

**Free Battery Metal Limited**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in Canadian Dollars)

## **INDEPENDENT AUDITOR'S REPORT**

### **To the shareholders of Free Battery Metal Limited**

#### **Opinion**

We have audited the consolidated financial statements of Free Battery Metal Limited (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Material Uncertainty Related to Going Concern**

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter of the Material Uncertainty Related to Going Concern described above, we have determined that there are no other key audit matters to communicate in our report.

## **Other Information**

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures

responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is George G. Lovrics.

Toronto, Ontario  
April 8, 2025

The signature is written in a cursive, handwritten style. It appears to read "Steven G. Lovrics" followed by "LLP".

Chartered Professional Accountants  
Licensed Public Accountants

**Free Battery Metal Limited**  
**Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

As at,	December 31, 2024	December 31, 2023
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 99,820	\$ 201,540
Sales tax receivable	24,330	22,588
Prepaid expenses	-	2,850
<b>Total Assets</b>	<b>\$ 124,150</b>	<b>\$ 226,978</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 131,243	\$ 167,367
Share subscriptions received (Note 4)	-	-
	131,243	167,367
<b>Shareholders' Equity (Deficit)</b>		
Share capital (Note 5)	2,298,235	2,298,235
Contributed surplus	168,000	156,000
Warrants	-	72,658
Deficit	(2,473,328)	(2,467,282)
<b>Total Shareholders' Equity (Deficit)</b>	<b>(7,093)</b>	<b>59,611</b>
<b>Total Liabilities and Shareholders' Equity (Deficit)</b>	<b>\$ 124,150</b>	<b>\$ 226,978</b>

**Nature of and continuance of operations (Note 1)**

Approved on behalf of the Board:

"Binyomin Posen" (signed)  
Director

"David Shisel" (signed)  
Director

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

**Free Battery Metal Limited**  
**Consolidated Statement of Loss and Comprehensive Loss**  
**For the years ended December 31, 2024 and December 31, 2023**  
**(Expressed in Canadian Dollars)**

	<b>2024</b>	<b>2023</b>
<b>Expenses</b>		
General and administrative	\$ 10,464	\$ 26,622
Consulting	-	56,500
Professional and management fees	79,712	306,411
Regulatory	11,300	27,968
Exploration and evaluation expenses	10,562	264,745
Share based payments (Note 5)	12,000	156,000
Listing cost (Note 4)	-	604,193
Total expenses	(124,038)	(1,442,439)
<b>Other items</b>		
Interest income	-	10,000
Ontario Junior Exploration Program Funding (Note 9)	45,334	-
<b>Net Loss and Comprehensive Loss for the Year</b>	<b>\$ (78,704)</b>	<b>\$ (1,432,439)</b>
<b>Basic and Diluted Loss Per Common Share</b>	<b>\$ (0.02)</b>	<b>\$ (0.50)</b>
<b>Weighted Average Number of Common Shares Outstanding</b>	<b>3,505,621</b>	<b>2,849,747</b>

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

**Free Battery Metal Limited**  
**Consolidated Statement of Changes in Shareholders' Equity (Deficit)**  
**(Expressed in Canadian Dollars)**

	Share Capital		Contributed			Shareholders'
	Number <sup>(1)</sup>	Amount	surplus	Warrants	Deficit	Equity (Deficit)
<b>Balance, December 31, 2022</b>	<b>2,000,000</b>	<b>\$ 800,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(1,034,843)</b>	<b>\$ (234,843)</b>
Common shares issued on conversion of sub receipts	1,000,000	1,000,000	-	-	-	1,000,000
Share issue costs	-	(7,385)	-	-	-	(7,385)
Issued pursuant to reverse takeover	505,621	505,620	-	72,658	-	578,278
Share based payments	-	-	156,000	-	-	156,000
Net loss and comprehensive loss for the year	-	-	-	-	(1,432,439)	(1,432,439)
<b>Balance, December 31, 2023</b>	<b>3,505,621</b>	<b>\$ 2,298,235</b>	<b>\$ 156,000</b>	<b>\$ 72,658</b>	<b>(2,467,282)</b>	<b>\$ 59,611</b>
<b>Balance, December 31, 2023</b>	<b>3,505,621</b>	<b>\$ 2,298,235</b>	<b>\$ 156,000</b>	<b>\$ 72,658</b>	<b>(2,467,282)</b>	<b>\$ 59,611</b>
Share based payments	-	-	12,000	-	-	156,000
Expiry of warrants	-	-	-	(72,658)	72,658	-
Net loss and comprehensive loss for the year	-	-	-	-	(78,704)	(78,704)
<b>Balance, December 31, 2024</b>	<b>3,505,621</b>	<b>\$ 2,298,235</b>	<b>\$ 168,000</b>	<b>\$ -</b>	<b>(2,473,328)</b>	<b>\$ (7,093)</b>

