International Battery Metals Ltd.

Condensed Consolidated Interim Financial Statements
Three Months Ended April 30, 2022 and 2021
(Expressed in Canadian dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements for International Battery Metals Ltd. (the "Company") have been prepared by management in accordance with International Financing Reporting Standards ("IFRS"). These condensed consolidated interim financial statements, which are the responsibility of management, are unaudited and have not been reviewed by the Company's auditors. The Company's Audit Committee and Board of Directors have reviewed and approved these consolidated interim financial statements. In accordance with the disclosure requirements of National Instrument 51-102 released by the Canadian Securities Administrators, the Company's independent auditors have not performed a review of these condensed consolidated interim financial statements.

International Battery Metals Ltd.

Condensed Consolidated Interim Statements of Financial Position
As at April 30, 2022 and January 31, 2022
(Expressed in Canadian dollars)

	Note		April 30, 2022		January 31, 2022
			(unaudited)		(audited)
ASSETS					
Current assets					
Cash	19	$	7,740,260	$	336,175
Amounts receivable	5		14,519		12,284
Prepaid expenses	6		240,284		5,092
Total current assets			7,995,063		353,551
Equipment	7		28,924,738		24,130,012
Intangible assets	8, 9		8,007,014		8,343,289
Total assets		**$**	**44,926,815**	**$**	**32,826,852**
LIABILITIES					
Current liabilities					
Trade payables and other liabilities	11, 14, 19	$	20,981,184	$	19,678,262
Total liabilities			**20,981,184**		**19,678,262**
Shareholders' equity					
Share capital	12		34,288,096		26,952,071
Obligation to issue shares	8, 12		5,426,022		5,426,022
Reserves	13		14,437,264		5,532,384
Deficit			(30,230,484)		(24,805,923)
Accumulated other comprehensive income			24,733		44,036
Total shareholders' equity			**23,945,631**		**13,148,590**
Total liabilities and shareholders' equity		**$**	**44,926,815**	**$**	**32,826,852**

Nature and Continuance of Operations (Note 1)
Contingency (Note 17)
Subsequent Event (Note 21)

Approved and Authorized by the Board on June 21, 2022:

"William Webster" Director *"John Burba"* Director

International Battery Metals Ltd.

Condensed Consolidated Interim Statements of Income and Comprehensive Income
For the three months ended April 30, 2022 and 2021
(Expressed in Canadian dollars)
(Unaudited)

	Note		2022		2021
Expenses					
Amortization of intangible asset	9	$	336,275	$	161,956
General and administrative	14, 15		5,088,286		422,136
Operating loss			(5,424,561)		(584,092)
Change in fair value and derecognition of derivative liability	13		-		674,414
Income (loss) for the period			(5,424,561)		90,322
Other comprehensive loss					
Foreign currency translation adjustments			(19,303)		(29,456)
Net and comprehensive income (loss) for the period		$	(5,443,864)	$	60,866
Income (loss) per share, basic and diluted	12	$	(0.04)	$	0.00
Weighted average number of shares outstanding – basic	12		135,124,777		121,784,201
Weighted average number of shares outstanding – diluted	12		135,124,777		132,095,222

International Battery Metals Ltd.
Condensed Consolidated Interim Statements of Cash Flows
For the three months ended April 30, 2022 and 2021
(Expressed in Canadian dollars)
(Unaudited)

Cash provided by (used in)		**2022**		**2021**
Cash flows used in operating activities				
Income (loss) for the period	$	(5,424,561)	$	90,322
Non-cash transactions:				
Depreciation		197		121
Amortization of intangible asset		336,275		161,956
Share-based payments		4,033,580		-
Unrealized foreign exchange loss		156,997		912
Change in fair value and derecognition of derivative liability		-		(674,414)
Changes in operating assets and liabilities:				
Amounts receivable		(2,235)		485
Prepaid expenses		(235,192)		69,103
Trade payables and other liabilities		(3,029,421)		(158,057)
Net cash used in operating activities		**(4,164,360)**		**(509,572)**
Cash flows used in investing activities				
Purchase of equipment		(619,811)		(205,308)
Deferred acquisition costs		-		(596,215)
Net cash used in investing activities		**(619,811)**		**(801,523)**
Cash flows provided by (used in) financing activities				
Proceeds from private placements		12,766,859		711,307
Share issuance costs		(787,534)		-
Proceeds from warrants exercised		-		529,358
Proceeds from options exercised		228,000		79,875
Net cash provided by financing activities		**12,207,325**		**1,320,540**
Increase (decrease) in cash		7,423,154		9,445
Effect of foreign exchange rate changes on cash		(19,069)		(1,911)
Cash, beginning of period		336,175		212,213
Cash, end of period	**$**	**7,740,260**	**$**	**219,747**

