

# **International Battery Metals Ltd.**

Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended December 31, 2023, and January 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

## **Notice to Reader**

Please be advised that International Battery Metals Ltd., is refiling its condensed interim consolidated financial statements for the three and nine months ended December 31, 2023, and January 31, 2023, previously filed on February 27, 2024, with the only change being the inclusion of the notice of no auditor review.

In connection with the refiling of these condensed interim consolidated financial statements, International Battery Metals Ltd., will also be refiling its management discussion and analysis for the three and nine months ended December 31, 2023, and January 31, 2023, previously filed on February 27, 2024, in compliance with National Instrument 51-102 Continuous Disclosure Obligations, and CEO and CFO certificates in compliance with National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings.

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements for International Battery Metals Ltd. (the “Company”) have been prepared by management in accordance with International Financing Reporting Standards (“IFRS”). These condensed interim consolidated 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 interim consolidated 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 interim consolidated financial statements.

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

## International Battery Metals Ltd.

Condensed Interim Consolidated Statements of Financial Position

As of December 31, 2023, and March 31, 2023

(Expressed in Canadian dollars)

	Note	December 31, 2023 (Unaudited)	March 31, 2023 (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	20	\$ 2,131,835	\$ 406,860
Amounts receivable	5, 20	27,598	61,055
Prepaid expenses	6	649,818	372,702
<b>Total current assets</b>		<b>2,809,251</b>	<b>840,617</b>
Equipment	7	36,245,226	32,953,874
Intangible assets	8, 9	5,765,180	6,774,006
Prepaid expenses	6	-	275,800
Right-of-use asset	10	115,445	214,380
<b>Total assets</b>		<b>\$ 44,935,102</b>	<b>\$ 41,058,677</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and other liabilities	11, 15, 20	\$ 3,375,260	\$ 2,785,163
Lease obligation – current	12, 20	120,350	128,847
<b>Total current liabilities</b>		<b>3,495,610</b>	<b>2,914,010</b>
Lease obligation – long term	12, 20	-	90,023
<b>Total liabilities</b>		<b>3,495,610</b>	<b>3,004,033</b>
<b>Shareholders' equity</b>			
Share capital	13	71,851,306	64,390,792
Reserves	14	21,581,595	15,756,695
Deficit		(51,864,091)	(41,962,891)
Accumulated other comprehensive loss		(129,318)	(129,952)
<b>Total shareholders' equity</b>		<b>41,439,492</b>	<b>38,054,644</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 44,935,102</b>	<b>\$ 41,058,677</b>

Nature and Continuance of Operations (Note 1)

Commitment (Note 15)

Contingency (Note 18)

Subsequent Events (Note 22)

Approved and Authorized by the Board on February 27, 2024:

“William Webster”

Director

“John Burba”

Director

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

## International Battery Metals Ltd.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
For the three and nine months ended December 31, 2023, and January 31, 2023  
(Expressed in Canadian dollars)  
(Unaudited)

	Note	Three months ended		Nine months ended	
		December 31, 2023	January 31, 2023	December 31, 2023	January 31, 2023
<b>Expenses</b>					
Amortization of intangible assets	9	\$ 336,276	\$ 336,275	\$ 1,008,826	\$ 1,008,826
General and administrative	15, 16	3,407,144	1,871,988	9,879,807	8,868,690
<b>Operating loss</b>		<b>(3,743,420)</b>	<b>(2,208,263)</b>	<b>(10,888,633)</b>	<b>(9,877,516)</b>
Gain (loss) on debt settlement		(19,250)	-	(19,250)	76,548
Gain on write-off of accounts payable		-	-	35,828	17,019
<b>Net loss for the period</b>		<b>(3,762,670)</b>	<b>(2,208,263)</b>	<b>(10,872,055)</b>	<b>(9,783,949)</b>
<b>Other comprehensive income (loss)</b>					
Foreign currency translation adjustments		23,272	56,311	634	(115,632)
<b>Net and comprehensive loss for the period</b>		<b>\$ (3,739,398)</b>	<b>\$ (2,151,952)</b>	<b>\$ (10,871,421)</b>	<b>\$ (9,899,581)</b>
<b>Loss per share, basic and diluted</b>	13	\$ (0.02)	\$ (0.02)	\$ (0.05)	\$ (0.07)
<b>Weighted average number of shares outstanding – basic and diluted</b>	13	204,076,103	139,695,509	202,458,560	137,787,086

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

## International Battery Metals Ltd.

Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended December 31, 2023, and January 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

<b>Cash provided by (used in)</b>	<b>December 31, 2023</b>	<b>January 31, 2023</b>
<b>Cash flows used in operating activities</b>		
Net loss	\$ (10,872,055)	\$ (9,783,949)
Non-cash transactions:		
Share-based payments	3,340,103	2,602,659
Amortization of intangible assets	1,008,826	1,008,826
Shares issued for services	797,837	-
Depreciation	98,329	73,410
Unrealized foreign exchange (gain) loss	(61,323)	898,664
Gain on write-off of accounts payable	(35,828)	(17,019)
(Gain) loss on debt settlement	19,250	(76,548)
Changes in operating assets and liabilities:		
Amounts receivable	33,457	904
Prepaid expenses	(1,791)	(553,817)
Trade payables and other liabilities	(277,129)	215,035
<b>Net cash used in operating activities</b>	<b>(5,950,324)</b>	<b>(5,631,835)</b>
<b>Cash flows used in investing activities</b>		
Purchase of equipment	(1,992,521)	(3,317,038)
<b>Net cash used in investing activities</b>	<b>(1,992,521)</b>	<b>(3,317,038)</b>
<b>Cash flows provided by financing activities</b>		
Proceeds from private placement	9,776,282	-
Share issuance costs	(409,068)	6,816
Proceeds from shares issued under pre-emptive rights	-	2,032,009
Proceeds from warrants exercised	245,049	-
Proceeds from options exercised	152,000	1,269,000
Principal portion of lease liability payments	(95,632)	(68,851)
<b>Net cash provided by financing activities</b>	<b>9,668,631</b>	<b>3,238,974</b>
<b>Increase (decrease) in cash</b>	<b>1,725,786</b>	<b>(5,709,899)</b>
<b>Effect of foreign exchange rate changes on cash</b>	<b>(811)</b>	<b>(107,156)</b>
<b>Cash, beginning of period</b>	<b>406,860</b>	<b>7,740,260</b>
<b>Cash, end of period</b>	<b>\$ 2,131,835</b>	<b>\$ 1,923,205</b>

