number of options expected to vest. When stock options are exercised, the proceeds received together with the related amount previously recorded in contributed surplus are credited to share capital.

Restricted Share Units

The fair value of RSUs granted is measured based on the market price of the Company's common shares on the grant date. The fair value is recognized as an expense over the vesting period, with a corresponding increase to contributed surplus or share capital, depending on whether the RSUs are settled in shares or cash. The Company estimates the number of RSUs expected to vest based on performance and service conditions. Any changes to these estimates are recognized in the period in which they occur.

Financial assets*Initial recognition and measurement*

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either Fair Value through Profit or Loss ("FVPL") or Fair Value through Other Comprehensive Income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading, and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of earnings (loss) when the right to receive payments is established.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of earnings (loss).

ELECTRO METALS AND MINING INC.

NOTES TO THE INTERIM CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2025

(In Canadian dollars)

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are other accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable has been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases, and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held-for-trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of operations.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

Recent and future pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after January 1, 2026, or later periods. Many are not applicable or do not have a significant impact on the Company and have been excluded below.

The following have not yet been adopted and are being evaluated to determine their impact on the Company:

- **Presentation and Disclosure in Financial Statements (IFRS 18)**

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standards replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required, and early adoption is permitted.

- **Classification and Measurement of Financial Instruments (Amendments to IFRS 9 & IFRS 7)**

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs).

Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required, and early adoption is permitted.

The Company expects to adopt these amendments as of their effective dates and is currently assessing their impact on adoption.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Income taxes and recoverability of potential deferred tax assets

The Company is subject to income, value added, withholding and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities require interpretation of complex laws and regulations often involving multiple jurisdictions. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that

ELECTRO METALS AND MINING INC.

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(In Canadian dollars)

changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting year.

Share-based payment transactions and warrants

The Company records share-based compensation at fair value over the vesting period. The Company also issues warrants. The fair value of the options and warrants is determined using the Black-Scholes options pricing model and management assumptions including the expected dividend yield, expected volatility, forfeiture rate, risk free rate and expected life. Should the underlying assumptions change, it will impact the fair value. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

5. MINING OPTIONS AGREEMENT

On December 18, 2024 (the “Effective Date”), Electro entered into a Mining Option Agreement with Globex Mining Enterprises Inc. (the “Optionor”). Under the terms of the agreement, the Company has been granted the exclusive option to acquire up to 100% ownership interest in the Optionor’s mining claims and leases (the “Property”), subject to specific financial and operational commitments (the “Option Agreement”).

To exercise the option, the Company is required to:

1. **Cash Payments** – Make aggregate cash payments totaling \$3,500,000 over a four-year period, with scheduled payments as follows:
 - \$100,000 by January 31, 2025 (paid)
 - \$150,000 within one year of the Effective Date
 - \$250,000 within two years of the Effective Date
 - \$750,000 within three years of the Effective Date
 - \$2,250,000 within four years of the Effective Date
2. **Equity Issuance** – Issue an aggregate of 6,000,000 common shares to the Optionor, allocated as follows:
 - 4,000,000 shares by January 31, 2025 (issued)
 - 2,000,000 shares by the fourth anniversary of the effective date
3. **Exploration Expenditures** – Incur a total of \$8,350,000 in expenditures on the Property, in accordance with the following schedule:
 - Minimum \$650,000 within one year of the Effective Date
 - Additional \$3,500,000 within two years of the Effective Date
 - Additional \$4,200,000 within four years of the Effective Date

Upon successful completion of all financial and operational obligations, the Company will earn an undivided 100% ownership interest in the Property, subject to any permitted encumbrances and the payment of a Gross Metal Royalty. Upon the Board of Directors of Electro Metals making a positive Commercial Production decision, the Company shall make an additional payment of \$1,000,000 and issue 1,000,000 Common Shares to the Optionor.

Management is actively assessing financing strategies to meet the Company’s commitments under this agreement while considering the potential impact on future operational and financial performance. This Option Agreement relates the same property being the primary business was held throughout the 24 month period up-to September 30, 2025. See Note 12 for Subsequent Events.

ELECTRO METALS AND MINING INC.**NOTES TO THE INTERIM CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2025**

(In Canadian dollars)

6. ACQUISITION

On December 24, 2024, the Company entered into a Binding Letter of Intent (“LOI”) with BWR Exploration Inc. (“BWR”) to pursue a strategic acquisition, resulting in Electro becoming a wholly owned subsidiary of BWR. The transaction is structured as a reverse takeover (“RTO”) and is contingent upon Electro completing required private placements and satisfying other conditions precedent. There is no assurance that this transaction will be completed as described, or at all.