Supplemental Disclosures with Respect to Cash Flows (Note 16)

International Battery Metals Ltd.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the three months ended April 30, 2022 and 2021
(Expressed in Canadian dollars)
(Unaudited)

	Common shares	Share capital	Reserves	Obligation to issue shares	Deficit	Accumulated other comprehensive income	Total equity
		$	$	$	$	$	$
Balance at January 31, 2021	114,151,166	23,560,826	5,210,671	895,470	(24,993,136)	43,711	4,717,542
Private placements	4,664,306	1,422,613	-	-	-	-	1,422,613
Shares to be returned to treasury	-	(711,306)	-	-	-	-	(711,306)
Warrants exercised	6,666,666	881,377	-	(352,019)	-	-	529,358
Options exercised	225,000	155,621	(75,746)	-	-	-	79,875
Foreign currency translation	-	-	-	-	-	(29,456)	(29,456)
Income for the period	-	-	-	-	90,322	-	90,322
Balance at April 30, 2021	125,707,138	25,309,130	5,134,925	543,451	(24,902,814)	14,255	6,098,948
Balance at January 31, 2022	132,339,759	26,952,071	5,532,384	5,426,022	(24,805,923)	44,036	13,148,590
Private placement	3,333,333	7,562,238	5,204,621	-	-	-	12,766,859
Share issuance costs	-	(787,534)	-	-	-	-	(787,534)
Options exercised	600,000	561,321	(333,321)	-	-	-	228,000
Options granted	-	-	3,826,912	-	-	-	3,826,912
Vesting of stock options	-	-	206,668	-	-	-	206,668
Foreign currency translation	-	-	-	-	-	(19,303)	(19,303)
Loss for the period	-	-	-	-	(5,424,561)	-	(5,424,561)
Balance at April 30, 2022	136,273,092	34,288,096	14,437,264	5,426,022	(30,230,484)	24,733	23,945,631

1. Nature and Continuance of Operations

International Battery Metals Ltd., (the "Company") was incorporated under the Business Corporations Act (British Columbia) on July 29, 2010. The Company trades on the Canadian Securities Exchange under the stock symbol "IBAT".

The Company's head office is located at 625 Howe Street, Suite 1140, Vancouver, British Columbia, V6C 2T6 and the Company's registered and records office is located at located at Suite 800, 543 Granville Street, Vancouver, British Columbia, V6C 1X8.

The Company is an advanced technology company focused on lithium extraction from salars, geothermal brines and oil field brines.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company has not generated revenue from operations. As at April 30, 2022, the Company's accumulated deficit was $30,230,484 and as a working capital deficiency of $12,986,121. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These factors comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus ("COVID-19"). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations, cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its operations.

2. Basis of Preparation

The condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on June 21, 2022.

The Company's condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

Statement of compliance

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

(Expressed in Canadian dollars)

2. Basis of Preparation (continued)

Basis of consolidation

In addition to the Company, the condensed consolidated interim financial statements incorporate the financial statements of its wholly owned subsidiaries in the United States, IBAT USA, Inc. and Selective Adsorption Lithium, Inc. ("SAL").

A subsidiary is an entity over which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. A subsidiary is consolidated from the date upon which control is acquired by the Company and all intercompany transactions and balances have been eliminated on consolidation.

3. Summary of Significant Accounting Policies

The accounting policies followed by the Company are set out in Note 3 to the audited annual financial statements for the year ended January 31, 2022, and have been consistently followed in the preparation of these condensed consolidated interim financial statements.

Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed consolidated interim financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant estimates and critical judgments were the same as those applied to the audited consolidated financial statements as at and for the year ended January 31, 2022.