<sup>(1)</sup>On April 3, 2025, the Company consolidated its common shares on the basis of 1 common shares for every existing 20 common shares (note 11).

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

**Free Battery Metal Limited**  
**Consolidated Statements of Cash Flows**  
For the years ended December 31, 2024 and December 31, 2023  
(Expressed in Canadian Dollars)

	2024	2023
<b>Cash provided by (used in):</b>		
<b>Operating Activities</b>		
Net loss for the year	\$ (78,704)	\$ (1,432,439)
Items not affecting cash:		
Share based payments	12,000	156,000
Listing cost	-	604,193
Changes in working capital balances:		
Prepaid expenses	2,850	(2,850)
Sales tax receivable	(1,742)	(22,588)
Accounts payable and accrued liabilities	(36,124)	86,011
<b>Cash Used in Operating Activities</b>	<b>(101,720)</b>	<b>(611,673)</b>
<b>Change in cash</b>	<b>(101,720)</b>	<b>(611,673)</b>
<b>Cash, Beginning</b>	<b>201,540</b>	<b>813,213</b>
<b>Cash, Ending</b>	<b>\$ 99,820</b>	<b>\$ 201,540</b>

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



**Free Battery Metal Limited**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in Canadian Dollars)**

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Free Battery Metal Limited (the “Company”) was incorporated under the Business Corporations Act of Ontario on February 17, 2010. The Company completed a transaction resulting in a reverse takeover (“RTO”) of the Company by Rift Lithium Inc. (“RLI”). RLI was incorporated under the *Business Corporations Act* of British Columbia on November 23, 2021. The Reverse Takeover Transaction was completed by way of a three-cornered amalgamation (the “Amalgamation”) pursuant to which, among other things, (i) RLI amalgamated with a wholly-owned subsidiary of the Company, incorporated for the purposes of the Amalgamation, and (ii) all of the outstanding common shares in the capital of RLI were cancelled and, in consideration, the holders thereof received common shares in the capital of the Company on a 1:1 basis.

Prior to the completion of the RTO, the Company changed its name to “Free Battery Metal Limited”. In connection with the RTO, RLI completed a private placement of subscription receipts (each, a “Subscription Receipt”) at a price of \$1.00 per Subscription Receipt, pursuant to which RLI issued an aggregate of 1,000,000 Subscription Receipts for aggregate gross proceeds of \$1,000,000 (the “Offering”). Concurrent with closing of the RTO, each Subscription Receipt was converted into one common share of the Company.

The Company is an exploration and development company focused on the acquisition, exploration and development of properties which are prospective for Lithium and other metals.

The address of the Company’s registered head office is 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9. The common shares of the Resulting Issuer were approved for trading on June 9, 2023 on the Canadian Securities Exchange, and on June 13, 2023 commenced trading under the symbol “FREE”. Concurrent with the RTO, the Company changed its year-end from May 31, to December 31, the year-end of RLI.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2024, the Company has not generated any revenue since inception and has a deficit \$2,545,986. The Company’s continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

**2. BASIS OF PRESENTATION**

**Approval of the Financial Statements**

The financial statements of the Company for the years ended December 31, 2024 and December 31, 2023 were reviewed by the Board of Directors and approved and authorized for use on April 8, 2025 by the Board of Directors of the Company.

