
QUANTUM BATTERY METALS CORP.
(formerly Quantum Cobalt Corp.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED
OCTOBER 31, 2021 AND 2020

(Expressed in Canadian Dollars - Unaudited)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are responsibility of the Company's management.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

QUANTUM BATTERY METALS CORP. (formerly Quantum Cobalt Corp.)
Condensed Consolidated Interim Statements of Financial Position
As at October 31, 2021 and January 31, 2021
(Expressed in Canadian dollars)

	October 31, 2021 (unaudited)	January 31, 2021 (audited)
ASSETS		
CURRENT		
Cash	\$ 50,192	\$ 4,165
Tax recoverable	9,382	15,595
Prepaid expenses	5,624	13,335
	65,198	33,095
NON-CURRENT		
Exploration and evaluation assets (Note 4)	7,065,898	701,335
	\$ 7,131,096	\$ 734,430
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Notes 6 and 7)	\$ 978,829	\$ 1,215,543
Premium on flow-through shares (Note 7)	51,833	51,833
Other payable	500,000	500,000
Loans payable (Notes 5 and 6)	569,837	498,327
Subscriptions received (Note 7)	1,000,000	-
	3,100,499	2,265,703
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 7)	27,183,718	20,193,782
Subscriptions received (Note 7)	1,500	1,500
Reserves	3,820,514	3,150,450
Deficit	(26,975,135)	(24,877,005)
	4,030,597	(1,531,273)
	\$ 7,131,096	\$ 734,430

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)

Approved and authorized for issue on behalf of the Board on December 29, 2021:

"Quinn Field-Dyte"
Director

"Andrew Sostad"
Director

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

QUANTUM BATTERY METALS CORP. (formerly Quantum Cobalt Corp.)
Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
For the three and nine months ended October 31, 2021 and 2020
(Expressed in Canadian dollars - unaudited)

	For the three months ended		For the nine months ended	
	October 31, 2021	October 31, 2020	October 31, 2021	October 31, 2020
EXPENSES				
Advertising and promotion	\$ 444,390	\$ -	\$ 1,781,640	\$ -
Consulting fees	-	-	84,975	-
Interest expense (Note 5)	7,256	7,246	21,556	21,174
Investor relations	1,565	-	7,868	-
Management fees (Note 6)	28,300	18,000	76,000	54,500
Office and miscellaneous	6,814	2,080	25,293	9,763
Professional fees	9,000	9,000	61,596	53,308
Transfer agent and filing fees	4,441	4,759	26,062	14,831
	(501,766)	(41,085)	(2,084,990)	(153,576)
OTHER ITEMS				
Foreign exchange loss	(5,036)	(130)	(13,140)	(357)
Write-off of loan payable (Notes 5 and 6)	-	-	-	210,000
	(5,036)	(130)	(13,140)	209,643
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	\$ (506,802)	\$ (41,215)	\$ (2,098,130)	\$ 56,067
EARNINGS (LOSS) PER SHARE – BASIC AND DILUTED	\$ (0.03)	\$ (0.01)	\$ (0.14)	\$ 0.01
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED	18,102,042	6,042,519	14,985,611	6,042,519

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

QUANTUM BATTERY METALS CORP. (formerly Quantum Cobalt Corp.)
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)
For the nine months ended October 31, 2021 and 2020
(Expressed in Canadian dollars - unaudited)

	Common Shares	Amount	Subscriptions Received	Reserves	Deficit	Total
Balance at January 31, 2020	6,042,519	\$ 20,193,782	\$ 1,500	\$ 3,150,450	\$ (24,629,024)	\$ (1,283,292)
Net income and comprehensive income	-	-	-	-	56,067	56,067
Balance at October 31, 2020	6,042,519	\$ 20,193,782	\$ 1,500	\$ 3,150,450	\$ (24,572,957)	\$ (1,227,225)
Balance at January 31, 2021	6,042,519	\$ 20,193,782	\$ 1,500	\$ 3,150,450	\$ (24,877,005)	\$ (1,531,273)
Shares issued for cash (Note 7)	5,059,523	829,936	-	670,064	-	1,500,000
Shares issued for acquisition of 1296991 (Notes 4 and 7)	7,000,000	6,160,000	-	-	-	6,160,000
Net loss and comprehensive loss	-	-	-	-	(2,098,130)	(2,098,130)
Balance at October 31, 2021	18,102,042	\$ 27,183,718	\$ 1,500	\$ 3,820,514	\$ (26,975,135)	\$ 4,030,597