5. Amounts Receivable

	April 30, 2022	January 31, 2022
GST receivable	$ 14,519	$ 12,284

6. Prepaid Expenses

	April 30, 2022	January 31, 2022
Prepaid expenses	$ 240,284	$ 5,092

(Expressed in Canadian dollars)

6. Prepaid Expenses (continued)

As at April 30, 2022, the prepaid expenses included a balance of US$33,551 (CA$43,131) (January 31, 2022 – US $Nil), which were incurred for consulting purposes on the lithium extraction unit.

7. Equipment

During the three months ended April 30, 2022, $1,445,682 (April 30, 2021 - $13,086) was paid or accrued by Sorcia Minerals LLC ("Sorcia") and $2,469,344 (April 30, 2021 - $Nil) was paid or accrued by EVL Holdings LLC ("EVL") to engineers, consultants, and fabricators on the Company's behalf (Note 11). EVL and Sorcia are related parties to the Company by virtue of significant shareholdings. As the lithium extraction unit is not yet completed, no depreciation has been recorded.

Cost	Lithium extraction unit	Computer	Total
Balance, January 31, 2021	$ 4,158,827	$ 2,421	$ 4,161,248
Additions	19,969,248	-	19,969,248
Balance, January 31, 2022	24,128,075	2,421	24,130,496
Additions	4,792,641	2,282	4,794,923
Balance, April 30, 2022	**$ 28,920,716**	**$ 4,703**	**$ 28,925,419**

Accumulated Depreciation	Lithium extraction unit	Computer	Total
Balance, January 31, 2021	$ -	$ -	$ -
Depreciation	-	484	484
Balance, January 31, 2022	**-**	**484**	**484**
Depreciation	-	197	197
Balance, April 30, 2022	**$ -**	**$ 681**	**$ 681**

Net Book Value	Lithium extraction unit	Computer	Total
Balance, January 31, 2022	$ 24,128,075	$ 1,937	$ 24,130,012
Balance, April 30, 2022	**$ 28,920,716**	**$ 4,022**	**$ 28,924,738**

8. Lithium Extraction Technology Asset Purchase

On April 12, 2018, the Company closed an asset purchase agreement with North American Lithium Inc. ("NAL") and SAL, a company formerly controlled by shareholders of NAL, pursuant to which the Company acquired (i) NAL's data, analysis and reports related to lithium extraction from oilfield brines for petro-lithium extraction projects for consideration of US$875,000 cash and (ii) 100% of the outstanding shares of SAL, which holds intellectual property for consideration of up to 25,309,488 common shares of the Company (the "Acquisition").

(Expressed in Canadian dollars)

8. Lithium Extraction Technology Asset Purchase (continued)

At the closing of the asset purchase transaction the Company issued 4,700,000 common shares with a fair value of $2,256,000 as of the date of closing the asset purchase transaction. As part of the transaction, the Company also granted a 5% production income royalty to NAL on future product income.

The additional 20,609,488 in share-based consideration for the acquisition is in the form of milestone shares ("Milestone shares") will be issued upon SAL achieving certain milestones (the "Milestones") as follows:

Milestone	Number of performance shares to be issued
i) Shares on SAL and the Company filing three U.S. or foreign patent applications with respect to intellectual property (filings completed)	4,000,000
ii) Shares on SAL and the Company filing three additional patents with respect to intellectual property (filings completed)	5,536,496
iii) Shares on SAL and the Company filing three additional patents with respect to intellectual property (filings completed)	5,536,496
iv) Shares upon the Company completing either of the following: one or more private placement financing(s) resulting in the issuance of an aggregate of no less than 5,000,000 common shares in the Company; or completing a laboratory – scale pilot plant for the processing of lithium or lithium concentrates (issued on November 7, 2018)	5,536,496

The Milestone Shares were contingently issuable, and their fair value at the time of the acquisition was estimated using a probability-weighted analysis based on the probability of achieving the Milestones. The resulting valuation was recorded as obligation to issue Milestone Shares of $3,201,185. On November 7, 2018, the Company issued 5,536,496 Milestone Shares upon the satisfaction of Milestone (iv) above and transferred $2,657,734 from obligation to issue shares to share capital.

During the year ended January 31, 2022, the Company satisfied all Milestones related to the original acquisition of assets. As a result, the fair value of the obligation of the Milestone Shares was re-valued to $5,426,022. The increase in the fair value of the Milestone Shares of $4,882,571 has also been reflected as an addition to the Company's Intellectual Property (Note 9).

