



**PATRIOT BATTERY METALS INC.
(FORMERLY GAIA METALS CORP.)**
Interim Condensed Consolidated Financial Statements
June 30, 2021 and 2020
(Expressed in Canadian dollars)

**Notice of No Auditor Review of Interim Condensed Financial
Statements**

The accompanying unaudited interim condensed financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these interim condensed 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 auditors.

August 23, 2021



PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)
Consolidated Statements of Financial Position
 (Expressed in Canadian dollars)

	Notes	June 30, 2021 Unaudited	March 31, 2021 Audited
ASSETS			
Current assets			
Cash and cash equivalents	4	\$ 2,997,409	\$ 149,554
Amounts receivable	5	19,392	4,132
Prepaid expenses	6	28,066	6,054
		3,044,867	159,740
Exploration and evaluation properties	7	4,306,686	4,206,075
Total assets		\$ 7,351,553	\$ 4,365,815
SHAREHOLDERS' EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	\$ 356,844	\$ 113,876
Promissory note payable	7	40,000	40,000
Total liabilities		396,844	153,876
Shareholders' equity			
Share capital	9	14,362,634	11,491,737
Reserves	9	1,719,564	1,607,953
Deficit		(9,127,489)	(8,887,751)
Total equity		6,954,709	4,211,939
Total shareholders' equity and liabilities		\$ 7,351,553	\$ 4,365,815

Corporate Information and Going Concern (Note 1), Commitments (Note 14), and Events after the Reporting Period (Note 15)

APPROVED ON BEHALF OF THE BOARD on August 23, 2021:

"Todd Hanas"

Director

"Paul Chung"

Director

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



PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)
Interim Condensed Consolidated Statements of Loss and Comprehensive loss
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Notes	Three months ended	
		June 30, 2021	June 30, 2020
Expenses			
Business development	15	\$ 40,841	\$ 2,195
Consulting	13	34,500	12,289
Management and administration fees	13	81,591	39,324
Office and miscellaneous		2,304	3,191
Professional fees		45,941	3,348
Rent		3,260	4,498
Transfer agent and filing fees	9	27,449	1,975
Travel		3,912	2,727
Net loss for the year before other items		(239,798)	(69,547)
Other items			
Interest income		61	7
Net loss and comprehensive loss for the year		\$ (239,737)	\$ (69,540)
Loss per common share			
Basic and diluted	10	\$ (0.02)	\$ (0.01)

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



PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)
Interim Condensed Consolidated Statements of Changes in Equity
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Number of shares ¹	Share capital	Subscriptions received	Reserves	Deficit	Total
Balances, March 31, 2020	4,929,605	\$ 9,811,299	\$ -	\$ 1,206,537	\$ (8,112,703)	\$ 2,905,133
Subscriptions received	-	-	60,000	-	-	60,000
Net loss and comprehensive loss for the period	-	-	-	-	(69,540)	(69,540)
Balances, June 30, 2020	4,929,605	9,811,299	\$ 60,000	\$ 1,206,537	\$ (8,182,243)	\$ 2,895,593
Balances, March 31, 2021	10,897,605	\$ 11,491,737	\$ -	\$ 1,607,953	\$ (8,887,751)	\$ 4,211,939
Shares issued for: Cash	23,182,000	3,709,120	-	-	-	3,709,120
Subscription's receivable	-	(651,200)	-	-	-	(651,200)
Cash finders' fees	-	(75,412)	-	-	-	(75,412)
Finders' warrants	-	(111,611)	-	111,611	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(239,737)	(239,737)
Balances, June 30, 2021	34,079,605	\$ 14,362,634	\$ -	\$ 1,719,564	\$ (9,127,488)	\$ 6,954,710

¹Number of shares are adjusted for the share consolidation of one post-consolidated share for every 3 pre-consolidated share on June 7, 2021.

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



PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)
Interim Condensed Consolidated Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Three months ended June 30,	
	2021	2020
OPERATING ACTIVITIES		
Net loss for the year	\$ (239,737)	\$ (69,540)
Adjustments for:		
Interest income accruals	(21)	(7)
Changes in non-cash working capital items		
Decrease (increase) in amounts receivable	(15,237)	86
Increase (decrease) in trade payables and accrued liabilities	242,967	5,652
Decrease in prepaid expenses	(22,012)	(4,758)
Cash used in operating activities	(34,042)	(68,567)
INVESTING ACTIVITIES		
Exploration and evaluation property expenditures	(100,611)	-
Cash used in investing activities	(100,611)	-
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	3,057,920	-
Subscriptions received	-	60,000
Share issuance costs-cash	(75,412)	-
Cash provided by financing activities	2,982,508	60,000
Increase in cash and cash equivalents	2,847,855	(8,567)
Cash and cash equivalents, beginning of year	149,554	255,889
Cash and cash equivalents, end of year	\$ 2,997,409	\$ 247,322

Supplemental cash flow information (Note 13)

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

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

1. CORPORATE INFORMATION

Patriot Battery Metals Inc. (formerly Gaia Metals Corp.) (the “Company” or “Patriot”) was incorporated on May 10, 2007 under the British Columbia Business Corporations Act. The principal business of the Company and its subsidiaries is the identification, evaluation and acquisition of exploration and evaluation properties, as well as exploration of those properties once acquired. The Company is domiciled in Canada and is a reporting issuer in British Columbia and Alberta. The address of its head office and records office is Suite 700-838 W Hastings Street Vancouver, BC V6C 0A6. The Company has mineral properties in British Columbia, Northwest Territories, Quebec, and Idaho, USA.

On October 17, 2019, the Company’s common shares were consolidated on a ten old for one new share basis and the Company’s name was changed from 92 Resources Corp. to Gaia Metals Corp. On the same date, the shares of the Company commenced trading on TSXV on a consolidated basis under the stock symbol “GMC”.

On June 7, 2021, the Company’s common shares were consolidated on the basis of one (1) new share for every three (3) old shares and the Company’s name was changed from Gaia Metals corp. to Patriot Battery Metals Inc. On June 10, 2021, the shares of the Company commenced trading on CSE on a consolidated basis under the stock symbol “PMET”.

As at June 30, 2021, the Company has not yet determined whether the properties contained ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation properties 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 future profitable production from the properties or realizing proceeds from their disposition.

For the period ended June 30, 2021, the Company incurred a net loss of \$239,737 (2020 – \$69,540). As at June 30, 2021, the Company had an accumulated deficit of \$9,127,488 which has been funded by the issuance of equity (2020 – \$8,887,751). The Company’s ability to continue its operations and to realize its assets at their carrying values are dependent upon obtaining additional financing sufficient to cover its operating costs.

