
EMP METALS CORP.
(formerly, Sentinel Resources Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31, 2022 AND 2021
(Unaudited – Expressed in Canadian Dollars)

NOTICE TO READER

Under National Instrument 51-102, 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 consolidated financial statements have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

EMP METALS CORP.
(formerly, Sentinel Resources Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Expressed in Canadian Dollars)

	Note	October 31, 2022 \$	April 30, 2022 \$
ASSETS			
Current assets			
Cash		2,763,087	1,467,544
GST recoverable		55,613	54,390
Prepaid expenses		117,696	35,750
		2,936,396	1,557,684
Performance bonds		-	72,712
Exploration and evaluation assets	5	16,767,487	16,192,835
Total assets		19,703,883	17,823,231
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	276,479	251,354
SHAREHOLDERS' EQUITY			
Share capital	7	20,336,502	16,743,652
Reserves	7	1,068,098	1,956,361
Accumulated other comprehensive income		5,523	4,329
Deficit		(7,041,611)	(6,193,073)
Total equity attributable to shareholders of the Company		14,368,512	12,511,269
Attributable to non-controlling interest		5,058,892	5,060,608
		19,427,404	17,571,877
Total liabilities and shareholders' equity		19,703,883	17,823,231

Nature of operations and going concern (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on December 22, 2022

_____"Robin Gamley"_____
Director

_____"Greg Bronson"_____
Director

EMP METALS CORP.
(formerly, Sentinel Resources Corp.)
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three and six months ended October 31, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)

	Notes	Three months ended October 31,		Six months ended October 31,	
		2022 \$	2021 \$	2022 \$	2021 \$
Expenses					
Consulting fees	10	181,521	143,213	311,745	204,113
Filing fees		16,761	12,574	22,689	16,289
Interest and bank charges		-	400,000	-	400,000
Marketing		144,402	15,500	312,612	70,000
Office		19,714	(682)	37,324	10,287
Professional fees	10	70,557	73,921	105,638	102,158
Share-based compensation	7, 10	19,195	351,659	54,623	351,659
Loss before other items		(452,150)	(996,185)	(844,631)	(1,154,506)
Other items					
Interest income		509	37	717	113
Foreign exchange loss		-	(2,507)	(6,340)	(5,122)
		509	(2,470)	(5,623)	(5,009)
Net loss for the period		(451,641)	(998,655)	(850,254)	(1,159,515)
Items that may be reclassified subsequently to loss					
Exchange difference on translating foreign operations		(2,038)	(1,518)	1,194	857
Comprehensive loss for the period		(453,679)	(1,000,173)	(849,060)	(1,158,658)
Net loss attributable to:					
Shareholders of the Company		(450,357)	(993,203)	(848,538)	(1,154,063)
Non-controlling interest		(1,284)	(5,452)	(1,716)	(5,452)
		(451,641)	(998,655)	(850,254)	(1,159,515)
Comprehensive loss attributable to:					
Shareholders of the Company		(452,395)	(994,721)	(847,344)	(1,153,206)
Non-controlling interest		(1,284)	(5,452)	(1,716)	(5,452)
		(453,679)	(1,000,173)	(849,060)	(1,158,658)
Basic and diluted loss per share		(0.00)	(0.03)	(0.01)	(0.05)
Weighted average number of shares outstanding		62,321,238	30,113,791	61,400,871	19,736,106

EMP METALS CORP.
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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited – Expressed in Canadian dollars, except for share figures)