(Expressed in Canadian dollars)

8. Lithium Extraction Technology Asset Purchase (continued)

In November 2018, the Company entered into licensing agreements as amended with Ensorcia Metals Corporation ("Ensorcia") and its wholly-owned subsidiaries, Sorcia and Ensorcia Argentina LLC ("EAL") whereby the Company issued lithium extraction technology licenses to Sorcia and EAL to use Extraction systems manufactured by the Company in exchange for a six percent (6%) royalty on the gross sales price of all products produced and sold, less selling costs, using the Licensed Technology and a ten percent (10%) common membership interest in Sorcia and EAL. On February 4, 2021, the Company exchanged its ten percent (10%) interest in Sorcia and EAL for a ten percent (10%) participation interest in each of Sorcia's and EAL's future resource projects or lithium extraction facility where IBAT licensed rights are utilized. Ensorcia is a related party of the Company by virtue of significant shareholdings. The agreements can be terminated by the Company if the first extraction system is not installed or operational by December 31, 2023 with Sorcia and EAL.

The investments in Sorcia and EAL were accounted for as investments carried at FVTPL whose fair value at January 31, 2021 was $Nil. The Company exchanged its ten percent interest in Sorcia and EAL for a ten percent (10%) participation interest in Sorcia's and EAL's future resource projects which had a net value of $Nil at April 30, 2022 (January 31, 2022 - $Nil).

9. Intangible Assets

Upon completion of the Acquisition (Note 8), the Company acquired certain intellectual property (the "Intellectual Property"), from the shareholders of SAL. A continuity of the Company's intangible assets is as follows:

Cost		**Intellectual property - SAL**		**Patent**		**Total**
Balance, January 31, 2021	$	6,717,487	$	-	$	6,717,487
Additions		4,882,571		13,519		4,896,090
Balance, January 31, 2022		11,600,058		13,519		11,613,577
Additions		-		-		-
Balance, April 30, 2022	**$**	**11,600,058**	**$**	**13,519**	**$**	**11,613,577**

Accumulated Amortization		**Intellectual property - SAL**		**Patent**		**Total**
Balance, January 31, 2021	$	1,886,479	$	-	$	1,886,479
Amortization		1,383,731		78		1,383,809
Balance, January 31, 2022		3,270,210		78		3,270,288
Amortization		336,106		169		336,275
Balance, April 30, 2022	**$**	**3,606,316**	**$**	**247**	**$**	**3,606,563**

Net Book Value		**Intellectual property – SAL**		**Patent**		**Total**
At January 31, 2022	$	8,329,848	$	13,441	$	8,343,289
At April 30, 2022	**$**	**7,993,742**	**$**	**13,272**	**$**	**8,007,014**

(Expressed in Canadian dollars)

10. Deferred Acquisition Costs

On September 26, 2019, the Company, through its wholly owned subsidiary, entered into an agreement to purchase a reserve osmosis desalination system. As at April 30, 2022, the Company had paid $1,125,138 (US$884,067) (January 31, 2022 - $1,125,138 (US$884,067)).

A continuity of the Company's deferred acquisition costs is as follows:

Balance, January 31, 2021	$	229,967
Additions		896,046
Transfer to Lithium Extraction Unit		(1,125,138)
Translation adjustment		(875)
Balance, January 31, 2022 and April 30, 2022	**$**	**-**

11. Trade Payables and Other Liabilities

	April 30, 2021	January 31, 2022
Trade payables (1)	$ 17,194,416	$ 6,697,211
Accrued liabilities (2)	3,786,768	12,981,051
	$ 20,981,184	**$ 19,678,262**

(1) Included in accounts payable is $7,462,295 (January 31, 2022 - $1,272,732) owed to EVL and $9,131,981 (January 31, 2022 - $2,043,942) owed to Sorcia (Note 14).
(2) Included in accrued liabilities is $2,409,424 (January 31, 2022 - $2,009,801) owed to EVL and $931,681 (January 31, 2022 - $10,534,389) owed to Sorcia (Note 14).

12. Share Capital

Authorized

Authorized share capital: an unlimited number of common shares with no par value.