### Supplemental Disclosures with Respect to Cash Flows (Note 17)

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

## International Battery Metals Ltd.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the nine months ended December 31, 2023, and January 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

	Common shares	Share capital \$	Obligation to issue shares \$	Reserves \$	Deficit \$	Accumulated other comprehensive loss \$	Total shareholders' equity \$
<b>Balance at April 30, 2022</b>	<b>136,273,092</b>	<b>34,288,096</b>	<b>5,426,022</b>	<b>14,437,264</b>	<b>(30,230,484)</b>	<b>24,733</b>	<b>23,945,631</b>
Shares issued for							
Options exercised	3,350,000	3,050,495	-	(1,781,495)	-	-	1,269,000
Pre-emptive rights exercised	6,662,324	2,032,009	-	-	-	-	2,032,009
Share issuance costs	-	6,816	-	-	-	-	6,816
Share-based payments	-	-	-	2,468,944	-	-	2,468,944
Shares to be issued for restricted share unit plan	-	-	-	133,715	-	-	133,715
Foreign currency translation	-	-	-	-	-	(115,632)	(115,632)
Net loss for the period	-	-	-	-	(9,783,949)	-	(9,783,949)
<b>Balance 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>
<b>Balance at March 31, 2023</b>	<b>195,435,910</b>	<b>64,390,792</b>	<b>-</b>	<b>15,756,695</b>	<b>(41,962,891)</b>	<b>(129,952)</b>	<b>38,054,644</b>
Shares issued for							
Private placement	10,721,641	6,068,900	-	3,707,382	-	-	9,776,282
Restricted share units	12,500	15,500	-	-	-	-	15,500
Warrants exercised	422,498	332,525	-	(87,476)	-	-	245,049
Options exercised	800,000	300,754	-	(148,754)	-	-	152,000
Services	778,708	797,837	-	-	-	-	797,837
Debt settlement	431,788	354,066	-	-	-	-	354,066
Share issuance costs	-	(409,068)	-	-	-	-	(409,068)
Share-based payments	-	-	-	3,324,603	-	-	3,324,603
Cancellation of stock options	-	-	-	(970,855)	970,855	-	-
Foreign currency translation	-	-	-	-	-	634	634
Net loss for the period	-	-	-	-	(10,872,055)	-	(10,872,055)
<b>Balance at December 31, 2023</b>	<b>208,603,045</b>	<b>71,851,306</b>	<b>-</b>	<b>21,581,595</b>	<b>(51,864,091)</b>	<b>(129,318)</b>	<b>41,439,492</b>

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

# **International Battery Metals Ltd.**

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2023, and January 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

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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 also trades on the Over-The-Counter Markets (“OTC”) under the stock symbol “IBATF” and the Frankfurt Stock Exchange under the stock symbol “8RE”. The Company’s registered and records office is located at Royal Centre, Suite 1750 – 1055 W Georgia Street, Vancouver, BC V6E 3P3.

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

These condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), 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. At December 31, 2023, the Company’s accumulated deficit was \$51,864,091 (March 31, 2023 - \$41,962,891) and has a working capital deficit of \$686,359 (March 31, 2023 - \$2,073,393). 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. Accordingly, there is a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. These condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

## **2. Basis of Preparation**

The condensed interim consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on February 27, 2024.

The Company’s condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

### **Statement of compliance**

The condensed interim consolidated 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”).

On January 12, 2023, the board of directors approved the change in the fiscal year from January 31 to March 31 at the request of the Company’s auditor due to the auditor’s resource constraints. As a result, the 2023 fiscal year was for the 14-month period ended March 31, 2023.

## **International Battery Metals Ltd.**

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2023, and January 31, 2023

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

#### **Basis of consolidation**

In addition to the Company, the condensed interim consolidated 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 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 fourteen months ended March 31, 2023, and have been consistently followed in the preparation of these condensed interim consolidated financial statements.

#### **New accounting standards issued but not yet effective**

Certain new accounting standards and interpretations have been issued but are not mandatory for the current period and have not been early adopted. The Company is currently assessing the impact of these standards and does not expect the impact to be material to the Company’s current or future reporting periods.

#### **New accounting standards and amendments issued and effective**

The Company is currently assessing the impact of new and amended standards on its condensed interim consolidated financial statements; however, they are not expected to have a material impact on the Company’s current or future reporting periods.

### **4. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company’s condensed interim consolidated financial statements in conformity with IFRS, as issued by the IASB, 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 interim consolidated 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 interim consolidated 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 fourteen months ended March 31, 2023.



## International Battery Metals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2023, and January 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

### 5. Amounts Receivable

	December 31, 2023	March 31, 2023
GST receivable	\$ 27,598	\$ 22,626
Other receivable	-	38,429
	<b>\$ 27,598</b>	<b>\$ 61,055</b>

### 6. Prepaid Expenses

	December 31, 2023	March 31, 2023
Prepaid expenses – current	\$ 649,818	\$ 372,702
Prepaid expenses – long term	-	275,800
	<b>\$ 649,818</b>	<b>\$ 648,502</b>

### 7. Equipment

As the lithium extraction unit is not yet in use, no depreciation has been recorded.

