

**International Battery Metals Ltd.**  
Condensed Consolidated Interim Financial Statements  
Three and Twelve Months Ended January 31, 2023 and 2022  
(Expressed in Canadian dollars)

## **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 condensed 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 January 31, 2023 and 2022

(Expressed in Canadian dollars)

	Note	January 31, 2023 (unaudited)	January 31, 2022 (audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 1,923,205	\$ 336,175
Amounts receivable	5	13,615	12,284
Prepaid expenses	6	794,582	5,092
<b>Total current assets</b>		<b>2,731,402</b>	<b>353,551</b>
Equipment	7	32,234,357	24,130,012
Intangible assets	8,9	6,998,188	8,343,289
Right-of-use asset	10	233,251	-
<b>Total assets</b>		<b>\$ 42,197,198</b>	<b>\$ 32,826,852</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and other liabilities	12, 16, 23	\$ 22,003,624	\$ 19,678,262
Lease liability – current	13	126,254	-
<b>Total current liabilities</b>		<b>22,129,878</b>	<b>19,678,262</b>
Lease liability – long-term	13	110,786	-
<b>Total liabilities</b>		<b>22,240,664</b>	<b>19,678,262</b>
<b>Shareholders' equity</b>			
Share capital	14	39,377,416	26,952,071
Obligation to issue shares	8	5,426,022	5,426,022
Reserves	15	15,258,428	5,532,384
Deficit		(40,014,433)	(24,805,923)
Accumulated other comprehensive income (loss)		(90,899)	44,036
<b>Total shareholders' equity</b>		<b>19,956,534</b>	<b>13,148,590</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 42,197,198</b>	<b>\$ 32,826,852</b>

Nature and Continuance of Operations (Note 1)

Contingency (Note 19)

Subsequent Events (Note 24)

Approved and Authorized by the Board on March 31, 2023:

“William Webster”

Director

“John Burba”

Director

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

**International Battery Metals Ltd.**

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three and twelve months ended January 31, 2023 and 2022

(Expressed in Canadian dollars)

(Unaudited)

	Note	Three months ended January 31,		Twelve months ended January 31,	
		2023	2022	2023	2022
<b>Expenses</b>					
Amortization of intangible asset	9	\$ 336,275	\$ 883,219	\$ 1,345,101	\$ 1,383,809
General and administrative	16,17	1,871,988	1,025,032	13,956,976	2,668,677
<b>Operating loss</b>		<b>(2,208,263)</b>	<b>(1,908,251)</b>	<b>(15,302,077)</b>	<b>(4,052,486)</b>
Gain on debt settlement		-	-	76,548	-
Gain on write-off of accounts payable		-	-	17,019	-
Change in fair value and derecognition of derivative liability	15	-	3,623,146	-	4,239,699
<b>Net income (loss) for the period</b>		<b>(2,208,263)</b>	<b>1,714,895</b>	<b>(15,208,510)</b>	<b>187,213</b>
<b>Other comprehensive income (loss)</b>					
Foreign currency translation adjustments		56,311	(55,529)	(134,935)	325
<b>Net and comprehensive income (loss) for the period</b>		<b>\$ (2,151,952)</b>	<b>\$ 1,659,366</b>	<b>\$ (15,343,445)</b>	<b>\$ 187,538</b>
<b>Income (loss) per share, basic and diluted</b>					
	14	\$ (0.02)	\$ 0.01	\$ (0.11)	\$ 0.00
<b>Weighted average number of shares outstanding - basic</b>					
		139,695,509	130,026,125	137,137,920	126,029,857
<b>Weighted average number of shares outstanding - diluted</b>					
		139,695,509	132,058,238	137,137,920	132,283,931

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

**International Battery Metals Ltd.**

Condensed Consolidated Interim Statements of Cash Flows

For the twelve months ended January 31, 2023 and 2022

(Expressed in Canadian dollars)

(Unaudited)

