

# BATTERY X METALS

(formerly Straightup Resources Inc.)

## Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

Expressed in Canadian Dollars

**BATTERY X METALS INC. (formerly Straightup Resources Inc.)**

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**(Expressed in Canadian Dollars)**

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**INDEPENDENT AUDITORS' REPORT**

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To the Shareholders and Directors of Battery X Metals Inc. (formerly 'Straightup Resources Inc.')

**Opinion**

We have audited the consolidated financial statements of Battery X Meals Inc. and its subsidiaries (together, the "Company") which comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

**Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the consolidated financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to communicate in our report.

**Other Information**

Management is responsible for the other information. The other information comprises the Company's Management Discussion and Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Artem Valeev.

*Manning Elliott LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, British Columbia  
April 29, 2024

**BATTERY X METALS INC. (formerly Straightup Resources Inc.)**  
**Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

	Note	December 31, 2023	December 31, 2022
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash		51,577	136,725
Sales taxes receivable		2,230	1,504
Prepays		16,227	11,523
		70,034	149,752
<b>Exploration and evaluation assets</b>	6	1,906,070	654,517
		<b>1,976,104</b>	<b>804,269</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payables and accrued liabilities	7,10	1,455,364	953,929
Convertible debentures	8	76,930	30,440
		1,532,294	984,369
<b>Equity (deficiency)</b>			
Share capital	9	9,392,645	6,314,527
Share subscriptions	9	50,000	150,000
Commitment to issue shares	4	1,350,000	-
Reserves	9	1,595,450	936,919
Equity component of convertible debentures	8	13,005	-
Deficit		(11,957,290)	(7,581,546)
		443,810	(180,100)
		<b>1,976,104</b>	<b>804,269</b>

**Nature of business and continuing operations (Note 1)**  
**Subsequent events (Note 16)**

Approved and authorized for issue on behalf of the Board on April 29, 2024.

"Mark Brezer", Director      "Mathew Markin", Director

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

**BATTERY X METALS INC. (formerly Straightup Resources Inc.)**  
**Consolidated Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**

	Note	Years Ended December 31,	
		2023	2022
		\$	\$
<b>OPERATING EXPENSES</b>			
Consulting	10	262,214	-
Financing charge	8	7,408	-
Foreign exchange (gain)		(1,534)	3,668
Interest expense	8	5,152	-
Management fees and salaries	10	226,116	393,533
Marketing		85,672	200,546
Office and administrative		101,810	39,930
Professional fees		176,631	111,153
Property investigation costs		12,413	-
Research and development		67,550	-
Share-based compensation	9	133,481	327,591
Transfer agent and filing fees		43,931	39,504
		<b>(1,120,844)</b>	<b>(1,115,925)</b>
Write-off of exploration asset	6	(3,466,784)	(1,271,505)
Write-off of acquisition advances	16	-	(717,050)
Recovery of flow-through share premium		-	20,000
		<b>(3,466,784)</b>	<b>(1,968,555)</b>
<b>Loss before income taxes</b>		<b>(4,587,628)</b>	<b>(3,084,480)</b>
Deferred tax recovery	8	(4,810)	-
<b>Net loss and comprehensive loss</b>		<b>(4,582,818)</b>	<b>(3,084,480)</b>
Loss per share - basic and diluted		\$ (0.17)	\$ (0.18)
Weighted average number of common shares outstanding		27,368,042	17,530,302

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

**BATTERY X METALS INC. (formerly Straightup Resources Inc.)**  
**Consolidated Statements of Changes in Equity (Deficiency)**  
**(Expressed in Canadian Dollars)**

	Number of shares	Amount	Share subscriptions	Commitment to issue shares	Reserves	Convertible debenture equity	Deficit	Total
		\$	\$		\$		\$	\$
<b>Balance at December 31, 2021</b>	<b>15,584,906</b>	<b>5,324,251</b>	-	-	<b>655,713</b>	-	<b>(4,661,541)</b>	1,318,423
Units issued for cash	1,283,333	510,000	-	-	250,000	-	-	760,000
Shares issued for exploration and evaluation assets	533,333	152,000	-	-	-	-	-	152,000
Shares issued for services	300,000	110,000	-	-	-	-	-	110,000
Shares issued for debt settlements	13,780	4,961	-	-	-	-	-	4,961
Shares issued on exercise of warrants	82,800	32,965	-	-	(11,875)	-	-	21,090
Shares issued on exercise of share options	266,667	210,524	-	-	(98,524)	-	-	112,000
Share issuance costs	-	(41,787)	-	-	10,102	-	-	(31,685)
Share subscriptions	-	-	150,000	-	-	-	-	150,000
Forfeited warrants	-	31,613	-	-	(31,613)	-	-	-
Forfeited share options	-	-	-	-	(164,475)	-	164,475	-
Share-based compensation	-	-	-	-	327,591	-	-	327,591
Flow-through share premium	-	(20,000)	-	-	-	-	-	(20,000)
Comprehensive loss for the year	-	-	-	-	-	-	(3,084,480)	(3,084,480)
<b>Balance at December 31, 2022</b>	<b>18,064,819</b>	<b>6,314,527</b>	<b>150,000</b>	-	<b>936,919</b>	-	<b>(7,581,546)</b>	<b>(180,100)</b>
Units issued for cash	3,133,333	470,000	(100,000)	-	-	-	-	370,000
Shares issued as finders' fees	120,000	30,599	-	-	-	-	-	30,599
Shares issued for exploration and evaluation assets	16,117,133	2,534,056	-	-	834,186	-	-	3,368,242
Share issuance costs	-	(75,044)	-	-	26,445	-	-	(48,600)
Commitment to issue shares	-	-	-	1,350,000	-	-	-	1,350,000
Forfeited warrants	-	118,507	-	-	(128,507)	-	-	(10,000)
Forfeited share options	-	-	-	-	(207,074)	-	207,074	-
Share-based compensation	-	-	-	-	133,481	-	-	133,481
Convertible debenture equity	-	-	-	-	-	13,005	-	13,005
Comprehensive loss for the year	-	-	-	-	-	-	(4,582,819)	(4,582,819)
<b>Balance at December 31, 2023</b>	<b>37,435,285</b>	<b>9,392,645</b>	<b>50,000</b>	<b>1,350,000</b>	<b>1,595,450</b>	<b>13,005</b>	<b>(11,957,290)</b>	<b>443,810</b>