	Note	Number of Shares #	Share Capital \$	Share Issue Costs \$	Reserves \$	Accumulated Other Comprehensive Income \$	Deficit \$	Non-controlling Interest \$	Total \$
Balance, April 30, 2021		9,358,421	4,358,142	(202,159)	207,850	1,293	(3,820,325)	-	544,801
Shares issued pursuant to private placement	7	11,764,705	2,000,000	(190,050)	100,812	-	-	-	1,910,762
Shares issued pursuant to acquisition of HCM	4	14,070,000	5,416,950	-	4,738,376	-	-	5,075,758	15,231,084
Shares issued for financing fees	4,6	1,000,000	400,000	-	-	-	-	-	400,000
Share-based compensation		-	-	-	351,659	-	-	-	351,659
Net and comprehensive loss for the period		-	-	-	-	857	(1,154,063)	(5,452)	(1,158,658)
Balance, October 31, 2021		36,193,126	12,175,092	(392,209)	5,398,697	2,150	(4,974,388)	5,070,306	17,279,648
Agent's option exercise	7	120,086	55,084	-	(19,058)	-	-	-	36,026
Warrant exercise	7	12,659,261	4,905,685	-	(3,871,856)	-	-	-	1,033,829
Share-based compensation	7	-	-	-	448,578	-	-	-	448,578
Net and comprehensive loss for the period		-	-	-	-	2,179	(1,218,685)	(9,698)	(1,226,204)
Balance, April 30, 2022		48,972,473	17,135,861	(392,209)	1,956,361	4,329	(6,193,073)	5,060,608	17,571,877
Agent's option exercise	7	388,041	165,615	-	(76,366)	-	-	-	89,249
Warrant exercise		12,960,724	3,427,235	-	(866,520)	-	-	-	2,560,715
Share-based compensation		-	-	-	54,623	-	-	-	54,623
Net and comprehensive loss for the period		-	-	-	-	1,194	(848,538)	(1,716)	(849,060)
Balance, October 31, 2022		62,321,238	20,728,711	(392,209)	1,068,098	5,523	(7,041,611)	5,058,892	19,427,404

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

EMP METALS CORP.
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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended October 31, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)

	2022	2021
	\$	\$
Operating activities:		
Net loss for the period	(850,254)	(1,159,515)
Items not involving cash:		
Interest expense	-	400,000
Share-based compensation	54,623	351,659
Changes in non-cash working capital related to operations:		
GST recoverable	(1,223)	(6,498)
Prepaid expenses	(81,946)	27,500
Accounts payable and accrued liabilities	25,125	6,436
Net cash used in operating activities	(853,675)	(380,418)
Investing activities:		
Acquisition and exploration costs on exploration and evaluation assets	(574,652)	(23,408)
Cash acquired on acquisition of HCM	-	518,973
Performance bonds	72,712	-
Net cash used in investing activities	(501,940)	495,565
Financing activities:		
Issuance of common shares	2,649,964	1,910,762
Repayment of loans payable	-	(600,000)
Funds provided to HCM prior to the acquisition	-	(150,000)
Net cash provided by financing activities	2,649,964	1,160,762
Increase in cash during the period	1,294,349	1,275,909
Effect of exchange rate changes on cash	1,194	4,124
Cash – beginning of the period	1,467,544	265,865
Cash – end of the period	2,763,087	1,545,898
Supplemental cash flow information:		
Income taxes paid	-	-
Interest paid	-	-
Fair value of shares and warrants issued for acquisition of exploration and evaluation assets	-	10,155,326

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

EMP METALS CORP.
(formerly, Sentinel Resources Corp.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended October 31, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

EMP Metals Corp. (formerly, Sentinel Resources Corp.) (“the Company” or “EMP”) was incorporated under the Business Corporations Act of British Columbia on August 3, 2018. The Company is engaged in the exploration and evaluation of mineral properties. The Company’s head office is located at 208A - 980 West 1st Street, North Vancouver, BC V7P 3N4. Effective November 16, 2021, the Company changed its name from Sentinel Resources Corp. to EMP Metals Corp. The Company’s common shares are listed for trading on the Canadian Securities Exchange (the “Exchange”) under the trading symbol “EMPS” and on the OTCQB under the symbol “EMPPF”.

On May 13, 2021, the Company consolidated its issued and outstanding common shares at a ratio of 3 pre-consolidated shares to one post-consolidation share (the "Consolidation"). All references to share and per share amounts in these consolidated financial statements have been retrospectively restated to reflect the Consolidation.