**Free Battery Metal Limited**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in Canadian Dollars)**

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**2. BASIS OF PRESENTATION (continued)**

*(a) Statement of Compliance to International Financial Reporting Standards*

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

*(b) Basis of Preparation*

The financial statements have been prepared on an accrual basis and are based on historical costs modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

*(c) Basis of Consolidation*

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

<b>Subsidiary name</b>	<b>Ownership</b>	<b>Jurisdiction</b>
Rift Lithium Subco Inc.	100%	Ontario

*(d) Use of Estimates, judgements and Assumptions*

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

1. Critical judgements exercised by management in applying accounting policies that have the most significant effect on the amounts presented in these consolidated financial statements are as follows:
  - Functional currency – The assessment of the Company's functional currency and the functional currency of its subsidiaries involves judgment regarding the primary economic environment the Company and its wholly-owned subsidiary operate in.
  - Stock options and warrants – Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of the shareholders' equity.

**2. BASIS OF PRESENTATION (continued)**

- Going concern – The assessment of the Company's ability to continue as a going concern involves judgement regarding future funding available for its operations and working capital requirements.

**2. Critical accounting estimates**

- Income taxes and recoverability of potential deferred tax assets -Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

- Share-based payments - Management determines costs for share-based payments using the Black-Scholes option pricing model. The fair value of the market-based and performance-based share awards are determined at the date of grant and incorporates Black- Scholes input assumptions including the future volatility of the stock price, expected dividend yield, and expected life. Such judgements and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

**Free Battery Metal Limited**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in Canadian Dollars)**

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**3. MATERIAL ACCOUNTING POLICIES**

*(a) Cash*

Cash includes cash held in a Canadian bank and legal trust account.

*(b) Financial Instruments*

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

*Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income in the period in which they arise.

*Debt investments at FVOCI*

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

*Equity investments at FVOCI*

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

**Free Battery Metal Limited**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in Canadian Dollars)**

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**3. MATERIAL ACCOUNTING POLICIES (Continued)**

*(b) Financial Instruments (continued)*

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

*Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

*Financial liabilities*

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in profit or loss.

*(c) Share Capital*

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares, stock options and warrants are recognized as a deduction from equity, net of any tax effects.

The proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

The fair value of the warrants are determined using the Black-Scholes Option Pricing Model.

All costs related to issuances of share capital are charged against the proceeds received from the related share capital.

**Free Battery Metal Limited**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in Canadian Dollars)**

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**3. MATERIAL ACCOUNTING POLICIES (Continued)**

*(d) Income Taxes*

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

*(e) Loss Per Share*

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options that would be anti-dilutive.

Subscription receipts are not included in the calculation of the weighted average number of common shares outstanding.

**Free Battery Metal Limited**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in Canadian Dollars)**

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

*(f) Exploration and evaluation assets*

Exploration and evaluation expenditures are costs incurred in the course of the initial search for mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential, including acquisition costs. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. All exploration expenditures are expensed as incurred.

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures incurred subsequent to this date related to development and construction are capitalized as construction-in-process and classified as a component of property, plant and equipment.

Mining properties and process facility assets are amortized upon commencement of commercial production either on a unit-of-production basis over measured and indicated resources included in the mine plan or the life of mine.

*(g) Accounting standards issued but not yet effective*

The Company has reviewed the accounting standards or amendments to existing accounting standards that have been issued but have future effective dates and determined that these are either not applicable or are not expected to have a significant impact on the Company's financial statements.

**4. REVERSE TAKEOVER**

On June 7, 2023, the Company completed the RTO, pursuant to which it acquired all of the issued and outstanding shares of RLI (Note 1). While the Company was the legal acquirer, RLI was the accounting acquirer since shareholders of RLI held and controlled the majority of the outstanding Common Shares upon completion of the RTO. As a result of the RTO, the consolidated financial statements and comparative information are presented with RLI as the continuing entity.