In order to meet exploration expenditure requirements and option payment and compliance obligations, the Company may need to seek additional sources of equity financing or debt financing. There is no assurance these activities will be successful. If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern as described. These consolidated financial statements (the “Financial Statements”) do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying Financial Statements.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

1. CORPORATE INFORMATION (continued)

To the date of this report, the spread of COVID-19 pandemic has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. As at the date of this report, the Company's exploration activities were still reduced by the restrictions imposed due to the COVID-19.

2. BASIS OF PREPARATION

2.1 Basis of presentation

The Financial Statements include the accounts of the Company and Metals Nevada Corp. ("Metals Nevada"), the US subsidiary of the Company incorporated on March 2, 2021. The subsidiary was inactive during three months ended June 30, 2021.

On September 10, 2012, the Company incorporated a wholly owned subsidiary, Petro Grande Energy Inc., which has been inactive and was dissolved during the year ended March 31, 2021. The comparative Financial Statements include the accounts of the Company and its previously wholly-owned subsidiary, Petro Grande Energy Inc. All material inter-company balances and transactions have been eliminated upon consolidation.

The Company's Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 12, and are presented in Canadian dollars except where otherwise indicated. The functional currency of Metals Nevada is U.S. Dollars. The assets and liabilities of Metals Nevada are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their income and expense items are translated at average exchange rates for the period. Exchange differences arising on the translation are recognized in other comprehensive income. These Financial Statements are presented in Canadian dollars, which is the Company's functional currency.

2.2 Statement of compliance

The condensed interim consolidated financial statements of the Company, including comparative disclosure, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), and in accordance with the same accounting policies and methods of computation as compared with the most recent annual financial statements, being for the year ended March 31, 2021.

These Financial Statements were approved and authorized for issue in accordance with a resolution from the Board of Directors on August 23, 2021.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

2.3 Adoption of new and revised standards and interpretations

The IASB issued a number of new and revised IASs, International Financial Reporting Standards (“IFRS”), amendments and related IFRICs which are effective for the Company’s financial year beginning on April 1, 2020. The Company has adopted all the following new standards relevant to the Company for the three months ended June 30, 2021.

- IFRS 10 ‘Consolidated Financial Statements’ amendments relate to sale or contribution of assets between and investor and its associate or joint venture and are applicable for annual periods beginning on or after a date to be determined by the IASB.
- IAS 1 ‘Presentation of Financial Statements’ (“IAS 1”) and IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The adoption of the above standards did not have a material impact on the Company’s Financial Statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant accounting judgments, estimates and assumptions

The preparation of these 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:

Critical accounting estimates

- i. the inputs used in accounting for share-based payment expense in profit or loss;
- ii. the assessment of indications of impairment of exploration and evaluation properties and related determination of net realizable values and write-down of the properties where applicable;
- iii. the assessment of the amount of decommissioning liabilities;
- iv. expected future tax rates used in the deferred income tax disclosures.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)
Notes to the Interim Condensed Consolidated Financial Statements
As at and for the period ended June 30, 2021
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

3.1 Significant accounting judgments, estimates and assumptions (continued)

Critical accounting judgments

- i. the determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management;
- ii. the determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets; and
- iii. the determination of the Company's ability to continue as a going concern.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash and liquid investments, which are readily convertible into cash with maturities of three months or less when purchased. The Company's cash and cash equivalents are invested with major financial institutions and are not invested in any asset-backed deposits or investments.

3.3 Prepaid expenses

Prepaid expenses consist of expenditures paid for future services which will occur within one year. Prepaid expenses include cash prepayments for management services, rent expense, and transfer agent fees which are being amortized over the terms of their respective agreements.

3.4 Exploration and evaluation properties

All costs related to the acquisition, exploration and development of exploration and evaluation properties ("E&E assets") 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 properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if (1) the property has been abandoned; (2) there are unfavorable changes in the property economics; (3) there are restrictions on development; or (4) 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 exploration and evaluation 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 exploration and evaluation properties contain economically recoverable reserves. Amounts capitalized to exploration and evaluation properties as exploration and development costs do not necessarily reflect present or future values. When options are granted on exploration and evaluation properties or when 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.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)
Notes to the Interim Condensed Consolidated Financial Statements
As at and for the period ended June 30, 2021
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

3.4 Exploration and evaluation properties (continued)

Government grants related to exploration and evaluation properties

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions and requirements of the approved grant program and there is reasonable assurance that the grant will be received. Government grants are recorded as a reduction of carrying value of the exploration and evaluation properties acquired and shall be amortized to profit or loss as a reduced depreciation expense.

3.5 Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regards to previous years.

Taxes on income in the periods are accrued using the tax rate that would be applicable to expected total annual earnings. The tax rate used is the rate that is enacted or substantively enacted.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

3.6 Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of an exploration and evaluation property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

3.6 Decommissioning, restoration and similar liabilities (continued)

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

3.7 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 payment reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payment reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

3.8 Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the year. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

3.9 Share issue costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

3.10 Warrants issued in equity financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants.

Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are accounted for using the residual method, following an allocation of the unit price to the fair value of the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

3.11 Flow-through shares

Current Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the Company assigns the tax deductions arising from the related resource expenditures to the shareholders. The issue of flow-through shares is in substance an issue of ordinary shares and the sale of tax deductions. At the time the Company issues flow-through shares, the sale of tax deductions is deferred and presented as other liabilities in the statement of financial position to recognize the obligation to incur and renounce eligible resource exploration and evaluation expenditures. The tax deduction is measured as the difference between the current market price of the Company's common shares and the issue price of the flow-through share. Upon incurring and renouncing eligible resource exploration and evaluation expenditures, the Company recognizes the sale of tax deductions as a tax deduction recovery on the statement of comprehensive loss and reduces the other liability.

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.

3.12 Impairment of non-financial assets

At the end of each reporting period, the Company assesses each cash-generating unit to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

3.12 Impairment of non-financial assets (continued)

When impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3.13 Financial assets

At initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (“FVTOCI”) or fair value through profit or loss (“FVTPL”). Financial assets are recognized initially at fair value, unless they are trade receivables that do not contain a significant financing component in accordance with IFRS 15, which shall be measured at their transaction price. The subsequent measurement of financial assets depends on their classification based on both the Company’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets as follows:

Amortized Cost

The financial asset is subsequently measured at amortized cost if both the financial asset is held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset. Amounts receivable are included in this category of financial assets.