These condensed interim consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At October 31, 2022, the Company had accumulated losses of \$7,041,611 since its inception and expects to incur further losses in the development of its business. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational levels of exploration and corporate overhead. In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The Company’s business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia’s military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts of the pandemic and the conflict in Ukraine to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for the Company to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, financial performance, financial position and cash flows in the future. There is a material uncertainty related to these events and conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

Additional funds will be required to enable the Company to continue its operations and there can be no assurance that financing will be available on terms which are acceptable to the Company. These consolidated financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s audited financial statements for the year ended April 30, 2022. They do not include all the information required for complete annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and therefore should be read together with the audited financial statements for the year ended April 30, 2022.

b) Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements are prepared using the accrual basis of accounting, aside from cash flow information.

c) Consolidation

These condensed interim consolidated financial statements include the financial statements of the Company and its wholly-owned and controlled subsidiaries, Sentinel Resources (Australia) Pty Ltd., incorporated in New South Wales, Australia on August 24, 2020, and Hub City Minerals Corp. (“HCM”), incorporated in British Columbia on April 19, 2021. HCM owns 75% of the outstanding common shares of Hub City Lithium Corp. (“HCL”), incorporated in British Columbia on April 19, 2021.

Consolidation of an investee begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Control is achieved when the Company 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. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

Sentinel Resources (Australia) Pty Ltd. was dissolved on October 30, 2022.

d) Foreign currencies

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

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These condensed interim consolidated financial statements are presented in Canadian dollars. The functional currency of EMP Metals Corp., HCM and HCL is the Canadian dollar and the functional currency of Sentinel Resources (Australia) Pty Ltd. is the Australian dollar. Subsidiaries whose functional currencies differ from that of the parent company (“foreign operations”) are translated into Canadian dollars as follows: assets and liabilities – at the closing rate as at the reporting date, and income and expenses – at the average rate of the period. All resulting changes are recognized in other comprehensive income as exchange difference on translating foreign operations.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

When the Company disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive loss related to the foreign operation are reclassified to profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income (loss) related to the subsidiary are reallocated between controlling and non-controlling interests.

e) Critical judgments and estimates

Impairment of exploration and evaluation assets

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resource prices and the long-term forecasts, and the overall economic viability of the project.

Asset acquisitions

The assessment of whether an acquisition meets the definition of a business or an asset is an area of key judgment. In the acquisition of HCM, judgment was required to determine if the acquisition represented a business combination or an asset acquisition. More specifically, management concluded that HCM did not represent a business as the assets acquired were not an integrated set of activities with inputs, processes and outputs. Since it was concluded that the transaction (Note 4) represented the acquisition of assets, there was no goodwill recognized and the transaction costs were capitalized to the assets acquired rather than expensed.

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Shares and warrants issued for asset acquisitions

Management makes estimates in determining the fair value attributed to equity instruments paid as consideration for asset acquisitions, based on the contracted terms for the acquisition. Where common shares are issued for asset acquisitions, management determines the acquisition date and applies the closing market price of the Company's common shares on that date. When warrants are issued as part of asset acquisitions, management must determine the most appropriate valuation model to apply in calculating the grant date fair value of the warrants, and then make estimates of the expected volatility of the stock, the expected life of the warrants, and an estimated risk-free interest rate for input to the calculation. Inputs and resulting estimates differ depending on the valuation model. Further, should management's estimates as to an appropriate grant date share price or inputs be incorrect, the value of consideration for an asset acquisition could be materially different.

Share-based payments

The Company uses the fair-value method of accounting for share-based payments. Under this method, compensation cost attributable to options granted is measured at fair value, using the Black-Scholes option pricing model, at the grant date and expensed over the vesting period. In determining the fair value, the Company makes estimates of the expected volatility of the stock, the expected life of the options, and an estimated risk-free interest rate.

3. RECENT ACCOUNTING PRONOUNCEMENTS

The following new standards and interpretations have been issued by the IASB, but are not yet effective and have not been applied in preparing these consolidated financial statements. The Company will adopt the amendments on their effective dates and management does not expect the amendments to have a material impact on the consolidated financial statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

4. ACQUISITION OF HUB CITY MINERALS CORP.

On August 27, 2021, the Company entered into a share purchase agreement (the "Acquisition Agreement") with HCM, whereby the Company acquired 67% of the issued and outstanding shares and share purchase warrants of HCM (the "Transaction").

