

# **Free Battery Metal Limited**

## **UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023**

(Expressed in Canadian Dollars)

### **Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements**

The accompanying unaudited Condensed Interim Financial Statements for the three and six months ended June 30, 2024 and 2023 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company. In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited Condensed Interim Financial Statements have not been reviewed by an auditor.

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

As at,	June 30, 2024	December 31, 2023
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 166,412	\$ 201,540
Sales tax receivable	24,028	22,588
Prepaid expenses	590	2,850
<b>Total Assets</b>	<b>\$ 191,030</b>	<b>\$ 226,978</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 142,012	\$ 167,367
	142,012	167,367
<b>Shareholders' Equity</b>		
Share capital (Note 5)	2,298,235	2,298,235
Contributed surplus	168,000	156,000
Warrants	72,658	72,658
Deficit	(2,489,875)	(2,467,282)
<b>Total Shareholders' Equity</b>	<b>49,018</b>	<b>59,611</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 191,030</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**  
**Condensed Interim Consolidated Statement of Loss and Comprehensive Loss (unaudited)**  
**For three and six months ended June 30, 2024 and 2023**  
**(Expressed in Canadian Dollars)**

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
<b>Expenses</b>				
General and administrative	4,385	2,307	5,805	2,306
Consulting fees	-	66,105	-	66,105
Professional and management fees	14,404	183,223	44,754	241,111
Regulatory	2,825	17,633	5,368	22,883
Exploration and evaluation expenses	-	2,500	-	4,170
Share based payments (Note 5)	-	156,000	12,000	156,000
Listing costs (Note 4)	-	583,859	-	583,859
Total expenses	(21,614)	(1,011,627)	(67,927)	(1,076,434)
<b>Other items</b>				
Ontario Junior Exploration Program Funding (Note 9)	-	-	45,334	-
Interest income	-	10,000	-	10,000
<b>Net Loss and Comprehensive Loss for the Period</b>	(21,614)	(1,001,627)	(22,593)	(1,066,434)
<b>Basic and Diluted Loss Per Common Share</b>	(0.00)	(0.02)	(0.00)	(0.02)
<b>Weighted Average Number of Common Shares Outstanding</b>	70,112,395	47,360,808	70,112,395	43,693,960

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

## Free Battery Metal Limited

### Condensed Interim Consolidated Statement of Changes in Shareholders' Equity (unaudited) (Expressed in Canadian Dollars)

	Share Capital		Contributed surplus	Warrants	Deficit	Shareholders' Equity (Deficit)
	Number	Amount				
<b>Balance, December 31, 2022</b>	<b>40,000,000</b>	<b>\$ 800,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(1,034,843)</b>	<b>\$ (234,843)</b>
Common shares issued on conversion of subscription 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 the period	-	-	-	-	(1,066,434)	(1,066,434)
<b>Balance, June 30, 2023</b>	<b>70,112,395</b>	<b>\$ 2,298,235</b>	<b>\$ 156,000</b>	<b>\$ 57,420</b>	<b>(2,101,277)</b>	<b>\$ 410,378</b>
<b>Balance, December 31, 2023</b>	<b>70,112,395</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	-	-	12,000
Net loss and comprehensive loss for the period	-	-	-	-	(22,593)	(22,593)
<b>Balance, June 30, 2024</b>	<b>70,112,395</b>	<b>\$ 2,298,235</b>	<b>\$ 168,000</b>	<b>\$ 72,658</b>	<b>(2,489,875)</b>	<b>\$ 49,018</b>

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

**Free Battery Metal Limited**  
**Condensed Interim Consolidated Statements of Cash Flows (unaudited)**  
**For the six months ended June 30, 2024 and 2023**  
**(Expressed in Canadian Dollars)**