Issued and outstanding

For the three months ended April 30, 2022, the Company:

a) On February 24, 2022, completed a private placement financing of 3,333,333 units for gross proceeds of US$10,000,000. Each unit consisted of one common share and one share purchase warrant with each warrant entitling the holder to purchase one additional common share for a period of two years from the date of issue at an exercise price of CAD$3.83 per share. The Company paid an advisory fee of US$600,000 and will pay US$600,000 upon the exercise of all of the warrants pursuant to the private placement.

b) On March 9, 2022, issued 600,000 common shares for options that were exercised at $0.38 for gross proceeds of $228,000.

12. Share Capital (continued)

For the year ended January 31, 2022, the Company:

a) On February 8, 2021, issued a total of 3,333,333 common shares to Ensorcia on the exercise of warrants for cash proceeds of $94,192 (US$73,500) and the application of $352,019 (US$276,500) from obligation to issue shares.

b) On February 26, 2021, issued 225,000 common shares on the exercise of stock options for gross proceeds of $79,875 which resulted in a transfer from equity reserves to share capital of $75,746.

c) On March 4, 2021, issued a total of 4,664,306 common shares at $0.305 per share for the exercise of the pre-emptive rights under the private placement closed in August 2019. Under the terms of the private placement closed in August 2019, the placees were granted a pre-emptive right for two years from closing, in respect of any equity securities issuance by the Company, to purchase at fair market value the amount of securities required to maintain their percentage holding of the Company. The share price was based on the 30-day average market closing price for the 30 days prior to the Company sending a notice to the placees of their rights to exercise the pre-emptive rights. The Company has received a total of $711,307 for 2,332,153 common shares issued at $0.305 per share. The other 2,332,153 common shares were issued to Ensorcia in exchange for $711,306 of payments made by Sorcia on behalf of the Company.

d) Issued 1,666,667 common shares and 1,666,666 common shares on March 18, 2021 and March 31, 2021 respectively on the exercise of warrants for gross proceeds of $435,166 (US$350,000).

e) On June 23, 2021, issued 50,000 common shares on the exercise of warrants for gross proceeds of $5,000.

f) On July 7, 2021, issued 470,000 common shares on the exercise of warrants for gross proceeds of $47,000 which resulted in a transfer from equity reserves to share capital of $21,976.

g) On August 11, 2021, issued 200,000 common shares on the exercise of stock options for gross proceeds of $38,000 which resulted in a transfer from equity reserves to share capital of $37,184.

h) On December 6, 2021, issued 5,912,621 common shares on the exercise of warrants for gross proceeds of $782,473 (US$609,000).

(Expressed in Canadian dollars)

12. Share Capital (continued)

Weighted average breakdown

Per share amounts

For the three months ended April 30,		2022		2021
Weighted average number of shares outstanding:				
Issued common shares as at February 1		132,339,759		114,151,166
Effect of common shares issued during the period		2,785,018		7,064,853
Weighted average number of shares outstanding - basic		135,124,777		121,784,201
Impact on effect of dilutive securities:				
Stock options		-		4,999,761
Warrants		-		5,311,260
Weighted average number of shares outstanding – diluted		135,124,777		132,095,222
Income (loss) per share – basic and diluted	$	(0.04)	$	0.00

13. Reserves

Stock options

The Company has a stock option plan (the "Plan") which provides eligible directors, officers, employees and consultants of the Company with the opportunity to acquire an ownership interest in the Company and is the basis for the Company's long-term incentive scheme. The Plan is administered by the Board, or if appointed, by a special committee of directors appointed from time to time by the Board. The maximum number of common shares issuable under the Plan shall not exceed 10% of the number of common shares of the Company issued and outstanding as of each award date. The exercise price of options granted under the Plan will not be less than the closing market price of the Company's common shares on the exchange. The options have a maximum term of ten years from date of issue and vesting is determined by the Board.

For the three months ended April 30, 2022:

- On March 5, 2022, granted 1,000,000 stock options exercisable at $4.37 for a period of five years to directors and management of the Company.
- On March 9, 2022, 600,000 stock options were exercised which resulted in a transfer from equity reserves to share capital of $333,321 (Note 12).

For the year ended January 31, 2022:

- On February 26, 2021, 225,000 stock options were exercised which resulted in a transfer from equity reserves to share capital of $75,746 (Note 12).
- On June 15, 2021, 400,000 stock options were issued to directors and advisory board members of the Company. The fair value of the options of $203,395 was recorded as share-based payment expense included in general and administrative expenses and was calculated using the Black-Scholes Option Pricing Model.

