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**PATRIOT BATTERY METALS INC.**  
**Interim Condensed Consolidated Financial Statements**

**June 30, 2022 and 2021**  
(Expressed in Canadian dollars)

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## **Management 's Responsibility for Financial Reporting**

These interim condensed consolidated financial statements of Patriot Battery Metals Inc. (“the Company” or “Patriot”) are the responsibility of the Company’s management. They have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management’s best estimates and judgments based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company’s assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control through its Audit Committee, which is comprised of a majority of non-management directors. The Audit Committee reviews the interim condensed consolidated financial statement prior to their submission to the Board of Directors for approval.

**“Blair Way”**  
President and Chief Executive Officer

**“Dusan Berka”**  
Chief Financial Officer

Vancouver, British Columbia, Canada  
August 24, 2022

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

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

The accompanying unaudited interim condensed financial statements have been prepared by and are the responsibility of the Company's management. They are prepared in accordance with International Accounting Standards 34 ("IAS 34") and International Financial Reporting Standards ("IFRS").

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 24, 2022



**PATRIOT BATTERY METALS INC.**  
**Interim Condensed Consolidated Statements of Financial Position**  
**(Unaudited)**  
 (Expressed in Canadian dollars)

	Notes	June 30, 2022 (Unaudited)	March 31, 2022 (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 8,817,526	\$ 11,697,720
Amounts receivable	5	625,959	478,549
Prepaid expenses	6	66,623	32,301
		<b>9,510,108</b>	12,208,570
Exploration and evaluation properties	7	19,109,984	14,411,972
<b>Total assets</b>		<b>\$ 28,620,092</b>	\$ 26,620,542
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8	\$ 1,341,308	\$ 894,450
Flow-through premium liability	15	1,286,387	1,862,874
Taxes payable	16	34,930	-
<b>Total liabilities</b>		<b>2,662,625</b>	2,757,324
<b>Shareholders' equity</b>			
Share capital	9	35,040,125	32,922,316
Shares to be issued		-	251,730
Reserves	9	7,551,126	3,458,811
Accumulated other comprehensive income		(49)	(49)
Deficit		(16,633,735)	(12,769,590)
<b>Total equity</b>		<b>25,957,467</b>	23,863,218
<b>Total shareholders' equity and liabilities</b>		<b>\$ 28,620,092</b>	\$ 26,620,542

Corporate Information and Going Concern (Note 1), Commitments (Note 14), and Events after the Reporting Period (Note 17)

APPROVED ON BEHALF OF THE BOARD on August 24, 2022:

"Brian Jennings"  
 Director

"Jon Christian Evensen"  
 Director

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



**PATRIOT BATTERY METALS INC.**  
**Interim Condensed Consolidated Statements of Loss and Comprehensive Loss**  
**(Unaudited)**  
 (Expressed in Canadian dollars)

	Notes	Three months ended	
		June 30, 2022	June 30, 2021
<b>Expenses</b>			
Business development		\$ 97,805	\$ 40,841
Consulting	12	30,000	34,500
Investor communications	6, 12	13,300	-
Management and administration fees	12	441,619	81,591
Office and miscellaneous		15,150	5,564
Professional fees		95,526	45,941
Share-based compensation	9, 12	3,629,234	-
Transfer agent and filing fees		30,104	27,449
Travel		51,138	3,912
<b>Net loss for the period before other items</b>		<b>(4,403,876)</b>	<b>(239,798)</b>
<b>Other items</b>			
Other income, net	15	576,486	-
Interest income (expense)		(1,825)	61
Taxes	17	(34,930)	-
<b>Net Loss and Comprehensive loss for the period</b>		<b>\$ (3,864,145)</b>	<b>\$ (239,737)</b>
<b>Loss per common share</b>			
Basic and diluted	10	\$ (0.05)	\$ (0.02)

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



**PATRIOT BATTERY METALS INC.**  
**Interim Condensed Consolidated Statements of Changes in Equity**  
**(Unaudited)**  
 (Expressed in Canadian dollars)

	Number of shares <sup>1</sup>	Share capital	Subscriptions received	Reserves	AOCI	Deficit	Total
<b>Balances, March 31, 2021</b>	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)	-	-	-	-	(651,210)
Share issuance costs - warrants	-	(111,611)	-	111,611	-	-	-
Share issuance costs – cash	-	(75,412)	-	-	-	-	(75,412)
Net loss and comprehensive loss for the period	-	-	-	-	-	(239,737)	(239,737)
<b>Balances, June 30, 2021</b>	<b>34,079,605</b>	<b>\$ 14,362,634</b>	<b>\$ -</b>	<b>\$ 1,719,564</b>	<b>\$ -</b>	<b>\$ (9,127,488)</b>	<b>\$ 6,954,710</b>
<b>Balance, March 31, 2022</b>	<b>78,548,991</b>	<b>\$ 32,922,316</b>	<b>\$ 251,730</b>	<b>\$ 3,458,811</b>	<b>\$ (49)</b>	<b>\$ (12,769,590)</b>	<b>\$ 23,863,218</b>
Warrants exercised	7,465,664	2,322,534	-	-	-	-	2,322,534
Options exercised	602,632	266,780	-	-	-	-	266,780
Fair value of warrants exercised	-	13,215	-	(13,215)	-	-	-
Fair value of options exercised	-	208,840	-	(208,840)	-	-	-
Share issuance costs – warrants	-	(685,135)	-	685,135	-	-	-
Share issuance costs – cash	-	(8,424)	-	-	-	-	(8,424)
Shares to be issued	-	-	(251,730)	-	-	-	(251,730)
Share-based payments	-	-	-	3,629,234	-	-	3,629,234
Net loss and comprehensive loss for the period	-	-	-	-	-	(3,864,145)	(3,864,145)
<b>Balances, June 30, 2022</b>	<b>86,617,287</b>	<b>\$ 35,040,125</b>	<b>\$ -</b>	<b>\$ 7,551,126</b>	<b>\$ (49)</b>	<b>\$ (16,633,735)</b>	<b>\$ 25,957,467</b>

