

Vital Battery Metals Inc.

Condensed Interim Financial Statements

For the Six Months Ended August 31, 2022

(Expressed in Canadian Dollars)
(Unaudited)

NOTICE TO READER

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

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

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

Vital Battery Metals Inc.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at August 31, 2022	As at February 28, 2022
ASSETS		
Current assets		
Cash	\$ 634,776	\$ 878,070
Deferred financing costs	-	1,459
GST receivable	11,757	-
Prepaid expenses	6,537	-
Total current assets	653,070	879,529
Exploration and evaluation properties (Note 3)	952,500	50,000
TOTAL ASSETS	\$ 1,605,570	\$ 929,529
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 19,689	\$ 29,170
Share subscriptions refundable	-	11,800
TOTAL LIABILITIES	19,689	40,970
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	1,747,345	579,500
Subscriptions received in advance	600	339,845
Deficit	(162,064)	(30,786)
TOTAL SHAREHOLDERS' EQUITY	1,585,881	888,559
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,605,570	\$ 929,529

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 8)

Approved on behalf of the Board on October 28, 2022:

"Adrian Lamoureux"
Adrian Lamoureux, Director

"Trevor Doerksen"
Trevor Doerksen, Director

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

Vital Battery Metals Inc.

Condensed Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	For the three months ended August 31, 2022	For the six months ended August 31, 2022	From the date of incorporation on October 4, 2021 to February 28, 2022
Expenses			
Consulting fees	\$ 3,677	\$ 3,677	\$ -
Management fees (Note 5)	13,700	13,700	-
Office and miscellaneous	506	600	1,616
Professional fees (Note 5)	37,433	72,109	29,170
Regulatory fees	13,524	34,481	-
Transfer agent and filing fees	6,711	6,711	-
Total expenses	75,551	131,278	30,786
Net and comprehensive loss	\$ (75,551)	\$ (131,278)	\$ (30,786)
Loss per common share – basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding	24,533,842	23,716,921	7,914,627

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

Vital Battery Metals Inc.

Condensed Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Share Capital		Subscriptions Received	Deficit	Total
	Number	Amount			
Balance, October 4, 2021 (Date of Incorporation)	2	\$ -	\$ -	\$ -	\$ -
Shares issued for private placement (Note 4)	22,900,000	579,500	-	-	579,500
Subscriptions received for special warrants (Note 4)	-	-	339,845	-	339,845
Shares repurchased and cancelled (Note 4)	(2)	-	-	-	-
Net loss	-	-	-	(30,786)	(30,786)
Balance, February 28, 2022	22,900,000	\$ 579,500	339,845	\$ (30,786)	\$ 888,559
Shares issued for warrants exercised (Note 4)	3,000	600	-	-	600
Shares issued for exploration and evaluation properties (Note 4)	2,750,000	827,500	-	-	827,500
Shares issued for special warrants converted (Note 4)	3,397,450	339,745	(339,745)	-	-
Subscriptions refunded for special warrants (Note 4)	-	-	(100)	-	(100)
Subscriptions received in advance	-	-	600	-	600
Net loss	-	-	-	(131,278)	(131,278)
Balance, August 31, 2022	29,050,450	\$ 1,747,345	600	\$ (162,064)	\$ 1,585,881

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

Vital Battery Metals Inc.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	For the six months ended August 31, 2022	For the period from incorporation on October 4, 2021 to February 28, 2022
Operating activities		
Net loss for the period	\$ (131,278)	\$ (30,786)
Changes in working capital related to operating activities:		
GST receivable	(11,757)	-
Prepaid expenses	(6,537)	-
Accounts payable and accrued liabilities	(9,481)	29,170
Cash used for operating activities	(159,053)	(1,616)
Investing activities		
Exploration and evaluation expenditures	(75,000)	(50,000)
Cash used in investing activities	(75,000)	(50,000)
Financing activities		
Proceeds from private placement	-	579,500
Proceeds from warrants exercised	600	-
Subscriptions received (refunded) for special warrants	(100)	339,845
Subscriptions to be refunded	(11,800)	11,800
Subscriptions received in advance	600	-
Deferred financing costs	1,459	(1,459)
Cash from (used in) financing activities	(9,241)	929,686
Increase (decrease) in cash	(243,294)	878,070
Change in cash, being cash beginning of period	878,070	-
Change in cash, being cash end of period	\$ 634,776	\$ 878,070
Supplemental cash flows information:		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interests	\$ -	\$ -
Shares issued for exploration and evaluation properties	\$ 827,500	\$ -
Conversion of special warrants	\$ 339,745	\$ -

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

Vital Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended August 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature and Continuance of Operations

Vital Battery Metals Inc. (the “Company”) was incorporated in the Province of British Columbia on October 4, 2021. The Company changed its name from 1326985 B.C. Ltd. to Infinity West Capital Corp. on November 3, 2021 and further changed its name to Vital Battery Metals Inc. on January 7, 2022. The Company is listed on the Canadian Securities Exchange under the symbol “VBAM”. The Company’s principal business activities include the acquisition and exploration of mineral property assets in Canada. The Company’s registered and records office is Suite 6th Floor, 905 West Pender Street, Vancouver, BC.