Financial Assets at FVTOCI

The financial asset is subsequently measured at FVTOCI if both the financial asset is held within a business model whose objectives achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding or if an irrevocable election was made for certain equity instruments at initial recognition. After initial recognition, the financial assets are measured at fair value, with gains or losses recognized within other comprehensive income except for impairment gains (losses) and foreign exchange gain (losses). Accumulated changes in fair value are recorded as a separate component of equity until the financial asset is derecognized, at which point, they are reclassified from equity to profit or loss as a reclassification adjustment. Transaction costs are included in the initial carrying amount of the asset. The Company does not have any assets measured at FVTOCI.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

3.13 Financial assets (continued)

Financial Assets at FVTPL

A financial asset shall be measured at FVTPL if it is not measured at amortized cost or at FVTOCI. If the financial asset that would otherwise be measured at FVTPL is not acquired or incurred principally for the purpose of selling or repurchasing it in the near term, not part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or a derivative, the Company may make an irrevocable election at initial recognition to present subsequent fair value changes of the equity instrument in OCI. Transaction costs associated with financial assets at FVTPL are expensed as incurred. These assets are carried at fair value with gains or losses recognized in profit or loss. Cash and cash equivalents are included in this category of financial assets.

3.14 Impairment of financial assets

The Company shall recognize a loss allowance for expected credit losses on financial assets measured at amortized cost or FVTOCI, a lease receivable, a contract asset or a loan commitment. If the credit risk on the financial instrument has increased significantly since initial recognition, the loss allowance shall be measured at an amount equal to the lifetime expected credit losses, otherwise, it shall be measured at an amount equal to the 12-month expected credit losses.

3.15 Financial liabilities

At initial recognition, financial liabilities are classified as financial liabilities measured at amortized cost unless they are financial liabilities at FVTPL (including derivatives that are liabilities), financial liabilities that arise when a transfer of financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market rate or contingent consideration recognized by an acquirer in a business combination. Financial liabilities are recognized initially at fair value. Transaction costs directly attributable to the issue of a financial liability are included in the initial carrying value of financial liabilities if they are not measured at FVTPL. The subsequent measurement of financial liabilities depends on their classification, as follows:

Financial Liabilities Measured at Amortized Cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Accounts payables and promissory note payable are included in this category of financial liabilities.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)
Notes to the Interim Condensed Consolidated Financial Statements
As at and for the period ended June 30, 2021
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

3.15 Financial liabilities (continued)

Financial Liabilities at FVTPL

Financial liabilities are carried at fair value with gains or losses recognized in net income (loss). Where the financial liability is designated as at FVTPL, only the amount of change in the fair value of the financial liability that is attributable to the changes in the credit risk of that liability shall be presented in OCI and the remaining amount of changes in fair value presented in profit or loss. Transaction costs on financial liabilities at FVTPL are expensed as incurred. The Company does not have any liabilities measured at FVTPL.

Other Financial Liabilities

The Company does not hold or have any exposure to derivative instruments, financial liabilities that arise when a transfer of financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market rate or contingent consideration recognized by an acquirer in a business combination.

3.16 De-recognition of financial assets and liabilities

Financial assets are derecognized when the contractual rights to receive cash flows from the assets expire or, the financial assets are transferred, and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received, including any new asset obtained less any new liability assumed, is recognized in profit or loss. Where a transfer does not result in a derecognition due to continuing involvement, the Company shall continue to recognize the transferred asset and recognize a financial liability of the consideration received.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

4. CASH AND CASH EQUIVALENTS

As at June 30, 2021, a total amount of \$11,605 (March 31, 2020 - \$11,500) is secured against the Company's credit cards and held in a Guaranteed Investment Certificate ("GIC") (Note 5). The GIC earns interest at prime rate minus 2.25%.

5. AMOUNTS RECEIVABLE

The Company's amounts receivable arises from Goods and Services Tax ("GST") and Quebec Sales Tax ("QST") due from the government taxation authorities and accrued interest calculated on the GIC (Note 4).

6. PREPAID EXPENSES

The Company's prepaid expenses are as follows:

	June 30, 2021	March 31, 2021
Prepaid management fees	\$ 17,696	\$ -
Prepaid rent	2,480	2,480
Prepaid transfer agent and filing fees	7,890	2,877
Others	-	697
Total	\$ 28,066	\$ 6,054

Prepaid management fees consist of \$10,848 paid to the CEO and \$6,848 paid to a company controlled by the CFO (March 31, 2021 – \$Nil) (Note 12).

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION PROPERTIES

The Company's exploration and evaluation properties expenditures for the three months ended June 30, 2021 are as follows:

	Freeman Creek Property	Hidden Lake Lithium Property	Pontax Lithium Property	Golden Silica Property	Quebec Properties	Silver Sands Vanadium	Total
ACQUISITION COSTS							
Balance, March 31, 2021	\$ 869,409	\$ 177,223	\$ 417,500	\$ 150,000	\$ 281,580	\$ 12,643	\$ 1,908,355
Additions	-	-	-	-	-	-	-
Balance, June 30, 2021	\$ 869,409	\$ 177,223	\$ 417,500	\$ 150,000	\$ 281,580	\$ 12,643	\$ 1,908,355
EXPLORATION AND EVALUATION COSTS							
Balance, March 31, 2021	\$ 670,420	\$ 551,474	\$ 188,365	\$ 165,364	\$ 719,964	\$ 2,133	\$ 2,297,720
Additions	34,595	-	10,733	-	55,284	-	100,612
Balance, June 30, 2021	\$ 705,015	\$ 551,474	\$ 199,098	\$ 165,364	\$ 775,248	\$ 2,133	\$ 2,398,332
Total, June 30, 2021	\$ 1,574,424	\$ 728,697	\$ 616,598	\$ 315,364	\$ 1,056,828	\$ 14,776	\$ 4,306,686

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

The Company's exploration and evaluation properties expenditures for the year ended March 31, 2021 are as follows:

	Freeman Creek Property	Hidden Lake Lithium Property	Pontax Lithium Property	Golden Silica Property	Quebec Properties	Silver Sands Vanadium	Total
ACQUISITION COSTS							
Balance, March 31, 2020	\$ -	\$ 177,223	\$ 417,500	\$ 150,000	\$ 281,580	\$ 12,643	\$ 1,038,946
Additions	869,409	-	-	-	-	-	869,409
Balance, March 31, 2021	\$ 869,409	\$ 177,223	\$ 417,500	\$ 150,000	\$ 281,580	\$ 12,643	\$ 1,908,355
EXPLORATION AND EVALUATION COSTS							
Balance, March 31, 2020	\$ -	\$ 551,474	\$ 188,243	\$ 165,364	\$ 719,964	\$ 2,133	\$ 1,627,178
Additions	670,420	-	122	-	-	-	670,542
Balance, March 31, 2021	\$ 670,420	\$ 551,474	\$ 188,365	\$ 165,364	\$ 719,964	\$ 2,133	\$ 2,297,720
Total, March 31, 2021	\$ 1,539,829	\$ 728,697	\$ 605,865	\$ 315,364	\$ 1,001,544	\$ 14,776	\$ 4,206,075

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

7.1 Hidden Lake Lithium Property

On February 16, 2016, and as amended on November 27, 2017, the Company entered into an Agreement (the “Agreement”) with arm’s length parties for an option to acquire interest in two mineral claims located northeast of Yellowknife, Northwest Territories. Under the terms of the Agreement, the Company earned 100% interest by way of issuing 133,333 common shares (400,000 pre-consolidation) valued at \$380,000, cash of \$85,000, and total exploration expenditures of \$500,000.