<sup>1</sup>Number 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.**  
**Interim Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**  
 (Expressed in Canadian dollars)

	Three months ended June 30,	
	2022	2021
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (3,864,145)	\$ (239,737)
Adjustments for:		
Interest income accruals	-	(21)
Flow-through income	(576,487)	-
Share-based compensation	3,629,234	-
Changes in non-cash working capital items:		
Decrease (Increase) in accounts receivable	(147,410)	(15,237)
Increase in accounts payables and accrued liabilities	(834,990)	242,967
Increase (decrease) in flow-through taxes payable	34,930	-
Decrease (Increase) in prepaid expenses	(34,322)	(22,012)
<b>Cash used in operating activities</b>	<b>(1,793,190)</b>	<b>(34,042)</b>
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation property expenditures	(3,416,164)	(100,611)
<b>Cash used in investing activities</b>	<b>(3,416,164)</b>	<b>(100,611)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of common shares	-	3,057,920
Payment of promissory note	-	-
Share issuance costs - cash	(8,424)	(75,412)
Proceeds from exercise of options	266,780	-
Proceeds from exercise of warrants	2,322,534	-
Subscriptions received	(251,730)	-
<b>Cash provided by financing activities</b>	<b>2,329,160</b>	<b>2,982,508</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(2,880,194)</b>	<b>2,847,855</b>
<b>Effect of exchange rate on cash</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>11,697,720</b>	<b>149,554</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 8,817,526</b>	<b>\$ 2,997,409</b>

**Supplemental cash flow information (Note 13)**

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

# **PATRIOT BATTERY METALS INC.**

## **Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)**

**As at and for the period ended June 30, 2022 and 2021**

(Expressed in Canadian dollars)

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### **1. CORPORATE INFORMATION**

Patriot Battery Metals Inc. 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.

As at June 30, 2022, 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, 2022, the Company incurred a comprehensive loss of \$3,864,145 (2021 – \$239,737). As at June 30, 2022, the Company had an accumulated deficit of \$16,633,735 (March 31, 2021 – \$12,769,590) which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values 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 interim condensed 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.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced volatility and weaknesses.

Mineral exploration has been recognized as an essential service in Canada and the Province of Quebec. The Company has developed a COVID Management Plan for its exploration programs and carried out its field programs while adhering to all federal, provincial, and regional restrictions in place due to the COVID-19 pandemic. With recent widespread adoption of vaccination, these restrictions have been lifted. Nevertheless, the Company continues to adapt its programs to ensure team safety, and local community safety, while maintaining its exploration objectives.

It is currently not possible to reliably estimate the length and severity of these pandemic developments and the impact on the financial results and condition of the Company in future periods.



# **PATRIOT BATTERY METALS INC.**

## **Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)**

**As at and for the period ended June 30, 2022 and 2021**

(Expressed in Canadian dollars)

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### **1. 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.

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 11, 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, 2022

These Financial Statements were approved and authorized for issue in accordance with a resolution from the Board of Directors on August 24, 2022.

#### **2.3 Adoption of new and revised standards and interpretation**

There are no new IFRS standards issued, but not yet effective, that may affect the financial statements of the Company.

### **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:

# **PATRIOT BATTERY METALS INC.**

## **Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)**

**As at and for the period ended June 30, 2022 and 2021**

(Expressed in Canadian dollars)

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### **3.1 Significant accounting judgments, estimates and assumptions (continued)**

#### *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.

#### *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.

## **PATRIOT BATTERY METALS INC.**

### **Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)**

**As at and for the period ended June 30, 2022 and 2021**

(Expressed in Canadian dollars)

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#### **3.4 Exploration and evaluation properties (continued)**

If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

##### *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 several 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.**

### **Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)**

**As at and for the period ended June 30, 2022 and 2021**

(Expressed in Canadian dollars)

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#### **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.

#### **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.

## **PATRIOT BATTERY METALS INC.**

### **Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)**

**As at and for the period ended June 30, 2022 and 2021**

(Expressed in Canadian dollars)

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#### **3.10 Warrants issued in equity financing (continued)**

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.

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.

## **PATRIOT BATTERY METALS INC.**

### **Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)**

**As at and for the period ended June 30, 2022 and 2021**

(Expressed in Canadian dollars)

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#### **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.

##### *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.

##### *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.



## **PATRIOT BATTERY METALS INC.**

### **Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)**

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#### **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 payables are included in this category of financial liabilities.

##### *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.

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#### 4. CASH AND CASH EQUIVALENTS

As at June 30, 2022, a total amount of \$23,000 (March 31, 2022 - \$11,605) is secured against the Company's credit cards and held in a Guaranteed Investment Certificate ("GIC"). The GIC earns interest at prime rate minus 2.65% (Note 5).

#### 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).

	June 30, 2022	March 31, 2022
GST receivable	\$ 437,372	\$ 223,880
QST receivable	188,587	254,632
Interest receivable	-	37
<b>Total</b>	<b>\$ 625,959</b>	<b>\$ 478,549</b>

#### 6. PREPAID EXPENSES

The Company's prepaid expenses are broken down as follows:

	June 30, 2022	March 31, 2022
Prepaid business development fees	\$ 22,734	\$ -
Prepaid consulting fees	10,000	-
Prepaid management fees	31,500	16,500
Prepaid rent	-	2,480
Prepaid insurance	1,350	4,050
Others	1,039	9,271
<b>Total</b>	<b>\$ 66,623</b>	<b>\$ 32,301</b>

Prepaid management fees consist of \$25,000 paid to the President and CEO and \$6,500 paid to a company controlled by the CFO of the Company (2022 – \$16,500) (Note 12).



