

Electric Metals (USA) Limited Announces Final Closing of Quail Bend Financing

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- EML obtains shareholder approval for creation of Quail Bend as "control person."
- EML closes final tranche of Quail Bend financing for aggregate gross proceeds of \$5,000,000.
- Steve Durbin appointed to the Board of Directors.

Toronto, October 10, 2023 - [Electric Metals \(USA\) Ltd.](#) (TSXV: EML) (OTCQB: EMUSF) ("EML" or the "Company"), further to its press releases of August 29, 2023 and August 22, 2023 is pleased to announce it has closed the second and final tranche (the "Final Tranche") of its previously announced non-brokered financing (the "Offering"). Pursuant to the Final Tranche closing, the Company 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 Company (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, which may be cashlessly exercised subject to certain conditions.

The Final Tranche closing was completed in connection with a binding letter of intent between the Company 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. Following an initial closing of 5,319,149 Units on June 16, 2023 and a further closing of an additional 1,702,128 Units on August 28, 2023, the Company and Quail Bend have now completed the purchase and sale of an aggregate of 21,276,596 Units for aggregate gross proceeds of \$5,000,000.

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 and applicable securities laws. The Company 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 Company was passed by the disinterested shareholders of the Company.

A minimum of 80.0% of the funds raised from proceeds of the Offering from Quail Bend will be used on development of the Company's Emily Manganese Project in Minnesota, USA including metallurgical and battery test work, process design, an updated NI 43-101 resource report, and advancing environmental and other technical studies. The Offering is subject to the receipt of the final approval of the TSXV.

As a result of the Final Tranche closing, the Company has granted to Quail Bend certain investor rights pursuant to an investor rights agreement (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 Company has increased the number of directors to six and has appointed Steve Durbin as a director of the Company as Quail Bend's nominee; Quail Bend will have the right to participate in any future public or private equity financing by the Company 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 Company 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 company, 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 that is the greater of (i) C\$0.25, (ii) the lowest price permitted by the TSXV, and (iii) the lowest price permitted by the Company's stock option plan, which options are exercisable for a period of 5 years from the date of grant. 1,000,000 of the Options shall vest and be 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 Company on the TSXV exceeds C\$0.50 per share for any 20 consecutive trading days.

The summary of the LOI in this press release is qualified in its entirety by the full text of the LOI, as amended, and the IRA, each of which can be accessed on www.SEDARPLUS.ca under the Company's profile. Please refer to the LOI for more information in respect of the Offering.

The securities issued in connection with the first tranche of the Offering are subject to certain hold periods and/or such other further restrictions as may apply under foreign securities laws.

Early Warning

Green Mineral Investors LLC ("GMI"), together with its sole manager Mr. Steve Durbin, each of 336 Loring Ave., Los Angeles, California 90024 United States, report that on October 6, 2023, further to a binding letter of intent between [Electric Metals \(USA\) Ltd.](#) ("EML") and Quail Bend LLC dated May 12, 2023, a copy of which is available under EML's profile on SEDAR+ at www.sedarplus.ca, GMI acquired 14,255,319 units of EML ("Units") at a price per Unit of C\$0.235 for an aggregate purchase price of C\$3,349,999.97 pursuant to a private placement of EML (the "Closing"). The acquired Units are comprised of an aggregate of 14,255,319 common shares ("Shares") and 14,255,319 Share purchase warrants ("Warrants") of EML. Each Warrant is exercisable to acquire one additional Share at an exercise price of C\$0.35 for a period of 24 months from issuance. The acquisition of the Shares and Warrants did not take place across the facilities of any market.