The Hidden Lake Property is subject to 2% Net Smelter Royalty with respect to the production of all material from the property, 1% of which can be purchased back from an arm’s length party by the Company within 5 years of the regulatory approval (April 26, 2016) for \$2,000,000 (the “Royalty”).

Joint Venture with Far Resources Ltd.

On January 22, 2018, the Company entered into an agreement to option out up to 90% of their interest in the Hidden Lake Property to Far Resources Ltd. (“Far”) (the “Hidden Lake Option Out Agreement”), except for the Royalty. On May 16, 2019, Far had formally notified the Company of its intention to terminate its remaining earn-in for the Hidden Lake Property, originally announced on January 22, 2018. Under the terms of the new agreement, a joint venture between the companies will be formed for future exploration of the property. Far maintains a 60-percent interest earned through satisfying the year 1 conditions of the Option Agreement and the Company maintains a 40-percent interest in Hidden Lake. Far will remain as Operator and is responsible for financing the Joint Venture's initial \$1 million in expenditures. As of the date of this report, no JV agreement has been completed yet.

7.2 Pontax Lithium - Gold Property

On July 25, 2016, and as amended on November 27, 2017, the Company entered into an agreement (the “Pontax Agreement”) with arm’s length parties for an option to acquire 100% interest in 104 mineral claims near Eastmain, Quebec by way of issuing 1,000,000 common shares (3,000,000 pre-consolidation) valued at \$360,000 and cash of \$50,000.

Regulatory approval for the Pontax Agreement was obtained on September 20, 2016. The Pontax Agreement is subject to a 3% Net Smelter Royalty (“NSR”). The Company can purchase 1.5% NSR within 5 years of regulatory approval by paying \$2,000,000 to arm’s length party.

The Company has since reduced its land position with the Pontax Property now comprised of 80 claims totaling 4,257.2 hectares.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

7.3 Golden Silica Property (formerly referred to as “ZimFrac” or “Golden Frac Sand”)

On January 27, 2014, the Company entered into a sale and purchase agreement (the “ZimFrac Agreement”) with arm’s length parties (collectively, the “Vendors”) and purchased from the Vendors a 100% interest in certain silica claims located near Golden, BC (the “ZimFrac Property”). In consideration, the Company issued 13,333 common shares (40,000 pre-consolidation) (6,667 common shares or 20,000 pre-consolidation to each one of two arm’s length parties issued on February 6, 2014), subject to a 2% Net Smelter Royalty (“NSR”). The Company also issued 4,000 common shares in 2014 with a fair value of \$2.50 per share as a finder’s fee.

The Company can purchase up to 1% NSR by paying an aggregate sum of \$1,000,000 (\$500,000 to each one of two arm’s length parties).

The ZimFrac Agreement received regulatory approval on February 6, 2014.

On March 3, 2017, the Company entered into an agreement (the “Golden Frac Sand Agreement”) with arm’s length parties to purchase a 100% interest in certain mineral claims located near Golden, BC (the “Golden Frac Sand Property”) to expand the size of the ZimFrac Property. In consideration, the Company paid \$40,000.

The property has a Gross Over-Riding Royalty (“GORR”) of 2% payable to arm’s length party in the revenue from the sale of the production. The Company can purchase 1% of the GORR for \$2,000,000 at any time.

7.4 Quebec Properties

On September 18, 2017, the Company entered into an agreement (the “Quebec Properties Agreement”) with arm’s length parties for an option to acquire interest in 115 mineral claims in the Eastmain Property, Lac Du Beryl Property and Corvette Property, located in the James Bay Region, Quebec. Under the terms of the Agreement, the Company earned 100% interest by way of 50,000 share purchase warrants (150,000 pre-consolidation) issued and cash of \$45,000 to an arm’s length party.

The Quebec Properties Agreement is subject to a 2% Net Smelter Return with respect to the production of all materials from the properties.

Since the initial property agreement, the Lac du Beryl Property had been expanded to comprise an additional 12 claims; however, these 12 claims were allowed to lapse in early 2020 and the Property is currently comprised of the original 18 claim block.

The Eastmain Property has recently been reduced to 13 claims, down from the original 21 claims at the time of the Agreement.

The Corvette Property has since been expanded and is now comprised of 172 claims totaling 8,808 hectares, forming one contiguous claim block.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

7.4 Quebec Properties (continued)

FCI Property (East and West blocks)

On September 4, 2018, the Company entered into an Option Agreement (the “Agreement”) with Osisko Mining Inc. (“Osisko”) to acquire up to a 75% interest in 28 mineral claims (“FCI East”) directly adjoining the Company’s 100% owned Corvette Property. Under the terms of the Agreement, the Company would earn an initial 50% interest as follows:

	Common Shares*	Work exploration expenditures
	#	\$
Upon closing date of the Agreement (issued) (September 14, 2018)	33,333	-
On or before the 1 st anniversary date of closing (issued) (September 14, 2019)	33,334	250,000
<i>To earn an initial 25% undivided interest</i>		
On or before the 2 nd anniversary date of closing (November 3, 2021, as amended)	-	800,000
<i>To earn an additional 25% undivided interest (50% interest in total)</i>		
On or before the 3 rd anniversary date of closing (November 3, 2022, amended – Note 16)	-	1,200,000
Total	66,667	2,250,000

*Shares were adjusted to reflect share consolidation on June 7, 2021

Osisko will act as Operator of the FCI Property for the term of the 50% earn-in, with a Steering Committee of equal representation formed to provide advice and direction to the Operator. Upon completion of the 50% earn-in (September 14, 2021), a Joint Venture Corporation will be formed with the Company retaining an Option to acquire a further 25% interest, for a total of 75% undivided interest, through funding of the next \$2,000,000 in exploration expenditures. The Company may become Operator upon notice to Osisko that it intends to incur the \$2,000,000 in work expenditures for a final undivided interest of 75%. Osisko’s remaining 25% interest may be further reduced through dilution if they elect to not fund their portion of subsequent exploration/development. If ownership falls below 10%, Osisko will have the right to convert this remaining interest into a 1% Net Smelter Royalty (NSR), of which, the Company retains the right to buy for \$5,000,000, and thereby, would obtain a 100% undivided interest in the FCI Property.