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

QUANTUM BATTERY METALS CORP. (formerly Quantum Cobalt Corp.)
Condensed Consolidated Interim Statements of Cash Flows
For the three and nine months ended October 31, 2021 and 2020
(Expressed in Canadian dollars - unaudited)

	For the three months ended October 31, 2021		For the three months ended October 31, 2020		For the nine months ended October 31, 2021		For the nine months ended October 31, 2020	
OPERATING ACTIVITIES								
Net income (loss) for the period	\$	(506,802)	\$	(41,215)	\$	(2,098,130)	\$	56,067
Adjustment for non-cash items:								
Accrued interest		7,256		7,245		21,510		21,174
Write-off of loan payable		-		-		-		(210,000)
Changes in non-cash working capital items:								
Tax recoverable		(734)		(1,721)		6,214		(876)
Prepaid expenses		2,599		1,802		7,711		-
Accounts payable and accrued liabilities		27,585		31,317		(242,069)		77,938
Net cash used in operating activities		(470,096)		(2,572)		(2,304,764)		(55,697)
INVESTING ACTIVITIES								
Mineral property acquisition		-		-		(30,000)		-
Mineral property exploration expenditures		(73,474)		-		(179,181)		(1,335)
Acquisition of 1296991		-		-		9,972		-
Net cash used in investing activities		(73,474)		-		(199,209)		(1,335)
FINANCING ACTIVITIES								
Proceeds from share subscriptions		500,000		-		1,000,000		-
Proceeds from shares issued for cash		-		-		1,500,000		-
Proceeds from loan		50,000		-		50,000		40,000
Net cash provided by financing activities		550,000		-		2,550,000		40,000
INCREASE (DECREASE) IN CASH		6,430		(2,572)		46,027		(17,032)
CASH, BEGINNING OF PERIOD		43,762		9,397		4,165		23,857
CASH, ENDING OF PERIOD	\$	50,192	\$	6,825	\$	50,192	\$	6,825
NON-CASH TRANSACTION								
Shares issued for acquisition of 1296991 (Notes 4 and 7)	\$	-	\$	-	\$	6,160,000	\$	-

Supplementary cash flow information and non-cash transactions (Note 10)

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

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Quantum Battery Metals Corp. (formerly Quantum Cobalt Corp.) (the "Company") was incorporated on August 6, 2010 under the British Columbia Business Corporations Act. On November 7, 2017, the Company changed its name to Quantum Cobalt Corp. from Bravura Ventures Corp. to better reflect its direction and cobalt resource properties and begun trading under the stock symbol "QBOT". On March 23, 2021, the Company changed its name to Quantum Battery Metals Corp. to better reflect its direction and its cobalt and lithium resource properties and begun trading under the stock symbol "QBAT". The Company is domiciled in Canada and is a reporting issuer with its common shares publicly traded on the Canadian Securities Exchange ("CSE"). The Company is currently in the process of identifying, exploring and developing mineral properties. The address of its head office is 400-837 West Hastings Street, Vancouver, British Columbia, Canada, V6C 3N6.

On January 29, 2021, the Company consolidated its issued and outstanding common shares on the basis of 1 post-consolidation common share for every 10 pre-consolidation common shares (Note 7). All share figures have been retroactively adjusted to reflect the share consolidation.

On April 23, 2021, the Company completed the acquisition of 1296991 B.C. Ltd. ("1296991"). 1296991 holds an option over the surface access rights, mineral rights, mineral exploration data and permits to 32 mining claims comprising the Rose West lithium project (Notes 4 and 7).

At October 31, 2021, the Company had a working capital deficiency of \$3,035,301 (January 31, 2021 - \$2,232,608). The Company has incurred losses since its inception and has an accumulated deficit of \$26,975,135 as of October 31, 2021 (January 31, 2021 - \$24,877,005) which has been funded primarily by the issuance of shares and loans.

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The Company has incurred ongoing losses and has a working capital deficiency. The Company's ability to continue on a going concern basis beyond the next twelve months depends on its ability to raise additional financing. Accordingly, these factors give rise to a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak might increase the difficulty in capital raising which may negatively impact the Company's business and financial condition.

These condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements comply with International Accounting Standards ("IAS") 34 ("Interim Financial Reporting Standard").

The condensed consolidated interim financial statements were authorized for issue in accordance with a resolution from the Board of Directors on December 29, 2021.

b) Basis of presentation

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these condensed consolidated interim financial statements are in accordance with IFRS. The functional currency of the Company and its subsidiaries is the Canadian Dollar, which is also the presentation currency.

The accounting policies set out below have been applied consistently except for changes described in Note 3 to all periods presented in these condensed consolidated interim financial statements.

c) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, 10336602 Canada Inc., 1142674 BC Ltd., 1296991 BC Ltd., and Bravura Ventures (NV) Corp. 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. Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

d) Significant accounting estimates and judgments

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Significant accounting estimates and judgments (continued)

Critical accounting estimates

- i. The measurement of deferred income tax assets and liabilities;
- ii. The discount rate used to determine the fair value of loans payable; and
- iii. The valuation of share-based payments.

Critical accounting judgments

- i. The determination of categories of financial assets and financial liabilities;
- ii. The evaluation of the Company's ability to continue as a going concern;
- iii. The impairment of exploration and evaluation assets; and
- iv. The determination of functional currency.

e) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units of production method over estimated recoverable reserves. Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

f) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings. The tax rate used is the rate that is enacted or substantively enacted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Income taxes (continued)

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

g) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to \$Nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is insignificant.

h) Share-based compensation

Share-based compensation to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based compensation to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity-settled share-based payments reserve.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Share-based compensation (continued)

Consideration received on the exercise of stock options is recorded as share capital and the related equity-settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity-settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

i) Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

j) Flow-through shares

Current Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the Company assigns the tax deductions arising from the related resource expenditures to the shareholders. The issue of flow-through shares is in substance an issue of ordinary shares and the sale of tax deductions. At the time the Company issues flow-through shares, the sale of tax deductions is deferred and presented as other liabilities in the consolidated statement of financial position to recognize the obligation to incur and renounce eligible resource exploration and evaluation expenditures. The tax deduction is measured as the difference between the current market price of the Company's common shares and the issue price of the flow-through share. Upon incurring and renouncing eligible resource exploration and evaluation expenditures, the Company recognizes the sale of tax deductions as a tax deduction recovery on the statement of comprehensive income (loss) and reduces the other liability.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

k) Impairment of non-financial assets

At the end of each reporting period, the Company assesses each cash-generating unit to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

When an impairment subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Cash and cash equivalents

Cash and cash equivalents consist of cash and liquid investments which are readily convertible into cash with maturities of three months or less when purchased. The Company's cash and cash equivalents are invested with major financial institutions and are not invested in any asset-backed deposits or investments. As of October 31, 2021, the Company only held cash.

m) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

n) Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive 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 the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	IFRS 9 Classification
Cash	FVTPL
Accounts payable	Amortized cost
Loans payable	Amortized cost
Other payable	Amortized cost

Measurement

Financial assets at FVTOCI

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive loss.

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 expensed in the statements of loss and comprehensive loss. Realized and unrealized gains or losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recorded in the statements of loss and comprehensive loss in the period in which they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Financial instruments (continued)

Impairment of financial assets 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's credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve months expected credit losses. The Company shall recognize in the statements of net loss, 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.

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. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of income (loss) and comprehensive income (loss).

3. RECENT ACCOUNTING PRONOUNCEMENTS

New accounting standards issued and effective

New standards or amendments are either not applicable or not expected to have a significant impact on the Company's consolidated financial statements.

Accounting standards and amendments issued but not yet adopted

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after February 1, 2021, or later periods. The Company has not early adopted these new standards in preparing these consolidated financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's condensed consolidated interim financial statements.

