

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**1. Name and Address of Company**

Electric Metals (USA) Limited (the “Issuer”)  
365 Bay Street, Suite 800  
Toronto, Ontario  
M5H 2V1

**2. Date of Material Change**

October 6, 2023.

**3. News Release**

A press releases disclosing the material change was disseminated by the Issuer on October 10, 2023 through the facilities of Newsfile Corp. and subsequently filed on SEDAR+ (www.SEDARPLUS.ca).

**4. Summary of Material Change**

On October 10, the Issuer announced that it had closed the final tranche (the “Final Tranche”) of the sale of securities in connection with a binding letter of intent between the Issuer and Quail Bend LLC (“Quail Bend”) dated May 12, 2023, as amended August 21, 2023 (the “LOI”) pursuant to which Quail Bend, or an affiliate thereof, agreed to acquire up to 21,276,596 units of the Issuer for gross proceeds of \$3,349,999.97. In connection with the Final Tranche closing, the Issuer entered into an investor rights agreement (the “IRA”) with Quail Bend and appointed Steve Durbin to the Board of Directors.

**5. Full Description of Material Change**

In connection with the Final Tranche closing the Issuer issued a total of 14,255,319 units (the “Units”) at a price of \$0.235 per Unit for gross proceeds of \$3,349,999.97. Each Unit consisted of one common share in the capital of the Issuer (each, a “Common Share”) and one share purchase warrant (each, a “Warrant”) with each Warrant exercisable to acquire one additional Common Share at an exercise price of \$0.35 for a period of 24 months from the date of issuance of the warrant. In certain circumstances, the Warrants may be subject to a “cashless exercise”.

On closing of the Final Tranche, Quail Bend became a “Control Person” within the meaning of such term under applicable TSX Venture Exchange (“TSXV”) policies. The Issuer called a meeting of shareholders which was held on October 5, 2023 at which a resolution approving the creation of Quail Bend and its affiliates as a new Control Person of the Issuer was passed by the disinterested shareholders of the Issuer.

As a result of the Final Tranche closing, the Issuer has granted to Quail Bend certain investor rights pursuant to the IRA which it will retain so long as it controls 10.0% or more of the issued and outstanding Common Shares and which includes the following: the Issuer has increased the number of directors to six and has appointed Steve Durbin as a director of the Issuer as Quail Bend's nominee; Quail Bend will have the right to participate in any future public or private equity financing by the Issuer to maintain its pro rata ownership interest in EML, and to

potentially increase its ownership interest, to the extent there is additional room in the relevant financing; and each of Gary Lewis and Henry Sandri entered into lockup agreements pursuant to which they agree not to sell any securities of EML they own or control, except in certain circumstances and agreed not to compete with the Issuer in any manganese project in North America for a period of 12 months. In accordance with the terms of the LOI and the IRA, Mr. Durbin has been awarded 1,500,000 stock options of the Issuer, effective on the second business day after the date of public disclosure of the closing of the Offering and related matters, at an exercise price of C\$0.25 per share, which options are exercisable for a period of 5 years from the date of grant. 1,000,000 of the Options vest and are exercisable immediately upon the grant thereof and 500,000 of the Options shall vest and be exercisable in the event that the volume weighted average price of the common shares of the Issuer on the TSXV exceeds C\$0.50 per share for any 20 consecutive trading days.

**6. Reliance on subsection 7.1(2) of National Instrument 51-102**

The report is not being filed on a confidential basis.

**7. Omitted Information**

No significant facts have been omitted from this Material Change Report.

**8. Executive Officer**

For further information, please contact Gary Lewis, Chief Executive Officer of the Issuer, at (416) 350-3503.

**9. Date of Report**

This report is dated the 16<sup>th</sup> day of October, 2023.