On April 24, 2019, the Company and Osisko entered into an amended agreement to include an additional 83 claims (“FCI West”) under the same terms and conditions as the original agreement. No additional shares, cash, or work commitment is required by the Company, apart from general claim maintenance (i.e. renewal fees). Therefore, the FCI Property (East and West blocks) is currently comprised of 5,687 hectares over 111 claims.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

7.4 Quebec Properties (continued)

Subsequent to the Agreement, the FCI Property was included in a corporate restructuring and spin-out of assets from Osisko into a new public company called O3 Mining Inc. (“O3 Mining”). The FCI Agreement was transferred from Osisko to O3 Mining at this time. Therefore, O3 Mining is now the Optionor and Operator of the Property and all other terms and conditions of the Agreement remaining unchanged.

During the year ended March 31, 2020, the Company provided a total of \$297,701 (total from the start cumulative of \$412,448) as cash call to Osisko/O3 Mining. As of March 31, 2020 and 2021, total expenditures amounted to \$412,448 (payable to Osisko/O3 Mining amounted to \$3,693 as at March 31, 2020 and 2021). Both parties have completed sufficient work expenditures to satisfy Year 1 of the Agreement. On September 19, 2019, the Company issued 33,333 common shares (100,000 pre-consolidation) at \$0.03 per share.

On July 6, 2020, the Company declared Force Majeure on the FCI Property due to COVID-19 and the agreement was paused for a period of approximately 50 days, resulting in a revised Anniversary Date of November 5, 2020, for Year 2.

On November 3, 2020, the Company declared Force Majeure due to COVID-19 and engaged with O3 Mining to work with respect to the FCI Property Option Agreement.

On January 26, 2021, the Company and O3 Mining finalized an agreement whereby the second anniversary expenditure amount of \$800,000 for the FCI Property with an original deadline of November 3, 2020 was further extended to November 3, 2021. Additionally, the Company issued 166,667 common shares (500,000 pre-consolidation) to O3 on February 25, 2021, and the Year 2 Anniversary Date was changed to November 3, 2021 (Note 9).

7.5 Silver Sands Vanadium Property

On November 13, 2018, the Company entered into an agreement with an arm’s length party to acquire 100% interest in Silver Sands Vanadium Property (the “Silver Sands”), located in the Pine Pass area of eastern British Columbia. Silver Sands covers 3,735 hectares directly east of the Pine Pass Vanadium Property held by Ethos Gold Corp., which is located about 200 km north of Prince George, British Columbia.

Pursuant to the agreement, the Company acquired a 100% interest in Silver Sands by paying staking costs of \$15,000. The vendor will retain a 2% Net Smelter Return on the Property.

As at June 30, 2021, the Company has incurred \$14,776 (March 31, 2021 – \$14,776) in mineral expenditures pursuant to the agreement.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

7.6 Freeman Creek Property

On June 4, 2020, the Company entered into an agreement with an arm's length party to acquire a 100% interest in the Freeman Creek Property ("Freeman Creek"). Freeman Creek consists of 76 claims covering approximately 599 hectares located on Bureau of Land Management lands within Idaho, USA.

Under the terms of the Agreement, the Company may acquire a 100% interest in Freeman Creek by paying a total of \$90,000, issuing an aggregate 1,333,333 common shares (4,000,000 pre-consolidation) and 666,667 transferable common share purchase warrants (2,000,000 pre-consolidation), exercisable at \$0.30 per share (\$0.10 pre-consolidation) and expiring three years from issuance. Terms of the agreement are:

	Options*	Common shares*	Cash
	#	#	\$
Upon closing (paid)	-	-	10,000 ⁽¹⁾
Upon regulatory approval on August 12, 2020 (issued and paid)	333,333 ⁽²⁾	666,666 ⁽²⁾	40,000 ⁽¹⁾
Upon one-year anniversary of regulatory approval (August 12, 2021) (issued and paid)	333,334 ⁽⁴⁾	666,667 ⁽⁴⁾	40,000 ⁽³⁾
Total	666,667 ⁽²⁾	1,333,334 ⁽²⁾	90,000

⁽¹⁾ Paid to three arm's length parties

⁽²⁾ Issued to three arm's length parties. The warrants expire August 12, 2023.

⁽³⁾ Paid on August 12, 2021 (Note 17).

⁽⁴⁾ Issued to three arm's length parties. The warrants expire March 23, 2024.

*Warrants and shares were adjusted to reflect share consolidation on June 7, 2021.

In the event that a gold equivalent resource of more than 1 million ounces is outlined within a NI 43-101 Resource Estimate on the Property, the Company shall pay \$1,000,000, payable in shares or cash or a combination of both, at the Company's discretion. In the case of a share issuance, the shares shall be issued at a price using the average market price of the previous 30 trading days preceding the share issuance.

The vendors shall retain a 2.5% Net Smelter Return royalty on the Property, of which the Company shall have the right to purchase half (1.25%) for \$1,500,000.

On March 3, 2021, the Company amended the Freeman Creek Option agreement to accelerate the due date for the issuance of the 333,333 warrants (1,000,000 pre-consolidation) and 666,667 common shares (2,000,000 pre-consolidation) from August 12, 2021, to March 23, 2021. These warrants and shares were issued on March 23, 2021. In addition, a promissory note payable in the amount of \$40,000 was issued on March 3, 2021, and is due on or before August 12, 2021. The Company paid the promissory note on August 12, 2021 (Note 17). Pursuant to the issuance of the shares and warrants, the Company is deemed to have exercised the Option and have earned a 100% interest in and to the Property which will vest to the Company, subject to the NSR Royalty.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are principally comprised of amounts outstanding for trade purchases relating to administrative activities and some mineral property expenditures. The usual credit period taken for trade purchases is between 30 to 90 days. As at June 30, 2021, the Company had \$ 247,048 (March 31, 2021 – \$19,175) in accounts payable and \$109,796 (March 31, 2021 – \$94,701) in accrued liabilities relating to the following:

	June 30, 2021	March 31, 2021
Management fees (Note 12)	\$ 40,000	\$ 64,500
Professional fees	36,672	33,616
Others (Note 12)	280,171	15,760
Total	\$ 356,843	\$ 113,876

As at June 30, 2021, the Company has \$40,000 (March 31, 2021 – \$68,404) due to the related parties reported as part of accounts payable and accrued liabilities (Note 12).