(Expressed in Canadian dollars)

13. Reserves (continued)

- On August 11, 2021, 200,000 stock options were exercised which resulted in a transfer from equity reserves to share capital of $37,184 (Note 12).
- On January 21, 2022, 320,000 stock options were issued to consultants of the Company. The fair value of the options of $253,224 was recorded as share-based payment expense included in general and administrative expenses and was calculated using the Black-Scholes Option Pricing Model.

The following table summarizes information regarding stock options outstanding and exercisable as at April 30, 2022:

Exercise price	Expiry date	Number of options outstanding	Number of options exercisable	Weighted-average remaining contractual life (years)
$0.62	October 23, 2022	300,000	300,000	0.48
$0.19	August 28, 2023	1,200,000	1,200,000	1.33
$0.38	January 5, 2026	7,548,500	7,548,500	3.69
$0.57	June 15, 2026	400,000	400,000	4.13
$3.19	January 21, 2027	320,000	80,000	4.73
$4.37	March 5, 2027	1,000,000	1,000,000	4.85
Total		**10,768,500**	**10,528,500**	**3.49**

Warrants

The following table summarizes information regarding warrants outstanding and exercisable as at April 30, 2022:

Exercise price	Expiry date	Number of warrants outstanding and exercisable	Weighted-average remaining contractual life (years)
$3.83	February 24, 2024	3,333,333	1.82
Total		**3,333,333**	**1.82**

During the three months ended April 30, 2022:

- On February 24, 2022, the Company issued 3,333,333 share purchase warrants (Note 12) as part of a private placement financing with each warrant entitling the holder to purchase one additional common share for a period of two years from the date of issue at an exercise price of CAD$3.83 per share. The Company will pay an advisory fee of US$600,000 and US$600,000 upon the exercise of all of the warrants pursuant to the private placement (Note 12).

During the year ended January 31, 2022:

- A total of 6,666,666 warrants were exercised at US$0.105 per share (Note 12). These warrants were exercisable in a currency other than the Company’s functional currency and were initially recorded as a derivative liability.

13. Reserves (continued)

- A total of 5,912,621 warrants were exercised at US$0.103 per share (Note 12). These warrants were exercisable in a currency other than the Company's functional currency and were initially recorded as a derivative liability.
- A total of 520,000 warrants were exercised at CAD $0.10 per share. As a result, $21,976 was reversed from reserves and credited to share capital.

Derivative liability

During the year ended January 31, 2020, the Company issued a total of 12,579,287 warrants in a currency other than the Company's functional currency. These warrants have been accounted for as a derivative liability. During the year ended January 31, 2022, all 12,579,287 warrants were exercised. At the settlement dates, the warrants were re-valued using the Black-Scholes Option Pricing Model.

The Company's derivative liability arises as a result of the issuance of warrants exercisable in United States dollars. As the denomination is different from the Company's Canadian dollar functional currency, the Company recognizes a derivative liability for these warrants and remeasures the liability at the end of each reporting period using the Black-Scholes Option Pricing Model.

A reconciliation of the changes in the derivative liability during the period is as follows:

Balance, January 31, 2021	$	4,239,699
Derecognition and fair value change upon exercise		(4,239,699)
Balance, January 31, 2022 and April 30, 2022	**$**	**-**

Stock option and warrant transactions are summarized as follows:

	Warrants			**Options**		
	Number		**Weighted average exercise price**	**Number**		**Weighted average exercise price**
Balance, January 31, 2021	13,099,287	$	0.13	10,073,500	$	0.36
Granted	-		-	720,000		1.73
Exercised	(13,099,287)		0.13	(425,000)		0.28
Balance, January 31, 2022	-		-	10,368,500		0.46
Granted	3,333,333		3.83	1,000,000		4.37
Exercised	-		-	(600,000)		0.38
Balance, April 30, 2022	**3,333,333**	**$**	**3.83**	**10,768,500**	**$**	**0.83**

(Expressed in Canadian dollars)

13. Reserves (continued)

Fair value determination

Fair values were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	Three months ended April 30, 2022		Year-ended January 31, 2022	
	Options	**Warrants**	**Options**	**Warrants**
Risk-free interest rate	1.49%	1.52%	0.84 – 1.62%	0.03 – 0.12%
Expected volatility	136%	149%	137 – 143%	157 – 539%
Expected life (years)	5.00	2.00	5.00	0.02 – 0.62
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

The expected volatility assumptions have been developed taking into consideration historical volatility of the Company's share price.