QUANTUM BATTERY METALS CORP. (formerly Quantum Cobalt Corp.)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended October 31, 2021 and 2020
(Expressed in Canadian dollars - unaudited)

4. EXPLORATION AND EVALUATION ASSETS

	Rabbit Cobalt Property	Nipissing Lorain Property	Albanel Lithium Property	Kelso Lithium Property	Rose West Lithium Property	Total
Balance, January 31, 2020	\$ -	\$ -	\$ 350,000	\$ 350,000	\$ -	\$ 700,000
Exploration expenditures	-	-	978	357	-	1,335
Balance, January 31, 2021	-	-	350,978	350,357	-	701,335
Property acquisition	-	-	-	-	6,185,382	6,185,382
Exploration expenditures	40,469	19,901	75,639	27,638	15,534	179,181
Balance, October 31, 2021	\$ 40,469	\$ 19,901	\$ 426,617	\$ 377,995	\$ 6,200,916	\$ 7,065,898

Rabbit Cobalt Property

On August 16, 2017, the Company closed its acquisition of 10336602 Canada Inc. ("10336602") pursuant to a share exchange agreement, dated July 28, 2017, among the Company, 10336602 and the shareholders of the target. 10336602 holds the approximately 1,000-hectares of a gold-nickel-silver property located 55 kilometers south of Cobalt, Ontario.

During the year ended January 31, 2020, substantive expenditure on further exploration for and evaluation of the Rabbit Cobalt Property has not been planned and will be evaluated pending the Company obtaining further funding. As a result, a write-off of \$2,436,067 was recorded to the consolidated statement of loss and comprehensive loss.

In July 2021, the Company began planning comprehensive work program for its cobalt properties. The Company deployed its ground team to the Rabbit Lake properties in Ontario and completed the first phase of its in-depth cobalt exploration program on September 30, 2021. During the nine months ended October 31, 2021, the Company incurred \$40,469 of exploration expenditures.

Nipissing Lorain Property

On November 29, 2017, the Company closed the acquisition of 1142674 B.C. Ltd. ("1142674") pursuant to a share exchange agreement, among the Company, 1142674 and the shareholders of 1142674. The Nipissing Lorain cobalt project is located 26 kilometers southeast of Cobalt, Ont. The property consists of two separate claims. Six separate underground workings have been historically mined for cobalt, silver and nickel.

During the year ended January 31, 2020, substantive expenditure on further exploration for and evaluation of the Nipissing Lorain Property has not yet been planned and will be evaluated pending the Company obtaining further funding. In addition, the Company has not made all of the required payments under its November 29, 2017 share exchange agreement. As a result, a write-off of \$9,700,000 was recorded to the consolidated statement of loss and comprehensive loss.

In July 2021, the Company began planning comprehensive work program for its cobalt properties. The Company deployed its ground team to the Nipissing properties in Ontario and completed the first phase of its in-depth cobalt exploration program on September 30, 2021. During the nine months ended October 31, 2021, the Company incurred \$19,901 of exploration expenditures.

Albanel Quebec Lithium Property

On October 3, 2019, the Company entered into a binding acquisition agreement with 1225768 B.C. Ltd. to acquire a 100% interest in, and to, certain mineral properties, together with surface right, mineral rights, personal property and permits associated there with, located in the Albanel Quebec lithium property. The Albanel Quebec lithium property is a lithium prospect with an approximate area of 2,751 hectares in a mining-friendly jurisdiction of Quebec. Pursuant to the acquisition agreement, the Company issued a total of 1,000,000 common shares in the capital of the Company with a fair value of \$350,000.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Albanel Quebec Lithium Property (continued)

During the nine months ended October 31, 2021, the Company incurred \$75,639 of exploration expenditures.

Kelso Quebec Lithium Property

On October 3, 2019, the Company entered into a binding acquisition agreement with 1225768 B.C. Ltd. to acquire a 100% interest in, and to, certain mineral properties, together with surface right, mineral rights, personal property and permits associated there with, located in the Kelso Quebec lithium property. The Kelso Quebec lithium property is a lithium prospect with an approximate area of 1,005 hectares in a mining-friendly jurisdiction of Quebec. Pursuant to the acquisition agreement, the Company issued a total of 1,000,000 common shares in the capital of the Company with a fair value of \$350,000.

During the nine months ended October 31, 2021, the Company incurred \$27,638 of exploration expenditures.

Rose West Lithium Property

On April 23, 2021, the Company closed its acquisition of 1296991 B.C. Ltd. ("1296991") pursuant to a share exchange agreement, dated April 20, 2021, among the Company, 1296991 and the shareholders of the target.

Pursuant to the share exchange agreement, the Company acquired 1296991 by issuing 7,000,000 common shares, with a fair value of \$6,160,000, to the vendors of 1296991 (Note 7).