Under the terms of the Acquisition Agreement, the Company acquired 14,070,000 Hub City Units (the "Hub City Units") in exchange for the issuance of 14,070,000 EMP units (each, "EMP Unit") to the holders of the Hub City Units. Each EMP Unit consisted of one common share of EMP and one share purchase warrant, with each share purchase warrant entitling the holder to acquire one additional common share of EMP at an

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exercise price of \$0.06667 and under the existing terms of the outstanding share purchase warrants of HCM. The Company also settled a pre-existing advance to HCM of \$150,000, which was non-interest bearing.

The Transaction closed on September 2, 2021, at which time EMP became the ultimate parent company of HCM.

The Transaction did not meet the definition of a business combination and therefore, has been accounted for as a purchase of exploration and evaluation assets with the Company acquiring 67% of HCM on September 2, 2021. The consideration for the acquisition of HCM has been allocated at fair value of the assets acquired and liabilities assumed, based on management’s best estimate and taking into account all available information at the time of acquisition.

The following table summarizes the fair value of the total consideration paid and the aggregate fair value of identified assets acquired and liabilities assumed:

Purchase price	\$
14,070,000 common shares of the Company at \$0.39 per share	5,416,950
Fair value of 14,070,000 warrants	4,738,376
Settlement of preexisting relationship	150,000
	10,305,326
Net assets acquired	\$
Cash	518,973
Receivables	2,689
Exploration and evaluation assets	15,464,433
Accounts payable and accrued liabilities	(5,011)
Loans payable	(600,000)
Non-controlling interest	(5,075,758)
	10,305,326

The fair value of the 14,070,000 warrants (\$4,738,376) was estimated using the Black-Scholes option-pricing model. Weighted average assumptions used in the pricing model were as follows: spot price – \$0.39 per share; risk-free rate – 0.52%; expected life – 3 years; expected volatility – 100%; expected forfeitures – nil%; and expected dividends – \$nil.

In August 2022, the Company entered into a share exchange agreement with the other shareholders of HCM who in aggregate own 33% of the issued and outstanding shares of HCM, whereby the Company transferred its shares of Hub City Royalty Corp. (“Royalty Corp.”) to those shareholders in exchange for their 33% ownership of HCM. As a result, HCM became a 100% wholly-owned subsidiary of the Company. In addition, HCM signed a royalty agreement with Royalty Corp., pursuant to which HCM has granted to Royalty Corp. a 25% net profit royalty on amounts received by HCM from HCL.

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5. EXPLORATION AND EVALUATION ASSETS

	Gold and Silver Projects	Li-Brine Properties	Total
	\$	\$	\$
April 30, 2021	91,682	-	91,682
HCM asset acquisition	-	15,464,433	15,464,433
Acquisition costs – cash	-	534,546	534,546
Provision for decommissioning and restoration	-	73,900	73,900
Assaying and sampling	-	48	48
Claim fees	-	2,850	2,850
Consulting	-	81,189	81,189
Equipment	-	35,869	35,869
Foreign exchange	(3,874)	-	(3,874)
Write-down	(87,808)	-	(87,808)
April 30, 2022	-	16,192,835	16,192,835
Acquisition costs – cash	-	115,193	115,193
Consulting	-	340,654	340,654
Equipment	-	11,435	11,435
Geologists	-	21,246	21,246
Geochemical	-	1,995	1,995
Land Lease Payment	-	24,235	24,235
Permits	-	1,445	1,445
Miscellaneous	-	26,826	26,826
Vehicle Costs	-	23,797	23,797
Travel & accommodation	-	7,826	7,826
October 31, 2022	-	16,767,487	16,767,487

Gold and Silver Projects

In October 2020, the Company acquired, by staking, 8 gold-focused exploration concessions totaling approximately 94,500 hectares located in New South Wales, Australia. The concessions are known as Star of Hope, Golden Bar, Alliance Reef, Stanleys, Lady Mary, Waddery West, Wittagoona Reef and Toolom South (collectively, the “Gold Projects”). In October 2020, the Company also acquired, by staking, 7 silver-focused exploration concessions totaling approximately 38,600 hectares located in New South Wales, Australia. The concessions are known as; Wallah Wallah, Stony Creek, Carrington, Dartmoor, Glens Skarn, Broken Hill West and Goongong (collectively, the “Silver Projects”). The Company was required to post a refundable performance bond of \$9,723 (AUD\$10,000) per concession and spend exploration and associated expenses on each concession of \$24,308 (AUD\$25,000) in Year One and \$48,615 (AUD\$50,000) in Year Two.