<b>Cash provided by (used in)</b>	<b>2023</b>	<b>2022</b>
<b>Cash flows used in operating activities</b>		
Net income loss for the period	\$ (15,208,510)	\$ 187,213
Non-cash transactions:		
Share-based payments	6,636,239	456,619
Amortization of intangible asset	1,345,101	1,383,809
Unrealized foreign exchange (gain) loss	1,055,661	-
Depreciation	73,607	484
Gain on write-off of accounts payable	(17,019)	-
Gain on debt settlement	(76,548)	-
Change in fair value and derecognition of derivative liability	-	(4,239,699)
Changes in operating assets and liabilities:		
Amounts receivable	(1,331)	(6,454)
Prepaid expenses	(789,009)	101,502
Trade payables and other liabilities	(2,814,386)	1,347,764
<b>Net cash used in operating activities</b>	<b>(9,796,195)</b>	<b>(768,762)</b>
<b>Cash flows used in investing activities</b>		
Purchase of equipment	(3,936,849)	(1,297,905)
Purchase of intangible assets	-	(6,640)
<b>Net cash used in investing activities</b>	<b>(3,936,849)</b>	<b>(1,304,545)</b>
<b>Cash flows provided by financing activities</b>		
Proceeds from private placements	12,766,859	711,307
Share issuance costs	(780,718)	-
Shares issued under pre-emptive rights	2,032,009	-
Proceeds from options exercised	1,497,000	117,875
Lease liability payments	(68,851)	-
Proceeds from warrants exercised	-	1,363,832
<b>Net cash provided by financing activities</b>	<b>15,446,299</b>	<b>2,193,014</b>
<b>Increase (decrease) in cash</b>	<b>1,713,255</b>	<b>119,707</b>
<b>Effect of foreign exchange rate changes on cash</b>	<b>(126,225)</b>	<b>4,255</b>
<b>Cash, beginning of period</b>	<b>336,175</b>	<b>212,213</b>
<b>Cash, end of period</b>	<b>\$ 1,923,205</b>	<b>\$ 336,175</b>

**Supplemental Disclosures with Respect to Cash Flows (Note 18)**

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

**International Battery Metals Ltd.**

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the twelve months ended January 31, 2023 and 2022

(Expressed in Canadian dollars)

	Common shares	Share capital \$	Obligation to issue shares \$	Reserves \$	Deficit \$	Accumulated other comprehensive income (loss) \$	Total equity \$
<b>Balance at January 31, 2021</b>	<b>114,151,166</b>	<b>23,560,826</b>	<b>895,470</b>	<b>5,210,671</b>	<b>(24,993,136)</b>	<b>43,711</b>	<b>4,717,542</b>
Shares issued for							
Private placements	4,664,306	1,422,613	-	-	-	-	1,422,613
Warrants exercised	13,099,287	1,737,827	(352,019)	(21,976)	-	-	1,363,832
Options exercised	425,000	230,805	-	(112,930)	-	-	117,875
SAL acquisition milestone payments	-	-	4,882,571	-	-	-	4,882,571
Options granted	-	-	-	456,619	-	-	456,619
Foreign currency translation	-	-	-	-	-	325	325
Net income for the period	-	-	-	-	187,213	-	187,213
<b>Balance at January 31, 2022</b>	<b>132,339,759</b>	<b>26,952,071</b>	<b>5,426,022</b>	<b>5,532,384</b>	<b>(24,805,923)</b>	<b>44,036</b>	<b>13,148,590</b>
Private placements	3,333,333	7,562,238	-	5,204,621	-	-	12,766,859
Share issuance costs	-	(780,718)	-	-	-	-	(780,718)
Options exercised	3,950,000	3,611,816	-	(2,114,816)	-	-	1,497,000
Share-based payments	-	-	-	6,295,856	-	-	6,295,856
Shares to be issued for restricted share unit plan	-	-	-	340,383	-	-	340,383
Shares issued under pre-emptive rights	6,662,324	2,032,009	-	-	-	-	2,032,009
Foreign currency translation	-	-	-	-	-	(134,935)	(134,935)
Net loss for the period	-	-	-	-	(15,208,510)	-	(15,208,510)
<b>Balance at January 31, 2023</b>	<b>146,285,416</b>	<b>39,377,416</b>	<b>5,426,022</b>	<b>15,258,428</b>	<b>(40,014,433)</b>	<b>(90,899)</b>	<b>19,956,534</b>

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

## **International Battery Metals Ltd.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three and twelve months ended January 31, 2023 and 2022

(Expressed in Canadian dollars)

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### **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 and registered and records office is located at located at 543 Granville St Suite 800, 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 January 31, 2023, the Company’s accumulated deficit was \$40,014,433 and has a working capital deficiency of \$19,398,476. 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**

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on March 31, 2023.