# PATRIOT BATTERY METALS INC.

## Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)

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### 7. EXPLORATION AND EVALUATION PROPERTIES

The Company's exploration and evaluation properties expenditures for the three months ended June 30, 2022 are as follows:

	Freeman Creek Property <i>Idaho, USA</i>	Hidden Lake Property <i>NW Territories, Canada</i>	Pontax Property <i>Quebec, Canada</i>	Lac Du Beryl Property <i>Quebec, Canada</i>	Eastmain Property <i>Quebec, Canada</i>	Corvette Property <i>Quebec, Canada</i>	Total
<b>ACQUISITION COSTS</b>							
Balance March 31,2022	\$ 879,991	\$ 177,223	\$ 423,012	\$ 15,000	\$ 15,000	\$ 5,742,908	\$ 7,253,134
Additions	-	-	-	-	-	3,200	3,200
<b>Balance, June 30, 2022</b>	<b>\$ 879,991</b>	<b>\$ 177,223</b>	<b>\$ 423,012</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>\$ 5,746,108</b>	<b>\$ 7,256,334</b>
<b>EXPLORATION AND EVALUATION COSTS</b>							
Balance March 31,2022	\$ 844,894	\$ 551,474	\$ 209,637	\$ 21,074	\$ 6,923	\$ 5,524,836	\$ 7,158,838
Additions							
Consulting	3,174	-	-	-	-	-	3,174
Assays and Testing	-	-	-	-	-	90,882	90,882
Reports and admin	172	-	-	-	-	90,758	90,930
Geology salary and expenditures	-	-	-	-	-	2,235,899	2,235,899
Travel	-	-	-	-	-	151,217	151,217
Transportation cost	-	-	-	-	-	1,091,741	1,091,741
Advances	-	-	-	-	-	1,030,969	1,030,969
<b>Balance, June 30, 2022</b>	<b>\$ 848,240</b>	<b>\$ 551,474</b>	<b>\$ 209,637</b>	<b>\$ 21,074</b>	<b>\$ 6,923</b>	<b>\$ 10,216,302</b>	<b>\$ 11,853,650</b>
<b>Total, June 30, 2022</b>	<b>\$ 1,728,231</b>	<b>\$ 728,697</b>	<b>\$ 632,649</b>	<b>\$ 36,074</b>	<b>\$ 21,923</b>	<b>\$ 15,962,410</b>	<b>\$ 19,109,984</b>

# PATRIOT BATTERY METALS INC.

## Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)

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### 7. EXPLORATION AND EVALUATION PROPERTIES (continued)

The Company's exploration and evaluation properties expenditures for the year ended March 31, 2022 are as follows:

	Freeman Creek Property <i>Idaho, USA</i>	Hidden Lake Property <i>NW Territories, Canada</i>	Pontax Property <i>Quebec, Canada</i>	Lac Du Beryl Property <i>Quebec, Canada</i>	Eastmain Property <i>Quebec, Canada</i>	Corvette Property <i>Quebec, Canada</i>	Golden Silica Property <i>BC, Canada</i>	Silver Sands <i>BC, Canada</i>	Total
<b>ACQUISITION COSTS</b>									
Balance March 31, 2021	\$ 869,409	\$ 177,223	\$ 417,500	\$ 15,000	\$ 15,000	\$ 251,580	\$ 150,000	\$ 12,643	\$ 1,908,175
Additions	10,582	-	5,512	-	-	5,491,328	-	-	5,507,422
Impairment	-	-	-	-	-	-	(150,000)	(12,643)	(162,643)
<b>Balance, March 31, 2022</b>	<b>\$ 879,991</b>	<b>\$ 177,223</b>	<b>\$ 423,012</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>\$ 5,742,908</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,253,134</b>
<b>EXPLORATION AND EVALUATION COSTS</b>									
Balance March 31, 2021	\$ 670,420	\$ 551,474	\$ 188,365	\$ 21,074	\$ 6,923	\$ 691,967	\$ 165,364	\$ 2,133	\$ 2,297,720
Additions									
Consulting	103,062	-	5,542	-	-	467,510	-	-	576,114
Assays and Testing	30,201	-	-	-	-	252,876	-	-	283,077
Reports and admin	8,260	-	9,730	-	-	184,232	-	-	202,222
Geology salary and expenditures	14,356	-	-	-	-	2,722,705	-	-	2,737,061
Travel	-	-	-	-	-	50,741	-	-	50,741
Transportation cost	-	-	-	-	-	54,380	-	-	54,380
Advances	18,595	-	6,000	-	-	1,100,425	-	-	1,125,020
Impairment	-	-	-	-	-	-	(165,364)	(2,133)	(167,497)
<b>Balance, March 31, 2022</b>	<b>\$ 844,894</b>	<b>\$ 551,474</b>	<b>\$ 209,637</b>	<b>\$ 21,074</b>	<b>\$ 6,923</b>	<b>\$ 5,524,836</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,158,838</b>
<b>Total, March 31, 2022</b>	<b>\$ 1,724,885</b>	<b>\$ 728,697</b>	<b>\$ 632,649</b>	<b>\$ 36,074</b>	<b>\$ 21,923</b>	<b>\$ 11,267,744</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,411,972</b>

The technical information in this disclosure has been reviewed by Darren L. Smith, M.Sc., P.Geo., Vice President of Exploration for the Company, a Permit holder with the Ordre des Géologues du Québec and Qualified Person as defined by National Instrument 43-101.