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

**BATTERY X METALS INC. (formerly Straightup Resources Inc.)**  
**Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**

	Years Ended December 31,	
	2023	2022
	\$	\$
<b>Cash flows used in operating activities</b>		
Net loss for the year	(4,582,818)	(3,084,480)
Items not affecting cash:		
Financing charges	7,408	-
Deferred tax recovery	(4,810)	-
Recovery of flow-through share premium	-	(20,000)
Share-based compensation	133,481	327,591
Shares issued for services	-	80,000
Write-off of exploration assets	3,466,784	1,271,505
Changes in non-cash working capital items:		
Sales taxes receivable	(726)	7,479
Prepays	(4,704)	3,037
Accounts payables and accrued liabilities	499,459	399,672
	(485,926)	(1,015,196)
<b>Cash flows used in investing activities</b>		
Exploration and evaluation assets	(20,728)	(54,889)
	(20,728)	(54,889)
<b>Cash flows provided by financing activities</b>		
Proceeds from convertible debentures	56,897	30,440
Cash acquired from acquisitions	12,609	-
Units issued for cash	320,000	760,000
Proceeds from exercise of share options	-	112,000
Proceeds from exercise of warrants	-	21,090
Share subscriptions received	50,000	150,000
Share issuance costs	(18,000)	(31,685)
	421,506	1,041,845
<b>Change in cash during the year</b>	(85,148)	(28,240)
<b>Cash, beginning of year</b>	136,725	164,965
<b>Cash, end of year</b>	<b>51,577</b>	<b>136,725</b>

**Supplemental disclosures with respect to cash flows (Note 13)**

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



# **BATTERY X METALS INC. (formerly Straightup Resources Inc.)**

**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

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## **1. NATURE OF BUSINESS AND CONTINUING OPERATIONS**

Battery X Metals Inc. (“the Company”) (formerly Straightup Resources Inc.) was incorporated on August 22, 2017 under the laws of British Columbia. The address of the Company’s corporate office is #207 - 5500 Warf Ave., Sechelt, British Columbia, Canada, V0N 3A0. The address of the Company’s registered and records office is 3426 West 33<sup>rd</sup> Avenue, Vancouver, BC, V6N 2H2. On July 6, 2023, the Company changed its name from “Straightup Resources Inc.” to “Battery X Metals Inc.” The Company’s common shares trade on the Canadian Securities Exchange under the symbol BATX (formerly “ST”). On October 25, 2021, the Company commenced trading on the OTCQB Exchange in the USA under the symbol “BATXF” (formerly “STUPF”).

On July 6, 2023, the Company consolidated its outstanding share capital on a three-for-one basis. The share consolidation has been applied retrospectively and as a result all shares, options, warrants, and per share amounts are stated on an adjusted basis.

The Company’s principal business activities include the acquisition and exploration of mineral property assets and the development of battery recycling technology to support the growing demand for sustainable and environmentally friendly energy solutions. As at December 31, 2023, the Company had not yet determined whether the Company’s mineral property assets contained ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

During the year ended December 31, 2023, the Company incurred a loss of \$4,582,818 and had a working capital deficiency of \$1,462,260. The Company had an accumulated deficit of \$11,957,290 as at December 31, 2023, which has been funded by the issuance of equity. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, identifying and commencing the operations of a suitable business and generating profitable operations in the future.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue in existence.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

## **BATTERY X METALS INC. (formerly Straightup Resources Inc.)**

**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

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### **2. MATERIAL ACCOUNTING POLICIES**

#### **Statement of compliance**

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board.

These financial statements were approved by the Board of Directors of the Company and authorized for issuance on April 29, 2024.

#### **Basis of presentation**

The consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company and its subsidiaries is the Canadian dollar.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

	Incorporation	Percentage owned	
		December 31, 2023	December 31, 2022
1318463 BC Ltd. ("1318463 BC")	Canada	100%	100%
Golden Axe Metals Corp. ("Golden Axe")	USA	100%	100%
1379596 BC Ltd. ("1379596 BC")	Canada	100%	-
Battery X Recycling Technologies Inc. ("Battery X")	Canada	100%	-
YY Resources Inc. ("YY Resources")	Canada	100%	-

On October 11, 2021, the Company acquired 100% of the outstanding common shares of 1318463 BC and its subsidiary Golden Axe. On March 22, 2023, the Company acquired 100% of the outstanding common shares of 1379596 BC which owns 100% of the outstanding shares of Battery X Recycling Technologies Inc. On October 17, 2023, the Company acquired 100% of the outstanding common shares of YY Resources.

All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

## **BATTERY X METALS INC. (formerly Straightup Resources Inc.)**

**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

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### **2. MATERIAL ACCOUNTING POLICIES (continued)**

#### **Exploration and evaluation assets**

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

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

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

#### **Share capital**

Share capital issued for consideration other than cash are valued at the fair value of assets received or services rendered. If the fair value of assets received or services rendered cannot be reliably measured, shares issued for consideration will be valued at the quoted market price at the date of issuance.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in capital stock and the related residual value is transferred from warrant reserve to capital stock.

#### **Loss per share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

#### **Share-based payments**

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

## **BATTERY X METALS INC. (formerly Straightup Resources Inc.)**

**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2023 and 2022**  
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### **2. MATERIAL ACCOUNTING POLICIES (continued)**

#### **Share-based payments (continued)**

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve. The Company transfers the value of forfeited and expired unexercised vested stock options and compensatory warrants to deficit or share capital from reserves on the date of expiration based on the nature of the item.

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

#### **Flow-through shares**

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

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

#### **Foreign currency**

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company and its subsidiaries operates (“the functional currency”), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

#### **Convertible Debenture**

Convertible debentures are financial instruments which are accounted for separately depending on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

#### **Income taxes**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

## **BATTERY X METALS INC. (formerly Straightup Resources Inc.)**

**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

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### **2. MATERIAL ACCOUNTING POLICIES (continued)**

#### **Income taxes (continued)**

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **Financial instruments**

##### Financial assets

On initial recognition, financial assets are classified as measured at (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); and (iii) fair value through profit and loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method. The Company's sales tax receivable is classified at amortized cost.