Cost	Lithium		Office		Total
	Extraction Unit	Computer	Equipment		
Balance at January 31, 2022	\$ 24,128,075	\$ 2,421	\$ -	\$ -	\$ 24,130,496
Additions	8,820,859	2,282	1,996	-	8,825,137
Balance at March 31, 2023	32,948,934	4,703	1,996	-	32,955,633
Additions	3,275,087	18,445	-	-	3,293,532
<b>Balance at December 31, 2023</b>	<b>\$ 36,224,021</b>	<b>\$ 23,148</b>	<b>\$ 1,996</b>	<b>\$ -</b>	<b>\$ 36,249,165</b>

Accumulated Depreciation	Lithium		Office		Total
	Extraction Unit	Computer	Equipment		
Balance at January 31, 2022	\$ -	\$ 484	\$ -	\$ -	\$ 484
Depreciation	-	1,059	216	-	1,275
Balance at March 31, 2023	-	1,543	216	-	1,759
Depreciation	-	1,881	299	-	2,180
<b>Balance at December 31, 2023</b>	<b>\$ -</b>	<b>\$ 3,424</b>	<b>\$ 515</b>	<b>\$ -</b>	<b>\$ 3,939</b>

Net Book Value	Lithium		Office		Total
	Extraction Unit	Computer	Equipment		
Balance at March 31, 2023	\$ 32,948,934	\$ 3,160	\$ 1,780	\$ -	\$ 32,953,874
<b>Balance at December 31, 2023</b>	<b>\$ 36,224,021</b>	<b>\$ 19,724</b>	<b>\$ 1,481</b>	<b>\$ -</b>	<b>\$ 36,245,226</b>

## **International Battery Metals Ltd.**

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2023, and January 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

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### **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 NAL’s data, analysis and reports related to lithium extraction from oilfield brines and all of the outstanding shares of SAL, which held certain intellectual property (the “Acquisition”). The consideration for the Acquisition consisted of US\$875,000 cash, a 5% royalty on future product income, as defined, 4,700,000 common shares with a fair value of \$2,256,000 and up to 20,609,488 common shares (“Milestone Shares”) based on the Company achieving certain milestones related to the filing of additional patents and raising additional financing.

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 a financing milestone and transferred \$2,657,734 from obligation to issue shares to share capital.

During the twelve months ended January 31, 2022, the Company satisfied the remaining milestones related to the filing of patents. 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). On February 7, 2023, the balance of 15,072,992 Milestone Shares were issued to the former shareholders of SAL and \$5,426,022 was transferred from obligation to issue shares to share capital.

## International Battery Metals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2023, and January 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

### 9. Intangible Assets

Upon completion of the Acquisition (Note 8), the Company acquired certain intellectual property (the “Intellectual Property”), from the former shareholders of SAL. The Intellectual Property was assigned to the Company which continued to develop the technology and make further patent applications. A continuity of the Company’s intangible assets is as follows:

<b>Cost</b>	<b>Intellectual property</b>		<b>Patent</b>		<b>Total</b>
Balance, January 31, 2022	\$	11,600,058	\$	13,519	\$ 11,613,577
Additions		-		-	-
Balance, March 31, 2023		11,600,058		13,519	11,613,577
Additions		-		-	-
<b>Balance, December 31, 2023</b>	<b>\$</b>	<b>11,600,058</b>	<b>\$</b>	<b>13,519</b>	<b>\$ 11,613,577</b>

<b>Accumulated Amortization</b>	<b>Intellectual property</b>		<b>Patent</b>		<b>Total</b>
Balance, January 31, 2022	\$	3,270,210	\$	78	\$ 3,270,288
Amortization		1,568,494		789	1,569,283
Balance, March 31, 2023		4,838,704		867	4,839,571
Amortization		1,008,319		507	1,008,826
<b>Balance, December 31, 2023</b>	<b>\$</b>	<b>5,847,023</b>	<b>\$</b>	<b>1,374</b>	<b>\$ 5,848,397</b>

<b>Net Book Value</b>	<b>Intellectual property</b>		<b>Patent</b>		<b>Total</b>
At March 31, 2023	\$	6,761,354	\$	12,652	\$ 6,774,006
<b>At December 31, 2023</b>	<b>\$</b>	<b>5,753,035</b>	<b>\$</b>	<b>12,145</b>	<b>\$ 5,765,180</b>

## International Battery Metals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2023, and January 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

### 10. Right-of-Use Asset

<b>Cost</b>		<b>Office</b>
Balance at January 31, 2022	\$	-
Additions		293,305
Foreign currency translation		17,545
Balance at March 31, 2023		310,850
Foreign currency translation		(6,496)
<b>Balance at December 31, 2023</b>	<b>\$</b>	<b>304,354</b>
<b>Accumulated Depreciation</b>		
		<b>Office</b>
Balance at January 31, 2022	\$	-
Depreciation		93,771
Foreign currency translation		2,699
Balance at March 31, 2023		96,470
Depreciation		96,149
Foreign currency translation		(3,710)
<b>Balance at December 31, 2023</b>	<b>\$</b>	<b>188,909</b>
<b>Net Book Value</b>		
		<b>Office</b>
Balance at March 31, 2023	\$	214,380
<b>Balance at December 31, 2023</b>	<b>\$</b>	<b>115,445</b>

Refer to Note 12 for a description of the lease.