These 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**

These 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”).

## **International Battery Metals Ltd.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three and twelve months ended January 31, 2023 and 2022

(Expressed in Canadian dollars)

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### **2. Basis of Preparation (Continued)**

On January 12, 2023, the board of directors approved the change in the fiscal year end from January 31 to March 31 at the request of the Company's auditor due to the auditor's resource constraints. This will result in the 2023 fiscal year being for a 14-month period ending March 31, 2023.

#### **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**

	<b>January 31, 2023</b>	<b>January 31, 2022</b>
GST receivable	\$ 13,615	\$ 12,284



## International Battery Metals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and twelve months ended January 31, 2023 and 2022

(Expressed in Canadian dollars)

### 6. Prepaid Expenses

	January 31, 2023	January 31, 2022
Prepaid expenses	\$ 794,582	\$ 5,092

As at January 31, 2023, the prepaid expenses included a balance of US\$72,319 (CA\$96,779) (January 31, 2022 – US \$Nil), which were incurred for consulting purposes on the lithium extraction unit.

### 7. Equipment

During the twelve months ended January 31, 2023, \$523,085 (January 31, 2022 - \$13,289,637) was paid or accrued by Sorcia Minerals LLC (“Sorcia”) and \$2,922,272 (January 31, 2022 - \$3,282,533) was paid or accrued by EVL Holdings LLC (“EVL”) to engineers, consultants, and fabricators on the Company’s behalf (Note 12). 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		Office		Total
	Extraction Unit	Computer	Equipment		
Balance at January 31, 2021	\$ 4,158,827	\$ 2,421	\$ -	\$ -	\$ 4,161,248
Additions	19,969,248	-	-	-	19,969,248
Balance at January 31, 2022	24,128,075	2,421	-	-	24,130,496
Additions	8,101,120	2,282	1,996	-	8,105,398
<b>Balance at January 31, 2023</b>	<b>\$ 32,229,195</b>	<b>\$ 4,703</b>	<b>\$ 1,996</b>	<b>\$ -</b>	<b>\$ 32,235,894</b>

Accumulated Depreciation	Lithium		Office		Total
	Extraction Unit	Computer	Equipment		
Balance at January 31, 2021	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	-	484	-	-	484
Balance at January 31, 2022	-	484	-	-	484
Depreciation	-	903	150	-	1,053
<b>Balance at January 31, 2023</b>	<b>\$ -</b>	<b>\$ 1,387</b>	<b>\$ 150</b>	<b>\$ -</b>	<b>\$ 1,537</b>

Net Book Value	Lithium		Office		Total
	Extraction Unit	Computer	Equipment		
Balance at January 31, 2022	\$ 24,128,075	\$ 1,937	\$ -	\$ -	\$ 24,130,012
<b>Balance at January 31, 2023</b>	<b>\$ 32,229,195</b>	<b>\$ 3,316</b>	<b>\$ 1,846</b>	<b>\$ -</b>	<b>\$ 32,234,357</b>

### 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”).

## International Battery Metals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and twelve months ended January 31, 2023 and 2022

(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 Milestone 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 (Milestone Shares 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 twelve months 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). At January 31, 2023, the balance of 15,072,992 Milestone Shares had not yet been issued and are part of obligation to issue shares. Subsequent to January 31, 2023, the 15,072,992 remaining Milestone Shares were issued to the shareholders of NAL (Note 24).

## International Battery Metals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and twelve months ended January 31, 2023 and 2022

(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. At January 31, 2023, 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. Subsequent to January 31, 2023, an amendment to the agreement was executed changing the December 31, 2023 date to December 31, 2028 (Note 24).