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method. The Company does not have any assets classified at FVOCI.

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises. The Company's cash is classified at FVTPL.

## **BATTERY X METALS INC. (formerly Straightup Resources Inc.)**

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### **2. MATERIAL ACCOUNTING POLICIES (continued)**

#### **Financial instruments (continued)**

##### Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For the years presented, the Company did not record an expected credit loss.

##### Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at FVTPL or amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not classify any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. The Company classifies its accounts payable at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

#### **New accounting standards adopted**

As part of the new amendments, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in certain instances in line with the amendments.

## **BATTERY X METALS INC. (formerly Straightup Resources Inc.)**

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### **2. MATERIAL ACCOUNTING POLICIES (continued)**

#### **Accounting standards and amendments issued but not yet adopted**

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any standards that have been issued would have no or very minimal impact on the Company's consolidated financial statements.

### **3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**

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

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

#### ***Significant accounting estimates***

- a) the inputs used in accounting for share-based payments; and
- b) the estimated discount rate to determine the liability component of convertible debentures issued

#### ***Significant accounting judgments***

- a) the determination of categories of financial assets and financial liabilities;
- b) the measurement of deferred income tax assets and liabilities;
- c) the evaluation of the Company's ability to continue as a going concern; and
- d) the assessment of indications of impairment of the exploration and evaluation assets

### **4. ACQUISITION OF 1379596 B.C. LTD.**

In March 2023, the Company completed the acquisition of 100% of the issued and outstanding common shares of 1379596 B.C. LTD. by issuing the first 4,000,001 of 10,666,667 common shares due of the Company. Pursuant to the agreement dated March 2, 2023 ("Closing Date") the Company issued 4,000,001 common shares valued at \$1,080,000, and recognized a commitment to issue an additional 6,666,666 common shares valued at \$1,800,000 based on the trading price on Closing Date of \$0.27. In July 2023, pursuant to the agreement, the Company issued an additional 1,666,666 common shares, thereby reducing their commitment to issue shares by \$450,000.

1379596 B.C. has an option agreement to acquire a 100% interest in the Opatica Lithium Project (Note 6). As a result, the Company acquired the exclusive right to acquire a 100% interest in the Opatica Lithium Project. The Company had acquired 1379596 B.C for the sole purpose of acquiring the Opatica Lithium Project.

## BATTERY X METALS INC. (formerly Straightup Resources Inc.)

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### 4. ACQUISITION OF 1379596 B.C. LTD. (continued)

Based on the number of shares acquired and the Company's decision-making power, the Company was determined to be the acquirer. The acquisition was determined to be an asset acquisition as 1379596 B.C did not meet the definition of a business pursuant to IFRS 3. The Company allocated the fair value of consideration paid to the acquired assets and liabilities based on their relative fair values as at the Closing Date.

	<b>Total</b>
	<b>\$</b>
<b>Consideration:</b>	
Shares issued	1,080,000
Commitment to issue shares	1,800,000
<b>Total Consideration:</b>	<b>2,880,000</b>
<b>Allocated as follows:</b>	
Cash	12,609
Exploration and evaluation asset	2,867,391
	<b>2,880,000</b>

### 5. ACQUISITION OF YY RESOURCES INC.

In October 2023, the Company completed the acquisition of 100% of the issued and outstanding common shares of YY Resources. Pursuant to the agreement dated October 17, 2023 ("Closing Date") the Company issued 10,000,000 common shares valued at \$950,000 based on the trading price on date of issuance of \$0.095 per share, and 10,000,000 share purchase warrants valued at \$834,186. The fair value of the warrants was calculated using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 4.73%, an expected dividend rate of 0%, a price on grant date of \$0.095, and an expected annual volatility of 231%.

YY Resources owns the Y Lithium Property located in Northern Saskatchewan's Bailey Lake region. As a result, the Company acquired the exclusive rights to the Y Lithium Property. The Company had acquired YY Resources for the sole purpose of acquiring the Y Lithium Property.

Based on the number of shares acquired and the Company's decision-making power, the Company was determined to be the acquirer. The acquisition was determined to be an asset acquisition as YY Resources did not meet the definition of a business pursuant to IFRS 3. The Company allocated the fair value of consideration paid to the acquired assets and liabilities based on their relative fair values as at the Closing Date.

	<b>Total</b>
	<b>\$</b>
<b>Consideration:</b>	
Shares issued	950,000
Warrants issued	834,186
<b>Total Consideration:</b>	<b>1,784,186</b>
<b>Allocated as follows:</b>	
Exploration and evaluation asset	1,784,186
	<b>1,784,186</b>



# BATTERY X METALS INC. (formerly Straightup Resources Inc.)

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## 6. EXPLORATION AND EVALUATION ASSETS

	Belanger Project	Ferdinand Gold Project	Bear Head Gold Project	West Cat Mine Project	Ranger/ Otter Project	Opatica Lithium Project	Y Lithium Project	Total
	\$	\$	\$	\$	\$	\$		\$
<b>Balance, December 31, 2021</b>	<b>493,567</b>	<b>274,337</b>	<b>89,762</b>	<b>730,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,587,666</b>
Property acquisition	130,000	76,000	-	-	40,000	-	-	246,000
Exploration costs								
Assay	489	2,964	-	-	-	-	-	3,453
Geological consulting	14,420	58,442	-	-	-	-	-	72,862
Labour	9,421	-	-	-	-	-	-	9,421
Supplies and other	6,620	-	-	-	-	-	-	6,620
Subtotal	160,950	137,406	-	-	40,000	-	-	338,356
Write-off of exploration asset	-	(411,743)	(89,762)	(730,000)	(40,000)	-	-	(1,271,505)
<b>Balance, December 31, 2022</b>	<b>654,517</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>654,517</b>
Property acquisition	3,000	-	-	-	-	2,921,447	1,784,186	4,708,633
Exploration costs								
Assay	280	-	-	-	-	-	-	280
Geological consulting	231	-	-	-	-	-	-	231
Labour	742	-	-	-	-	-	-	742
Claims fee	15,071	-	-	-	-	-	-	15,071
Supplies and other	3,380	-	-	-	-	-	-	3,380
Subtotal	22,704	-	-	-	-	2,921,447	1,784,186	4,728,337
Write-off of exploration asset	(555,337)	-	-	-	-	(2,921,447)	-	(3,476,784)
<b>Balance, December 31, 2023</b>	<b>121,884</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,784,186</b>	<b>1,906,070</b>

### Belanger Project

Pursuant to an option agreement dated June 1, 2020 with Bounty Gold Corp. ("Belanger Project Optionor"), the Company was granted an option to acquire a 100% undivided interest in certain unpatented mining claims comprising the RLX North, RLX South, and Belanger properties (collectively, the "Belanger Project") located in the District of Red Lake, Ontario, Canada.

