

Free Battery Metal Limited (formerly, Titus Energy Corp.)

Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2023 and June 30, 2022

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated 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 a review of these condensed interim consolidated financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

Free Battery Metal Limited (formerly, Titus Energy Corp.)
Condensed Interim Consolidated Statements of Financial Position (unaudited)
(Expressed in Canadian Dollars)

As at,	June 30, 2023	December 31, 2022
Assets		
Current		
Cash	\$ 779,208	\$ 63,213
Restricted cash (Note 4)	-	750,000
Deferred transaction costs (Note 4)	-	7,385
Total Assets	\$ 779,208	\$ 820,598
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 368,830	\$ 55,441
Share subscriptions received (Note 4)	-	1,000,000
	368,830	1,055,441
Shareholders' Equity (Deficit)		
Share capital (Note 4)	2,298,235	800,000
Contributed surplus	156,000	-
Warrants	57,420	-
Deficit	(2,101,277)	(1,034,843)
Total Shareholders' Equity (Deficit)	410,378	(234,843)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 779,208	\$ 820,598

Nature of and continuance of operations (Note 1)
Subsequent Events (Note 9)

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

Free Battery Metal Limited (formerly, Titus Energy Corp.)
Condensed Interim Consolidated Statement of Loss and Comprehensive Loss (unaudited)
For the three and six months ended June 30, 2023 and June 30, 2022
(Expressed in Canadian Dollars)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Expenses				
General and administrative	\$ 2,307	\$ -	\$ 2,307	\$ -
Consulting	66,105	-	66,105	-
Professional and management fees	183,223	-	241,111	2,529
Regulatory	17,633	-	22,883	-
Exploration and evaluation expenses	2,500	104,912	4,170	104,912
Share based payments (Note 5)	156,000	-	156,000	-
Listing cost (Note 4)	583,859	-	583,859	-
Total expenses	(1,011,626)	(104,912)	(1,076,434)	(107,441)
Other items				
Interest income	10,000	-	10,000	-
Net Loss and Comprehensive for the Period	\$ (1,001,626)	\$ (104,912)	\$ (1,066,434)	\$ (107,441)
Basic and Diluted Loss Per Common Share	\$ (0.02)	\$ (0.00)	\$ (0.02)	\$ (0.00)
Weighted Average Number of Common Shares Outstanding	47,360,808	40,000,000	43,639,960	40,000,000

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

Free Battery Metal Limited (formerly, Titus Energy Corp.)

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity (Deficit) (unaudited)

(Expressed in Canadian Dollars)

	Share Capital		Contributed			Shareholders'
	Number	Amount	surplus	Warrants	Deficit	Equity (Deficit)
Balance, December 31, 2021	40,000,000	\$ 800,000	\$ -	\$ -	(812,628)	\$ (12,628)
Net loss for the period	-	-	-	-	(107,441)	(107,441)
Balance, June 30, 2022	40,000,000	\$ 800,000	\$ -	\$ -	(920,069)	\$ (120,069)
Balance, December 31, 2022	40,000,000	\$ 800,000	\$ -	\$ -	(1,034,843)	\$ (234,843)
Common shares issued on conversion of sub receipts	20,000,000	1,000,000	-	-	-	1,000,000
Share issue costs	-	(7,385)	-	-	-	(7,385)
Issued pursuant to reverse takeover	10,112,395	505,620	-	57,420	-	563,040
Share based payments	-	-	156,000	-	-	156,000
Net loss and comprehensive loss for	-	-	-	-	(1,066,434)	(1,066,434)
Balance, June 30, 2023	70,112,395	\$ 2,298,235	\$ 156,000	\$ 57,420	(2,101,277)	\$ 410,378

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

Free Battery Metal Limited (formerly, Titus Energy Corp.)
Condensed Interim Consolidated Statements of Cash Flows (unaudited)
For the six months ended June 30, 2023 and June 30, 2022
(Expressed in Canadian Dollars)

	2023	2022
Cash provided by (used in):		
Operating Activities		
Net loss for period	\$ (1,066,434)	\$ (107,441)
Items not affecting cash:		
Share based payments	156,000	-
Listing cost	583,859	-
Changes in working capital balances:		
Deferred transaction costs	-	(48,350)
Accounts payable and accrued liabilities	292,570	46,439
Cash Used in Operating Activities	(34,006)	(109,352)
Change in cash	(34,006)	(109,352)
Cash, Beginning	813,213	1,000,017
Cash, Ending	\$ 779,207	\$ 890,665
Cash is comprised as follows:		
Cash	\$ 779,207	\$ 140,665
Restricted cash	-	750,000
	\$ 779,207	\$ 1,000,018