The acquisition of the Company was accounted for as an asset acquisition, as the assets acquired and liabilities assumed did not constitute a business, as defined in IFRS 3, Business Combinations. The total consideration was allocated to the fair value of the net assets acquired and liabilities assumed, as follows:

<b>Net assets acquired and the consideration paid</b>	
Accounts payable and accrued liabilities	\$ (25,916)
Listing expense	604,193
<b>Net assets acquired as at June 7, 2023</b>	<b>\$ 578,277</b>
<b>Consideration given</b>	
Common shares deemed issued – 505,621 @ \$1.00 per share	\$ 505,620
255,946 warrants	72,657
	<b>\$ 578,277</b>

**Free Battery Metal Limited**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in Canadian Dollars)**

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**4. REVERSE TAKEOVER (continued)**

In connection with the RTO, the Company recognized a listing expense in the amount of \$604,193, such amount being equal to the consideration paid less the net asset acquired under the RTO. The deemed consideration paid by RLI for the net assets of the Company (10,112,395 common shares), being the total shares of the Company prior to the RTO, was measured on the basis of the fair value of the equity instruments issued, considering the price per share ascribed from the RLI sub receipt financing. This price was used as the estimated fair value as it was the most reliable basis of measurement.

**5. SHARE CAPITAL**

(a) Authorized

The Company has authorized an unlimited number of common shares without par value.

(b) Issued and outstanding - All share and per share amounts in these consolidated financial statements have been adjusted retrospectively to reflect the Consolidation (note 11).

As at December 31, 2024, the Company had outstanding 3,505,621 common shares.

On December 21, 2021, the Company completed a non-brokered private placement ("Private Placement") of 1,000,000 subscription receipts at a price of \$1.00 per subscription receipt (the "Company Subscription Receipts") for gross proceeds of \$1,000,000, of which 75% were classified as restricted cash as at December 31, 2021. Upon completion of the Transaction (June 7, 2023) (Notes 1 & 4), each Company Subscription Receipt was automatically exchanged for one (1) freely tradeable common share of the Company. \$750,000 of the funds received were held in escrow and classified as restricted cash and are not available until the conversion of the Subscription Receipts. Share issue costs of \$7,385 were incurred for legal fees and recorded as deferred transaction costs on the statement of financial position.

(c) Stock option plan

Under the Company's Incentive Stock Option Plan, the Company is authorized to grant options of up to 10% of its issued and outstanding common shares to officers, directors, employees and consultants of the Company or its affiliated entities. The options can be granted for a maximum term of 10 years.

On June 13, 2023, the Company issued a total of 200,000 options to officers, directors and consultants of the Company. The options are exercisable at \$1.00 until June 12, 2026. The options vested immediately on the date of grant. The fair value of the options was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions: current share price \$1.00, expected volatility of 140%; expected dividend yield of 0%; risk-free interest rate of 4.17%; and expected life of 3 years. The options were valued at \$156,000.

On February 21, 2024, the Company issued a total of 50,000 options to a consultant of the Company. The options are exercisable at \$1.00 until February 21, 2027. The options vested immediately on the date of grant. The fair value of the options was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions: current share price \$1.00, expected volatility of 96%; expected dividend yield of 0%; risk-free interest rate of 3.95%; and expected life of 3 years. The options were valued at \$12,000.



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**5. SHARE CAPITAL (continued)**

Expected volatility in the above valuations was based on historical volatility of comparable companies.

As at December 31, 2024, the weighted average exercise price of options outstanding and options exercisable were as follows:

	Number	Weighted Average Exercise Price
Outstanding – December 31, 2022	-	-
Granted	200,000	\$ 0.05
Outstanding – December 31, 2023	200,000	\$ 0.05
Granted	50,000	\$ 0.05
<b>Outstanding and exercisable – December 31, 2024</b>	<b>250,000</b>	<b>\$ 0.05</b>

As at December 31, 2024 the Company had the following stock options outstanding:

Number of Outstanding	Exercise Price (\$'s)	Expiry Date	Number of Options Exercisable	Remaining Life (years)
200,000	1.00	June 12, 2026	200,000	1.45
50,000	1.00	Feb. 21, 2027	50,000	2.15

**(d) Warrants**

Concurrent with the RTO, the Company issued 255,945 warrants (Note 4). The warrants were exercisable at \$2.00 until September 2, 2024.