**BATTERY X METALS INC. (formerly Straightup Resources Inc.)**

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**6. EXPLORATION AND EVALUATION ASSETS (continued)****Belanger Project (continued)**

In accordance with the option agreement, the Company can acquire the 100% interest in the project by: (i) making cash payments in the aggregate amount of \$150,000; and (ii) issuing common shares in the capital of the Company (the "Consideration Shares") having an aggregate cash value of \$300,000 to the Belanger Project Optionor as follows:

	Consideration Shares		Cash
	#	\$	\$
Upon execution of the option agreement on June 1, 2020 (issued and paid respectively)	100,000	30,000	25,000
On or before the 1 <sup>st</sup> anniversary on June 1, 2021 (issued 115,385 and paid respectively)	-	30,000	25,000
On or before the 2 <sup>nd</sup> anniversary on June 1, 2022 (issued 333,333 shares and paid respectively)	-	100,000	50,000
On or before the 3 <sup>rd</sup> anniversary on June 1, 2023*	-	140,000	50,000
	<b>100,000</b>	<b>300,000</b>	<b>150,000</b>

\*Subsequently, in November 2023, the Company and the Belanger Project Optionor agreed to a final payment of \$25,000 in cash and 300,000 shares ("November 2023 Agreement"). See below for terms of the final payment.

In accordance with the November 2023 Agreement, claims related to RLX South and RLX North were excluded. As a result, as at December 31, 2023, the Company wrote off \$545,337 related to the RLX South and North claims. Pursuant to November 2023 Agreement, the Company can exercise the option and acquire the 100% interest in the project by (i) making the final cash payment of \$25,000; and (ii) issuing 300,000 common shares of the Company to the Belanger Project Optionor as follows:

- \$1,000 (paid) and 100,000 common shares on or before November 30, 2023\*
- \$2,000 on or before the first calendar day of each month from December 1, 2023 to November 1, 2024 inclusive
- 100,000 common shares on or before March 15, 2024\*
- 100,000 common shares on or before July 15, 2024

\* Company has not issued these shares and is currently in discussion with the optionor to amend the terms

The Belanger Project Optionor retained a 3% net smelter returns royalty which the Company has the right to purchase the first 1% of the royalty for \$750,000 and the remaining 2% for \$2,000,000 at any time prior to the commencement of commercial production.

On October 22, 2020, the Company entered into an agreement to acquire a digital database of compilation and field exploration data for the Belanger Project (the "Digital Database Agreement") for a consideration of \$100,000 cash and 66,667 warrants as stated below:

	Cash	Number of Warrants
	\$	#
Upon closing of the Digital Database Agreement on October 22, 2020 (paid and issued respectively)	50,000	33,333
Upon the earlier of (i) the commencement of a work program on either of the Property, or (ii) April 22, 2021 (paid and issued respectively)	50,000	33,334
	<b>100,000</b>	<b>66,667</b>

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## 6. EXPLORATION AND EVALUATION ASSETS (continued)

### Belanger Project (continued)

Under the Digital Database Agreement, each warrant is exercisable to purchase one common share of the Company for a period of three years from the date of issuance at an exercise price of \$0.78 per share. The Company has capitalized the cash payments and the fair value of the warrants as an acquisition cost in a prior year. The Company recorded a write-off of \$10,000 related to value of the warrants which expired unexercised in November 2023.

### Ferdinand Gold Project

Pursuant to an option agreement dated March 19, 2021 with 1544230 Ontario Inc. and Gravel Ridge Resources Ltd. which was subsequently assigned to Solstice Gold Corp. (the "Ferdinand Gold Project Optionor"), the Company was granted an option to acquire a 100% undivided interest in 17 unpatented mining claims comprising 354 cells and encompassing 6,600 hectares, which are situated near Red Lake, Ontario (the "Ferdinand Gold Property").

In accordance with the agreement, the Company can acquire the 100% interest in the Ferdinand Gold Project in consideration of the following cash payments and share issuances:

	Number of Common Shares #	Cash \$
Upon execution of the option agreement on March 19, 2021 (issued and paid respectively)	116,667	26,000
On or before the 1 <sup>st</sup> anniversary on March 19, 2022 (issued and paid respectively)	133,333	32,000
On or before the 2 <sup>nd</sup> anniversary on March 19, 2023	-	40,000
On or before the 3 <sup>rd</sup> anniversary on March 19, 2024	-	50,000
	250,000	148,000

The Ferdinand Gold Project Optionor retained a 1.5% net smelter return royalty of which the Company has the right to repurchase 0.5% at any time by way of a one-time payment of \$500,000.

Management decided not to proceed with the Ferdinand Gold Project and wrote off the carrying amount of \$411,743 during the year ended December 31, 2022.

### Bear Head Gold Project

Pursuant to an option agreement dated July 12, 2021 with 1544230 Ontario Inc. and Gravel Ridge Resources Ltd. which was subsequently assigned to Solstice Gold Corp. (the "Bear Head Gold Project Optionor"), the Company was granted an option to acquire a 100% undivided interest in 31 unpatented mining claims comprising 97 cells and encompassing 4,850 hectares, which are situated in the Meen Lake area of the Patricia Mining area of Ontario, Canada (the "Bear Head Gold Property"). To earn the 100% interest, the Company was required to issue 350,000 common shares and make payments of \$96,000 over a three-year period. As at December 31, 2022, the Company had issued 116,667 common shares and made \$16,000 in cash payments to the Optionor.