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During the year ended April 30, 2022, the Company decided not to continue exploring and developing the Gold and Silver Projects and has relinquished all its claims. As a result, the Company wrote down the capitalized balance of the projects to \$nil and recognized an impairment charge of \$87,808, calculated in accordance with level 3 of the fair value hierarchy, for the year ended April 30, 2022.

Li-Brine Properties

On September 2, 2021, the Company acquired the Li-Brine Properties as a result of the acquisition of HCM (note 4). HCM holds 48,457 hectares (119,739 acres) of subsurface crown mineral dispositions in Saskatchewan, with the focus on potential lithium resource prospects. On January 24, 2022, the Company acquired an additional 37,593 hectares (92,894 acres) of subsurface crown mineral dispositions located in Saskatchewan.

On May 24, 2022, the Company entered into a Wellbore Takeover Agreement (the "Agreement"). Within the Agreement the Company assumes the provision for decommissioning of the well, estimated at \$70,000. The well is located in the Tyvan area of Southeast Saskatchewan which is within one-half mile of HCM's lands.

On September 27, 2022, the Company acquired an additional wellbore in its Mansur Permit Area. The new well, 101/14-36-008-13 W2M ("Second Test Well"), is located at the Mansur Permit Area of southeast Saskatchewan and is approximately half a mile from the Company's first test well in the Mansur. The Second Test Well has been acquired for no consideration and the assumption of future abandonment and reclamation costs.

6. LOANS PAYABLE

As a result of the acquisition of HCM, the Company assumed loans payable with a principal balance of \$600,000, which bore no interest, were unsecured and were to mature on November 16, 2021. In connection with the acquisition of HCM, the Company issued 500,000 common shares to each of the lenders for a total of 1,000,000 common shares at their fair value of \$400,000. The loans have been fully repaid during the year ended April 30, 2022.

	\$
Balance, April 30, 2021	-
Assumed on acquisition of HCM	600,000
Repayment	(600,000)
Balance, April 30, 2022 and October 31, 2022	-

7. SHARE CAPITAL

a) **Authorized** – Unlimited common shares without par value.

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b) Issued and outstanding – 62,321,238 common shares

c) Consolidation

On May 13, 2021, the Company consolidated its issued and outstanding common shares at a ratio of 3 pre-consolidated shares to one post-consolidation share. All references to share and per share amounts in these consolidated financial statements have been retrospectively restated to reflect the Consolidation.

d) Issuances

On August 5, 2021, the Company closed a non-brokered private placement financing by issuing 11,764,705 units at a price of \$0.17 per unit for proceeds of \$2,000,000. Each unit comprises one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.23 per share for a period of one year from the date of issue. The Company assigned \$nil to the warrants. The Company paid finders fees totaling \$89,238 and issued 512,262 agent's options. The Company has the right to accelerate the expiry date of the warrants if, at any time, the average closing price of the Company's common shares is equal to or greater than \$0.50 for 10 consecutive trading days. In the event of acceleration, the expiry date will be accelerated to a date that is 10 business days after the Company issues a news release announcing that it has elected to exercise this acceleration right.

The fair value of the 512,262 agent's options was determined to be \$100,812 and estimated on the date of issue using the Black-Scholes option valuation model with the following assumptions: exercise price of \$0.23, spot price of \$0.37, dividend yield of \$nil, risk free interest rate of 0.42%, expected life of 1 year and expected volatility of 100%.

On September 2, 2021, the Company issued 14,070,000 units pursuant to the acquisition of HCM. Each unit comprises one common share and one share purchase warrant, with each share purchase warrant entitling the holder to acquire one common share at an exercise price of \$0.07 per common share, expiring on September 2, 2024. Refer to Note 4.

On October 2, 2021, in consideration for the loans assumed by the Company as a result of the acquisition of HCM, the Company paid a fee to each of the lenders by issuing 500,000 common shares to each of the lenders for a total of 1,000,000 common shares at their fair value of \$400,000. The fair value of \$400,000 has been classified as financing fees within profit or loss. Refer to Note 6.