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

Free Battery Metal Limited (formerly, Titus Energy Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Free battery Metal Limited (formerly, Titus Energy Corp) (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 \$0.05 per Subscription Receipt, pursuant to which RLI issued an aggregate of 20,000,000 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 and 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 June 30, 2023, the Company has not generated any revenue since inception and has a deficit \$2,101,277. 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 is 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 three and six months ended June 30, 2023 and June 30, 2022 were reviewed by the Board of Directors and approved and authorized for use on August 28, 2023 by the Board of Directors of the Company.

Free Battery Metal Limited (formerly, Titus Energy Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

(a) Statement of Compliance to International Financial Reporting Standards

These condensed interim consolidated financial statements have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the Company's annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2022.

(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) Use of Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, and valuation of warrants.

(d) Significant Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Free Battery Metal Limited (formerly, Titus Energy Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's December 31, 2022 annual financial statements, except for those noted below and the adoption of new standards and interpretations as of January 1, 2023.

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:

Net assets acquired and the consideration paid	
Accounts payable and accrued liabilities	\$ (20,819)
Listing expense	583,859
Net assets acquired as at June 7, 2023	\$563,040
Consideration given	
Common shares deemed issued – 10,112,395 @ \$0.05 per share	\$ 505,620
5,118,917 warrants	57,420
	\$ 563,040

In connection with the RTO, the Company recognized a listing expense in the amount of \$583,859, 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.

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Notes to the Condensed Interim Consolidated Financial Statements
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5. SHARE CAPITAL

(a) Authorized

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

(b) Issued and outstanding

As at June 30, 2023, the Company had outstanding 70,112,395 common shares.

On November 23, 2021, the Company issued 1 common share at a nominal value to its director on incorporation.

On November 24, 2021, the Company issued 39,999,999 common shares (at \$0.02 per common share) to acquire 100% interest in the Mound Lake Property.

On December 21, 2021, the Company completed a non-brokered private placement ("Private Placement") of 20,000,000 subscription receipts at a price of \$0.05 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 (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 4,000,000 options to officers, directors and consultants of the Company. The options are exercisable at \$0.05 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 \$0.05, 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.

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

As at June 30, 2023, the weighted average exercise price of options outstanding and options exercisable were as follows:

	Number	Weighted Average Exercise Price
Outstanding – beginning of period	-	-
Granted	4,000,000	\$ 0.05
Outstanding and exercisable – end of period	4,000,000	\$ 0.05

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5. SHARE CAPITAL (continued)

As at June 30, 2023 the Company had the following stock options outstanding:

Number of Outstanding	Exercise Price (\$'s)	Expiry Date	Number of Options Exercisable	Remaining Life (years)
4,000,000	0.05	June 12, 2026	4,000,000	2.95

(d) Warrants

Concurrent with the RTO, the Company issued 5,118,917 warrants (Note 4). The warrants are exercisable at \$0.10 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 \$0.05, expected volatility of 100%; expected dividend yield of 0%; risk-free interest rate of 3.66%; and expected life of 1.24 years. The options were valued at \$57,420. Expected volatility in the above valuations was based on historical volatility of comparable companies

As at June 30, 2023, the weighted average exercise price of options outstanding and options exercisable were as follows:

	Number	Weighted Average Exercise Price
Outstanding – beginning of period	-	-
Granted	5,118,917	\$ 0.05
Outstanding and exercisable – end of period	5,118,917	\$ 0.05

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.

7. FINANCIAL INSTRUMENTS

Fair Values

At June 30, 2023, 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.

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7. FINANCIAL INSTRUMENTS (continued)

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 \$368,830 of accounts payable and accrued liabilities are due within one year.

7. RELATED PARTY TRANSACTIONS

During six months ended June 30, 2023, \$18,000 was charged by CFO Advantage Inc, a corporation owned by the chief financial officer of the Company, for management services. As at June 30, 2023, \$48,000 is included in accounts payable and accrued liabilities.

During six months ended June 30, 2023, \$3,000 was charged by Kurtz Financial Group, a corporation owned by the chief executive officer of the Company, for management services. As at June 30, 2023, \$3,000 is included in accounts payable and accrued liabilities.

8. 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 39,999,999 common shares (at \$0.02 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 period the Company spent \$4,170 on geological consultants.