## **PATRIOT BATTERY METALS INC.**

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#### **7.1 Corvette Property – Lithium – James Bay Region, Quebec, Canada**

The Corvette Property is currently comprised of 417 CDC mineral claims that cover an area of approximately 21,357 ha. The Property is further divided into claim blocks, which reflect the various claim acquisitions by the Company – Corvette Main (172 claims), Corvette East (83 claims), FCI East (28 claims), FCI West (83 claims), Deca-Goose (31 claims), and Felix (20 claims) – and collectively form one contiguous land package, apart from four (4) claims of the Felix block located approximately one (1) km west of the main land package. Patriot Battery Metals Inc. is recorded as the registered title holder for all 417 claims and holds 100% interest in each.

The FCI blocks (111 claims) are subject to a 1.5% to 3.5% sliding scale NSR royalty (held by Osisko Gold Royalties Ltd.) from the production of precious metals. The royalty is primarily based on amount of production with 1.5% on the first 1M oz, 2.5% on the next 1M oz and 3.0% on the next 1M oz of and above. The remaining 0.5% royalty is based on the spot gold price starting at US\$1,000 / oz and reaches the maximum at \$2,000 / oz.

A 2.0% NSR royalty (held by Osisko Gold Royalties Ltd.) is present on all other products; provided however that if there is an existing royalty applicable on any portion of the property, then the percentages noted above (i.e., the sliding scale NSR) shall, as applicable, be adjusted so that the aggregate maximum royalty percentage on such portion shall not exceed and be capped to 3.5% at any time.

On February 15, 2022, the Company consolidated its land position at Corvette Property through multiple acquisitions as well as direct staking. Specifically, the Company signed a Purchase Agreement with O3 Mining Inc. to achieve 100% ownership of the FCI Claims in consideration of an additional cash payment of \$3,000,000 (paid) and issuance of a total of 1,800,000 common shares (issued at \$0.64 per share) of the Company to O3 Mining. The existing Net Smelter Royalty (the “NSR”), as outlined in the original Agreement will remain unchanged. The FCI Claims are comprised of two neighboring claim blocks (FCI East and FCI West) for a combined total of 111 claims, totaling 5,688 hectares, which are situated contiguous to the Company’s wholly owned Corvette claim block, located in the James Bay Region of Quebec, proximal to regional hydro-electric and road infrastructure.

On February 17, 2022 the Company also purchased a 100% interest in the Deca-Goose and Felix claim blocks for a \$150,000 cash payment (paid) and issuance of a total of 1,800,000 common shares (issued \$0.64 per share) to Canadian Mining House (“CMH”), a private Quebec based company. CMH will also retain a 2% NSR which has 50% buyback option by the Company for \$2,000,000. The acquisition is comprised of 50 claims, totaling 2,562 hectares situated contiguous to the Company’s Corvette Property.

The Company also staked a further 83 claims totaling 4,248 ha, contiguous to the eastern Corvette claim block, and along strike of the CV5-6 lithium pegmatite discovery within the same regional greenstone belt. The recent staking adds a further 15+ km of strike length to the Corvette Property’s eastern extent.

Pursuant to this Property Purchase Agreement dated September 18, 2017, the original Corvette Property (consisting of 76 of the 172 claims that comprise the current Corvette Main claim block) are subject to a 2% Net Smelter Return with respect to the production of all materials from the property.

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#### **7.2 Pontax Property - Lithium and Gold – James Bay Region, Quebec, Canada**

The Company owns 100% interest in the Pontax lithium-gold property, which is located near Eastmain, Quebec. The property currently consists of 80 claims totaling 4,257.2 hectares over several non-contiguous claim blocks. All claims are registered to Patriot Battery Metals Inc. except for two claims that are registered in the name of a third party.

Pursuant to the Property Purchase Agreement (“Pontax Agreement”) dated July 25, 2016, the Pontax Property is subject to a 3% Net Smelter Royalty (“NSR”).

#### **7.3 Lac du Beryl Property – Lithium and Gold – James Bay Region, Quebec, Canada**

The Lac du Beryl Property is currently comprised of the original 18 claim blocks.

Pursuant to the Property Purchase Agreement dated September 18, 2017, the Company acquired from third-party Vendors 100% interest in the Minerals Claims which included mineral claims on the Eastmain Property, the Lac Du Beryl Property and the original Corvette claim block (76 claims).

Pursuant to this Property Purchase Agreement, the Lac du Beryl Property is subject to a 2% Net Smelter Return with respect to the production of all materials from the property.

#### **7.4 Eastmain Property – Lithium - James Bay Region, Quebec, Canada**

The Eastmain Property currently consists of two claims blocks, totaling 13 claims and 686.5 hectares.

Pursuant to the Property Purchase Agreement dated September 18, 2017, the Company acquired from third-party Vendors 100% interest in the Minerals Claims which included mineral claims on the Eastmain Property, the Lac Du Beryl Property and the original Corvette claim block (76 claims). The Eastmain Property is subject to a 2% Net Smelter Return with respect to the production of all materials from the property.

#### **7.5 Hidden Lake Property – Lithium – Northwest Territories, Canada**

The Hidden Lake Property is located 45 km east of Yellowknife, in the Northwest Territories, proximal to Highway 4, and consists of 5 contiguous claims totaling 1,660 hectares. In March 2018, the Property was optioned to Far Resources Ltd. (“Far”), which subsequently restructured as Foremost Lithium Resources & Technology Ltd. The Company currently maintains a 40% interest in the Property as Far earned 60%. To establish a formal 60/40 Joint Venture Agreement (“JV”), Far is responsible for financing the JV’s initial \$1M expenditures.

The Hidden Lake Property is subject to 2% Net Smelter Royalty with respect to the production of all material from the property with no buyback provision.