9. SHARE CAPITAL

As at June 30, 2021, there were 34,079,605 issued and fully paid common shares (March 31, 2021 – 10,897,605) outstanding.

	Number of shares¹	Share capital
Balance, March 31, 2020	4,929,605	\$ 9,811,299
Shares issued for:		
Cash	3,680,000	963,000
Mineral Properties	1,500,000	555,000
Warrants exercised	788,000	256,327
Share issuance costs	-	(93,889)
Balance, March 31, 2021	10,897,605	\$ 11,491,737
Shares issued for:		
Cash	23,182,000	3,709,120
Subscriptions receivable	-	(651,200)
Cash Finders' fees	-	(75,412)
Finders' warrants	-	(111,611)
Balance, June 30, 2021	34,079,605	\$ 14,362,634

¹Number of shares are adjusted for the share consolidation of one post-consolidated share for every 3 pre-consolidated share on June 7, 2021.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

9.1 Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

As at June 30, 2021, the Company had 34,079,605 common shares outstanding (March 31, 2021 – 10,897,605).

9.2 Share issuances

During the three months ended June 30, 2021 the Company issued common shares as follows:

On June 30, 2021, the Company completed a private placement for gross proceeds of \$3,709,120 (subscription receivable of \$651,200). The Company issued 23,182,000 units (post share-consolidation) at a price of \$0.16 per unit. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.25 for a period of 24 months from the closing date.

On June 7, 2021, the Company completed a share consolidation on one (1) post-consolidated share for every three (3) pre-consolidated shares. At June 7, 2021, the Company have 10,897,605 common shares issued and outstanding post consolidation. The number of shares, warrants and stock options shown in these consolidated financial statements are on a post-consolidation basis.

During the year ended March 31, 2021 the Company issued common shares as follows:

On July 17, 2020, the Company closed a non-brokered private placement, pursuant to which the Company issued units 2,680,000 (Pre consolidation 8,040,000) at a price of \$0.225 per unit (.075 pre consolidation) for gross proceeds of \$603,000. Each unit is comprised of one common share and one transferable share purchase warrant, exercisable for a period of 24 months at a price of \$0.36 per share (0.12 pre consolidation). In relation to this private placement, the Company paid finder's fees of \$19,410 and issued 82,667 finder's warrants (258,800 pre-consolidation). Each finder's warrant is exercisable for a period of 24 months at a price of \$0.36 per share (0.12 pre-consolidation).

On August 12, 2020, the Company closed a non-brokered private placement, pursuant to which the Company issued 1,000,000 units (3,000,000 pre-consolidation) at a price of \$0.36 per unit (\$0.12 pre-consolidation) for gross proceeds of \$360,000. Each unit is comprised of one common share and one transferable share purchase warrant, exercisable for a period of 24 months at a price of \$0.36 per share (\$0.12 pre-consolidation). In relation to this private placement, the Company paid finder's fees of \$28,800 and issued 80,000 finder's warrants (240,000 pre-consolidation). Each finder's warrant is exercisable for a period of 3 years at a price of \$0.54 per share (\$0.18 pre-consolidation).

On August 12, 2020, the Company issued 666,667 shares (2,000,000 pre-consolidation) at \$0.465 per share (\$0.155 pre-consolidation) for the acquisition of the Freeman Creek Property (Note 7).

On February 25, 2021, the Company issued 166,667 (500,000 pre-consolidation) shares at \$0.33 per share (\$0.11 pre-consolidation) in relation to the amendment to the Option Agreement on the FCI Property.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

9.2 Share issuances (continued)

On March 23, 2021, the Company issued 666,666 (2,000,000 shares pre-consolidation) at \$0.285 per share (\$0.095 pre-consolidation) for the acquisition of the Freeman Creek Property (Note 7).

During the year ended March 31, 2021, there were 788,000 shares (2,364,000 pre-consolidation) issued for warrants exercised.

9.3 Share purchase warrants

A summary of changes in the Company's share purchase warrants outstanding as at June 30, 2021 and March 31, 2021 is as follows:

	June 30, 2021		March 31, 2021	
	Number of warrants ¹	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	5,972,484	\$ 0.54	2,247,550	\$ 0.66
Granted	23,653,328	0.25	4,512,933	0.33
Exercised	-	-	(788,000)	0.27
Outstanding, end of period	29,625,812	\$ 0.31	5,972,484	\$ 0.54

¹ Warrants were adjusted to reflect the share consolidation on June 7, 2021.

During the three months ended June 30, 2021:

On June 30, 2021, the Company issued 23,182,000 warrants in connection with private placement and 471,328 to finders. The warrants fair value of \$ 111,611 was estimated using the Black-Scholes pricing model with a stock price of 0.310, volatility of 157.68%, risk free rate of 0.45%, dividend yield of 0% ,and expected life of 2 years.

During the year ended March 31, 2021:

On July 17, 2020, the Company granted 2,680,000 (pre-consolidation 8,040,000) warrants in connection with a private placement and 86,267 (pre-consolidation 258,800) to finders. The warrants' fair value of \$19,825 was estimated using the Black-Scholes pricing model with a stock price of \$0.095, volatility of 181.43%, risk-free rate of 0.27%, dividend yield of 0%, and expected life of 2 years.

On August 12, 2020 the Company granted 1,000,000 (pre-consolidation 3,000,000) warrants in connection with a private placement and 80,000 (240,000 pre-consolidation) to finders. The warrants' fair value of \$25,856 was estimated using the Black-Scholes pricing model with a stock price of \$0.125, volatility of 181.43%, risk-free rate of 0.30%, dividend yield of 0%, and expected life of 2 years.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

9.3 Share purchase warrants (continued)

On August 12, 2020, the Company granted 333,333 (pre-consolidation) 1,000,000 warrants in connection with the Freeman Creek Property (Note 7). The warrants' fair value of \$140,756 was estimated using the Black-Scholes pricing model with a stock price of \$0.155, volatility of 181.64%, risk-free rate of 0.30%, dividend yield of 0%, and expected life of 3 years.

On August 26, 2020 the Company granted 1000,000 (pre-consolidation 3,000,000) warrants in connection with a private placement and 240,000 to finders. The fair value of the 80,000 (pre-consolidation 240,000) finders warrants was \$25,854 and was estimated using the Black-Scholes pricing model with a stock price of \$0.18, volatility of 181.43%, risk-free rate of 0.27%, dividend yield of 0%, and expected life of 3 years.