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 January 31, 2023 (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:

<b>Cost</b>	<b>Intellectual property – SAL</b>		<b>Patent</b>	<b>Total</b>
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		-	-	-
<b>Balance, January 31, 2023</b>	<b>\$</b>	<b>11,600,058</b>	<b>\$ 13,519</b>	<b>\$ 11,613,577</b>

<b>Accumulated Amortization</b>	<b>Intellectual property – SAL</b>		<b>Patent</b>	<b>Total</b>
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		1,344,425	676	1,345,101
<b>Balance, January 31, 2023</b>	<b>\$</b>	<b>4,614,635</b>	<b>\$ 754</b>	<b>\$ 4,615,389</b>

<b>Net Book Value</b>	<b>Intellectual property – SAL</b>		<b>Patent</b>	<b>Total</b>
At January 31, 2022	\$	8,329,848	\$ 13,441	\$ 8,343,289
<b>At January 31, 2023</b>	<b>\$</b>	<b>6,985,423</b>	<b>\$ 12,765</b>	<b>\$ 6,998,188</b>

## International Battery Metals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and twelve months ended January 31, 2023 and 2022

(Expressed in Canadian dollars)

### 10. Right-Of-Use Asset

<b>Cost</b>		<b>Office</b>
Balance, January 31, 2022	\$	-
Additions		293,305
Depreciation		(72,554)
Foreign currency translation		12,500
<b>Balance, January 31, 2023</b>	<b>\$</b>	<b>233,251</b>

### 11. 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 January 31, 2023, 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)
<b>Balance, January 31, 2022 and January 31, 2023</b>	<b>\$</b>	<b>-</b>

### 12. Trade Payables and Other Liabilities

	<b>January 31, 2023</b>	<b>January 31, 2022</b>
Trade payables <sup>(1)</sup>	\$ 21,707,880	\$ 6,697,211
Accrued liabilities <sup>(2)</sup>	295,744	12,981,051
	<b>\$ 22,003,624</b>	<b>\$ 19,678,262</b>

<sup>(1)</sup> Included in accounts payable is \$10,695,033 (January 31, 2022 - \$1,272,732) owed to EVL and \$9,506,308 (January 31, 2022 - \$2,043,942) owed to Sorcia (Note 16 and Note 23).

<sup>(2)</sup> Included in accrued liabilities is \$Nil (January 31, 2022 - \$2,009,801) owed to EVL and \$Nil (January 31, 2022 - \$10,534,389) owed to Sorcia (Note 16 and Note 23).

### 13. Lease Liability

The Company entered into a sub-lease agreement for office space in Houston, Texas, commencing July 1, 2022 for a term of twenty-nine months at a monthly lease payment of USD\$8,495. The lease liability is calculated using an incremental borrowing rate of 5.65%.

## International Battery Metals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and twelve months ended January 31, 2023 and 2022

(Expressed in Canadian dollars)

### 13. Lease Liability (Continued)

		<b>Office</b>
Balance, January 31, 2022	\$	-
Additions		293,305
Lease liability payments		(77,791)
Accretion expense		8,940
Foreign currency translation		12,586
Balance, January 31, 2023	\$	237,040

  

Allocated as:		<b>Office</b>
Current	\$	126,254
Non-current		110,786
Balance, January 31, 2023	\$	237,040

The maturity analysis of the undiscounted contractual balance of the lease liability is as follows:

<b>Maturity analysis</b>		<b>January 31, 2023</b>
Less than one year	\$	136,411
One to three years		113,676
Total undiscounted lease liability		250,087
Amount representing implicit interest		(13,047)
Lease liability	\$	237,040

### 14. Share Capital

#### Authorized

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

#### Issued and outstanding

*For the twelve months ended January 31, 2023, 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 to former directors for options that were exercised at \$0.38 for gross proceeds of \$228,000 which resulted in a transfer from equity reserves to share capital of \$333,321.