On August 20, 2025, BWR announced it has entered into a definitive amalgamation agreement with Electro, replacing their prior LOI. The transaction involves a 9.5-for-1 share consolidation by BWR, followed by a three-cornered amalgamation under the CBCA, resulting in Electro becoming a wholly owned subsidiary of BWR. Electro shareholders will receive one post-consolidation BWR share per Electro share. The transaction is contingent on shareholder and regulatory approvals, as well as the completion of concurrent financings. These include up to \$1.5 million in hard dollar units at \$0.20 per unit and up to \$2.25 million in flow-through units.

7. SHARE CAPITAL**(a) Common shares authorized**

The authorized capital stock of the Company consists of an unlimited number of common shares.

During the nine months ended September 30, 2025, the Company issued the following:

On January 31, 2025, Electro issued 4,000,000 common shares to the Optionor as part of the consideration for the Option Agreement signed on December 18, 2024. The fair value of these shares was estimated to be \$364,000 based on the most recent financing completed by the Company (Note 5).

On February 28, 2025, the Company closed the issuance of 937,500 units at a price of \$0.16 per unit. Each unit consists of one common share and one warrant, granting the holder the option to convert the warrant into an additional common share at an exercise price of \$0.25 per share. The warrants are exercisable for a period of two years from the date of the Company’s shares being listed on a stock exchange.

On March 31, 2025, the Company issued a total of 446,804 common shares in settlement of outstanding amounts due to related parties. The issuance was to an entity controlled by the CEO for 321,804 common shares in settlement of outstanding accounts payable of \$64,360 and the new CFO for 125,000 common shares in settlement of outstanding accounts payable of \$25,000.

	Shares	Amount
Balance, December 31, 2024	33,146,565	\$ 2,086,274
Shares issued	937,500	150,000
Warrant allocation	-	(66,000)
Share issue costs	-	(3,570)
Shares issued for accounts payable	446,804	89,361
Shares issued for property	4,000,000	364,000
Balance, September 30, 2025	38,530,869	\$ 2,620,065

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(In Canadian dollars)

(b) Stock option plan and share-based compensation

The Company has a stock option plan to provide employees, directors, officers, and consultants with options to purchase common shares of the Company (the “Plan”). Under the plan, the exercise price of each option equals the market price of the Company’s stock on the day of grant, and the maximum term of option is five years. The maximum number of shares which may be issued under the program shall not exceed 10% of the issued and outstanding shares.

The following summarizes the stock options activity for the nine months ended September 30, 2025:

	Number of options	Weighted average exercise price
Balance, December 31, 2024	2,500,000	\$ 0.15
Options granted	-	-
Balance, September 30, 2025	2,500,000	\$ 0.15

On January 31, 2023, the Company granted 2,500,000 options to management and the board. The options expire five years from the date of listing the shares of the Company on a public stock exchange, and have been valued at \$218,000 using the Black-Scholes option pricing model based on the following weighted average assumptions:

Expected dividend yield	0%
Expected annual volatility	100%
Risk-free interest rate	3.04%
Expected average life	5 years
Share price	\$0.1198

The following table summarizes information about stock options outstanding and exercisable at September 30, 2025:

Expiry date	Number of options	Exercisable	Exercise price
Five years from a liquidity event ⁽¹⁾	2,500,000	2,500,000	\$ 0.15
	2,500,000	2,500,000	

⁽¹⁾ Shares listed on a recognized stock exchange

(c) Warrants

The continuity of the issuance of warrants is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2024	13,001,810	\$ 0.27
Warrants issued under a private placement	959,813	\$ 0.25
Balance, September 30, 2025	13,961,623	\$ 0.27

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At September 30, 2025, the following common share purchase warrants were outstanding:

Expiration date	Number of Warrants	Exercise price (\$)
Two years from a liquidity event ⁽¹⁾	11,512,167	0.250
Three years from a liquidity event ⁽¹⁾	2,449,456	0.350
Balance, September 30, 2025	13,961,623	

⁽¹⁾ Shares listed on a recognized stock exchange

(d) RSUs

On March 31, 2025, the Company issued a total of 375,000 RSU to the VP Exploration (250,000) and the former CFO (125,000). The RSUs vest over 12 months from date of listing on TSXV exchange ("Vest Date"), then have expiry of two (2) years from the Vest Date. These 375,000 RSUs are able to be converted into 375,000 common shares for no additional consideration. Under the Plan, unvested RSUs are typically forfeited upon end of employment or consultant's work term. However, the Company approved a waiver of the forfeiture provision for the former CFO, allowing the RSUs to remain outstanding and eligible to vest in accordance with their original schedule and expiry terms. The RSUs were valued at \$34,370 based on an estimated share value of \$0.091 which is based on the most recent financing completed by the Company.