On March 23, 2021, the Company granted 333,333 (pre-consolidation 1,000,000) warrants in connection with the Freeman Creek Property (Note 7). The warrants' fair value of \$83,653 was estimated using the Black-Scholes pricing model with a stock price of \$0.095, volatility of 180.98%, risk-free rate of 0.25%, dividend yield of 0%, and expected life of 3 years.

A total of 788,000 (pre-consolidation 2,364,000) warrants were exercised at an average price of \$0.27 (pre-consolidation \$0.09) per share (total value of \$215,650).

The following table summarizes information regarding share purchase warrants outstanding as at June 30, 2021:

Date issued	Number of warrants*	Exercise price (\$)	Expiry date	Weighted average remaining life
September 25, 2017	50,000	\$ 4.50	September 25, 2022	0.00
December 27, 2018	234,693	3.00	December 27, 2021	0.00
December 2, 2019**	1,271,191	0.45	December 2, 2022	0.06
July 17, 2020	2,766,267	0.36	July 17, 2022	0.10
August 12, 2020	236,999	0.30	August 12, 2023	0.02
August 26, 2020	1,080,000	0.54	August 26, 2023	0.08
March 23, 2021	333,333	0.30	March 23, 2024	0.03
June 30, 2021	23,653,328	0.25	June 30, 2023	1.60
	29,625,812	\$ 0.31		1.89

*Warrants were adjusted to reflect the share consolidation on June 7, 2021

**Exercise price for this issuance is \$0.27 in Year 1, \$0.45 in Year 2 and \$0.60 in Year 3.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

9.3 Share purchase warrants (continued)

The weighted average grant date fair value of the warrants granted during three months ended June 30, 2021 was \$0.24 per warrant using the Black-Scholes Option Pricing Model. The weighted average assumptions used for the calculation were:

	June 30, 2021	June 30, 2020
Share price at grant date (\$)	\$0.31	-
Risk free interest rate (%)	0.45%	-
Expected life (years)	2.00	-
Expected volatility (%)	158%	-
Expected dividend per share	-	-
Fair market value of the warrant on grant date (\$)	\$0.24	-

9.4 Stock options

The Company has an incentive share option plan for granting options to directors, employees and consultants, under which the total outstanding options are limited 10% of the outstanding common shares at the time of each grant. Options granted may not exceed a term of ten years. All options vest when granted unless otherwise specified by the Board of Directors.

A summary of changes in the Company's stock options outstanding as at June 30, 2021 and 2020 is as follows:

	June 30, 2021		March 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	890,800	\$ 0.37	479,167	\$ 1.05
Granted	-	-	597,467	0.36
Expired/Cancelled	(5,000)	-	(65,833)	2.40
Forfeited	-	0.10	(120,000)	0.80
Outstanding, end of period	885,800	\$ 0.38	890,800	\$ 0.37

*Options were adjusted to reflect the share consolidation on June 7, 2021 (Note 9)

During the three months ended June 30, 2021:

On May 4, 2021, a total of 5,000 (pre-consolidation 15,000) stock options expired unexercised.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

9.4 Stock options (continued)

During the year ended March 31, 2021:

A total of 65,833 (pre-consolidation 197,500) stock options expired unexercised and 120,000 (pre-consolidation 360,000) stock options were forfeited.

On July 27, 2020, the Company granted an aggregate of 264,133 (pre-consolidation 792,400) incentive stock options to officers, directors, and consultants of the Company. Each option is exercisable into one additional common share at \$0.14 per share until July 27, 2022 and vested immediately on the date of grant. The fair value of \$88,925 in share-based payments was estimated using the Black-Scholes pricing model with a stock price of \$0.14, volatility of 181.66%, risk-free rate of 0.28%, dividend yield of 0%, and expected life of 2 years.

On October 13, 2020, 120,000 (pre-consolidation 360,000) stock options were cancelled. These options were held by directors, a company controlled by the Chief Financial Officer, and a company controlled by the Corporate Secretary.

On November 19, 2020, the Company granted an aggregate of 333,334 (pre-consolidation 1,000,000) incentive stock options to officers, directors, and consultants of the Company. Each option is exercisable into one additional common share at \$0.10 per share until November 19, 2023 and vested immediately on the date of grant. The fair value of \$83,080 in share-based payments was estimated using the Black-Scholes pricing model with a stock price of \$0.10, volatility of 177.55%, risk-free rate of 0.3%, dividend yield of 0%, and expected life of 3 years.

The following table summarizes information regarding stock options outstanding and exercisable as at June 30, 2021:

Exercise price	Number of options outstanding*	Expiration date	Weighted-average remaining contractual life (years)	Weighted average exercise price \$
Options outstanding and exercisable				
\$1.50	16,667	July 11, 2021	0.00	0.03
\$1.80	20,000	May 2, 2022	0.02	0.04
\$0.27	225,000	January 14, 2023	0.39	0.07
\$0.27	26,667	February 3, 2023	0.05	0.01
\$0.42	264,133	July 27, 2022	0.32	0.13
\$0.30	333,333	November 19, 2023	0.90	0.11
Total options outstanding and exercisable	885,800		1.68	0.38

*Options were adjusted to reflect the share consolidation on June 7, 2021 (Note 10)

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

10. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

	Three months ended	
	June 30, 2021	June 30, 2020
Net loss for the year	\$ (239,737)	\$ (69,540)
Weighted average number of shares – basic and diluted*	10,897,605	4,929,606
Loss per share, basic and diluted	\$ (0.02)	\$ (0.01)

*Shares were adjusted to reflect the share consolidation on June 7, 2021.

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. All of the stock options and the share purchase warrants were anti-dilutive for the three months ended June 30, 2021 and 2020 as the Company incurred losses during these periods.

On June 7, 2021, the Company completed a share consolidation based on one (1) post-consolidated share for every three (3) pre-consolidated shares.

11. FINANCIAL INSTRUMENTS

11.1 Categories of financial instruments

As at	June 30, 2021 \$	March 31, 2021 \$
FINANCIAL ASSETS		
At FVTPL		
Cash and cash equivalents	2,997,409	149,554
Total financial assets	2,997,409	149,554
FINANCIAL LIABILITIES		
At amortized cost		
Accounts payable	247,048	19,175
Total financial liabilities	247,048	19,175

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS (continued)

11.2 Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at June 30, 2021 and March 31, 2021, the Company does not have any Level 3 financial instruments.