### 11. Trade Payables and Other Liabilities

	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Trade payables <sup>(1)</sup>	\$ 2,924,992	\$ 2,317,326
Accrued liabilities	450,268	467,837
	<b>\$ 3,375,260</b>	<b>\$ 2,785,163</b>

<sup>(1)</sup> Included in trade payables is \$940,422 (March 31, 2023 - \$960,495) owed to EVL (Notes 13 and 15).

## International Battery Metals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2023, and January 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

### 12. 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%.

		<b>Office</b>
Balance, January 31, 2022	\$	-
Additions		293,305
Lease liability payments		(100,540)
Accretion expense		11,134
Foreign currency translation		14,971
Balance, March 31, 2023	\$	218,870
Lease liability payments		(103,089)
Accretion expense		7,457
Foreign currency translation		(2,888)
Balance, December 31, 2023	\$	120,350

Allocated as:	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current	\$ 120,350	\$ 128,847
Non-current	-	90,023
	\$ 120,350	\$ 218,870

<b>Maturity analysis</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Less than one year	\$ 123,777	\$ 137,911
One to three years	-	91,941
Total undiscounted lease liability	123,777	229,852
Amount representing implicit interest	(3,427)	(10,982)
Lease liability	\$ 120,350	\$ 218,870

The Company has elected not to recognize a lease liability for leases with an expected term of 12 months or less. Additionally, certain variable lease payments are not permitted to be recognized as lease liabilities and are recognized in profit and loss as incurred.

## **International Battery Metals Ltd.**

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2023, and January 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

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### **13. Share Capital**

#### **Authorized**

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

#### **Issued and outstanding**

*For the nine months ended December 31, 2023, the Company:*

- On April 19, 2023, issued 422,498 common shares to Sorcia Minerals LLC (“Sorcia”) for warrants that were exercised at \$0.58 for gross proceeds of \$245,049, which resulted in a transfer from equity reserves to share capital of \$87,476.
- On April 21, 2023, completed a private placement financing of 6,396,999 units for gross proceeds of US\$5,000,000 (\$6,761,580). 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 issuance at an exercise price of \$1.21 per share. The Company recognized \$4,124,996 to share capital and \$2,636,584 to reserves. The Company paid an advisory fee of US\$300,000 (\$409,068).
- On June 30, 2023, issued 12,500 common shares pursuant to a restricted share unit agreement. The Company recognized \$15,500 in share capital.
- On August 28, 2023, issued 800,000 common shares to the Director of Global Technology and director of the Company for options that were exercised at \$0.19 for gross proceeds of \$152,000, which resulted in a transfer from equity reserves to share capital of \$148,754.
- On September 21, 2023, issued 400,000 common shares to Novak Druce Carroll LLP for professional services to be provided to the Company. The Company recognized \$484,000 to share capital.
- On December 8, 2023, completed a private placement financing of 1,629,838 units for gross proceeds of US\$840,000 (\$1,140,922). 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 issuance at an exercise price of \$0.82 per share. The Company recognized \$720,271 to share capital and \$420,651 to reserves.
- On December 11, 2023, issued 228,708 common shares to the co-CEO of the Company as a signing bonus pursuant to an executive employment agreement. The Company recognized \$205,837 in share capital.
- On December 12, 2023, issued 123,841 common shares to directors, former directors, an executive, and a consultant of the Company in lieu of payment for amounts owing for services rendered to the Company. The Company recognized \$101,550 to share capital, and a gain on debt settlement of \$17,704.

## **International Battery Metals Ltd.**

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2023, and January 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

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

- On December 12, 2023, issued 307,947 common shares to DS Lawyers Canada LLP in lieu of payment for amounts owing for services rendered to the Company. The Company recognized \$252,516 to share capital, and a loss on debt settlement of \$36,954.
- On December 29, 2023, completed a private placement financing of 2,694,804 units for gross proceeds of US\$1,415,873 (\$1,873,781). 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 issuance at an exercise price of \$0.82 per share. The Company recognized \$1,223,634 to share capital and \$650,147 to reserves.
- On December 29, 2023, issued 150,000 common shares to an employee of the Company as a bonus payment for services rendered to the Company. The Company recognized \$108,000 to share capital.

*For the fourteen months ended March 31, 2023, the Company:*

- On February 24, 2022, completed a private placement financing of 3,333,333 units for gross proceeds of US\$10,000,000 (\$12,766,859). 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 \$3.83 per share. The Company recognized \$7,472,117 to share capital and \$5,294,742 to reserves. The Company paid an advisory fee of US\$600,000 (\$766,274) and will pay US\$300,000 upon the exercise of all the warrants pursuant to the private placement, which will be recorded upon payment.
- 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.
- 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.
- 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.
- 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.

## International Battery Metals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

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### 13. Share Capital (Continued)

*For the fourteen months ended March 31, 2023, the Company (continued):*

- 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. These common shares were issued at \$0.305 per share which was based on the 30 day volume-weighted average price on January 6, 2021, when notice was required to be provided to the parties providing them the opportunity to exercise their pre-emptive rights under the private placement closed in August 2019. During the fourteen months ended March 31, 2023, the Company determined these parties were not provided the opportunity to acquire enough common shares to maintain their percentage holding in the Company when they were previously provided with notice on January 6, 2021, and advised each of the parties of their right to acquire an additional 3,331,162 common shares at \$0.305 per share.
- On February 7, 2023, issued 15,072,992 Milestone Shares to the former shareholders of SAL in relation to the Company achieving certain milestones after the acquisition by the Company (Note 8), which resulted in a transfer from obligation to issue shares to share capital of \$5,426,022. Included in this share issuance is 5,024,331 Milestone Shares that were issued to the Company's Director of Global Technology and Director who was a former shareholder of SAL.
- On March 21, 2023, closed a private placement of 17,250,000 units of the Company at a price per unit of \$0.58 to Sorcia and EVL Holdings, LLC ("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 until April 19, 2023. The Company recognized \$6,433,488 to share capital and \$3,571,512 to reserves. Upon closing of the private placement, Sorcia exercised 8,202,502 of its share purchase warrants at \$0.58 per common share for 8,202,502 common shares, which resulted in a transfer from reserves to share capital of \$1,698,280. Also, upon closing of the private placement, EVL exercised all 8,625,000 of its share purchase warrants at \$0.58 per common share for 8,625,000 common shares, which resulted in a transfer from reserves to share capital of \$1,785,756. In lieu of receiving cash proceeds for the issuance of 34,077,502 common shares, the Company settled \$9,759,951 of its balance owing to Sorcia (Notes 11 and 15) and \$10,005,000 of its balance owing to EVL (Notes 11 and 15).