## **International Battery Metals Ltd.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three and twelve months ended January 31, 2023 and 2022

(Expressed in Canadian dollars)

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### **14. Share Capital (Continued)**

- c) On July 27, 2022, received notice of its former CFO exercising 100,000 options at an exercise price of \$0.38 and 400,000 options at an exercise price of \$0.19, reflecting a total value of \$114,000. \$83,000 was received in cash, and it was mutually agreed upon to settle the remaining amount of \$31,000 against debt owing to the former CFO. On August 15, 2022, 500,000 common shares were issued to the former CFO which resulted in a transfer from equity reserves to share capital of \$129,920.
- d) On October 7, 2022, issued 2,550,000 common shares for options that were exercised at \$0.38 for gross proceeds of \$969,000 which resulted in a transfer from equity reserves to share capital of \$1,416,615. Of these options exercised, 2,350,000 were exercised by the former CFO, 100,000 were exercised by the spouse of the former CFO and 100,000 were exercised by a consultant of the Company.
- e) On October 20, 2022, issued 300,000 common shares to the former CFO for options that were exercised at \$0.62 for gross proceeds of \$186,000 which resulted in a transfer from equity reserves to share capital of \$234,960.
- f) On January 30, 2023, issued 6,662,324 common shares at \$0.305 per share for gross proceeds of \$2,032,009 following the exercise of the pre-emptive rights under the private placement closed in August 2019.

*For the twelve months ended January 31, 2022, the Company:*

- a) On February 8, 2021, issued a total of 3,333,333 common shares at \$0.305 per share 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.

## International Battery Metals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

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### 14. Share Capital (Continued)

- 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).

#### Weighted average breakdown

##### Per share amounts

	Three months ended January 31,		Twelve months ended January 31,	
	2023	2022	2023	2022
Weighted average number of shares outstanding:				
Issued common shares as at beginning of period	139,623,092	126,427,138	132,339,759	114,151,166
Effect of common shares issued during the period	72,417	3,598,987	4,798,161	11,878,691
Weighted average number of shares outstanding – basic	139,695,509	130,026,125	137,137,920	126,029,857
Dilutive effect of options	-	2,032,113	-	6,254,074
Weighted average number of shares outstanding - diluted	139,695,509	132,058,238	137,137,920	132,283,931
Income (loss) per share – basic and diluted	\$ (0.02)	\$ 0.01	\$ (0.11)	\$ 0.00

### 15. 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 twelve months ended January 31, 2023:*

- On March 5, 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. The options vested immediately upon grant.
- 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 14).

## International Battery Metals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

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### 15. Reserves (Continued)

- On May 16, 2022, the Company granted 200,000 stock options exercisable at \$4.10 for a period of five years to an employee of the Company. The options vest equally over 3 years commencing on the date of grant.
- On July 1, 2022, the Company granted 600,000 stock options exercisable at \$3.50 for a period of five years to the CEO and former President of the Company. 300,000 options vested upon the date of grant, and 300,000 options vest one year from the date of grant.
- On August 15, 2022, 500,000 stock options were exercised which resulted in a transfer from equity reserves to share capital of \$129,920 (Note 14).
- On October 7, 2022, 2,550,000 stock options were exercised which resulted in a transfer from equity reserves to share capital of \$1,416,615 (Note 14).
- On October 20, 2022, 300,000 stock options were exercised which resulted in a transfer from equity reserves to share capital of \$234,960 (Note 14).

*For the twelve months 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 14).
- 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.
- 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 14).
- 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 January 31, 2023:

<b>Exercise price</b>	<b>Expiry date</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Weighted-average remaining contractual life (years)</b>
\$0.19	August 28, 2023	800,000	800,000	0.57
\$0.38	January 5, 2026	4,898,500	4,898,500	2.93
\$0.57	June 15, 2026	400,000	400,000	3.37
\$3.19	January 21, 2027	320,000	240,000	3.98
\$4.37	March 5, 2027	1,000,000	1,000,000	4.09
\$4.10	May 16, 2027	200,000	50,000	4.29
\$3.50	July 1, 2027	600,000	300,000	4.42
<b>Total</b>		<b>8,218,500</b>	<b>7,688,500</b>	<b>3.05</b>