	<b>2024</b>	<b>2023</b>
<b>Cash provided by (used in):</b>		
<b>Operating Activities</b>		
Net loss for period	\$ (22,593)	\$ (1,066,434)
Items not affecting cash:		
Share based payments	12,000	156,000
Listing cost	-	583,859
Changes in working capital balances:		
Prepaid expenses	2,260	-
Sales tax receivable	(1,440)	-
Accounts payable and accrued liabilities	(25,355)	292,570
<b>Cash Used in Operating Activities</b>	<b>(35,128)</b>	<b>(34,006)</b>
<b>Change in cash</b>	<b>(35,128)</b>	<b>(34,006)</b>
<b>Cash, Beginning</b>	<b>201,540</b>	<b>813,213</b>
<b>Cash, Ending</b>	<b>\$ 166,412</b>	<b>\$ 779,207</b>

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 (unaudited)**  
**For the three and six months ended June 30, 2024 and 2023**  
**(Expressed in Canadian Dollars)**

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**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 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, 2024, the Company has not generated any revenue since inception and has a deficit \$2,489,875. 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 three and six months ended June 30, 2024 and 2023 were reviewed by the Board of Directors and approved and authorized for use on August 26, 2024 by the Board of Directors of the Company.

**Free Battery Metal Limited (formerly, Titus Energy Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**  
**For the three and six months ended June 30, 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*

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and its interpretations adopted by the International Accounting Standards Board (“IASB”) and in accordance with IAS 34, Interim Financial Reporting (“IAS 34”).

*(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.

**Free Battery Metal Limited (formerly, Titus Energy Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**  
**For the three and six months ended June 30, 2024 and 2023**  
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**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 (formerly, Titus Energy Corp.)**  
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**3. MATERIAL ACCOUNTING POLICIES**

These financial statements reflect the accounting policies described in Note 3 to the 2023 Audited Consolidated Financial Statements and accordingly, should be read in conjunction with the 2023 Audited Consolidated financial Statements and the notes thereto.

**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 – 10,112,395 @ \$0.05 per share	\$ 505,620
5,118,917 warrants	72,657
	<b>\$ 578,277</b>

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.

**Free Battery Metal Limited (formerly, Titus Energy Corp.)**  
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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, 2024 and December 31, 2023, the Company had outstanding 70,112,395 common shares.

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.

On February 21, 2024, the Company issued a total of 1,000,000 to a consultant of the Company. The options are exercisable at \$0.05 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 \$0.05, 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.

**Free Battery Metal Limited (formerly, Titus Energy Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**  
**For the three and six months ended June 30, 2024 and 2023**  
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**5. SHARE CAPITAL (continued)**

As at June 30, 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	4,000,000	\$ 0.05
Outstanding – December 31, 2023	4,000,000	\$ 0.05
Granted	1,000,000	\$ 0.05
<b>Outstanding and exercisable – June 30, 2024</b>	<b>5,000,000</b>	<b>\$ 0.05</b>

As at June 30, 2024 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	1.95
1,000,000	0.05	Feb. 21, 2027	1,000,000	2.65

(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 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

As at June 30, 2024, the weighted average exercise price of warrants outstanding and options exercisable were as follows:

	Number	Weighted Average Exercise Price
Outstanding – December 31, 2022	-	-
Granted	5,118,917	\$ 0.10
<b>Outstanding and exercisable – December 31, 2023 and June 30, 2024</b>	<b>5,118,917</b>	<b>\$ 0.10</b>

**Free Battery Metal Limited (formerly, Titus Energy Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**  
**For the three and six months ended June 30, 2024 and 2023**  
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**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, 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 \$142,012 of accounts payable and accrued liabilities are due within one year.

**Free Battery Metal Limited (formerly, Titus Energy Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements (unaudited)**  
**For the three and six months ended June 30, 2024 and 2023**  
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**8. RELATED PARTY TRANSACTIONS**

During the six months ended June 30, 2024, \$18,000 (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, 2024, \$10,170 (December 31, 2023 - \$3,390) is included in accounts payable and accrued liabilities.

During the six months ended June 30, 2024, \$10,500 was charged by Pam Sangster, the Chief Executive Officer, for management services. As at June 30, 2024, \$nil (December 31, 2023 - \$11,300) is included in accounts payable and accrued liabilities.

**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 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 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 expenses were incurred during the three and six months ended June 30, 2024. The Company did receive an additional \$45,334 from OJEP during the three months ended March 31, 2024.