#### Weighted average breakdown

##### Per share amounts

	Three months ended		Nine months ended	
	December 31, 2023	January 31, 2023	December 31, 2023	January 31, 2023
Weighted average number of shares outstanding:				
Issued common shares as at beginning of period	203,467,907	139,623,092	195,435,910	136,273,092
Effect of common shares issued during the period	608,196	72,417	7,022,650	1,513,994
Weighted average number of shares outstanding – basic and diluted	204,076,103	139,695,509	202,458,560	137,787,086
Loss per share – basic and diluted	\$ (0.02)	\$ (0.02)	\$ (0.05)	\$ (0.07)



## **International Battery Metals Ltd.**

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For the three and nine months ended December 31, 2023, and January 31, 2023

(Expressed in Canadian dollars)

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### **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, inclusive of all common shares reserved for issuance pursuant to previously granted stock options. 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.

*During the nine months ended December 31, 2023:*

- On May 3, 2023, the Company granted 2,100,000 stock options exercisable at \$1.12 for a period of five years to directors and management of the Company. 1,900,000 options vested upon date of grant, and 200,000 options vest one year from the date of grant. The fair value of the options vested during the three and nine months ended December 31, 2023, of \$48,347 and \$1,954,373, respectively, was recorded as share-based payment expense included in general and administrative expenses and was calculated using the Black-Scholes Option Pricing Model.
- On June 7, 2023, the Company amended the exercise price of 1,800,000 stock options previously granted to officers, directors and employees of the Company with exercise prices ranging from \$3.50 to \$4.37 per share to the greater of \$1.12 per share and the greater of the trading price of the Company’s common shares immediately preceding the date of grant and the trading price of the Company’s common shares on the date of grant. In order to amend the exercise price of the 1,800,000 stock options, the Company cancelled 1,800,000 stock options on June 7, 2023, and issued replacement options on July 7, 2023, following a thirty day grace period at the amended exercise price of \$1.41 per share, which was the trading price of the Company’s common shares on the date of grant. 1,700,000 of the options vested immediately, 50,000 of the options vest on July 7, 2024, and the remaining 50,000 options vest on July 7, 2025. The incremental fair value of the options vested during the three and nine months ended December 31, 2023, of \$3,185 and \$296,667, respectively, 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 28, 2023, 800,000 stock options were exercised which resulted in a transfer from equity reserves to share capital of \$148,754 (Note 13).
- On September 1, 2023, the Company granted 100,000 stock options exercisable at \$1.22 for a period of four years to the former CFO of the Company. 25,000 options vested on December 31, 2023, and the remaining options vest equally for three months afterwards. The fair value of the options vested during the three and nine months ended of \$48,704 and \$99,662, respectively, was recorded as share-based payment expense included in general and administrative expenses and was calculated using the Black-Scholes Option Pricing Model.
- On September 29, 2023, the Company cancelled 420,000 stock options previously granted to former consultants of the Company with exercise prices ranging from \$0.57 to \$3.19 per share. The options were fully vested and the Company recorded a transfer from reserves to deficit of \$970,855 in relation to the cancellation of these stock options.

## **International Battery Metals Ltd.**

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(Expressed in Canadian dollars)

(Unaudited)

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### **14. Reserves (Continued)**

*During the nine months ended December 31, 2023 (continued):*

- On September 29, 2023, the Company granted 220,902 stock options exercisable at \$3.50 for a period until July 1, 2025, to the co-CEO and former President of the Company, replacing the 220,902 restricted share units previously granted on July 1, 2022. 110,451 of the options vest immediately while the remaining 110,451 options vest on July 1, 2024. During the three and nine months ended December 31, 2023, \$48,733 and \$49,263, respectively, was recorded as share-based payment expense included in general and administrative expenses. The share-based payment expense recognition follows that of the cancelled restricted share units, as the fair value of the replacement options calculated using the Black-Scholes Option Pricing Model was less than the fair value of the cancelled restricted share units.
- On December 11, 2023, the Company granted 1,050,000 stock options exercisable at \$0.89 for a period of four years to the newly appointed co-CEO and CFO of the Company. 350,000 options vested upon date of grant, and the remaining options vest equally on the first and second anniversary of the date of grant. During the three and nine months ended December 31, 2023, \$275,643 and \$275,643, respectively, was recorded as share-based expense included in general and administrative expenses and was calculated using the Black-Scholes Option Pricing Model.
- On December 12, 2023, the Company granted 100,000 stock options exercisable at \$1.12 for a period of two years to a consultant of the Company. All the options vested upon date of grant. The fair value of options vested during the three and nine months ended December 31, 2023, of \$40,622 and \$40,622, respectively, was recorded as share-based payment expense included in general and administrative expenses and was calculated using the Black-Scholes Option Pricing Model.