## International Battery Metals Ltd.

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### 15. Reserves (Continued)

#### Warrants

The following table summarizes information regarding warrants outstanding and exercisable as at January 31, 2023:

<b>Exercise price</b>	<b>Expiry date</b>	<b>Number of warrants outstanding and exercisable</b>	<b>Weighted-average remaining contractual life (years)</b>
\$3.83	February 24, 2024	3,333,333	1.07
<b>Total</b>		<b>3,333,333</b>	<b>1.07</b>

*During the twelve months ended January 31, 2023:*

- On February 24, 2022, the Company issued 3,333,333 share purchase warrants (Note 14) 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 paid an advisory fee of US\$600,000 and will pay an additional US\$600,000 upon the exercise of all of the warrants pursuant to the private placement (Note 14).

*During the twelve months ended January 31, 2022:*

- A total of 6,666,666 warrants were exercised at US\$0.105 per share (Note 14). 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 5,912,621 warrants were exercised at US\$0.103 per share (Note 14). 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 twelve months 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)
<b>Balance, January 31, 2022 and January 31, 2023</b>	<b>\$</b>	<b>-</b>

## International Battery Metals Ltd.

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### 15. Reserves (Continued)

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	1,800,000	4.05
Exercised	-	-	(3,950,000)	0.38
<b>Balance, January 31, 2023</b>	<b>3,333,333</b>	<b>\$ 3.83</b>	<b>8,218,500</b>	<b>\$ 1.28</b>

#### Fair value determination

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

	Twelve months ended January 31, 2023		Twelve months ended January 31, 2022	
	Options	Warrants	Options	Warrants
Risk-free interest rate	1.49 – 3.10%	1.52%	0.84 – 1.62%	0.03 – 0.12%
Expected volatility	134 - 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 the 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. The CEO and former President of the Company was issued \$600,000 USD in restricted share units on July 1, 2022 with \$300,000 USD of the restricted share units vesting on July 1, 2023 and the remaining \$300,000 USD of restricted share units vesting on July 1, 2024.

## International Battery Metals Ltd.

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### 16. 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:

	Three months ended		Twelve months ended	
	January 31,		January 31,	
	2023	2022	2023	2022
Management fees, salaries and benefits <sup>(1)</sup>	\$ 295,166	\$ 108,343	\$ 1,104,046	\$ 430,556
Directors' fees <sup>(1)</sup>	93,765	15,000	326,251	56,500
Share-based payments <sup>(1)</sup>	232,100	-	5,287,631	101,697
	\$ 621,031	\$ 123,343	\$ 6,717,928	\$ 588,753

<sup>(1)</sup> Management fees, salaries and benefits, directors fees and share-based payments are included in general and administrative expenses.

During the three and twelve months ended January 31, 2023, other related party transactions consisted of the following:

- A retainer of \$45,711 (2022 - \$Nil) was paid to a Company for the interim CFO's services, of which \$7,619 and \$45,711 (2022 - \$Nil and \$Nil), respectively, has been expensed for management fees.
- Included in general and administrative expenses is \$Nil and \$27,000 (2022 - \$9,000 and \$36,000), respectively, in office administrative fees paid to a Company controlled by the wife of the Company's former CFO and Director.
- Included in general and administrative expenses is \$Nil and \$16,800 (2022 - \$6,000 and \$24,000), respectively, in rent paid to a Company with common directors.
- Included in general and administrative expenses is \$Nil and \$11,545 (2022 - \$Nil and \$Nil), respectively, in advertising and promotion fees paid to the son of the Company's Director of Global Technology, Director and former CEO.

#### Due from/to related parties

At January 31, 2023, \$20,353,030 (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 January 31, 2023, \$9,506,308 (January 31, 2022 - \$12,578,331) was owed to Sorcia and \$10,695,033 (January 31, 2022 - \$3,282,533) was owed to EVL (Note 12 and Note 23). 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 twelve months ended January 31, 2022, 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 14).

