



Condensed Interim Financial Statements

For the three and nine months ended September 30, 2024, and 2023
(Expressed in Canadian Dollars)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), 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 condensed interim financial statements of the company have been prepared by and are the responsibility of the company's management. The company's independent auditor has not performed an audit or review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants.

Metal Energy Corp.
Condensed Interim Statement of Financial Position
(Unaudited - Expressed in Canadian dollars)

<i>As at</i>	Notes	September 30, 2024	December 31, 2023
ASSETS			
Current			
Cash		\$769,205	\$1,735,369
Amounts receivable		40,870	40,794
Prepaid expenses and deposits		11,532	49,586
Due from related party	7	17,476	17,476
TOTAL ASSETS		\$839,083	\$1,843,225
LIABILITIES			
Current			
Accounts payable and accrued liabilities		51,897	84,173
Due to related party		3,252	-
TOTAL LIABILITIES		\$55,149	\$84,173
SHAREHOLDERS' EQUITY			
Share capital	6	8,879,846	8,859,846
Share-based payment reserve		2,463,820	2,364,344
Deficit		(10,559,732)	(9,465,138)
TOTAL SHAREHOLDERS' EQUITY		783,934	1,759,052
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$839,083	\$1,843,225

Nature of operations (Note 1)
Going concern (Note 2)
Commitments and contingencies (Notes 8 and 10)

Approved on behalf of the Board of Directors:

"Stephen Stewart"
Stephen Stewart – Director

"Alexander Stewart"
Alexander Stewart – Director

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

Metal Energy Corp.
Condensed Interim Statement of Loss
(Unaudited - Expressed in Canadian dollars)

<i>For the periods ended</i>	Notes	Three months ended September 30		Nine months ended September 30	
		2024	2023	2024	2023
EXPENSES					
Exploration and evaluation expenses	5,7	\$3,842	\$411,689	\$638,714	\$875,539
Transfer agent, filing fees and shareholder communications		11,737	39,224	95,530	117,543
Management and consulting fees	7	78,622	104,988	222,967	300,732
Audit, accounting and legal		11,045	15,244	42,718	59,384
Share-based compensation	6,7	14,211	32,558	99,476	41,387
Office, general and administrative		8,847	8,033	30,909	18,342
TOTAL EXPENSES		\$128,304	\$611,736	\$1,130,314	\$1,412,927
Interest Income		(8,907)	-	(35,720)	-
NET LOSS FOR THE PERIOD		\$119,397	611,736	\$1,094,594	1,412,927
Weighted average number of shares - basic and diluted		106,610,880	90,473,805	106,288,982	89,285,933
(Loss) per share – basic and diluted		\$(0.00)	\$(0.01)	\$(0.01)	\$(0.02)

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

Metal Energy Corp.
Condensed Interim Statement of Changes in Equity
(Unaudited – Expressed in Canadian dollars)

	Number of shares	Amount	Share-based Payment Reserves	Accumulated Deficit	Total Equity
Balance at December 31, 2022	88,183,680	\$8,130,697	\$2,069,445	\$(7,791,270)	\$2,480,872
Loss for the period	-	-	-	(1,412,927)	(1,412,927)
Share-based compensation	-	-	41,387	-	41,387
Shares and warrants issued for option agreements	4,800,000	228,000	54,384	-	282,384
Warrant Exercise	27,200	2,720	-	-	2,720
Balance at September 30, 2023	93,010,880	\$8,361,417	\$2,165,216	\$(9,204,197)	\$1,322,436
Balance at December 31, 2023	105,810,880	\$8,859,846	\$2,364,344	\$(9,465,138)	\$1,759,052
Loss for the period	-	-	-	(1,094,594)	(1,094,594)
Share-based compensation	-	-	99,476	-	99,476
Shares issued for option agreement	1,000,000	20,000	-	-	20,000
Balance at September 30, 2024	106,810,880	\$8,879,646	\$2,463,820	\$(10,559,732)	\$783,934

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

Metal Energy Corp.
Interim Statement of Cash Flows
(Expressed in Canadian dollars)