Management decided not to proceed with the Bear Head Gold Project and wrote off the carrying amount of \$89,762 during the year ended December 31, 2022 and a further \$632 during the year ended December 31, 2023.

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### 6. EXPLORATION AND EVALUATION ASSETS (continued)

#### West Cat Mine Project

On October 11, 2021, the Company acquired 100% of the outstanding shares of 1318463 BC Ltd., pursuant to a Share Purchase Agreement dated September 23, 2021, which owns 100% of the outstanding shares of Golden Axe. Golden Axe owns a 100% interest in unpatented lode mining claims on federal land in the historic Beatty Mountain Nevada Mining District in Nye County, Nevada, located about 15 kilometers east of U.S. Route 95 and approximately 20 kilometers from Beatty, Nevada, at the base of the Bare Mountain Range.

In accordance with the agreement, the Company issued 1,333,333 common shares of the Company at a value of \$680,000 (issued October 25, 2021), and is required to make a cash payment of \$50,000. As at December 31, 2022, included in accounts payable and accrued liabilities was \$50,000 (2021 - \$50,000) due to 1318463 BC Ltd.

Management decided not to proceed with the West Cat Mine Project and wrote off the carrying amount of \$730,000 during the year ended December 31, 2022.

#### Ranger/Otter Project

Pursuant to an option agreement dated January 20, 2022 with 1544230 Ontario Inc. and Gravel Ridge Resources Ltd. (the "Ranger/Otter Project Optionor"), the Company was granted an option to acquire a 100% undivided interest in 3 unpatented mining claims comprising 61 cells and encompassing 3,050 hectares, which are situated in the Red Lake area of Ontario, Canada (the "Ranger/Otter Property").

In accordance with the agreement, the Company can acquire the 100% interest in the Ranger/Otter Project in consideration of the following cash payments and share issuances:

	Number of Common Shares	Cash
	#	\$
Upon execution of the option agreement on January 27, 2022 (issued and paid respectively)	66,667	12,000
On or before the 1 <sup>st</sup> anniversary on January 27, 2023	-	14,000
On or before the 2 <sup>nd</sup> anniversary on January 27, 2024	-	18,000
On or before the 3 <sup>rd</sup> anniversary on January 27, 2025	-	28,000
	66,667	72,000

The Ranger/Otter Project Optionor retained a 1.5% net smelter return royalty of which the Company has the right to repurchase 0.5% at any time by way of a one-time payment of \$500,000.

Management decided not to proceed with the Ranger/Otter Project and wrote off the carrying amount of \$40,000 during the year ended December 31, 2022.

#### Opatica Lithium Project

In March 2023 the Company acquired an option agreement which has the exclusive right to acquire a 100% interest in the Opatica Lithium Project located in the James Bay region of Quebec, Canada. This option agreement was acquired through the acquisition of 1379596 BC. (see Note 4).

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### 6. EXPLORATION AND EVALUATION ASSETS (continued)

The option agreement relating to the Opatoca Lithium Project, entered into on October 7, 2022 by 1379596 BC, requires the Company to complete the following remaining considerations to acquire the 100% interest to the property:

- issue \$100,000 in common shares on or before April 7, 2023 (issued);
- pay \$50,000 on or before October 7, 2023;
- issue \$250,000 in common shares on or before April 7, 2024;
- incur a further \$500,000 in exploration expenditures on the property before October 7, 2023; and
- incur a further \$500,000 in exploration expenditures on the property before October 7, 2024.

The Opatoca Lithium Project Optionor retained a 2.0% net smelter return royalty of which the Company has the right to repurchase 1.0% at any time by way of a one-time payment of \$1,000,000.

In November 2023, Management decided not to proceed with the Opatoca Lithium Project and wrote off the carrying amount of \$2,921,447 during the year ended December 31, 2023.

#### Y Lithium Project

In October 2023, the Company acquired a 100% ownership of the Y Lithium Project located in Northern Saskatchewan's Bailey Lake region through the acquisition of YY Resources (See Note 5).

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2023	December 31, 2022
	\$	\$
Accounts payable	869,388	601,949
Accrued liabilities	570,064	349,763
Payroll remittances payable	15,911	2,217
	1,455,364	953,929

### 8. CONVERTIBLE DEBENTURES

	\$
Balance, December 31, 2022	30,440
Proceeds	56,897
Allocation of proceeds to equity component	(13,005)
Deferred tax recovery	(4,810)
Financing charges	7,408
<b>Balance, December 31, 2023</b>	<b>76,930</b>

In October 2022, the Company secured a Letter of Credit ("LOC") for \$500,000 with Imarkin Investments PTY Limited, a company controlled by the Company's CFO. The LOC carries an interest rate of 10% per annum. On October 20, 2023, the maturity date was extended by one year to October 20, 2024. The principal advances under the LOC are convertible, at the lender's option, into units of the Company at \$0.05 with each unit consisting of one common share and one warrant exercisable at \$0.05 per warrant for a period of five years. All accrued interest is payable in cash.

The LOC is a compound instrument, and the proceeds are required to be bifurcated to record the fair value of the separate debt and equity components. The fair value of the debt was determined using a discounted cash flow model using an estimated market interest rate for equivalent debt of 18%. The initial fair value of the debt was calculated to be \$69,522 with the residual portion of \$13,005 allocated to equity. During the year ended December 31, 2023 the Company accrued interest of \$5,129 (2022 - \$nil)

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### **9. SHARE CAPITAL AND RESERVES**

#### **Authorized**

The Company is authorized to issue an unlimited number of common shares without par value.

#### **Escrow shares**

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% every six months from date of listing. As at December 31, 2023, the Company held nil (December 31, 2022 – 362,500) common shares in escrow.