#### **7.6 Golden Silica Property – Silica – British Columbia, Canada (formerly referred to as “ZimFrac” or “Golden Frac Sand”)**

During the year ended March 31, 2022, the Company recognized an impairment loss of \$315,364 relating to this Property.

## PATRIOT BATTERY METALS INC.

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#### 7.7 Silver Sands Vanadium Property – British Columbia, Canada

During the year ended March 31, 2022, the Company recognized an impairment loss of \$14,776 relating to this property.

#### 7.8 Freeman Creek Property – Gold – Idaho, USA

On August 12, 2021, the Company fulfilled all its obligations pursuant to the Option Agreement for the Freeman Creek Gold Property, exercising its Option in full, and is now the 100% owner of the asset. The titles are now in the name of Metals Nevada Corp., a wholly owned US subsidiary of the Company.

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 at any time to purchase half (1.25%) for \$1,500,000.

Mineral expenditures of \$3,346 primarily related to permitting were incurred during the period ended June 30, 2022.

### 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 as well as expenditures relating to exploration and evaluation activities. The usual credit period taken for trade purchases is between 30 to 90 days. As at June 30, 2022, the Company had \$1,306,007 (March 31, 2022 – \$862,200) in accounts payable and \$35,301 (March 31, 2022 – \$32,250) in accrued liabilities relating to the following:

	June 30, 2022	March 31, 2022
Business development	\$ -	\$ 5,250
Investor communications	10,399	8,873
Mineral exploration	1,281,848	831,809
Professional fees	40,331	37,375
Others	8,730	11,143
<b>Total</b>	<b>\$ 1,341,308</b>	<b>\$ 894,450</b>

As at June 30, 2022, the Company has \$5,250 (March 31, 2022 – \$3,253) due to the related parties reported as part of accounts payable and accrued liabilities (Note 12).

## PATRIOT BATTERY METALS INC.

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#### 9. SHARE CAPITAL

As at June 30, 2022, there were 86,617,287 issued and fully paid common shares (March 31, 2022 – 78,548,991) outstanding.

	Number of shares <sup>1</sup>	Share capital
Balance, March 31, 2021	10,897,605	\$ 11,491,737
Shares issued for:		
Cash	47,155,856	15,831,147
Mineral Properties	3,600,000	2,304,000
Warrants exercised	15,177,919	4,037,600
Options exercised	499,833	185,955
Cash Finders' fees	-	(75,412)
Finders' shares	1,217,778	(584,445)
Finders' warrants	-	(550,553)
Fair value of options exercised	-	184,291
Fair value of warrants exercised	-	97,996
Balance, March 31, 2022	78,548,991	\$ 32,922,316
Shares issued for:		
Warrants exercised	7,465,664	2,322,534
Options exercised	602,632	266,780
Share issuance costs – cash	-	(8,424)
Share issuance costs – warrants	-	(685,135)
Fair value of options exercised	-	208,840
Fair value of warrant exercised	-	13,215
<b>Balance, June 30, 2022</b>	<b>86,617,287</b>	<b>\$ 35,040,125</b>

<sup>1</sup>Number of shares are adjusted for the share consolidation of one post-consolidated share for every three pre-consolidated share on June 7, 2021.

#### 9.1 Authorized share capital

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

As at June 30, 2022, the Company had 86,617,287 common shares outstanding (March 31, 2022 – 78,548,991).

#### 9.2 Share issuances

*During the three months ended June 30, 2022, the Company issued common shares as follows:*

There were 7,465,664 shares issued for warrants exercised and 602,632 shares issued for options exercised.

*During the year ended March 31, 2022, the Company issued common shares as follows:*

During the year ended March 31, 2022, the Company issued 344,998 shares for warrants exercised at \$0.45 per share 1,584,493 shares for warrants exercised at \$0.36 per share and 13,248,428 shares for warrants exercised at \$0.25 per share. Fair value of warrants exercised amounted to \$97,996.

## **PATRIOT BATTERY METALS INC.**

### **Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)**

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#### **9.2 Share issuances (continued)**

During the year ended March 31, 2022, 49,833 shares were issued for options exercised at \$0.27 per share, 50,000 shares were issued for options exercised at \$0.30 per share, 350,000 shares were issued for options exercised at \$0.39 per share and 50,000 shares were issued for options exercised at \$0.42 per share. Fair value of options exercised amounted to \$184,291.

During the year ended March 31, 2022, the Company issued 3,600,000 at \$0.64 per share for acquisition of Corvette-FCI Property (Note 7).

On March 21, 2022, the Company completed a private placement of 6,000,000 units at a price of \$0.50 per unit for aggregate gross proceeds of \$3,000,000 (the "Offering"). Each unit is comprised of one common share and one transferable common share purchase warrant exercisable for three years at a price of \$0.75 (collectively, the "Units"). In addition to statutory four-month resale restrictions, the Units are subject to a contractual restriction on resale expiring 12 months from the completion of the Offering.

On December 21, 2021, the Company closed private placement through the issuance of 17,973,856 units at a price of \$0.612 per unit for aggregate gross proceeds of \$11,000,000. Part of the proceeds were recognized as Flow-through ("FT") premium liability amounting to \$2,462,418 (Note 15) and shall be recognized as income over a period of 12 months from closing date. Each unit consists of one flow-through common share and one non-flow through common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.75 per share for two years. Finder's fees of 977,778 compensation shares were paid.

On June 30, 2021, the Company completed a private placement for gross proceeds of \$3,709,120. 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. The Company paid \$75,412 in cash finders' fees and issued 471,328 warrants valued at \$111,611.

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 had 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.