The fair value of the options was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions: current share price \$1.00, expected volatility of 108%; expected dividend yield of 0%; risk-free interest rate of 3.66%; and expected life of 1.24 years. The options were valued at \$72,658. Expected volatility in the above valuations was based on historical volatility of comparable companies

The warrants expired unexercised on September 2, 2024.

As at December 31, 2024, there were no warrants outstanding (December 31, 2023 – 255,945 ).

**6. CAPITAL MANAGEMENT OBJECTIVE AND POLICIES**

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued common shares and reserves, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity. The Company is not subject to any external capital restrictions.

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**7. FINANCIAL INSTRUMENTS**

*Fair Values*

At December 31, 2024, the Company's financial instruments consist of cash, accounts payable and accrued liabilities. The Company considers that the carrying amount of its financial instruments recognized at amortized cost in the financial statements approximates their fair value due the demand nature or short-term maturity of these instruments.

*Credit Risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

*Foreign Exchange Risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

*Interest Rate Risk*

The Company is not exposed to any significant interest rate risk.

*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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs and to meet the Company's liabilities. The \$131,243 of accounts payable and accrued liabilities are due within one year.

**8. RELATED PARTY TRANSACTIONS**

During the year ended December 31, 2024, \$36,000 (2023 - \$30,000) was charged by CFO Advantage Inc, a corporation owned by the chief financial officer of the Company, for management services. As at December 31, 2024, \$6,780 (December 31, 2023 - \$3,390) is included in accounts payable and accrued liabilities.

During the year ended December 31, 2024, \$12,500 (2023 - \$22,600) was charged by Pam Sangster, the Chief Executive Officer, for management services. As at December 31, 2024, \$2,000 (2023 - \$11,300) is included in accounts payable and accrued liabilities.

During the year ended December 31, 2023, \$10,170 was charged by Kurtz Financial Group, a corporation owned by the former chief executive officer of the Company, for management services. As at December 31, 2024 and 2023, \$nil is included in accounts payable and accrued liabilities.

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**9. PROPERTY ACQUISITION**

On November 24, 2021, the Company entered into an agreement to acquire mineral claims located in the province of Ontario ("the Mound Lake Property"), in exchange of 2,000,000 common shares (at \$0.40 per share) of the Company. The shares were issued on November 24, 2021. The valuation was determined by arm's length negotiations between the parties, including with the subscribers of subscription receipts as to the pre-money valuation for this property. During the year ended December 31, 2023, the Company spent \$9,605 on a valuation report, and \$171,527 on a phase 1 exploration field program and accrued \$105,000 on a phase 2 program (including geological consultants and lab analysis). These expenses were offset by \$21,388 received from the Ontario Junior Exploration Program ("OJEP") to help finance early-stage exploration projects. No material expenses were incurred during the year ended December 31, 2024. The Company did receive an additional \$45,334 from OJEP in 2024.

**10. INCOME TAXES**

- a) The reported recovery of income taxes differs from amounts computed by applying the statutory income tax rates to the reported loss before income taxes due to the following:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Loss before income taxes	\$ 78,704	\$ (1,432,439)
Statutory tax rate	26.5%	26.50%
Expected income tax (recovery)	(20,857)	(379,596)
Tax effect of the following:		
Share issue costs	(391)	(391)
Share based payments	3,180	41,340
Non-deductible	-	160,111
Unrecognized deferred tax benefits	18,068	178,536
Total income tax expense	\$ -	\$ -

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**10. INCOME TAXES (continued)**

- b) Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	As at December 31, 2024	As at December 31, 2023
Share issue costs	\$ 1,174	\$ 1,566
Non-capital losses available for future period	155,111	127,828
Exploration and evaluation assets	315,728	324,942
	472,013	454,336
Unrecognized deferred tax assets	(472,013)	(454,336)
Net deferred tax assets	\$ -	\$ -

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

- c) As at December 31, 2024, the Company has tax loss carry-forwards of approximately \$585,000 which expire up to 2044. The potential benefit of these losses and deductible temporary differences in excess of the deferred tax liabilities have not been recognized in these financial statements as it is not considered probable that sufficient future tax profit will allow the deferred tax assets to be recovered.