#### **Issued and outstanding common shares**

During the years ended December 31, 2023, the Company had the following share capital transactions:

- a) On January 27, 2023, the Company closed a brokered private placement by issuing 3,133,333 units at \$0.15 per unit for gross cash proceeds of \$470,000 (“January 2023 PP”). Each unit consists of one common share and one share purchase warrant. Each whole warrant will entitle the holder to purchase an additional common share at a price of \$0.15 per common share for a period of two years. The proceeds of \$470,000 were allocated entirely to share capital and no value was assigned to the warrants using the residual value method. In connection with the January 2023 PP, the Company paid finder fees of \$18,000 and issued 120,000 finder’s shares at a price of \$0.255 for a value of \$30,599, and 120,000 finder’s warrants with each finder’s warrant having the same terms as the warrants issued under the January 2023 PP. The fair value of the finder warrants was calculated to be \$26,445 using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 3.68%, an expected dividend rate of 0%, a price on grant date of \$0.09, and an expected annual volatility of 187%.
- b) On March 22, 2023, the Company issued 4,000,001 common shares with a fair value of \$1,080,000 to the shareholders of 1379596 BC in accordance with the Share Exchange Agreement (Note 5).
- c) On May 3, 2023, the Company issued 450,467 common shares with a fair value of \$54,056 to the shareholders of 1379596 BC in accordance with the Share Exchange Agreement (Note 5).
- d) On July 21, 2023, the Company issued 1,666,666 common shares with a fair value of \$450,000 to the shareholders of 1379596 BC in accordance with the Share Exchange Agreement (Note 5).
- e) On October 16, 2023, the Company issued 10,000,000 common shares with a fair value of \$950,000 to the shareholders of YY Resources in accordance with the Share Exchange Agreement (Note 5).

During the year ended December 31, 2022, the Company had the following share capital transactions:

- a) On January 10, 2022, the Company commenced a non-brokered private placement whereby the Company seeks to raise \$1,500,000 through the issuance of up to 2,500,000 units and/or flow-through common shares (“FTS”) of the Company at \$0.60 per unit or FTS (“January 2022 PP”). Each unit consists of one common share and one-half share purchase warrant with each whole warrant entitling the holder to purchase an additional common share at a price of \$0.60 per common share for a period of two years from the date of closing. The warrants are subject to an acceleration clause whereby if the common share price is equal to or greater than \$1.50 for a period of 10 consecutive trading days, the Company may, by notice to the warrant holder, reduce the remaining exercise period applicable to the warrants to not less than 30 days from the date of such notice.

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### **9. SHARE CAPITAL AND RESERVES (continued)**

#### **Issued and outstanding common shares (continued)**

- On January 17, 2022, the Company completed the first tranche by issuing 41,667 units for gross proceeds of \$25,000. In connection with the first tranche, the Company paid finders fees of \$1,850 and issued 2,917 finder warrants with each finder warrant being exercisable for a period of two years from the date of issuance at a price of \$0.60 per common share. The fair value of the finder warrants was calculated to be \$820 using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 1.22%, an expected dividend rate of 0%, a price on grant date of \$0.15, and an expected annual volatility of 138%. Additionally, the Company allocated \$6,250 to reserves representing the value of the warrants issued.
  - On January 24, 2022, the Company completed the second tranche by issuing 333,333 units and 50,000 FTS for gross proceeds of \$230,000. In connection with the second tranche, the Company paid finders fees of \$5,135. Additionally, the Company allocated \$60,000 to reserves representing the value of the warrants issued and \$9,000 to flow-through shares premium representing the value of premium on the FTS.
  - On January 27, 2022, the Company completed the third tranche by issuing 333,333 units and 33,333 FTS for gross proceeds of \$220,000. In connection with the third tranche, the Company paid finders fees of \$14,100 and issued 23,333 finder warrants with each finder warrant being exercisable for a period of two years from the date of issuance at a price of \$0.60 per common share. The fair value of the finder warrants was calculated to be \$5,984 using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 1.27%, an expected dividend rate of 0%, a price on grant date of \$0.42, and an expected annual volatility of 137%. Additionally, the Company allocated \$60,000 to reserves representing the value of the warrants issued and \$6,000 to flow-through shares premium representing the value of premium on the FTS.
  - On February 28, 2022, the Company completed the fourth tranche by issuing 458,333 units for gross proceeds of \$275,000. In connection with the fourth tranche, the Company paid finders fees of \$10,600 and issued 17,500 finder warrants with each finder warrant being exercisable for a period of two years from the date of issuance at a price of \$0.60 per common share. The fair value of the finder warrants was calculated to be \$3,298 using the Black-Scholes option pricing model assuming an expected life of two years, a risk-free interest rate of 1.45%, an expected dividend rate of 0%, a price on grant date of \$0.33, and an expected annual volatility of 138%. Additionally, the Company allocated \$123,750 to reserves representing the value of the warrants issued.
- b) On February 22, 2022, the Company issued 66,667 common shares with a fair value of \$30,000 to Wawel Capital Corp. for management services rendered during the year ended December 31, 2021, which was included in accounts payable, and 66,667 common shares with a fair value of \$30,000 to Wawel Capital Corp. for management services included in management fees and salaries.
- c) On March 7, 2022, the Company issued 66,667 common shares pursuant to the Ranger/Otter Project agreement with a fair value of \$28,000 (Note 5).
- d) On March 17, 2022, the Company issued 133,333 common shares pursuant to the Ferdinand Gold Project agreement with a fair value of \$44,000 (Note 5).
- e) On March 30, 2022, the Company issued 13,780 common shares to settle accounts payable of \$4,961 owing to a director of the Company.
- f) On July 8, 2022, the Company issued 333,333 common shares pursuant to the Belanger Project agreement with a fair value of \$80,000 (Note 5).

# BATTERY X METALS INC. (formerly Straightup Resources Inc.)

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## 9. SHARE CAPITAL AND RESERVES (continued)

### Issued and outstanding common shares (continued)

- g) On July 8, 2022, the Company issued 166,667 common shares with a fair value of \$50,000 to Wavel Capital Corp. for management services provided (Note 9).
- h) On November 7, 2022, the Company closed a non-brokered private placement by issuing 33,333 FTS at \$0.30 per share for gross proceeds of \$10,000. Additionally, the Company allocated \$5,000 to flow-through shares premium representing the value of premium on the FTS.
- i) During the year ended December 31, 2022, the Company issued 82,800 common shares for gross proceeds of \$21,090 pursuant to the exercise of 25,000 warrants with an exercise price of \$0.15 per common share and 57,800 warrants with an exercise price of \$0.30 per common share. As a result, the Company transferred \$11,875 representing the fair value of the exercised share purchase warrants from reserves to share capital.
- j) During the year ended December 31, 2022, the Company issued 266,667 common shares for gross proceeds of \$112,000 pursuant to the exercise of share options with an exercise price of \$0.42 per common share. As a result, the Company transferred \$98,524 representing the fair value of the exercised share purchase warrants from reserves to share capital.