Restricted Share Unit Plan

On November 25, 2020, the Company adopted a restricted share unit plan (the "RSU Plan") which allows for certain discretionary bonuses and similar awards, related to the achievement of long-term financial and strategic objectives of the Company, to be provided to eligible directors, officers, employees and consultants of the Company. The RSU Plan is administered by the Board, or if appointed, by a special committee of directors appointed from time to time by the Board. The maximum number of common shares issuable under the RSU Plan shall not exceed 10% of the number of common shares of the Company issued and outstanding as of each award date. As at April 30, 2022 and January 31, 2022 there are no restricted share units issued and outstanding.

14. Related Party Transactions

Key management personnel compensation and other related party transactions

Key management personnel include directors and officers of the Company. The remuneration of directors and other members of key management are as follows:

For the three months ended April 30,		2022		2021
Management fees, salaries and benefits (1)	$	146,323	$	107,940
Directors' fees (1)		56,411		12,000
Share-based payments (1)		3,826,912		-
	$	4,029,646	$	119,940

(1) Management fees, salaries and benefits, directors fees and share-based payments are included in general and administrative expense.

During the three months ended April 30, 2022 and 2021, other related party transactions consisted of the following:

- Included in general and administrative expenses is $9,000 (2021 - $9,000) in consulting fees paid to a Company controlled by the wife of the Company's CFO.

(Expressed in Canadian dollars)

14. Related Party Transactions (continued)

- Included in general and administrative expenses is $6,300 (2021 - $6,000) in rent paid to a Company with common directors.

Due from/to related parties

At April 30, 2022, $20,059,337 (January 31, 2022 - $16,265,891) was due to directors and former directors and related parties and is included in trade payables and accrued liabilities. The amounts were unsecured, non-interest bearing and due on demand.

During the year ended January 31, 2021, Ensorcia, Sorcia and EVL became significant shareholders of the Company. At April 30, 2022, $10,063,662 (January 31, 2022 - $12,578,331) was owed to Sorcia and $9,871,719 (January 31, 2022 - $3,282,533) was owed to EVL (Note 11). These balances owing were a result of Sorcia and EVL making payments on the Company's behalf for the development of the lithium extraction unit.

During the three months ended April 30, 2021, the Company issued 2,332,153 common shares to Ensorcia at a value of $711,306 for payments made by Sorcia on behalf of the Company (Note 12).

During the three months ended April 30, 2022, the Company granted 1,000,000 stock options exercisable at $4.37 for a period of five years to directors and management of the Company (Note 13).

15. General and Administrative Expenses

For the three months ended April 30,		2022		2021
Advertising and promotion	$	29,533	$	14,639
Bank charges and interest		34,669		2,495
Consulting fees (Note 14)		120,361		163,949
Depreciation (Note 7)		197		121
Filing fees		8,929		11,389
Foreign exchange (gain) loss		300,124		(1,371)
Management fees, salaries and benefits (Note 14)		180,788		133,481
Meals and entertainment and travel		64,616		-
Office and miscellaneous		37,917		10,384
Professional fees		263,175		81,049
Rent		14,397		6,000
Share-based payments (Note 13, 14)		4,033,580		-
	$	**5,088,286**	**$**	**422,136**

(Expressed in Canadian dollars)

16. Supplemental Disclosures with Respect to Cash Flows

For the three months ended April 30,		2022		2021
Equipment purchases included in trade payables and other liabilities	$	100,595	$	390,636
Equipment purchases included in amounts owed to EVL	$	2,469,344	$	-
Equipment purchases included in amounts owed to Sorcia	$	1,445,682	$	-
Value of exercised options transferred to share capital	$	333,321	$	75,746

17. Contingency

In April 2021, former Company employees and directors and a company which they control, filed a complaint in the United States District Court for the District of Colorado against the Company for alleged wrongful dismissal and breach of share exchange agreement. The Company is objecting to the complaint and has retained counsel to address. The amounts and outcome of the complaint cannot be determined at this time and has not been accrued for in the condensed consolidated interim financial statements for the three months ended April 30, 2022.

18. Capital Risk Management

The Company manages its capital structure and makes adjustments to it to effectively support the development and acquisition of technologies extraction and processing of lithium from various sources, as well as the acquisition of lithium resource properties. In the definition of capital, the Company includes, as disclosed on its statement of financial position: share capital, deficit and reserves.