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company’s continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with, loans from directors and companies controlled by directors and/or private placements of common share. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These condensed interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from the novel coronavirus (COVID-19). While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in the next 12 months. As of the date of these condensed interim financial statements, COVID-19 has had no impact on the Company’s ability to access and explore its current properties but may impact the Company’s ability to raise funding or explore its properties should travel restrictions related to COVID-19 be extended or expanded in scope.

2. Significant Accounting Policies

(a) Statement of Compliance to International Financial Reporting Standards

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board. These condensed consolidated interim financial statements do not contain all of the information required for full annual financial statements and should be read in conjunction with the Company’s audited financial statements for the period from incorporation on October 4, 2021 to February 28, 2022.

(b) Basis of Preparation

The condensed interim financial statements have been prepared on an accrual basis except for cash flow information and are based on historical costs modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted. The policies set out below were consistently applied to all periods presented unless otherwise noted.

Vital Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended August 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

2. Significant Accounting Policies (continued)

(c) Significant Judgments

The preparation of condensed interim financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

(d) Accounting standards issued but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim financial statements.

3. Exploration and evaluation property

	Vent Copper	Sting Copper	Total
	\$	\$	\$
Acquisition costs			
Balance, October 4, 2021	-	-	-
Additions	50,000	-	50,000
Balance, February 28, 2022	50,000	-	50,000
Additions	112,500	790,000	902,500
Balance, August 31, 2022	162,500	790,000	952,500

Vent Copper Property

On December 14, 2021, the Company entered into a property option agreement ("Option Agreement") to acquire the right to earn up to 100% interest in and to two contiguous mineral claims located in the Vancouver Island, B.C. known as the Vent Copper Property (the "Property"). Pursuant to the Option Agreement, the Company must satisfy the following:

- (a) Paying an aggregate of \$165,000 in cash as follows:
 - a. \$50,000 on or before the date that is ten calendar days after December 14, 2021 ("Effective Date") (paid);
 - b. \$35,000 on or before the date that is eight months after the Effective Date, or before the date that is ten calendar days after the date that the Company is publicly listed on an exchange (the "Listing Date"), whichever is earlier (paid);
 - c. \$30,000 on or before the date that is one calendar year after the Listing Date; and
 - d. \$50,000 on or before the date that is two calendar years after the Listing Date;

Vital Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended August 31, 2022

(Expressed in Canadian Dollars)

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3. Exploration and evaluation property (continued)

- (b) Issuing an aggregate of 800,000 common shares of the Company as follows:
- a. 250,000 common shares on or before the date that is ten calendar days after the Listing Date (issued) (Note 4);
 - b. 250,000 common shares on or before the date that is one calendar year after the Listing Date; and
 - c. 300,000 common shares on or before the date that is two calendar years after the Listing Date.
- (c) Incurring an aggregate expenditure of \$360,000 as follows:
- a. \$110,000 on or before the date that is one calendar year after the Listing Date; and
 - b. \$250,000 on or before the date that is two calendar years after the Listing Date.

The Property is subject to 3% Net Smelter Returns royalty.

Sting Copper Property

On August 22, 2022, the Company entered into a property option agreement (“Option Agreement”) to acquire the right to earn up to 100% interest in Sting Copper Property located 14km south of the town of Trout River in Newfoundland. Pursuant to the Option Agreement, the Company must satisfy the following:

- (d) Paying an aggregate of \$90,000 in cash as follows:
- a. \$40,000 upon signing of the agreement (paid); and
 - b. \$50,000 on or before the one-year anniversary of the signing of the agreement.
- (e) Issuing an aggregate of 5,000,000 common shares of the Company as follows:
- a. 2,500,000 common shares upon signing of the agreement (issued) (Note 4); and
 - b. 2,500,000 common shares on or before the one-year anniversary of the signing of the agreement.
- (f) Incurring an aggregate expenditure of \$625,000 as follows:
- a. \$250,000 on or before the one-year anniversary of the signing of the agreement; and
 - b. Additional expenditures of \$375,000 on or before the two-year anniversary of the signing of the agreement.

The optionors retain a 2% Net Smelter Returns royalty, of which the Company may purchase at any time one-half, being 1% for a price of \$1,500,000.

4. Share Capital

Authorized and issued

- The Company has authorized an unlimited number of common shares with no par value.
- 29,050,450 common shares issued and outstanding.