<i>For the periods ended</i>	September 30, 2024	September 30, 2023
Operating activities		
(Loss) for the period	\$(1,094,594)	\$(1,412,927)
Items not involving cash		
Share-based payments	99,473	41,387
Shares and warrants issued for exploration expenses	20,000	-
Shares and warrants issued for exploration expenses	-	282,380
Changes in non-cash working capital items		
Amounts receivable	(76)	281,531
Prepaid expenses and deposits	38,055	(60,170)
Accounts payable and accrued liabilities	(32,276)	(580,394)
Due to related party	-	7,567
Net cash (used in) operating activities	(969,415)	\$(1,440,626)
Financing activities		
Proceeds from warrant exercise	-	2,720
Due from related party	3,252	-
Net cash provided by financing activities	\$ 3,252	\$ 2,720
Net (decrease) in cash	(966,164)	(1,437,906)
Cash, beginning of period	1,735,369	2,777,482
Cash, end of period	\$769,205	\$1,339,576

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

Metal Energy Corp.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Metal Energy Corp. ("Metal Energy" or the "Company"), was incorporated under the Alberta Business Corporations Act on January 5, 2021. The Company completed its Initial Public Offering on April 19, 2021 and was classified as a Capital Pool Company ("CPC") as defined by the TSX Venture Exchange ("TSX-V"). The Company trades on the TSX-V under the symbol "MERG".

The Company's principal business is the acquisition and exploration of mineral properties. To date, the Company has not earned revenue as it is in the exploration stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing.

The head and principal office of the Company is located at 55 University Avenue, Suite 1805, Toronto, Ontario, M5J 2H7.

These interim financial statements were authorized for issuance in accordance with a resolution by the Board of Directors on November 28, 2024.

2. GOING CONCERN

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts expended on mineral properties is dependent upon future profitable production or proceeds from the disposition of properties.

The business of mining and exploration involves a high degree of risk and there can be no assurance that the Company's exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in its properties, making the required payments pursuant to mineral property option agreements and/or securing additional financing; all of which are uncertain.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, social licensing requirements, aboriginal land claims and non-compliance with regulatory and environmental requirements. The Company's property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The Company has not raised funds throughout the current period. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

As at September 30, 2024, the Company had working capital of \$783,934 (December 31, 2023 - \$1,759,052) and an accumulated deficit of \$10,559,732 (December 31, 2023 - \$9,465,138).

Management believes the Company has sufficient funds or access to sufficient funds to cover planned operations throughout the next twelve-month period. These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, it does not give effect to adjustments, if any 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 in other than in the normal course of business and at amounts that may differ from those shown in these financial statements. Such adjustments could be material.

Metal Energy Corp.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

a) Statement of compliance and basis of measurement

These unaudited condensed interim financial statements (“interim financial statements”) have been prepared 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”) which the Canadian Accounting Standards Board has approved for incorporation into Part I of the CPA Canada Handbook – Accounting, as applicable to the preparation of interim financial statements, including International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”). These interim financial statements should be read in conjunction with the December 31, 2023 annual financial statements.

These interim financial statements follow the same accounting principles and methods of application as disclosed in the financial statements as at and for the year ended December 31, 2023. The interim financial statements may condense or omit certain disclosures that otherwise would be present in annual financial statements prepared in accordance with IFRS.

b) Significant accounting judgments and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts and the valuation of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period reported.

Management uses its best estimates for these purposes, based on assumptions that it believes reflect the most probable set of economic conditions and planned courses of action. However, actual results could differ materially from these estimates.

The significant areas of estimation and uncertainty considered by management in preparing the condensed interim financial statements for the periods ended September 30, 2024 are the same as those described in the Company’s annual financial statements for the year ended December 31, 2023.

c) Significant accounting policies

The Company’s accounting policies applied to all periods presented in these Financial Statements are the same as those applied by the Company in its annual financial statements as at and for the year ended December 31, 2023, except as detailed in note 4.

4. FUTURE ACCOUNTING PRONOUNCEMENTS

At the date of authorization of these interim financial statements, the IASB has issued new and revised Standards and Interpretations which are not yet effective for the relevant reporting period. Many are not applicable or do not have a significant impact to the Company. Management is currently evaluating the impact of these pronouncements on the Company’s interim financial statements.