## International Battery Metals Ltd.

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### 16. Related Party Transactions (Continued)

During the three and twelve months ended January 31, 2023, the Company issued 3,331,162 common shares to Ensorcia at \$0.305 per share for gross proceeds of \$1,016,004 (Note 14) following the exercise of the preemptive rights under the private placement closed in August 2019.

During the twelve months ended January 31, 2023, the Company granted 1,000,000 stock options exercisable at a price of \$4.37 per share for a period of five years to directors and management of the Company (Note 15).

During the twelve months ended January 31, 2023, the Company granted 600,000 stock options exercisable at a price of \$3.50 per share for a period of five years to the President of the Company (Note 15). During the twelve months ended January 31, 2023, the Company also granted \$600,000 USD of restricted share units to the President of the Company with \$300,000 USD of the restricted share units vesting on July 1, 2023 and \$300,000 USD of the restricted share units vesting on July 1, 2024 (Note 15).

### 17. General and Administrative Expenses

	Three months ended January 31,		Twelve months ended January 31,	
	2023	2022	2023	2022
Advertising and promotion	\$ 123,136	\$ 65,573	\$ 204,927	\$ 196,798
Accretion expense	3,610	-	8,941	-
Bank charges and interest	425	37,713	42,546	49,183
Consulting fees (Note 16)	-	141,129	-	514,742
Depreciation (Note 7,10)	31,852	121	73,607	484
Filing fees	5,303	7,617	46,040	34,337
Foreign exchange (gain) loss	(298,368)	42,836	929,418	72,216
Management fees, salaries and benefits (Note 16)	383,707	128,719	1,247,472	514,894
Meals and entertainment and travel	80,362	2,358	232,127	2,358
Office and miscellaneous	243,772	135,290	933,876	180,630
Professional fees	721,887	204,452	3,044,262	625,416
Rent	24,603	6,000	557,521	21,000
Share-based payments (Note 15, 16)	551,699	253,224	6,636,239	456,619
	\$ 1,871,988	\$ 1,025,032	\$ 13,956,976	\$ 2,668,677

## International Battery Metals Ltd.

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### 18. Supplemental Disclosures with Respect to Cash Flows

	For the twelve months ended January 31, 2023	For the twelve months ended January 31, 2022
Equipment purchases included in trade payables and other liabilities	\$ 723,192	\$ 2,581,387
Equipment purchases included in amounts owed to EVL	\$ 2,922,272	\$ 3,282,533
Equipment purchases included in amounts owed to Sorcia	\$ 523,085	\$ 12,578,331
Obligation to issue shares	\$ -	\$ 4,882,571
Patent costs included in trade payables and other liabilities	\$ -	\$ 6,879
Value of exercised options transferred to share capital	\$ 2,114,816	\$ 112,930
Value of exercised warrants transferred to share capital	\$ -	\$ 21,976
Shares issued for debt settlement	\$ -	\$ 711,306

### 19. 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 and twelve month ended January 31, 2023.

### 20. Capital Risk Management

The Company manages its capital structure and makes adjustments to it to effectively support the development and acquisition of technologies for the 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 twelve months ended January 31, 2023. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

## International Battery Metals Ltd.

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### 21. Financial Instruments and Risk Management

	January 31, 2023	January 31, 2022
<b>FINANCIAL ASSETS</b>		
<b>FVTPL, at fair value</b>		
Cash	\$ 1,923,205	\$ 336,175
<b>Total financial assets</b>	<b>\$ 1,923,205</b>	<b>\$ 336,175</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Other liabilities, at amortized cost</b>		
Trade payables and other liabilities	\$ 22,003,624	\$ 19,678,262
<b>Total financial liabilities</b>	<b>\$ 22,003,624</b>	<b>\$ 19,678,262</b>

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 approximate 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. Financial assets do 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 January 31, 2023, amounts receivable of \$13,615 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.

## **International Battery Metals Ltd.**

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### **21. 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 January 31, 2023, 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 \$988,000 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.

### **22. Segmented Information**

The Company has a single reportable segment, the acquisition and development of advanced technology focused on Lithium brine extraction. All non-current assets are domiciled in the United States.