## PATRIOT BATTERY METALS INC.

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#### 9.3 Share purchase warrants

A summary of changes in the Company's share purchase warrants outstanding as at June 30, 2022 and March 31, 2022 is as follows:

	June 30, 2022		March 31, 2022	
	Number of warrants <sup>1</sup>	Weighted average exercise price	Number of warrants <sup>1</sup>	Weighted average exercise price
Outstanding, beginning of period	38,907,055	\$ 0.59	5,972,484	\$ 0.54
Granted	2,156,863	0.75	48,347,184	0.28
Exercised	(7,465,664)	0.57	(15,177,919)	0.27
Expired	-	-	(234,693)	1.00
<b>Outstanding, end of period</b>	<b>33,598,254</b>	<b>\$ 0.67</b>	<b>38,907,055</b>	<b>\$ 0.59</b>

<sup>1</sup> Warrants were adjusted to reflect the share consolidation on June 7, 2021.

*During the three months ended June 30, 2022:*

The Company issued 2,156,863 broker warrant units in connection with the private placement that was completed on December 21, 2021. The warrant units fair value of \$685,136 was estimated using the Black-Scholes pricing model with a stock price of \$0.475, volatility of 156.22%, risk-free rate of 1.05%, dividend yield of 0% and expected life of 2 years.

A total of 7,465,664 warrants were exercised for total proceeds of \$2,322,534.

*During the year ended March 31, 2022:*

On March 21, 2022, the Company issued 6,720,000 warrants in connection with a private placement.

On December 21, 2021, the Company issued 17,973,856 non-FT warrants in connection with a private placement.

On June 30, 2021, the Company issued 23,182,000 warrants in connection with a private placement and 471,328 to finders. The finders' 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, 2022, a total of 15,177,926 warrants were exercised and 234,693 warrants expired unexercised.



## PATRIOT BATTERY METALS INC.

### Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)

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#### 9.3 Share purchase warrants (continued)

The following table summarizes information regarding share purchase warrants outstanding as at June 30, 2022:

Date issued	Number of warrants*	Exercise price (\$)	Expiry date	Weighted average remaining life
September 25, 2017	50,001	\$ 4.50	September 25, 2022	0.00
December 2, 2019**	726,190	0.60	December 2, 2022	0.01
July 17, 2020	339,937	0.36	July 17, 2022	0.00
August 12, 2020	166,667	0.30	August 12, 2023	0.01
August 26, 2020	80,000	0.54	August 26, 2023	0.00
March 23, 2021	333,333	0.30	March 3, 2024	0.02
June 30, 2021	5,051,405	0.25	June 30, 2023	0.15
December 21, 2021	20,130,721	0.75	December 21, 2023	0.89
March 21, 2022	6,720,000	0.75	March 21, 2025	0.55
	<b>33,598,254</b>	<b>\$ 0.67</b>		<b>1.62</b>

\*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.

The weighted average grant date fair value of the warrants granted during the three months ended June 30, 2022, was \$0.32 (March 31, 2022 – \$0.24 per warrant using the Black-Scholes Option Pricing Model. The weighted average assumptions used for the calculation were:

	June 30, 2022	March 31, 2021
Share price at grant date (\$)	<b>\$0.48</b>	\$0.31
Risk free interest rate (%)	<b>1.05%</b>	0.45%
Expected life (years)	<b>2.00</b>	2.00
Expected volatility (%)	<b>156%</b>	158%
Expected dividend per share	-	-
Fair market value of the warrant on grant date (\$)	<b>\$0.32</b>	\$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.

## PATRIOT BATTERY METALS INC.

### Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)

As at and for the period ended June 30, 2022 and 2021

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#### 9.4 Stock options (continued)

A summary of changes in the Company's stock options outstanding as at June 30, 2022 and March 31, 2022 is as follows:

	June 30, 2022		March 31, 2022	
	Number of options*	Weighted average exercise price	Number of options*	Weighted average exercise price
Outstanding, beginning of period	5,069,300	\$ 0.45	890,800	\$ 0.37
Granted	2,525,000	1.74	4,700,000	0.46
Exercised	(602,632)	0.42	(499,833)	0.27
Expired/Cancelled	(11,667)	0.18	(21,667)	0.15
Forfeited	-	-	-	-
<b>Outstanding, end of period</b>	<b>6,980,001</b>	<b>\$ 0.91</b>	<b>5,069,300</b>	<b>\$ 0.45</b>

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

*During the three months ended June 30, 2022:*

On April 5, 2022, the Company granted 2,525,000 incentive stock options to officers, directors and consultants of the Company. The options are exercisable at \$1.74 per share for a period of three years from the date of grant. Of the options granted, 2,385,000 vested immediately on the date of grant with 70,000 vesting twelve months from date of grant and the remaining 70,000 vesting 24 months from date of grant. The fair value of \$3,629,234 in share-based payments was estimated on a graded vesting basis using the Black-Scholes pricing model with a stock price of \$1.75, volatility of 168.25%, risk-free rate of 2.40%, dividend yield of 0%, and expected life of 3 years. The options were granted under and are governed by the terms of the Company's incentive stock option plan.

On May 2, 2022, a total of 11,667 stock options expired unexercised.

A total of 602,632 stock options were exercised for total proceeds of \$266,780.

*During the year ended March 31, 2022:*

A total of 499,833 options were exercised. 21,667 options expired unexercised.

On December 23, 2021, the Company granted 2,200,000 incentive stock options to officers, directors and consultants of the Company. The options are exercisable at \$0.53 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 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.

## PATRIOT BATTERY METALS INC.

### Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)

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#### 9.4 Stock options (continued)

On July 11, 2021, 16,667 stock options expired unexercised.

On May 4, 2021, a total of 5,000 stock options expired unexercised.