### Warrants

In October 2023, the Company granted a total of 10,000,000 share purchase warrants to the shareholders of YY Resources in accordance with the Share Exchange Agreement (Note 5). The estimated fair value, \$834,186, was calculated using the Black-Scholes pricing model based on the following assumptions: risk-free rate of 4.73%, forfeiture rate of 0%, no annual dividends, expected volatility of 231%, and a market price of share at grant date of \$0.095.

In April 2022, the Company extended the expiry date of 969,028 warrants by one year from April 29, 2022 to April 29, 2023.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
		\$
<b>Balance, December 31, 2021</b>	<b>5,679,872</b>	<b>0.45</b>
Issued	627,083	0.60
Exercised	(82,800)	0.24
Expired	(131,677)	0.48
<b>Balance, December 31, 2022</b>	<b>6,092,478</b>	<b>0.48</b>
Issued	13,253,333	0.15
Expired	(5,432,061)	0.45
<b>Balance, December 31, 2023</b>	<b>13,913,750</b>	<b>0.34</b>



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**9. SHARE CAPITAL AND RESERVES (continued)****Warrants (continued)**

As at December 31, 2023, the Company had the following outstanding warrants:

Number of Warrants	Exercise Price \$	Expiry date
23,750	0.60	January 17, 2024*
166,667	0.60	January 24, 2024*
190,000	0.60	January 27, 2024*
246,667	0.60	February 28, 2024*
33,333	0.78	May 17, 2024
3,253,333	0.15	January 27, 2025
10,000,000	0.15	October 16, 2025
<b>13,913,750</b>		

\* Subsequent to year ended December 31, 2023, 627,084 warrants expired unexercised

The weighted average remaining life of the outstanding warrants at December 31, 2023 was 1.55 years.

**Share options**

During the year ended December 31, 2023, 333,333 stock options with exercise prices between \$0.42 and \$0.84 were expired. As a result, \$207,074 was reclassified from reserves to deficit.

During August 2023, the Company granted a total of 1,650,000 share options to certain directors, officers and consultants of the Company. The share options are exercisable at \$0.15 per share, expire August 8, 2025, and vested immediately upon grant. The estimated fair value, \$133,481, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free rate of 4.65%, forfeiture rate of 0%, no annual dividends, expected volatility of 197%, and a market price of share at grant date of \$0.10.

During the year ended December 31, 2022, the Company granted a total of 886,667 share options to certain directors and officers of the Company. The share options are exercisable at \$0.42 per share, expire January 27, 2027, and vested immediately upon grant.

Share option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price \$	Weighted Average Share Price on Exercise \$
<b>Balance, December 31, 2021</b>	<b>683,332</b>	<b>0.75</b>	-
Granted	886,666	0.42	-
Exercised	(266,667)	0.42	0.36
Forfeited	(433,333)	0.45	-
<b>Balance, December 31, 2022</b>	<b>869,998</b>	<b>0.75</b>	-
Granted	1,650,000	0.15	-
Cancelled	(333,333)	0.69	-
<b>Balance, December 31, 2023</b>	<b>2,186,665</b>	<b>0.27</b>	-

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### 9. SHARE CAPITAL AND RESERVES (continued)

#### Options (continued)

As at December 31, 2023, the Company had the following outstanding share options:

Number of Share Options	Exercise Price \$	Expiry date
99,999	0.735	August 4, 2025
1,650,000	0.15	August 8, 2025
33,333	0.60	November 16, 2025
166,666	0.60	May 13, 2026
116,667	0.84	June 7, 2026
120,000	0.42	January 27, 2027
<b>2,186,665</b>		

The weighted average remaining life of the outstanding share options at December 31, 2023 was 1.79 years.

### 10. RELATED PARTY BALANCES AND TRANSACTIONS

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

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

On April 21, 2021, the Company entered into a Financial Advisory Services Agreement ("FAS Agreement") with Wawel Capital Corp. ("Wawel Capital"), a consulting firm which the Company's former CFO serves as a director, to provide financial advisory services to the Company, effective March 1, 2021, in consideration of \$240,000 per annum, payable quarterly with up to 50% of the quarterly payment eligible to be paid in common shares of the Company at a price per share equal to the discounted market price at the time of payment. Included in the agreement is a provision for a three-month payout in the event of a termination. On October 5, 2022, the CFO resigned and the agreement was terminated.

On May 15, 2021 and amended on June 3, 2021, the Company entered into an employment agreement with the CEO of the Company whereby the CEO will be paid an annual salary of \$80,000. Included in the agreement is a provision for a three-month payout in the event of a termination without notice. The employment agreement was amended on December 16, 2021, whereby the CEO resigned and maintained the position of the President of the Company. On October 5, 2022, the former CEO was reappointed as the Company's CEO. On March 1, 2023, the Company entered into a new employment agreement with the CEO whereby the CEO will be paid an annual salary of \$120,000. Additionally, the CEO will receive an annual bonus of \$120,000, payable in cash or shares, on the first and second anniversaries of the agreement. Included in the new agreement is a provision for a three-month payout in the event of a termination without notice.

On March 1, 2023, the Company entered into a consulting agreement with the CFO of the Company whereby the CFO will be paid \$10,000 per month until March 1, 2025, unless extended by mutual agreement. Additionally, the CFO will receive an annual bonus of \$120,000, payable in cash or shares, on the first and second anniversaries of the agreement.