1296991 holds an option over the surface access rights, mineral rights, mineral exploration data and permits to 32 mining claims comprising the Rose West lithium project, covering approximately 1,695 hectares area on the NTS map 33C01 on the territory of Eeyou Istchee in the James Bay area, Quebec, Canada. To exercise the option, the Company will have to satisfy the following:

- a) pay Optionor an aggregate of \$100,000 in cash as follows:
 - i. \$30,000 on or before thirty (30) calendar days after the effective date (paid);
 - ii. \$30,000 on or before the date that is one (1) calendar year after the effective date; and
 - iii. \$40,000 on or before the date that is two (2) calendar years after the effective date.
- b) issuance of an aggregate of 1,000,000 shares to Optionor as follows:
 - i. 300,000 shares on or before ten (10) calendar days after the PubCo date;
 - ii. 300,000 shares on or before the date that is one (1) calendar year after the effective date; and
 - iii. 400,000 shares on or before the date that is two (2) calendar years after the effective date.
- c) incurring aggregate expenditures of \$360,000 as follows:
 - i. \$110,000 of Expenditures on or before the date that is one (1) calendar year after the effective date; and
 - ii. \$250,000 of Expenditures on or before the date that is two (2) calendar years after the effective date.

The Company has accounted for the purchase of 1296991 as an asset acquisition as it did not meet the definition of a business under IFRS 3, "Business Combinations". The following table summarizes the total consideration, the fair value of the identifiable assets acquired and liabilities assumed as of the date of the acquisition:

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4. EXPLORATION AND EVALUATION ASSETS (continued)

Rose West Lithium Property (continued)

Fair value of share consideration (7,000,000 share at \$0.88)	\$	6,160,000
Total consideration		6,160,000
Allocated as follows:		
Identified fair value of net assets:		
Cash		9,972
Due from shareholder		1
Accounts payable		(5,355)
Net assets assumed		4,618
Assets acquired:		
Exploration and evaluation assets	\$	6,155,382

During the nine months ended October 31, 2021, the Company incurred \$15,534 of exploration expenditures.

5. LOANS PAYABLE

As at October 31, 2021 and January 31, 2021, loans payable are as follows:

	October 31, 2021	January 31, 2021
Third party loan, unsecured (due on demand, bearing interest at 7% per annum) (a)	\$ 300,000	\$ 300,000
Third party loans, unsecured (due on demand, bearing interest at 8% per annum) (b)	81,800	81,800
Third party loan, unsecured (due on demand, bearing interest at 3% per annum) (e)	20,000	20,000
Related party loan, unsecured (due on demand, bearing interest at 3% per annum) (e)	20,000	20,000
Third party loan, unsecured (due on demand, bearing interest at 2% per annum) (f)	50,000	-
Accrued interest	98,037	76,527
	\$ 569,837	\$ 498,327

- a) During the year ended January 31, 2018, the Company received share subscriptions of \$300,000 from a non-related party. On July 31, 2019, the share subscriptions were converted into a loan which bears interest at 14% per annum from February 1, 2019 to January 31, 2020 and 7% per annum onwards. The loan is unsecured and due on demand.
- b) During the year ended January 31, 2020, the Company received loans of \$81,800 from non-related parties which bear interest at 8% per annum, which are unsecured and due on demand.
- c) On May 1, 2019, the Company obtained a loan of \$210,000 from a company controlled by a former director. This loan is unsecured, non-interest bearing and due on demand. The funds were used to settle a fee dispute and legal claim brought against the Company on the Musgrove Creek Property. During the year ended January 31, 2021, the loan was forgiven pursuant to a settlement agreement with a former director (Note 6).

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5. LOANS PAYABLE (continued)

- d) On May 31, 2019, the Company obtained a loan of \$22,050 from a company controlled by a director. The funds were used for general operating expenses. This loan is unsecured, non-interest bearing and due on demand. This loan was repaid during the year ended January 31, 2020.
- e) On June 2, 2020, the Company received loans of \$40,000, of which \$20,000 was from a non-related party and the remaining \$20,000 was from a company controlled by a director. The loans bear interest at 3% per annum, unsecured, and due on demand (Note 6).
- f) On October 27, 2021, the Company received a loan of \$50,000 from a non-related party which bears interest at 2% per annum, which is unsecured and due on demand.