### **23. Shares for Debt Settlement**

The Company intends to settle all amounts due to Sorcia and EVL (Note 12 and Note 16) incurred in the fabrication of the Lithium Extraction unit through the issuance of shares pursuant to terms of the investment agreements entered into between the Company and Sorcia and between the Company and EVL. The Canadian Securities Exchange has indicated that their approval of this share issuance is subject to receipt of shareholder approval of a majority of the Company's disinterested shareholders by way of written consent or meeting of shareholders.

## **International Battery Metals Ltd.**

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### **24. Subsequent Events**

On February 7, 2023, the Company issued 15,072,992 Milestone Shares to the shareholders of NAL in relation to SAL achieving certain milestones subsequent to the acquisition by the Company (Note 8). Included in the 15,072,992 Milestone Shares issued to the shareholders of NAL is 5,024,331 Milestone Shares that were issued to Dr. John Burba, Director of Global Technology, Director and former CEO. Christina Borgese and Marc Privitera through respective counsel, have agreed that the remaining 10,048,661 Milestone shares issued pursuant to the terms of the Share Exchange Agreement will not be subject to the voluntary pooling conditions agreed to and accepted by Dr. Burba. The Company issued the remaining 10,048,661 Milestone shares to be equally distributed amongst each of Ms. Borgese and Mr. Privitera (the “Issuance”).

On February 21, 2023, the Company executed an amendment to the Chile and Argentina license agreements with Sorcia and EAL, respectively. Sorcia and EAL agree to relinquish its rights to lease the Extraction System in Chile and Argentina, respectively. Sorcia and EAL shall have the Preferential Right entitling Sorcia and EAL the right for construction of the next IBAT Extraction System on IBAT’s construction schedule. The amendment to the agreements changed the termination date that the Company can terminate the agreement with Sorcia and EAL if the first extraction system is not installed or operational to December 31, 2028 (Note 8).

On March 21, 2023, the Company closed a private placement of 17,250,000 units of the Company at a price per unit of \$0.58 to Sorcia and EVL. Each unit consists of one common share and one common share purchase warrant entitling the holder thereof to acquire one common share of the Company at a price per common share of \$0.58. Upon closing of the private placement, Sorcia exercised 8,202,502 of its common share purchase warrants at \$0.58 per common share for 8,202,502 common shares. Also, upon closing of the private placement, EVL exercised all 8,625,000 of its common share purchase warrants at \$0.58 per common share for 8,625,000 common shares. In lieu of receiving cash proceeds for the issuance of 34,077,502 common shares, the Company settled the entire \$9,759,952 balance owing to Sorcia (Note 12 and 16) and \$10,005,000 of its balance owing to EVL (Note 12 and 16).

On March 30, 2023, the Company entered into a non-exclusive license agreement with Entec LLC. (“Entec”) whereby the Company will provide Entec a non-exclusive limited license to all of the patents, trade secrets and other proprietary rights for use in an extraction system of lithium salts from lithium bearing raw brine, outside the territories of Chile or Argentina. With respect to the first resource project or lithium extraction facility where the Company’s licensed rights are utilized, Entec agrees to pay the Company an earned royalty of 6% of the Netback Sales Price. Additionally, with respect to Entec’s interest in the project, Entec agrees to grant the Company an interest in each project equal to 10% of Entec’s interest in the project. With respect to the second project and each additional project, Entec agrees to pay the Company an earned royalty and grant a participation interest equal to the last lithium production agreement entered into by the Company in the country where the project resides. If no previous lithium production agreement has been executed by the Company in the country where the project resides, Entec will grant a royalty of 6% of the Netback Sales Price and a 10% participation interest. Entec will offer the Company the right to invest together with Entec up to 50% of the equity to be invested by Entec and receive an equity interest in the project commensurate with the invested capital.

The interim CFO opted not to renew his contract and departed March 31, 2023. Mr. Daniel Christie will be appointed interim CFO starting April 1, 2023.



## **International Battery Metals Ltd.**

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### **24. Subsequent Events (Continued)**

Effective April 1, 2023, the Company's address will be Royal Centre, Suite 1750 – 1055 W. Georgia Street, Vancouver, B.C. V6E 3P3.