During the year ended April 30, 2022, the Company issued 12,659,261 common shares pursuant to the exercise of warrants for total gross proceeds of \$1,033,829. \$3,871,856 was transferred from reserves to share capital as a result. The weighted average share price at dates the warrants were exercised was \$0.46.

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During the year ended April 30, 2022, the Company issued 120,086 common shares pursuant to the exercise of agent's options for total gross proceeds of \$36,026. \$19,058 was transferred from reserves to share capital as a result. The weighted average share price at dates the warrants were exercised was \$0.37.

During the six months ended October 31, 2022, the Company issued 12,960,724 common shares pursuant to the exercise of warrants for total gross proceeds of \$2,560,715. \$866,520 was transferred from reserves to share capital as a result. The weighted average share price at dates the warrants were exercised was \$0.35.

During the six months ended October 31, 2022, the Company issued 388,041 common shares pursuant to the exercise of agent's options for total gross proceeds of \$89,249. \$76,366 was transferred from reserves to share capital as a result. The weighted average share price at dates the warrants were exercised was \$0.33.

e) Escrowed Shares

As at October 31, 2022, 50,000 common shares are held in escrow (April 30, 2022 – 100,000) to be released pro-rata to the shareholders as to 10% on the listing date with the remaining escrow shares being released in six equal tranches of 15% every six months as to 50,000 common shares on each of August 27, 2022 and February 27, 2023. These escrow shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

f) Stock Options

On March 15, 2019, the Company adopted a stock option plan (the "Stock Option Plan"), which provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance will be 10% of the number of the Company's common shares issued and outstanding at the time such options are granted. Options may be granted under the Stock Option Plan to the directors, officers, employees, management or consultants of the Company and its affiliates, if any, as the Board of Directors may from time to time designate. The Stock Option Plan provides that the number of common shares that may be reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued common shares, if the individual is a director, officer, employee or consultant, or 1% of the issued common shares, if the individual is engaged in providing investor relations services, on a yearly basis. All options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause; or (iii) one year from the date of death or disability.

On August 13, 2021, the Company granted a total of 1,800,000 stock options to its directors, officers, employees, consultants and advisors. The stock options have an exercise price of \$0.37 per share and

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expire on August 13, 2025. 50% of the options vest 3 months after the grant date and the remaining 50% of the options vest 6 months after the grant date. The fair value of the options granted was \$0.25 per share.

On September 28, 2021, the Company granted 500,000 stock options to a consultant. The stock options have an exercise price of \$0.35 per share and expire on September 28, 2025. 50% of the options vest 3 months after the grant date and the remaining 50% of the options vest 6 months after the grant date. The fair value of the options granted was \$0.24 per share.

On January 24, 2022, the Company granted a total of 1,050,000 stock options to its directors, officers, employees, consultants and advisors. The stock options have an exercise price of \$0.40 per share and expire on January 24, 2027. 550,000 stock options will vest quarterly over 12 months from the date of issuance. 500,000 stock options vest on the basis of 50,000 per month after the grant date. The fair value of the options granted was \$0.11 per share.

On April 5, 2022, the Company granted a total of 700,000 stock options to its directors and consultants. The stock options have an exercise price of \$0.40 per share and expire on April 5, 2027. 500,000 stock options vested immediately. 200,000 stock options will vest as to 100,000 options on April 5, 2024 and 100,000 options on October 5, 2024. The fair value of the options granted was \$0.26 per share.

The fair value of these options on the date of grant was determined using the Black-Scholes option pricing model and the following weighted average assumptions:

	April 30, 2022
Risk free interest rate	1.33%
Expected life	4.43 years
Expected volatility	100%
Expected forfeiture	Nil
Expected dividends	Nil

The weighted average grant date fair value of the stock options granted during the year ended April 30, 2022 was \$0.26.

During the six months ended October 31, 2022, the Company recorded \$54,623 (2021 - \$nil) of share-based compensation expense.