Immediately prior to the Closing, (i) Steve Durbin, sole manager of GMI, held 2,311,000 Shares representing approximately 1.77% of the then-issued and outstanding Shares on a non-diluted basis prior to the Closing and no other securities of EML, and (ii) GMI held 7,021,277 Shares representing approximately 5.38% (approximately 7.15% cumulatively with Steve Durbin) of the then-issued and outstanding Shares on a non-diluted basis prior to the Closing, 7,021,277 Warrants representing approximately 31.56% of the then-issued and outstanding Warrants prior to the Closing (10.21% on a post-conversion basis assuming only the exercise of the Warrants then held by GMI; 11.90% on a post-conversion basis assuming only the exercise of the Warrants held by GMI and aggregated with the Share holdings of Mr. Steve Durbin) and no other securities of EML.

Immediately following the Closing, (i) Steve Durbin, sole manager of GMI, held 2,311,000 Shares representing approximately 1.60% of the issued and outstanding Shares on a non-diluted basis immediately following the Closing and no other securities of EML, and (ii) GMI held 21,276,596 Shares representing approximately 14.70% (approximately 16.30% cumulatively with Steve Durbin) of the issued and outstanding Shares on a non-diluted basis immediately following the Closing, 21,276,596 Warrants representing approximately 58.29% of the issued and outstanding Warrants immediately following the Closing (25.64% on a post-conversion basis assuming only the exercise of the Warrants held by GMI; 27.03% on a post-conversion basis assuming only the exercise of the Warrants held by GMI and aggregated with the Share holdings of Mr. Steve Durbin) and no other securities of EML.

As a result of the Closing, the securityholding percentage of GMI increased by approximately 9.32% in respect of the Shares and 26.73% in respect of the Warrants.

GMI has acquired the Shares and Warrants for investment purposes. GMI may in the future take such actions in respect of its holdings in EML as GMI may deem appropriate in light of the circumstances then existing, including the purchase of additional securities of EML through open market purchases or privately negotiated transactions or the sale of all or a portion of GMI's holdings in the open market or in privately negotiated transactions to one or more purchasers, subject in each case to applicable securities law.

A copy of the early warning report to which this news release relates can be obtained from Steve Durbin at (917) 622-5200 or on EML's SEDAR+ profile at www.sedarplus.ca.

About Electric Metals (USA) Limited

[Electric Metals \(USA\) Ltd.](#) (TSXV: EML) (OTCQB: EMUSF) is a U.S.-based mineral development company with manganese and silver projects geared to supporting the transition to clean energy. The Company's principal asset is the Emily Manganese Project in Minnesota, which has been the subject of considerable technical studies, including a National Instrument 43-101 Technical Report - Resource Estimate, with over US\$26 million invested to date. The Company's mission in Minnesota is to become a domestic U.S. producer of high purity, high-value manganese metal and chemical products for supply to U.S. energy, technology and industrial markets. With manganese playing a critical and prominent role in lithium-ion battery formulations,

and with no current domestic supply or active mines for manganese in North America, the development of the Emily Manganese Project represents a significant opportunity for America, the State of Minnesota and for the Company's shareholders. In addition, the Company owns and operates the Corcoran Silver-Gold Project and the Belmont Silver Project in Nevada, with the former also having been the subject of a National Instrument 43-101 Technical Report - Resource Estimate.

For further information, please contact:

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Forward-Looking Information

This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking information") within the meaning of applicable securities laws. Forward-looking information is generally identifiable by use of the words "believes," "may," "plans," "will," "anticipates," "intends," "could," "estimates," "expects," "forecasts," "projects" and similar expressions, and the negative of such expressions.

Forward-looking statements in this news release include, but are not limited to, statements with respect to the use of proceeds of the Final Tranche closing. These statements address future events and conditions and so involve inherent risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such risks include, but are not limited to, the failure to obtain all necessary stock exchange and regulatory approvals. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, and other factors that management believes are relevant and reasonable in the circumstances at the date such statements are made. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

All forward-looking information herein is qualified in its entirety by this cautionary statement, and the Company disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events, or developments, except as required by law.

Certain information under "Early Warning" has been furnished by third parties. The Company takes no responsibility for the adequacy or accuracy of such information.

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