The following table summarizes information regarding stock options outstanding and exercisable as at June 30, 2022:

Exercise price	Number of options outstanding*	Expiration date	Weighted-average remaining contractual life (years)	Weighted average exercise price \$
<b>Options outstanding and exercisable</b>				
\$0.27	125,000	January 14, 2023	0.01	0.00
\$0.27	26,667	February 3, 2023	0.00	0.00
\$0.42	133,133	July 27, 2022	0.00	0.01
\$0.30	250,001	November 19, 2023	0.05	0.01
\$0.39	1,910,000	August 6, 2024	0.58	0.11
\$0.53	2,010,000	December 23, 2024	0.72	0.15
\$1.74	2,525,000	April 5, 2025	1.00	0.63
<b>Total options outstanding</b>	<b>6,980,001</b>		<b>2.36</b>	<b>\$ 0.91</b>
<b>Exercisable</b>	<b>6,840,001</b>			
<b>Unvested</b>	<b>140,000</b>			

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

The weighted average grant date fair value of the options granted during the year ended March 31, 2022, was \$0.34 (2021 – \$0.08) per option using the Black-Scholes Option Pricing Model. The weighted average assumptions used for the calculation were:

	June 30, 2022	March 31, 2022
Share price at grant date (\$)	<b>\$1.75</b>	\$0.41
Risk free interest rate (%)	<b>2.40%</b>	0.81%
Expected life (years)	<b>3.00</b>	3.00
Expected volatility (%)	<b>168%</b>	157%
Fair market value of the option on grant date (\$)	<b>\$1.51</b>	\$0.34

## PATRIOT BATTERY METALS INC.

### Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)

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#### 10. LOSS PER SHARE

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

	Three months ended	
	June 30, 2022	June 30, 2021
Net loss for the period	\$ (3,864,145)	\$ (239,737)
Weighted average number of shares – basic and diluted <sup>1</sup>	83,110,203	10,897,605
<b>Loss per share, basic and diluted</b>	<b>\$ (0.05)</b>	<b>\$ (0.02)</b>

<sup>1</sup>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, 2022 and 2021 as the Company incurred losses during these periods.

#### 11. FINANCIAL INSTRUMENTS

##### 11.1 Categories of financial instruments

As at	June 30, 2022 \$	March 31, 2022 \$
<b>FINANCIAL ASSETS</b>		
<b>At FVTPL</b>		
Cash and cash equivalents	8,817,526	11,697,720
<b>Total financial assets</b>	<b>8,817,526</b>	<b>11,697,720</b>
<b>FINANCIAL LIABILITIES</b>		
<b>At amortized cost</b>		
Accounts payable	1,306,007	863,384
<b>Total financial liabilities</b>	<b>1,306,007</b>	<b>863,384</b>

## PATRIOT BATTERY METALS INC.

### Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)

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#### 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 March 31, 2022 and 2021, the Company does not have any Level 3 financial instruments.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>As at June 30, 2022</b>				
<b>Financial assets at fair value</b>				
Cash and cash equivalents	8,817,526	-	-	8,817,526
<b>Total financial assets at fair value</b>	<b>8,817,526</b>	<b>-</b>	<b>-</b>	<b>8,817,526</b>

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>As at March 31, 2022</b>				
<b>Financial assets at fair value</b>				
Cash and cash equivalents	11,697,720	-	-	11,697,720
<b>Total financial assets at fair value</b>	<b>11,697,720</b>	<b>-</b>	<b>-</b>	<b>11,697,720</b>

There were no transfers between Level 1, 2 and 3 in the three months ended June 30, 2022 and 2021.

# **PATRIOT BATTERY METALS INC.**

## **Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)**

**As at and for the period ended June 30, 2022 and 2021**

(Expressed in Canadian dollars)

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### **11. FINANCIAL INSTRUMENTS (continued)**

#### **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, 2022, all of the Company's accounts payable of \$1,306,007 (March 31, 2022 – \$862,200) have contractual maturities of 30 to 90 days are subject to normal trade terms. The Company does not have loans payables that 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.

### Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)

As at and for the period ended June 30, 2022 and 2021

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#### 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, 2022, the Company has \$5,250 (March 31, 2022 – \$3,253) due to the related parties reported as part of accounts payable and accrued liabilities (Note 8) broken down as follows:

Three months / Year ended	June 30, 2022	March 31, 2022
VP of Exploration	\$ 5,250	\$ -
Corporate Secretary	-	3,253
<b>Due to related parties</b>	<b>\$ 5,250</b>	<b>\$ 3,253</b>

As at June 30, 2022, \$25,000 (March 31, 2022 - \$10,000) management fees for the President and CEO and \$6,500 management fees to the CFO were recorded as prepaid expenses (Note 6).

##### 12.1 Related party expenses

During the three months ended June 30, 2022 and 2021, the Company entered into the following transactions with related parties:

Three months ended	June 30, 2022	June 30, 2021
Expenses paid or accrued to directors of the Company, senior officers and companies with common directors:		
Management and administration fees <sup>(1)(2)</sup>	\$ 441,619	\$ 81,591
Mineral exploration consulting	20,000	15,000
Consulting fees	30,000	22,500
Share based payments	2,567,860	-
<b>Total related party expenses by type</b>	<b>\$ 3,059,479</b>	<b>\$ 119,091</b>

(1) Included \$240,000 separation settlement payment to the Former CEO.

(2) Included a total of \$110,000 of bonus payments paid to Former CEO, CFO and President and CEO.