*During the fourteen months ended March 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. The fair value of the options of \$3,826,912 was recorded as share-based payment expense included in general and administrative expenses and was calculated using the Black-Scholes Option Pricing Model.
- 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 13).
- 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. The fair value of the options vested during the fourteen-month period ended March 31, 2023, of \$466,599 was recorded as share-based payment expense included in general and administrative expenses and was calculated using the Black-Scholes Option Pricing Model.
- On July 1, 2022, the Company granted 600,000 stock options exercisable at \$3.50 for a period of five years to the co-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. The fair value of the options vested during the fourteen-month period ended March 31, 2023, of \$1,609,566 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 15, 2022, 500,000 stock options were exercised which resulted in a transfer from equity reserves to share capital of \$129,920 (Note 13).

## International Battery Metals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

(Unaudited)

### 14. Reserves (Continued)

*During the fourteen months ended March 31, 2023 (continued):*

- 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 13).
- 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 13).

The following table summarizes information regarding stock options outstanding and exercisable as at December 31, 2023:

Exercise price	Expiry date	Number of options outstanding	Number of options exercisable	Weighted-average remaining contractual life (years)
\$3.50	July 1, 2025	220,902	110,451	1.50
\$1.12	December 12, 2025	100,000	100,000	1.95
\$0.38	January 5, 2026	4,898,500	4,898,500	2.02
\$0.57	June 15, 2026	300,000	300,000	2.46
\$1.41	March 5, 2027	1,000,000	1,000,000	3.18
\$1.41	May 16, 2027	200,000	100,000	3.38
\$1.41	July 1, 2027	600,000	600,000	3.50
\$1.22	September 1, 2027	100,000	100,000	3.67
\$0.89	December 11, 2027	1,050,000	350,000	3.95
\$1.12	May 3, 2028	2,100,000	1,900,000	4.34
<b>Total</b>		<b>10,569,402</b>	<b>9,458,951</b>	<b>2.91</b>

### Warrants

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

Exercise price	Expiry date	Number of warrants outstanding and exercisable	Weighted-average remaining contractual life (years)
\$1.21	February 24, 2024	3,333,333	0.15
\$1.21	April 21, 2025	6,396,999	1.31
\$0.82	December 8, 2025	1,629,838	1.94
\$0.82	December 29, 2025	2,694,804	2.00
<b>Total</b>		<b>14,054,974</b>	<b>1.24</b>

*During the nine months ended December 31, 2023:*

- On April 19, 2023, 422,498 warrants were exercised at \$0.58 per share for gross proceeds of \$245,049. As a result, \$87,476 were transferred from equity reserves to share capital.
- On April 21, 2023, the Company amended the exercise price of 3,333,333 warrants issued under the private placement completed on February 24, 2022, from \$3.83 per share to \$1.21 per share.

## **International Battery Metals Ltd.**

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2023, and January 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

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### **14. Reserves (Continued)**

*During the nine months ended December 31, 2023 (continued):*

- On April 21, 2023, the Company issued 6,396,999 share purchase warrants (Note 13) 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 \$1.21 per share (Note 13).
- On December 8, 2023, the Company issued 1,629,838 share purchase warrants (Note 13) 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 \$0.82 per share (Note 13).
- On December 29, 2023, the Company issued 2,694,804 share purchase warrants (Note 13) 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 \$0.82 per share (Note 13).

*During the fourteen months ended March 31, 2023:*

- On February 24, 2022, the Company issued 3,333,333 share purchase warrants (Note 13) 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 \$3.83 per share. The Company paid an advisory fee of US\$600,000 and will pay an additional US\$300,000 upon the exercise of all the warrants pursuant to the private placement (Note 13).
- On March 21, 2023, the Company issued 17,250,000 share purchase warrants (Note 13) as part of a private placement with Sorcia and EVL with each warrant entitling the holder to purchase one additional common share until April 19, 2023, at an exercise price of \$0.58 per share. On March 21, 2023, Sorcia exercised 8,202,502 of its warrants at \$0.58 per common share and EVL exercised all 8,625,000 of its warrants at \$0.58 per common share (Note 13). In lieu of receiving cash proceeds for the exercise of the 8,202,502 and 8,625,000 warrants for Sorcia and EVL, respectively the Company settled \$4,757,451 and \$5,002,500 of the balance owing to Sorcia and EVL, respectively.

## International Battery Metals Ltd.

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(Unaudited)

### 14. 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, 2022	-	\$ -	10,368,500	\$ 0.46
Granted	20,583,333	1.11	1,800,000 <sup>(2)</sup>	4.05
Exercised	(16,827,502)	0.58	(3,950,000)	0.38
Balance, March 31, 2023	3,755,831 <sup>(1)</sup>	3.46	8,218,500	1.28
Granted	10,721,641	1.05	3,570,902	1.20
Exercised	(422,498)	0.58	(800,000)	0.19
Cancelled	-	-	(420,000)	2.57
<b>Balance, December 31, 2023</b>	<b>14,054,974</b>	<b>\$ 1.09</b>	<b>10,569,402</b>	<b>\$ 0.84</b>

<sup>(1)</sup>The exercise price of 3,333,333 warrants was amended on April 21, 2023, from \$3.83 to an exercise price of \$1.21.

<sup>(2)</sup>The exercise price of these 1,800,000 stock options was amended on July 7, 2023, to an exercise price of \$1.41.

During the nine months ended December 31, 2023, the weighted average share price at the date of options exercised was \$1.18 (fourteen months ended March 31, 2023 - \$3.81). During the nine months ended December 31, 2023, the weighted average share price at the date of warrant exercised was \$1.21 (fourteen months ended March 31, 2023 - \$1.30).