6. RELATED PARTY TRANSACTIONS AND BALANCES

All transactions with related parties have occurred in the normal course of operations. Key management is comprised of directors and executive officers. The following compensation was paid to key management or companies controlled by key management during the nine months ended October 31, 2021 and 2020:

	2021	2020
Management fees	\$ 76,000	\$ 54,500

As at October 31, 2021, the Company has included in accounts payable and accrued liabilities a total of \$480,663 (January 31, 2021 - \$222,363), which are payable to former directors, former officers, and companies controlled by a former officer (Note 5).

As at October 31, 2021, the Company has included in accounts payable and accrued liabilities a total of \$82,049 (January 31, 2021 - \$591,324), which are payable to directors, officers, and companies controlled by directors (Note 5).

During the year ended January 31, 2021, the Company received a loan of \$20,000 from a company controlled by a director. The loan bears interest at 3% per annum, unsecured, and due on demand (Note 5).

On November 8, 2019, the Company commenced legal action against the former CEO, David Schmidt, for gross negligence that resulted in significant shareholder value loss. The claim alleged that while serving in the role of chief executive officer of the Company, Mr. Schmidt failed to act honestly and in good faith with a view to the best interests of the Company and failed to exercise the care, diligence and skill of a reasonably prudent individual. Mr. Schmidt failed to make key property payments, which caused significant loss and damage, in particular:

- Payment to Idaho's Bureau of Land Management by September 1, 2018: The failure to make this payment resulted in the irrevocable forfeiture of the Company's Musgrove mining claims. Further, Mr. Schmidt failed to direct the Company to take any steps to restake the claims, which resulted in a third party acquiring the claims.
- Option payment due by December 31, 2018: The failure to respond to notices of payment for Grew Creek and the further failure to direct the company to cure the default resulted in Quantum losing its option on the Grew Creek property.

On March 20, 2020, the Company entered into a settlement agreement with Mr. Schmidt. Pursuant to the settlement agreement, Mr. Schmidt forgave a loan of \$210,000 to the Company (Note 5). The Company has provided Mr. Schmidt a full and final release and the Company has recorded the forgiven loan as other income.

7. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding: 18,102,042 (January 31, 2021 - 6,042,519).

On January 29, 2021, the Company consolidated its issued and outstanding common shares on the basis of 1 post-consolidation common share for every 10 pre-consolidation common shares. All share figures have been retroactively adjusted to reflect the share consolidation.

During the nine months ended October 31, 2021:

On March 11, 2021, the Company closed a non-brokered private placement, comprising 4,166,666 units at a price of \$0.24 per unit for gross proceeds of \$1,000,000. Each unit comprises one common share of the Company and one common share purchase warrant of the Company. Each warrant is exercisable into a common share of the Company for a period of 12 months at an exercise price of \$0.31 during the 12 months.

On April 23, 2021, the Company issued 7,000,000 common shares with a fair value \$6,160,000 pursuant to the acquisition of 1296991 B.C Ltd. (Note 4).

On June 8, 2021, the Company closed a non-brokered private placement comprising 178,570 flow-through (FT) units at a price of \$0.56 per FT unit for gross proceeds of \$99,999 and 714,287 units at a price of \$0.56 per unit for gross proceeds of \$400,001. Each FT unit will comprise one flow-through share of the Company and one common share purchase warrant of the Company. Each unit will comprise one common share and one common share purchase warrant of the Company. Each warrant will be exercisable into a common share of the Company for a period of 12 months at an exercise price of \$0.69 for 12 months from issuance.

During the nine months ended October 31, 2021, the Company received \$1,000,000 of share subscriptions from a private placement that has not yet closed as at October 31, 2021.

As at October 31, 2021, the Company had \$1,500 of share subscription receipts.

No shares were issued during the year ended January 31, 2021.

c) Flow-through shares issued

During fiscal 2018, the Company renounced \$471,500 of Canadian exploration expenditures to subscribers of the 2018 flow-through financing. As a result of the flow-through financing the Company recognized a liability relating to the premiums subscribers had paid for the flow-through feature.

On June 8, 2021, the Company closed a non-brokered private placement comprising 178,570 flow-through (FT) units at a price of \$0.56 per FT unit for gross proceeds of \$99,999. Each FT unit will comprise one flow-through share of the Company and one common share purchase warrant of the Company. Each warrant will be exercisable into a common share of the Company for a period of 12 months at an exercise price of \$0.69 for 12 months from issuance.