Metal Energy Corp.**Notes to the Condensed Interim Financial Statements**

For the three and nine months ended September 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION EXPENSES

The following are details of the Company's exploration and evaluation expenses:

	Three months ended September 30,		Nine months ended September 30,		Accumulated From Property Inception
	2024	2023	2024	2023	
Strange Project, Thunder Bay, Ontario	\$-	\$-	\$-	\$-	\$990,617
SourceRock Project, Thunder Bay, Ontario	-	378,703	598,434	596,952	1,232,681
Manibridge Project, Thomson, Manitoba	3,842	32,986	40,280	278,587	4,635,465
	\$3,842	\$411,689	\$638,714	\$875,539	\$6,858,763

*Expenditures in the current period are net of \$200,000 received from the Ontario Junior Exploration Program.

Manibridge Project, Manitoba

In May 2021, when the Company entered into an option and joint venture agreement with CanAlaska Uranium Ltd. To earn 100% of the Manibridge Project, certain other rights, interests and protections were granted in favour of Glencore Canada Corporation ("Glencore"), including Back-in Rights, Off-take Options, the Right of First Offer and a 2% royalty ("Vendor Retained Interests"). The Back-in-Rights allow Glencore to acquire a 50% interest in the property by paying two times the aggregate of all exploration expenditures incurred and carrying out a feasibility study with a maximum cost of \$20,000,000. Glencore also has a right of first refusal on the sale of the property and a first right and option to purchase all or any portion of concentrates produced from the property. The Company has completed the requirements under the option agreement in 2022 and has earned 100% in the property

In 2022, the Company and Mistango River Resources ("Mistango") entered into an option agreement and a call option agreement. The Company and Mistango have certain directors and officers in common.

Metal Energy granted Mistango an option to acquire a 15% interest ("Interest") in the Manibridge project in consideration for Mistango carrying out an aggregate of \$1.5 million in exploration work on the project by not later than December 31, 2022. In December 2022, Mistango closed its option agreement with Metal Energy to acquire 15% of the Manibridge Project.

Metal Energy owns 85% of the Manibridge Project and Mistango owns 15% of the Manibridge Project. Pursuant to the call option agreement in 2022, Mistango, agreed to sell the Interest in the project to Metal Energy, as purchaser, on the closing date. Such closing date to be on or before thirty days after Metal Energy has given notice to Mistango of its desire to exercise its call option. Such call option is Metal Energy's right to acquire the Interest at any time after February 28, 2023 but before April 30, 2024. The purchase price payable by Metal Energy to Mistango for the interest on the closing date is \$2,250,000, which may be paid, at the sole option of Metal Energy, in cash or in common shares of Metal Energy. If paid in Metal Energy shares, the price per share shall be equal to the 15 day volume-weighted average price ("VWAP") of such shares on the TSX-V ending three business days prior to the closing date. The Interest is subject to the NSR described below.

The exercise of the call option and the completion of the transfer of Interest from Mistango to Metal Energy at the closing date shall be subject to the prior approval of the TSX-V. There is no assurance that TSX-V approval of the call option will be obtained.

CanAlaska has a 1% NSR on claims P1271F and P1272F, and a 2% NSR royalty on all other claims.

On May 17, 2024, the Company entered into an amendment agreement with Mistango. This agreement amends

Metal Energy Corp.

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the original mining property call option agreement dated October 28, 2022. The Call Option Agreement grants Metal Energy the option to re-acquire a 15% interest (excluding the NSRs) in 19 mining claims in the Province of Manitoba, known as the Manibridge Project. Under the terms of the Amending Agreement, the deadline for exercising the call option has been extended from April 30, 2024, to April 30, 2026. As consideration for this extension, Metal Energy will issue 1,000,000 common shares to Mistango at a deemed price of \$0.02 per share, resulting in a total consideration value of \$20,000.

Strange Project, Ontario

On July 5, 2023, the Company issued a formal notification indicating its intent to abandon the Strange claims in accordance with the terms stipulated in the option agreement.

SourceRock Project, Ontario

On June 26, 2024, the Company issued a formal notification indicating its intent to abandon 307 cell claims (6,468 ha) of 4,337 cell claims (91,288 ha) in accordance with the terms stipulated in the option agreement.

6. SHARE CAPITAL

Authorized share capital

Unlimited number of voting common shares without par value.