The changes in the stock options for the year ended April 30, 2022 and six months ended October 31, 2022 are as follows:

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	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance and exercisable, April 30, 2021	266,667	\$1.05	3.91
Granted	4,050,000	\$0.38	-
Balance and exercisable, April 30, 2022 and October 31, 2022	4,316,667	\$0.42	3.41

The balance of options outstanding as at October 31, 2022 was as follows:

Expiry date	Exercise price	Remaining Life (years)	Options Outstanding	Unvested	Vested
January 14, 2025	\$0.30	2.21	83,334	-	83,334
August 21, 2025	\$0.84	2.81	100,000	-	100,000
October 1, 2025	\$2.01	2.92	83,333	-	83,333
August 13, 2025	\$0.37	2.79	1,800,000	-	1,800,000
September 28, 2025	\$0.35	2.91	500,000	-	500,000
January 24, 2027	\$0.40	4.24	1,050,000	262,500	787,500
April 5, 2027	\$0.40	4.43	700,000	200,000	500,000
	\$0.42	3.41	4,316,667	462,500	3,854,167

g) Warrants

Details of warrant activity for the year ended April 30, 2022 and six months ended October 31, 2022 are as follows:

	Number of Warrants #	Weighted Average Exercise Price \$
Balance, April 30, 2021	4,430,000	0.84
Expired	(4,430,000)	0.84
Issued	25,834,705	0.14
Exercised	(12,659,261)	0.08
Balance, April 30, 2022	13,175,444	0.20
Expired	(214,720)	0.23
Exercised	(12,960,724)	0.20
Balance, October 31, 2022	-	-

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On May 3, 2022, the Company accelerated the expiry date of common share purchase warrants issued on August 4, 2021 (the "Warrants") in accordance with the terms of the Warrants. Under the terms of the Warrants, the Company was permitted to accelerate the expiry date if the average closing price of the Company's common shares for any 10 consecutive trading days is equal to or greater than \$0.50. During May 2022, the Company completed the acceleration.

h) Agent's Options

The changes in the Agent's options for the year ended April 30, 2022 and six months ended October 31, 2022 are as follows:

	Number of Agent's options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, April 30, 2021	123,421	\$0.30	0.33
Issued	512,262	\$0.23	-
Expired	(3,335)	\$0.30	-
Exercised	(120,086)	\$0.30	-
Balance, April 30, 2022	512,262	\$0.23	0.27
Expired	(124,221)	\$0.23	-
Exercised	(388,041)	\$0.23	-
Balance, October 31, 2022	-		-

8. RELATED PARTY TRANSACTIONS

Key management personnel are those persons responsible for planning, directing and controlling the activities of the entity, and include executives and non-executive directors. The Company incurred charges from directors and officers, or to companies controlled by these individuals during the three and six months ended October 31, 2022 and 2021 as follows:

	Three months ended October 31,		Six months ended October 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Accounting fees	23,072	18,848	39,830	25,791
Consulting fees	30,000	22,500	60,000	54,229
Share-based payment	3,525	122,917	11,284	122,917
	56,597	164,265	111,114	202,937

Accounts payable and accrued liabilities at October 31, 2022 includes \$14,684 (April 30, 2022 – \$12,809) due to the CEO and a company in which the CFO is an owner.

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Key management of the Company includes the CEO, the CFO and the Directors. During the three and six months ended October 31, 2022, compensation paid or accrued to key management consisted of accounting fees of \$23,072 and \$39,830 (2021 – \$18,848 and \$25,791) paid or accrued to a company in which the CFO is an owner, consulting fees of \$30,000 and \$60,000 (2021 – \$22,500 and \$45,000) paid or accrued to the CEO, and consulting fees of \$nil and \$nil (2021 – \$nil and \$9,229) paid to a company controlled by a director of the Company.

9. COMMITMENTS

On August 1, 2021, the Company entered into a consulting agreement for public company finance and administration support at a rate of \$7,500 per month (\$90,000 per year) for a term of 5 years. On a change of control of the Company, a payment to the consultant of 24 months (\$180,000) is required.

On April 1, 2022, the Company entered into a consulting agreement for public company finance and administration support at a rate of \$10,000 per month (\$120,000 per year) for a term of 5 years. On a change of control of the Company, a payment to the consultant of 24 months (\$240,000) is required.

On April 1, 2022, the Company entered into a consulting agreement with the CEO at a rate of \$10,000 per month (\$120,000 per year) for a term of 5 years. On a change of control of the Company, a payment to the CEO of 24 months (\$240,000) is required.