Vital Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended August 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

4. Share Capital (continued)

During the period from inception on October 4, 2021 to February 28, 2022, the Company issued the following shares:

- On October 4, 2021, the Company issued 2 common shares to the incorporators which shares were subsequently repurchased by the Company for cancellation.
- On November 23, 2021, the Company issued 4,500,000 common shares at \$0.005 per share for total proceeds of \$22,500.
- On December 13, 2021, the Company issued 12,100,000 common shares at \$0.02 per share for total proceeds of \$242,000.
- On January 7, 2022, the Company issued 6,300,000 units at \$0.05 per share for total proceeds of \$315,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at a price of \$0.10 per share for a period of three years following the issuance date.
- On July 21, 2022, 3,397,450 special warrants of the Company were converted into one unit of the Company, without additional payment, pursuant to the Company's shares trading on the Canadian Securities Exchange. Each unit consist of one common share of the Company and one share purchase warrant exercisable at an exercise price of \$0.20 for two years.
- On July 28, 2022, the Company issued 250,000 common shares valued at \$77,500 pursuant to the Vent Copper Property (Note 3).
- On August 25, 2022, the Company issued 3,000 common shares pursuant to the exercise of 3,000 share purchase warrants at an exercise price of \$0.20 per share for proceeds of \$600.
- On August 30, 2022, the Company issued 2,500,000 common shares valued at \$750,000 pursuant to the Sting Property (Note 3).

Share Purchase Warrants

	<u>August 31, 2022</u>		<u>February 28, 2022</u>	
	<u>Number of warrants</u>	<u>Weighted average exercise price</u>	<u>Number of warrants</u>	<u>Weighted average exercise price</u>
Warrants outstanding, beginning of period	6,300,000	\$ 0.10	-	\$ -
Warrants granted	3,397,450	0.20	6,300,000	0.10
Warrants exercised	(3,000)	0.20	-	-
Warrants cancelled	(6,300,000)	0.10	-	-
Warrants outstanding, end of the period	3,394,450	\$ 0.20	6,300,000	\$ 0.10

On June 27, 2022, 6,300,000 warrants with an exercise price of \$0.10 per share expiring on January 7, 2025 were transferred to the Company for nominal consideration and subsequently cancelled.

Vital Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

4. Share Capital (continued)

Details of warrants outstanding and exercisable at August 31, 2022 are as follows:

<u>Date of expiry</u>	<u>Exercise price</u>	<u>Number of warrants</u>	<u>Weighted average remaining contractual life, years</u>
July 21, 2024	\$0.20	3,394,450	1.89
		3,394,450	1.89

Special Warrants

During the period ended February 28, 2022, the Company received a total of \$339,845 related to 3,398,450 special warrants of the Company priced at \$0.10 per special warrant (the "Offering"). On March 24, 2022, the Company repurchased 1,000 special warrants by paying \$100 back to a certain investor. Each special warrant will be converted into one unit of the Company on the date that is the earlier of (i) the third business day after the date on which a receipt for a final prospectus, and (ii) the date that is one year following closing of the Offering. Each unit will consist of one common share of the Company and one share purchase warrant exercisable at an exercise price of \$0.20 for two years from the date the Company's shares commence trading on an exchange. On July 21, 2022, 3,397,450 special warrants were converted into one unit of the Company.

5. Related Party Transactions

During the six months ended August 31, 2022, the Company paid or accrued management fees of \$10,000 to the Chief Executive Officer of the Company.

During the six months ended August 31, 2022, the Company paid or accrued management fees of \$3,700 and professional fees of \$3,700 to the Chief Financial Officer of the Company.

During the period from incorporation on October 4, 2021 to February 28, 2022, there were no transactions with related parties.

Certain directors and/or officers participated in various private placements (Note 4).

6. Financial Instruments

(a) Categories of Financial Instruments and Fair Value Measurements

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.

Vital Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended August 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

6. Financial Instruments (continued)

The fair value of the Company's financial instruments, approximates their carrying amount due to their short-term maturities.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at August 31, 2022 and February 28, 2022 as follows:

August 31, 2022	Level 1	Level 2	Level 3	Total
Financial Instrument				
Cash	\$ 634,776	-	-	\$ 634,776

February 28, 2022	Level 1	Level 2	Level 3	Total
Financial Instrument				
Cash	\$ 878,070	-	-	\$ 878,070

(b) Management of Financial Risks

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company had no exposure to credit risk as the Company maintains all of its cash in a major bank. Accordingly, the Company has assessed credit risk as low.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to the capital markets is hindered. The Company has no source of revenue and has obligations to meet its administrative overheads and to settle amounts payable to its creditors. At August 31, 2022, the Company had \$634,776 (February 28, 2022 - \$878,070) in cash to settle current liabilities of \$19,689 (February 28, 2022 - \$40,970) and, as such, assessed liquidity risk as low.

Foreign Exchange Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The main currency to which the Company has exposure is the US dollar. The Company is exposed to currency risk to the extent of its accounts payable and accrued liabilities that are denominated in US dollars. The Company does not hedge its exposure to fluctuations in the related foreign exchange rates. The Company's exposure to currency risk is currently considered insignificant.

Vital Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended August 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

6. Financial Instruments (continued)

Interest rate risk

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

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no variable interest bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in battery metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

7. Capital Management

The Company defines its capital as working capital and shareholders' equity. The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent upon external financing. In order to carry future activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. The Company did not institute any changes to its capital management strategy since inception.

8. Subsequent Events

On September 27, 2022, the Company issued 3,000 common shares pursuant to the exercise of 3,000 share purchase warrants at an exercise price of \$0.20 per share for proceeds of \$600.