Stock options

A summary of the changes in the Company's stock options is set out below:

<i>For the period and year ended</i>	September 30, 2024			December 31, 2023		
	Number of options	Weighted average exercise price	Weighted average life (years)	Number of options	Weighted average exercise price	Weighted average life (years)
Outstanding, beginning of period	11,400,000	\$0.20	3.5	7,900,000	\$0.20	3.9
Granted	-	-	-	3,900,000	0.07	4.6
Forfeited	-	-	-	(400,000)	0.20	3.5
Options outstanding, end of period/year	11,400,000	\$0.15	2.7	11,400,000	\$0.15	3.5
Options exercisable, end of period/year	11,400,000	\$0.13	2.7	7,500,000	\$0.20	2.3

On January 4, 2023, the Company granted 450,000 stock options with an exercise price of \$0.0045 and a term of five years, all of these options vesting in 12 months. The fair value of \$13,552 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, share price of \$0.040, a risk-free interest rate of 3.28%, dividend yield of \$nil and expected volatility of 95% based on historical company share data.

On August 5, 2023, the Company granted 3,450,000 stock options with an exercise price of \$0.07 and a term of five years, all of these options vesting in 12 months. The fair value of \$170,527 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, share price of \$0.060, a risk-free interest rate of 3.87%, dividend yield of \$nil and expected volatility of 120% based on historical company share data.

During the three and nine months ended September 30, 2024, the Company recorded share-based compensation of \$14,211 and \$99,476, respectively (three and nine months ended September 30, 2023 - \$32,558 and \$41,387, respectively).

Metal Energy Corp.**Notes to the Condensed Interim Financial Statements**

For the three and nine months ended September 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

The following incentive stock options were outstanding and exercisable at September 30, 2024:

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry Date
6,850,000	6,850,000	\$0.20	19-Nov-26
250,000	250,000	\$0.20	19-Dec-26
200,000	200,000	\$0.16	01-Apr-27
200,000	200,000	\$0.16	01-Apr-27
450,000	450,000	\$0.07	04-Jan-28
3,450,000	-	\$0.07	05-Aug-28
11,400,000	7,950,000	\$0.15	

Warrants

A summary of the changes in the Company's warrants is set out below:

<i>For the period and year ended</i>	September 30, 2024			December 31, 2023		
	Number of warrants	Weighted average exercise price	Weighted average life (years)	Number of warrants	Weighted average exercise price	Weighted average life (years)
Outstanding, beginning of the period	8,754,000	\$0.10	2.9	15,231,342	\$0.20	0.8
Issued – private placement	-	-	-	8,754,000	0.10	3.0
Expired	-	-	-	(15,204,142)	0.30	-
Exercised	-	-	-	(27,200)	0.10	-
Outstanding, end of the period/year	8,754,000	\$0.10	2.2	8,754,000	\$0.10	2.9

The following warrants were outstanding and exercisable at September 30, 2024:

Number of warrants outstanding	Exercise Price	Expiry Date
1,500,000	0.10	25-Jul-26
6,400,000	0.10	20-Dec-26
854,000	0.05	20-Dec-26
8,754,000	\$0.10	

Metal Energy Corp.

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(Unaudited - Expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management includes directors and officers. The remuneration of the key management of the Company during the period ended September 30, 2024, and 2023 was as follows:

	Three months ended September,		Nine months ended September,	
	2024	2023	2024	2023
Geological consulting included in exploration expenses	\$1,125	\$875	\$25,625	\$63,630
Management and consulting fees	66,958	99,517	199,486	267,883
Share-based payments	11,739	26,490	82,174	35,316
	\$79,822	\$126,881	\$307,285	\$366,829

Standard Ore Corporation ("Standard Ore") is controlled by a director of the Company. Standard Ore provides corporate and administrative services to the Company. For the three and nine months ended September 30, 2024, Standard Ore charged the Company \$30,000 and \$90,000, respectively, of management fees, which is included in the amounts in the above chart (three and nine months ended September 30, 2023 - \$30,000 and \$90,000, respectively).

The following are the balances due (to) from related parties as at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Due to QC Copper	\$(3,252)	-
Due from Standard Ore	17,476	\$17,476
	\$14,224	\$17,476

A person related to a director of the Company provided services to the Company totalling \$2,900 and \$8,750, respectively, for the three and nine months ended September 30, 2024 (three and nine months ended September 30, 2023 - \$2,800 and \$8,400, respectively).