	Level 1	Level 2	Level 3	Total
As at June 30, 2021	\$	\$	\$	\$
Financial assets at fair value				
Cash and cash equivalents	2,997,409	-	-	2,997,409
Total financial assets at fair value	2,997,409	-	-	2,997,409

	Level 1	Level 2	Level 3	Total
As at March 31, 2021	\$	\$	\$	\$
Financial assets at fair value				
Cash and cash equivalents	149,554	-	-	149,554
Total financial assets at fair value	149,554	-	-	149,554

There were no transfers between Level 1, 2 and 3 in the three months ended June 30, 2021 and March 31, 2021.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

11.3 Management of capital and financial risks

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 mineral properties. The Company does not have any externally imposed capital requirements to which it is subject.

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 common shares or dispose of assets or adjust the amount of cash.

The financial risk arising from the Company's operations are credit risk, liquidity risk, interest rate risk, currency risk and commodity price risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high-quality financial institution.

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 manages liquidity risk through the management of its capital structure and financial leverage as outlined above.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. As at June 30, 2021, all of the Company's accounts payable of \$247,048 (March 31, 2021 – \$19,175) have contractual maturities of 30 to 90 days are subject to normal trade terms. The Company's loans payables are due on demand. The Company does not have investments in any asset backed deposits.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company does not have significant foreign exchange risk as the majority of its transactions are in Canadian dollars.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The Company is not exposed to significant interest rate risk.

12. RELATED PARTY TRANSACTIONS

The amounts due to related parties are amounts due to directors and officers. The balances are unsecured, non-interest bearing and have no specific terms for repayment.

As at June 30, 2021, the Company has \$40,000 (March 31, 2021 – \$68,404) due to the related parties reported as part of accounts payable and accrued liabilities (Note 8) broken down as follows:

Three months ended	June 30, 2021	March 31, 2021
Chief Executive Officer	\$ -	\$ 15,125
Chief Financial Officer	-	9,575
Corporate Secretary		3,704
President	40,000	40,000
Due to related parties	\$ 40,000	\$ 68,404

As at June 30, 2021, \$17,696 (March 31, 2021 - \$Nil) management fees and benefits were recorded as prepaid expenses (Note 6).

12.1 Related party expenses

During the three months ended June 30, 2021 and 2020, the Company entered into the following transactions with related parties:

Three months ended	June 30, 2021	June 30, 2020
Management and administration fees	\$ 81,591	\$ 39,323
Consulting fees	22,500	7,500
Total related party expenses by type	\$ 104,091	\$ 46,823

The management and administration fees are paid or accrued to the following:

Three months ended	June 30, 2021	June 30, 2020
CEO	\$ 31,045	\$ 23,423
CFO	20,546	15,900
President and Director	30,000	-
Total management fees by key management personnel	\$ 81,591	\$ 39,323

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

12. RELATED PARTY TRANSACTIONS (continued)

12.1 Related party expenses (continued)

Consulting fees of \$22,500 are paid to the Corporate Secretary (2020 – \$7,500).

12.2 Key management personnel compensation

The Company has identified its directors and senior officers as its key management personnel. The remuneration of key management composed of short-term benefits were broken down as follows:

Three months ended	June 30, 2021	June 30, 2020
Chief Executive Officer	\$ 31,045	\$ 23,423
Chief Financial Officer	20,546	15,900
Corporate Secretary	22,500	7,500
President	30,000	-
Total related party expenses by key management personnel	\$ 104,091	\$ 46,823

13. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred the following non-cash investing and financing transactions during the three months ended June 30, 2021 and 2020:

Three months ended	June 30, 2021	June 30, 2020
Non-cash financing activities:		
Finders' warrants	\$ 111,611	-

14. COMMITMENTS

The Company has certain commitments related to key management compensation for \$26,500 per month with no specific expiry of terms (Note 12).

The Company appointed a director as President and is bound by a consulting agreement (“the agreement”) according to which, in the event of termination of the agreement, the Company will be liable for the remaining balance of fees and a lump sum equal to 12 months of the standing monthly management fee expense.

The Company has certain commitments in connection with its mineral properties (Note 7).

15. EVENTS AFTER THE REPORTING PERIOD

On July 7, 2021, the Company amended the Corvette-FCI agreement to extend the due date for the exploration expenditures commitment to November 3, 2022.

On July 11, 2021, 16,667 stock options (50,000 pre-consolidation) expired unexercised.

PATRIOT BATTERY METALS INC. (Formerly Gaia Metals Corp.)

Notes to the Interim Condensed Consolidated Financial Statements

As at and for the period ended June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

15. EVENTS AFTER THE REPORTING PERIOD (continued)

On July 20, 2021, the company entered into an amalgamation agreement with Global Green Energy Acquisition Corp. (“Global Green”) and REE Metals Inc. (the “Subco”) a wholly owned subsidiary of the company, pursuant to which Patriot acquired all of issued and outstanding common shares of Global Green by way of three-cornered amalgamation. Global Green and Subco will amalgamate and form one corporation under the name REE Metals Inc. (the “AmalCo”). The AmalCo will become a wholly-owned subsidiary of the Company.

In consideration for the Global Green Shares, the Company has agreed to issue an aggregate of 22,001,000 common shares in the capital of the Company (each, a “Share”), representing 1,000 Shares for every one Global Green Share issued and outstanding immediately prior to the closing of the Transaction. Each Share to be issued in connection with the Transaction is to be issued at a deemed price of \$0.2475 per Share and subject to a voluntary lock-up whereby the recipient shareholder shall not offer, issue, pledge, sell such Share except in accordance with the following release schedule: 20% on the date of closing (the “Closing Date”); 20% on the date that is 30 days from the Closing Date; 20% on the date that is 60 days from the Closing Date; 20% on the date that is 90 days from the Closing Date; and 20% on the date that is 150 days from the Closing Date. The transaction has not yet closed as of the date of this report.

On August 4, 2021, the company engaged an arm’s length party to provide the company with marketing services for an aggregate amount of \$1,859,100 (USD \$1,500,000), for a period of 18 months. The contract is broken into 3 phases of 6 month terms at \$619,700 (USD \$500,000) for each term.

On August 6, 2021, the Company granted 2,500,000 incentive stock options to officers, directors and consultants of the Company. The options are exercisable at \$0.39 per share for a period of three years from the date of grant. The options were granted under and are governed by the terms of the Company's incentive stock option plan.

On August 12, 2021, the Company issued 25,000 shares for warrants exercised at \$0.36 per share.

On August 12, 2021, the Company paid the \$40,000 promissory note for the Freeman Creek Property (Note 7).

On August 13, 2021 the Company engaged an arm’s length party to provide the Company with social media management services for 6 months at total cost of \$61,970 (USD\$50,000).