The Company is dependent on external financing to fund its activities. In order to carry out the planned development and acquisitions and pay for general administrative costs, the Company will be using its existing working capital and will raise additional amounts as needed. The Company will continue to develop and acquire new technology if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company’s approach to capital management during the three months ended April 30, 2022. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

(Expressed in Canadian dollars)

19. Financial Instruments and Risk Management

	April 30, 2022	January 31, 2022
FINANCIAL ASSETS	**$**	**$**
FVTPL, at fair value		
Cash	7,740,260	336,175
Other assets, at amortized cost		
Amounts receivable	14,519	12,284
Total financial assets	**7,754,779**	**348,459**
FINANCIAL LIABILITIES		
Other liabilities, at amortized cost		
Trade payables and other liabilities	20,981,184	19,678,262
Total financial liabilities	**20,981,184**	**19,678,262**

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

The fair value of financial assets and financial liabilities at amortized cost is determined based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the condensed consolidated interim financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments. Cash is measured using level 1 of the fair value hierarchy. Derivative liability was measured at level 3 of the fair value hierarchy. The financial asset portion of amounts receivable does not include amounts due from a government agency as it is a statutory (not contractual) obligation.

Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash and amounts receivable. The Company manages its credit risk relating to cash by dealing only with high-rated financial institutions as determined by rating agencies. As at April 30, 2022, amounts receivable of $14,519 are due from a government agency. As a result, credit risk is considered insignificant. The Company does not consider any of its financial assets to be impaired.

19. Financial Instruments and Risk Management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity by raising capital through the issuance of equity. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. The Company is exposed to liquidity risk.

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and the U.S. dollar will affect the Company's operations and financial results. The operating results and financial position of the Company are reported in Canadian dollars.

As at April 30, 2022, if the value of the Canadian dollar had strengthened or weakened by 5% against the U.S. dollar, with all other variables held constant, comprehensive income would have been approximately $640,000 lower or higher respectively.

Other risks

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate risk and commodity price risk arising from financial instruments.

20. Segmented Information

The Company has a single reportable segment, the acquisition and development of advanced technology focused on Lithium brine extraction from oil field brines for petro lithium extraction projects. All non-current assets are domiciled in the United States.

21. Subsequent Events

Subsequent to April 30, 2022, the Company:

- On May 16, 2022, issued 200,000 stock options exercisable at $4.10 for a period of five years.

- On May 16, 2022, entered into agreements with EVL and Sorcia to issue shares under a private placement announced in February 2021 which was approved by shareholders on April 19, 2021. The agreements state that EVL and Sorcia are permitted to satisfy the subscription price by the assumption and payment on behalf of the Company of third party contractor liabilities.

21. Subsequent Events (continued)

EVL agreed to assume liabilities of up to USD$4,812,850 and Sorcia agreed to assume liabilities of up to USD$6,160,485. Upon the Company receiving sufficient documentation that assumed liabilities were paid by EVL and Sorcia, the Company shall issue units in accordance with terms of the private placement as follows:

(a) 8,625,000 units of the Company to EVL at a price of $0.58 per unit, consisting of one common share and one share purchase warrant exercisable to purchase an additional common share at a price of $0.58 per share for a period of two years;

(b) 8,625,000 units of the Company to Sorcia at a price of $0.58 per unit, consisting of one common share and one share purchase warrant exercisable to purchase an additional common share at a price of $0.58 per share for a period of two years.

In the event the Company deems that the duly paid assumed liabilities exceed the subscription price, the excess balance shall be directly applied to the exercise of warrants.

In calculating the Canadian dollar amount of the assumed liabilities to be applied to the satisfaction of either the subscription price or warrant exercise, the US to Canadian dollar exchange rate as published by the Bank of Canada in effect on the date the shares are authorized for issuance by the Board of Directors will be applied.

Under the terms of the private placement, EVL and Sorcia will be granted pre-emptive rights for two years from closing, whereby if the Company proposes to issue any securities from treasury for the purpose of raising capital, Sorcia and EVL will have the right to subscribe for and to be issued a number of securities in the Company in order to maintain its pro rata percentage security holding in the Company.

The private placement and securities to be issued are subject to the approval of the Canadian Securities Exchange.