The continuity of the RSUs is as follows:

	Number of RSUs
Balance, December 31, 2024	-
RSUs issued ⁽¹⁾	375,000
Balance, September 30, 2025	375,000

⁽¹⁾ Vest over 1 year from a liquidity event

At September 30, 2025, the following RSUs were outstanding:

Expiration date	Number of RSUs
Three years from a liquidity event ⁽¹⁾	375,000
Balance, September 30, 2025	375,000

⁽¹⁾ Shares listed on a recognized stock exchange (1 year vesting plus 2 year term)

8. COMMITMENTS AND CONTINGENCIES

The Company has not entered into any management and consulting agreements with its officers or directors that may require accrual of liabilities for potential severance commitments.

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations.

On August 22, 2025, Electro engaged Investing News Network ("INN") to provide an investor awareness and marketing campaign for a period of one year. INN will be paid up to \$65,000 for its services. INN is expected to begin services upon the successful completion of the RTO.

9. RELATED PARTY TRANSACTIONS

At September 30, 2025, amounts related to Company operating expenses initially paid by the CEO included in accounts payable and accrued liabilities was \$69,413 (December 31, 2024 - \$122,106). Amounts due to related parties included in accounts payable are unsecured, non-interest bearing and due on demand.

See Note 7(a) Common Shares for issuances to settle accounts payable and 7(d) RSUs for grants to relate parties.

10. FINANCIAL INSTRUMENTS

The carrying amounts for cash, amounts receivable, accounts payable and accrued liabilities approximate their estimated fair value due to the short-term nature of these financial instruments.

Cash is recorded at amortized cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Accounts payable are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

The Company's risk exposures and the impact on its financial investments, as summarized below, have not changed significantly for the nine months ended September 30, 2025, and December 31, 2024.

Credit Risk

The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to the financial instruments is remote.

Liquidity Risk

The Company's main source of liquidity is derived from its common stock issuances. At September 30, 2025, the Company had current assets of \$17,517 (December 31, 2024 - \$1,830) to settle current liabilities of \$213,644 (December 31, 2024 - \$255,714). All the Company's financial liabilities have contractual maturities that are subject to normal trade terms.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company monitors its cash balance and is satisfied with the creditworthiness of its banks. As a result, the Company's exposure to interest rate risk is minimal.

*Market Risk**Foreign Currency Risk*

The Company's functional and reporting currency is the Canadian dollar, and all expenditures are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. As the Company's properties are in the exploration and evaluation stage and to date do not contain any identified mineral resources or reserves, the Company does not hedge against commodity price risk.

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Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve-month period:

- (i) The Company receives low interest rates on its cash balances and, as such, the Company does not have significant interest rate risk.
- (ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

11. CAPITAL MANAGEMENT

Capital management is reflected by the manner in which the Company manages its capital stock. The Company's objectives when managing capital are:

- a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;
- b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and
- c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

There were no significant changes in the Company's approach to capital management during the nine months ended September 30, 2025.

As at September 30, 2025, and December 31, 2024, the Company's capital stock was \$2,620,065 and \$2,086,274, respectively. The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments, reduce debt levels from, or make adjustments to, its capital expenditure program.

12. SUBSEQUENT EVENTS

On November 17, 2025, the Option Agreement (in Note 5) was amended by the Company. In order to exercise the option, Electro is required to:

Make aggregate cash payments totalling \$5,000,000 over a four-year period, with scheduled payments as follows:

- \$100,000 by January 31, 2025 (Complete)
- \$150,000 by the date of listing its shares on the TSXV or April 30, 2026 whichever is earlier
- \$250,000 by April 30, 2027 or 13 months after listing its shares on the TSXV, whichever is later
- \$1,500,000 January 15, 2028
- \$3,000,000 January 15, 2029

Issue an aggregate of 7,000,000 common shares to the Optionor, allocated as follows:

- 4,000,000 shares by January 31, 2025 (Complete)
- 1,000,000 shares by June 30, 2027 or three months after listing its shares, whichever is earlier
- 2,000,000 shares by the fourth anniversary of the effective date

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Incur a total of \$13,500,000 in expenditures on the Property, in accordance with the following schedule:

- Minimum \$750,000 by June 30, 2026 or three months after listing its shares, whichever is earlier
- Additional \$3,000,000 completed by June 30, 2027
- Additional \$3,500,000 completed by June 30, 2028
- Additional \$6,250,000 completed by June 30, 2029

Upon successful completion of all financial and operational obligations, the Company will earn an undivided 100% ownership interest in the Property, subject to a Production Bonus of \$1,000,000 adjusted for inflation payable upon achieving commercial production, payment of a 3% Gross Metal Royalty as outlined in the Royalty Agreement, subject to subject to an Advance Royalty of \$250,000 per year for eight years commencing January 16, 2032 adjusted for inflation, a repurchase by Electro of 1% of the Royalty for \$2,000,000 within twelve months of the start up of commercial production and permitted encumbrances.