All of the amounts are unsecured, non-interest bearing with no fixed terms of repayment.

8. 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 to shareholders and benefits to other stakeholders. The Company considers the items included in equity as capital. The Company manages the capital structure and adjusts it in 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 shares through equity offerings or return capital to shareholders.

There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management in the period.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

Metal Energy Corp.

Notes to the Condensed Interim Financial Statements

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(Unaudited - Expressed in Canadian dollars)

9. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Fair value of financial instruments

The fair value of financial instruments approximates their carrying value due to the short-term maturity of these instruments. The Company had no financial instruments to classify in the fair value hierarchy at September 30, 2024 and December 31, 2023.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Amounts receivable are from related parties and the Company believes the risk of loss related to these items is remote. The Company's exposure to credit risk is on its cash held in bank accounts and amounts due from related parties. Cash is held with major banks in Canada. Management assesses credit risk of cash as remote.

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 strives to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. Amounts due to related party are due on demand. In the long-term, the Company may have to issue additional equity to ensure there is sufficient capital to meet long-term objectives.

Currency and interest rate risk

The Company is not exposed to significant foreign currency risk on financial assets, and liabilities that are denominated in a currency other than the Canadian dollar as the balances as at September 30, 2024 and December 31, 2023 are not significant.

Classification of financial instruments

Financial assets and liabilities included in the statement of financial position are as follows:

	September 30, 2024	December 31, 2023
Financial assets at amortized costs:		
Cash	\$769,205	\$1,735,369
Due from related party	17,476	17,476
	\$786,681	\$1,752,845
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	\$51,897	\$84,173
Due to related party	3,252	-
	\$55,149	\$84,173

Metal Energy Corp.

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(Unaudited - Expressed in Canadian dollars)

10. COMMITMENTS AND CONTINGENCIES

- (i) The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made and expects to make in the future, expenditures to comply with such laws and regulations.
- (ii) The Company has indemnified the subscribers of the flow-through share offerings against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

11. SUBSEQUENT EVENTS

- (i) On November 7, 2024, the Company completed its acquisition of the Highland Valley Copper Project in British Columbia from Happy Creek Minerals Inc pursuant to an asset purchase agreement entered into on October 2, 2024. The acquisition terms include:
 - \$300,000 cash payment and issuance of 11,736,100 common shares representing 9.9% of Metal Energy's outstanding shares to Happy Creek at closing.
 - A 2.5% net smelter royalty to Happy Creek, with an option for Metal Energy to repurchase 1.5% for \$5 million.
 - Metal Energy committed to \$250,000 in exploration expenditures by December 31, 2024. Additional consideration for common shares in the Company valued at \$1 million, \$1 million, \$1.5 million, and \$2.5 million will be issued 12, 24, 36, and 48 months post-closing, respectively (collectively "Additional Consideration Shares"). The issuance of the common shares for additional consideration will be determined based on the greater of (i) the Discounted Market Price (as defined in Policy 1.1 of the TSX Venture Exchange (the "TSXV") Corporate Finance Manual) and (ii) the volume weighted average price of the Common Shares that trade on the TSXV for the thirty (30) trading days prior to the date such Additional Consideration Shares are issued, provided that in any event no Additional Consideration Shares shall be issued at a price of less than \$0.01 per Common Share, and the aggregate number of Common Shares that are issued at a price or deemed price that is less than \$0.05 in any 12 month period does not exceed 100% of the number of Common Shares which were issued and outstanding, on a non-diluted basis, at the beginning of that 12 month period.

If the issuance of any of the Additional Consideration Shares would result in Happy Creek holding in excess of 19.9% of the issued and outstanding Common Shares, Metal Energy shall pay the balance of the applicable payment in cash.

In addition, provided Happy Creek continues to hold at least 5% of the issued and outstanding shares, Happy Creek will have the right to nominate one director to Metal Energy's board of directors.

Pursuant to the purchase agreement, the Company is required to complete financings with a minimum total of \$1.25 million on or before the date that is six months after the date hereof, and an additional \$1.25 million on or before the date that is twelve months after the date hereof (the "Financing Conditions"). In the event that the Financing Conditions are not met, or if the Company misses a payment or does not complete the initial exploration expenditures, then the interest in the Property shall be transferred to Happy Creek in accordance with the purchase agreement.