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### 10. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

The Company incurred the following key management personnel costs from related parties:

	For the years ended December 31,	
	2023	2022
	\$	\$
Management fees, salaries, and consulting fees	426,116	392,000
Share-based compensation	101,122	290,645
	527,238	682,645

During the year ended December 31, 2022, the Company issued 300,000 common shares to Wawel Capital valued at \$110,000 (2021 – 100,000 shares valued at \$60,000), pursuant to the FAS Agreement, of which \$80,000 is included in management fees and salaries and \$30,000 was used to settle accounts payable for services rendered during the year ended December 31, 2021.

As at December 31, 2023, the Company owed \$599,253 (December 31, 2022 - \$302,450) to directors of the Company, companies controlled by directors of the Company, and the former CEO of the Company for expense reimbursements and unpaid management fees and bonuses.

As at December 31, 2023, the Company owed \$87,337 (December 31, 2022 - \$30,440) to a company controlled by the CFO for a loan payable (Note 8) and \$5,129 for related accrued interest.

### 11. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource properties. The Company is not subject to any externally imposed capital restrictions.

The Company considers the aggregate of its share capital, share subscriptions received, reserves, and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

### 12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The Company's financial instruments consist of cash, sales taxes receivable, accounts payable, and convertible debentures. The fair value of sales taxes receivable and accounts payables approximates their carrying values. Cash is measured at fair value using level 1 inputs. Convertible debentures are measured at fair value using level 3 inputs.

## **BATTERY X METALS INC. (formerly Straightup Resources Inc.)**

### **Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2023 and 2022**

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#### **12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)**

The Company is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives for growth and stakeholder returns. The principal risks to which the Company is exposed, and the actions taken to manage them, are described below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The risks associated with the Company's financial instruments and the policies on how to mitigate these risks are set out below.

##### **a) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's corporate office is based in Canada and all of the Company's assets and expenses are denominated in Canadian dollars. The Company does not have any significant foreign currency denominated monetary liabilities.

##### **b) Interest rate risk**

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company is not exposed to interest rate risk with its convertible debentures as they are not subject to floating interest rates.

##### **c) Credit risk**

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's cash is held in a large Canadian financial institution. The Company maintains certain cash deposits, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses on its cash deposits and believes it is not exposed to any significant credit risk on these deposits. The Company's sales tax receivable is due from the Government of Canada; therefore, the credit risk exposure is low.

##### **d) Liquidity risk**

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at December 31, 2023, the Company had a cash balance of \$51,577 to settle current liabilities of \$1,532,294. Liquidity risk is assessed as high.

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**13. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS**

	For the years ended December 31,	
	2023	2022
	\$	\$
Supplemental non-cash disclosures		
Shares issued pursuant to acquisition of exploration and evaluation assets	2,534,056	152,000
Shares issued for debt settlement	-	4,961
Shares issued for services rendered in a previous year	-	30,000
Warrants issued for share issuance costs	26,445	10,102
Warrants issued for exploration and evaluation assets	834,186	-
Reallocation of value of warrants included in units issued	-	250,000
Reallocation of value of warrants upon exercise	-	11,875
Reallocation of value of options upon exercise	-	98,524
Reallocation of value of options on forfeiture	207,074	164,475
Reallocation of value of warrants on expiry	128,507	31,613
Reallocation of value of flow-through share premium	-	20,000
Exploration and evaluation assets in accounts payable	1,976	131,467
Equity component of convertible loan	13,005	-

**14. SEGMENTED INFORMATION**

As of December 31, 2023, the Company has one operating segment, being the exploration of resource properties. Geographic information is as follows:

	For the year ended December 31, 2023		
	Canada	USA	Total
	\$	\$	\$
Exploration and evaluation assets	1,906,070	-	1,906,070

	For the year ended December 31, 2022		
	Canada	USA	Total
	\$	\$	\$
Exploration and evaluation assets	654,517	-	654,517

**15. INCOME TAXES**

The Company has losses carried forward of approximately \$3,940,000 available to reduce income taxes in future years which expire from 2038 to 2043.

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

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### 15. INCOME TAXES (continued)

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	2023	2022
	\$	\$
Loss for the year	(4,582,818)	(3,084,480)
Canadian statutory income tax rate	27.00%	27.00%
Expected income tax recovery at statutory rate	(1,237,000)	(833,000)
Tax effect of:		
Permanent differences and others	36,000	485,000
Change in unrecognized deferred income tax assets	1,201,000	348,000
Income tax recovery	-	-

The temporary differences that give rise to significant portions of the unrecognized deferred income tax assets are presented below:

	2023	2022
	\$	\$
Non-capital loss carry forwards	1,064,000	781,000
Capital losses	369,000	369,000
Convertible loan	(3,000)	-
Share issuance cost	37,000	55,000
Mineral properties	950,000	11,000
Unrecognized deferred tax assets	(2,417,000)	(1,216,000)
	-	-

### 16. SUBSEQUENT EVENTS

- a) In January 2024, the Company issued 4,271,500 units at a price of \$0.10 per unit for gross proceeds of \$427,150. Each unit will consist of one common share and one common Share purchase warrant. Each Warrant is exercisable into one common share at an exercise price of \$0.20 for a period of two years. In connection with private placement, the Company incurred \$6,732 in finders' fees and issued a total of 55,320 finders' units ("Finder Units"). Each Finder Unit comprises one common share in the capital of the Company and one transferable common share purchase warrant of the Company. Each warrant is exercisable to acquire an additional common share of the Company at a price of \$0.20 per warrant for a period of two years.
- b) In February 2024, the Company issued 1,172,000 units at a price of \$0.10 per unit for gross proceeds of \$117,200. Each unit will consist of one common share and one common share purchase warrant ("warrant"). Each Warrant is exercisable into one common share at an exercise price of \$0.20 for a period of two years. In connection with the private placement, the Company incurred \$344 in finders' fees.
- c) In February 2024, the Company entered into a consulting agreement with Pivotal CM ("Pivotal") for digital media campaigns and general business development. The total cost of the consulting service is \$200,000.
- d) In April 2024, the Company entered into a Share Exchange Agreement (the "Agreement") to acquire ownership in Li-ion Battery Renewable Technologies Inc. ("LIBRT"). Pursuant to the Agreement, the Company will issue 7,499,998 common shares of the Company to acquire a 49% interest in LIBRT.