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds received less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent on qualifying expenditures. At October 31, 2021, the amount of flow-through proceeds remaining to be spent on qualifying expenditures was \$285,376.

7. SHARE CAPITAL (continued)

c) Flow-through shares issued (continued)

As a result of not incurring the qualified expenditures and not filing the forms with Canada Revenue Agency during the year ended January 31, 2021, the Company recognized an expense of \$8,154 (2020 - \$36,392) for late filing penalties and interest. As at October 31, 2021, accounts payable and accrued liabilities include \$51,213 (January 31, 2021 - \$51,213) related to interest and penalties.

The Company agreed to indemnify the flow-through shareholders for certain costs they incurred as a result of not meeting its obligation to spend the flow-through share proceeds on qualifying Canadian exploration expenditures in compliance with the applicable tax rules and pursuant to the share subscription agreement entered into. During the year ended at January 31, 2021, the Company recognized an expense of \$10,235 (2020 - \$64,331) for the indemnification of flow-through shareholders. As at October 31, 2021, accounts payable and accrued liabilities include \$245,765 (January 31, 2021 - \$245,765) related to this indemnification provision.

d) Stock options

The Company has no outstanding options as at October 31, 2021 and January 31, 2021.

e) Share purchase warrants

A summary of share purchase warrant activities are as follows:

	Number of warrants	Weighted average exercise price
Outstanding and exercisable at January 31, 2020 and 2021	5,250	\$ 7.00
Warrants issued	4,166,666	0.31
Warrants issued	892,857	0.69
Warrants expired	(5,250)	7.00
Outstanding and exercisable at October 31, 2021	5,059,523	\$ 0.38

The fair value of warrants granted in connection with the non-brokered placement on March 11, 2021 was \$449,998. The fair value of these warrants at the date of grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.26%, an expected life of warrants of one year, an expected volatility of 235.43%, and no expected dividends. The fair value of warrants granted in conjunction with the private placement units was determined using the relative fair value method.

The fair value of warrants granted in connection with the non-brokered placement on June 8, 2021 was \$220,066. The fair value of these warrants at the date of grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.32%, an expected life of warrants of one year, an expected volatility of 209.57%, and no expected dividends. The fair value of warrants granted in conjunction with the private placement units was determined using the relative fair value method.

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7. SHARE CAPITAL (continued)

e) Share purchase warrants (continued)

A summary of the share purchase warrants issued at October 31, 2021 is as follows:

	Warrants issued and exercisable	Exercise price	Expiry date
Share purchase warrants	4,166,666	\$ 0.31	March 11, 2022
Share purchase warrants	892,857	\$ 0.69	June 8, 2022
	5,059,523	\$ 0.38	

The weighted average life of warrants outstanding at October 31, 2021 is 0.40 year.

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and development of various businesses. The Company does not have any externally imposed capital requirements to which it is subject.

As at October 31, 2021, the Company considers the aggregate of its equity accounts as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets or adjust the amount of cash on hand.

9. FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments consist of cash, accounts payable, loans payable and other payable. The following table summarizes the carrying values of the Company's financial instruments as at October 31, 2021 and January 31, 2021:

	October 31, 2021	January 31, 2021
FVTPL (i)	\$ 50,192	\$ 4,165
Amortized cost (ii)	\$ 1,633,382	\$ 1,820,096

- (i) Cash
- (ii) Accounts payable, loans payable, and other payable

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs that are not based on observable market data.

Cash is measured at fair value using level one as the basis for measurement in the fair value hierarchy. The fair values of accounts payable, loans payable and other payable approximate their carrying values because of their current nature.

9. 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-quality financial institution. The Company believes it has no significant credit 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 manages liquidity risk through the management of its capital structure and financial leverage as outlined above. The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. The Company's accounts payable, loans payable, and other payable have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits. The Company is exposed to liquidity risk.

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 does not have significant foreign exchange risk as the majority of its transactions are in Canadian dollars.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in the market interest rate. The Company is not exposed to significant interest rate risk.

10. SUPPLEMENTARY CASH FLOW INFORMATION

During the nine months ended October 31, 2021 and 2020, the Company did not pay any interest expense or income taxes in cash.