The Company has exploration related expenses for income tax purposes amounting to approximately \$1,191,000 (2023 - \$1,250,000) which may be available to offset future taxable income.

**11. SUBSEQUENT EVENT**

The Company entered into a binding term sheet effective January 10, 2025 with Snow Lake Resources Ltd., (NASDAQ: LITM) d/b/a Snow Lake Energy ("Snow Lake"), an arm's length party, (the "Term Sheet", and the transactions contemplated therein, the "Transaction") pursuant to which Snow Lake can earn up to an 80% interest in Free Battery's Mound Lake Property.

**Summary of the Transaction**

Pursuant to the terms and conditions of the Transaction, (i) on or before the first anniversary of the effective date of a definitive agreement to replace the Term Sheet (the "Definitive Agreement"), Snow Lake, a 10% owner of the Mound Lake Property, shall have the right to acquire (the "First Option") an additional 41% interest in the Mound Lake Property (for an aggregate 51% interest) (the "First Option Interest") upon Snow Lake (x) having made work expenditures of at least \$1,000,000 and (y) paying \$500,000 to Free Battery; and (ii) on or before the second anniversary of the effective date of the Definitive Agreement, Snow Lake shall have the right to acquire (the "Second Option" and together with the First Option, the "Option Earn-Ins") an additional 29% interest in the Mound Lake Property (for an aggregate 80% interest) (the "Second Option Interest") upon Snow Lake (x) having made additional work expenditures of \$1,000,000 (for aggregate work expenditures of \$2,000,000 (the "Work Commitment")) and (y) paying an additional \$1,000,000 to Free Battery (for aggregate cash payments of \$1,500,000). Shortfalls in work expenditures below the Work Commitment may be paid by Snow Lake to Free Battery as cash in lieu to satisfy the work expenditures' requirement.

**11. SUBSEQUENT EVENT (continued)**

Prior to the completion of a pre-feasibility study on the Mound Lake Property, Snow Lake will be the operator of the Mound Lake Property and be responsible for all costs and expenses associated with exploration and development of the Mound Lake Property. Following the completion of a pre-feasibility study on the Mound Lake Property, the parties shall diligently and in good faith negotiate the terms of a joint venture arrangement to advance development of the Mound Lake Property. Such arrangement will include, among other things, (i) a mechanism by which expenditures on the Mound Lake Property will be funded on a pro rata basis, based upon the respective parties proportionate interest in the Mound Lake Property; (ii) in the event any one party declines to fund the expenditures in proportion to their interest, their respective interest in the joint venture shall be reduced accordingly, subject to the Dilution Conversion (as defined hereinafter); (iii) a mechanism for preparing and approving a budget and work program in respect of the Mound Lake Property; and (iv) the ongoing management of the joint venture.

Following the exercise of the First Option, in the event that either party's interest in the Mound Lake Property falls below 10%, such party's interest shall be converted into a 1% net smelter return royalty on the Mound Lake Property, which shall not be subject to a right of first refusal or any other pre-emptive rights in favour to such party (the "Dilution Conversion").

On March 28, 2025, the board of directors of the Company approved a consolidation of its issued and outstanding common shares ("Common Shares") on the basis of one post-consolidated Common Share for every twenty pre-consolidated Common Shares (the "Consolidation"), with April 3, 2025, as the effective date of the Consolidation. Following the Consolidation, the Common Shares were reduced from 70,112,397 to approximately 3,505,621 Common Shares. All share and per share amounts in these consolidated financial statements have been adjusted retrospectively to reflect the Consolidation.