#### Fair value determination

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

	Nine months ended December 31, 2023		Fourteen months ended March 31, 2023	
	Options	Warrants	Options	Warrants
Risk-free interest rate	2.87% – 4.83%	3.73% – 4.15%	1.49 – 3.10%	1.52 – 3.70%
Share price on grant date	\$0.82 – \$1.22	\$0.72 – \$1.19	\$3.50 – \$4.37	\$1.30 – \$3.72
Expected volatility	106% – 129%	105% – 126%	134 – 136%	39 – 149%
Expected life (years)	1.76 – 5.00	2.00	5.00	0.08 – 2.00
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.

## International Battery Metals Ltd.

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### 14. Reserves (Continued)

#### 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 co-CEO of the Company was issued \$600,000 USD (\$773,160) in restricted share units on July 1, 2022, with \$300,000 USD (\$386,580) of the restricted share units vesting on July 1, 2023, and the remaining \$300,000 USD (\$386,580) of restricted share units vesting on July 1, 2024. The Company issued 220,902 restricted share units based on a share price of \$3.50 on July 1, 2022, with 110,451 of the units vesting on July 1, 2023, and 110,451 units vesting on July 1, 2024.

On June 30, 2023, the Company granted 12,500 restricted share units to an employee and issued the shares to settle the RSU’s. The Company recognized \$15,500 to share capital.

On September 29, 2023, the Company cancelled the 220,902 restricted share units granted to the co-CEO of the Company on July 1, 2022, and issued 220,902 options to replace the cancelled restricted share units.

Restricted share unit transactions are summarized as follows:

	<b>Outstanding</b>
Balance, January 31, 2022	-
Granted	220,902
Balance, March 31, 2023	220,902
Granted	12,500
Exercised	(12,500)
Cancelled	(220,902)
Balance, December 31, 2023	-

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### 15. 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		Nine months ended	
	December 31, 2023	January 31, 2023	December 31, 2023	January 31, 2023
Management fees, salaries and benefits <sup>(1)</sup>	\$ 431,427	\$ 175,142	\$ 783,776	\$ 626,220
Professional fees <sup>(1)</sup>	140,752	120,024	413,820	331,503
Directors' fees <sup>(1)</sup>	90,137	93,765	299,250	269,840
Share-based payments <sup>(1)</sup>	373,080	232,100	2,951,524	1,460,719
	\$ 1,035,396	\$ 621,031	\$ 4,448,370	\$ 2,688,282

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

The Company has entered into agreements with officers that include termination and change of control clauses. In the case of termination and change of control, the officers are entitled to certain amounts payable. As at December 31, 2023, the Company had four of these types of agreements with officers of the Company that totaled annual base fees of \$1,415,000. In the case of termination, the officers are entitled to an amount equal to \$1,618,000 and a bonus payment equal to the pro-rata portion of annual or target bonus for the year. In a change of control, the foregoing applies as well as accelerated vesting of equity awards.

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

- Included in general and administrative expenses is for the nine month ended January 31, 2023 was \$11,545 in advertising and promotion fees paid to the son of the Company's Director of Global Technology and director of the Company.
- During the nine months ended December 31, 2023, Sorcia exercised 422,498 warrants at \$0.58 per share for gross proceeds of \$245,049 (Note 14).
- During the nine months ended December 31, 2023, the Director of Global Technology and director of the Company exercised 800,000 stock options at \$0.19 per share for gross proceeds of \$152,000 (Note 14).
- During the nine months ended December 31, 2023, the Company granted 3,050,000 stock options with exercise prices ranging from \$0.89 to \$1.22 for a period of four to five years to directors and officers of the Company (Note 14).
- During the nine months ended December 31, 2023, the Company issued 1,820,281 common shares and 1,820,281 share purchase warrants with an exercise price of \$0.82 for a period of two years to directors and officers of the Company as part of two private placements of units (Note 14).

## **International Battery Metals Ltd.**

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2023, and January 31, 2023

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(Unaudited)

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### **15. Related Party Transactions (Continued)**

- During the nine months ended December 31, 2023, the Company issued 110,101 common shares to directors and former directors to settle debt of \$107,034 and recognized a gain on settlement of debt of \$16,751.
- During the nine months ended December 31, 2023, the Company issued 228,708 common shares as a signing bonus for the newly appointed co-CEO of the Company (Note 14).
- During the nine months ended December 31, 2023, the Company amended the exercise price of 1,600,000 stock options previously granted to officers and directors of the Company with exercise prices ranging from \$3.50 to \$4.37 per share to the greater of \$1.12 per share and the greater of the trading price of the Company's common shares immediately preceding the date of grant and the trading price of the Company's common shares on the date of grant. In order to amend the exercise price of the 1,600,000 stock options, the Company cancelled 1,600,000 stock options on June 7, 2023, and issued replacement options on July 7, 2023, following a thirty day grace period at the amended exercise price of \$1.41 per share, which was the trading price of the Company's common shares on the date of grant (Note 14).
- During the three and nine months ended January 31, 2023, the Company granted 600,000 stock options exercisable at \$3.50 for a period of five years to the co-CEO and former President of the Company (Note 13).
- During the nine months ended January 31, 2023, the Company also granted \$600,000 USD of restricted share units to the co-CEO and former 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 14). During the nine months ended December 31, 2023, the Company cancelled the \$600,000 USD of restricted share units previously granted to the co-CEO and former President of the Company and issued 220,902 replacement stock options with exercise price of \$3.50 for a period until July 1, 2025 (Note 14).

#### **Due from/to related parties**

At December 31, 2023, \$1,039,275 (March 31, 2023 - \$1,245,861) was due to directors and former directors and related parties and is included in trade payables and accrued liabilities. Included in this amount at December 31, 2023, was \$940,422 (March 31, 2023 - \$960,495) owed to EVL (Note 11). The balance owing was a result of EVL making payments on the Company's behalf for the development of the lithium extraction unit. The amounts owing to related parties were unsecured, non-interest bearing and due on demand.



## International Battery Metals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2023, and January 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

### 15. Related Party Transactions (Continued)

#### Licensing Agreements with Related Parties

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 royalty (6%) on the gross sales price of all products produced and sold, less selling costs, using the licensed technology and a ten percent (10%) participation interest in each of Sorcia’s and EAL’s future resource projects or lithium extraction facilities where the Company’s licensed rights are utilized. The definition of participation interest is to be agreed upon and calculated at the time any future resource projects are negotiated.

Pursuant to the licensing agreements, as amended, Sorcia and EAL have a priority over construction of the Company’s next extraction system on the Company’s construction schedule. The Company can terminate the licensing agreements with Sorcia and EAL on or after December 31, 2028. Ensorcia, Sorcia and EAL are related parties of the Company by virtue of significant shareholdings.

### 16. General and Administrative Expenses

	Three months ended		Nine months ended	
	December 31, 2023	January 31, 2023	December 31, 2023	January 31, 2023
Professional Fees (Note 15)	\$ 1,843,445	\$ 721,887	\$ 3,916,283	\$ 2,669,726
Management fees, salaries and benefits (Note 15)	788,767	383,707	1,658,963	1,066,684
Share-based payments (Notes 14 and 15)	502,864	551,699	3,340,103	2,602,659
Office Expense	162,041	243,772	486,809	886,959
Depreciation (Notes 7 and 10)	33,439	31,852	98,329	73,410
Filing fees	20,252	5,303	76,891	37,111
Foreign exchange loss (gain)	(31,722)	(298,368)	(12,235)	629,294
Meals and entertainment and travel	66,333	80,362	212,556	167,511
Advertising and promotion	1,301	123,136	31,434	175,394
Rent	12,931	24,603	50,202	543,124
Other	7,493	4,035	20,472	16,818
	<b>\$ 3,407,144</b>	<b>\$ 1,871,988</b>	<b>\$ 9,879,807</b>	<b>\$ 8,868,690</b>

For the three and nine months ended January 31, 2023, the Company has reclassified consulting fees to different operating expense items on the condensed interim consolidated statement of loss and comprehensive loss.

## International Battery Metals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2023, and January 31, 2023

(Expressed in Canadian dollars)

(Unaudited)

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

	For the nine months ended December 31, 2023	For the nine months ended January 31, 2023
Equipment purchases included in trade payables and other liabilities	\$ 1,301,011	\$ 622,597
Equipment purchases included in amounts owed to EVL	\$ -	\$ 452,928
Right-of-use asset additions	\$ -	\$ 293,305
Shares issued for debt settlement	\$ 354,066	\$ -
Value of exercised warrants transferred to share capital	\$ 87,476	\$ -
Value of exercised options transferred to share capital	\$ 148,754	\$ 1,781,495
Interest paid	\$ 7,457	\$ 8,940

### 18. 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 a share exchange agreement. The complaint alleges non-payment of wages and benefits, appropriation of property and interference in outside employment. The Company is objecting to the complaint, has retained counsel to address and filed a countersuit alleging the counterclaim defendants diverted Company work to themselves and interfered with contractual relations. The amounts and outcome of the complaint cannot be determined at this time and has not been accrued for in the condensed interim consolidated financial statements for the three and nine months ended December 31, 2023.

### 19. Capital Risk Management

The Company manages its capital structure and adjusts 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 condensed interim consolidated statements of financial position: share capital, deficit and reserves.

The Company is dependent on external financing to fund its activities. 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 and nine months ended December 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.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

(Unaudited)

### 20. Financial Instruments and Risk Management

#### Categories of financial instruments

	December 31, 2023	March 31, 2023
<b>FINANCIAL ASSETS</b>		
<b>FVTPL, at fair value</b>		
Cash	\$ 2,131,835	\$ 406,860
<b>At amortized cost</b>		
Other receivable	-	38,429
<b>Total financial assets</b>	<b>\$ 2,131,835</b>	<b>\$ 445,289</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Other liabilities, at amortized cost</b>		
Trade payables and other liabilities	\$ 3,375,260	\$ 2,785,163
Lease obligation	120,350	218,870
<b>Total financial liabilities</b>	<b>\$ 3,495,610</b>	<b>\$ 3,004,033</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 interim consolidated 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. 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. The Company manages its credit risk relating to cash by dealing only with high-rated financial institutions as determined by rating agencies. 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.**

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

(Unaudited)

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### **20. 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 is exposed to liquidity risk. 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.

#### **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 of December 31, 2023, the Company held cash of approximately \$2,097,919 and trade payables and other liabilities of \$2,960,608 denominated in U.S. dollars. As at December 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 loss would have been approximately \$43,000 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.

### **21. 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.

### **22. Subsequent Events**

Subsequent to December 31, 2023, the Company entered into a term sheet for the deployment of the Company's Lithium Extraction Unit (Note 7) with a customer in the western United States on January 11, 2024. The term sheet provides for mobilization fees and cost sharing arrangements for the deployment of the Lithium Extraction Unit at the customer's production facilities, and monthly equipment rentals and royalties based on volumes produced and realized sales value by the customer, as well as providing for certain options to purchase the Lithium Extraction Unit.

On February 20, 2024, the Company received a binding commitment from an investor to purchase 2,702,400 units, with the price of each unit being \$1.00 and consisting of a common share of the Company and a two-year warrant with a strike price of \$1.25, for proceeds of USD \$2.0 million.

On February 24, 2024, 3,333,333 warrants expired unexercised.