## PATRIOT BATTERY METALS INC.

### Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)

As at and for the period ended June 30, 2022 and 2021

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#### 12. RELATED PARTY TRANSACTIONS (continued)

##### 12.1 Related party expenses (continued)

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

Three months ended	June 30, 2022	June 30, 2021
Former CEO <sup>(1)</sup>	\$ 281,059	\$ 31,045
CFO	50,559	20,546
President and CEO <sup>(2)</sup>	110,000	30,000
<b>Total management fees by key management personnel</b>	<b>\$ 441,619</b>	<b>\$ 81,591</b>

The exploration and evaluation assets which include mineral exploration consulting are paid to the following:

Three months ended	June 30, 2022	June 30, 2021
VP of Exploration	\$ 20,000	\$ 15,000
<b>Total mineral exploration consulting by key management personnel</b>	<b>\$ 20,000</b>	<b>\$ 15,000</b>

Share-based payments were paid or accrued to the following:

Three months ended	June 30, 2022	June 30, 2021
Former CEO	\$ 376,519	\$ -
CFO	301,215	-
Corporate Secretary	150,608	-
President and CEO	1,227,452	-
VP of Exploration	474,414	-
Directors	37,652	-
<b>Total share-based compensation by key management personnel</b>	<b>\$ 2,567,860</b>	<b>\$ -</b>

##### 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, 2022	June 30, 2021
Short-term benefits	\$ 471,619	\$ 104,091
Mineral exploration consulting	20,000	15,000
Share-based payments	2,567,860	-
<b>Total key management personnel compensation</b>	<b>\$ 3,059,479</b>	<b>\$ 119,091</b>



## PATRIOT BATTERY METALS INC.

### Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)

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#### 12.2 Key management personnel compensation (continued)

The breakdown of the expenses by key management personnel is as follows:

Three months ended	June 30, 2022	June 30, 2021
Former CEO	\$ 677,578	\$ 31,045
CFO	351,775	20,546
Corporate Secretary	160,608	22,500
President and CEO	1,337,452	30,000
VP of Exploration	494,414	15,000
Directors	37,562	-
<b>Total related party expenses by key management personnel</b>	<b>\$ 3,059,479</b>	<b>\$ 119,091</b>

#### 13. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred the following non-cash investing and financing transactions during the three months ended June 30, 2022 and 2021:

Three months ended	June 30, 2022	June 30, 2021
<b>Cash and cash equivalents is comprised of:</b>		
Guaranteed Investment Certificates	\$ 23,000	\$ 11,605
Cash	8,794,526	2,985,804
	<b>\$ 8,817,526</b>	<b>\$ 2,997,409</b>
<b>Supplemental cash flow information</b>		
Non-cash financing activities:		
Share-based payments	\$ 3,629,234	\$ -
Finders' warrants	685,136	111,611
Fair value of warrants exercised	13,215	-
Fair value of options exercised	208,840	-
Income taxes paid	\$ -	\$ -
Interest paid	-	-

#### 14. COMMITMENTS

The Company has certain commitments related to key management compensation for \$41,500 per month with no specific expiry of terms (Note 12).

The Company is bound by management agreement with the CFO 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 three times their annual standing management fees

The Company is bound by management agreement with the President and CEO 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 24 months of the standing monthly management fee expense.

The Company is bound by management agreement with the Vice President of Exploration according to which, in the event of termination of agreement, the Company will be liable for the remaining balance of fees and a lump sum equal to 24 months of the standing monthly management fees.

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

## PATRIOT BATTERY METALS INC.

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#### 15. FLOW-THROUGH PREMIUM LIABILITY

On December 21, 2021, the Company closed a private placement for 17,973,856 flow-through units at \$0.612 per unit for gross proceeds of \$11,000,000. The fair value of the units was \$0.475 per unit, resulting in the recognition of a flow-through premium liability of \$0.137 per unit for a total of \$2,462,418, non-cash, as the difference between the amounts recognized in common shares and the amounts the investors paid for the units. The flow-through premium liability from this financing is amortized over the periods in which the funds are spent on qualifying expenditures.

During the three months ended June 30, 2022, the Company recognized flow-through income of \$576,486 (2021 - \$Nil).

Balance, March 31, 2021	\$ -
Flow-through share premium liability	2,462,418
Amortization	(599,544)
Balance, March 31, 2022	1,862,874
Amortization	(576,486)
<b>Balance, June 30, 2022</b>	<b>\$ 1,286,387</b>

The Company is required to spend approximately \$5.7 million in eligible expenditures as of June 30, 2022.

#### 16. TAXES

Qualifying resource companies are able to raise funds using flow-through shares and pass on their Canadian exploration expenses and development expenses to investors once the funds have been spent.

Under the look-back rule for flow-through shares, expenses are renounced to investors on December 31 following the flow-through share agreement date. The company then has 12 months from December 31 to incur the eligible expenses. The benefit of the look-back rule to investors is that they receive the expense deduction in the year they make the investment, even though the company may not have spent the money.

The cost of the company of using the look-back rule is an interest charge at the end of each month during the 12-month period on any unspent funds. As well, there is a penalty equal to 10% of any unspent amount at the end of the 12 months. These monthly interest charges are payable as Part XII.6 tax. In the case of the Company, the Part XII.6 tax return and tax are due before March of 2023.

The prescribed interest rate for the calculation of Part XII.6 tax are updated each quarter by the Canadian tax authority. For the months of December 2021 to June 2022, the prescribed interest rates have remained at 1%. For the quarter between July 1 to September 30, 2022, the rates have increased to 2%.

As at June 30, 2022, the Company recognized a Part XII.6 tax expense and a tax payable of \$34,930 (2021 - \$Nil).

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### **Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)**

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#### **17. EVENTS AFTER THE REPORTING PERIOD**

Subsequent to June 30, 2022, the Company issued 795,347 common shares for warrants exercised and 909,998 common shares for options exercised.

On July 14, 2022, shares of the Company commenced trading on TSX Venture Exchange (“TSXV”) under the current stock symbol “PMET” and were delisted from the CSE after market close on July 13, 2022.

On July 18, 2022, the Company granted 500,000 stock options to a Director exercisable at \$2.58 vesting immediately with a three-year term.

On July 27, 2022, a total of 33,335 of stock options exercisable at \$0.42 per share expired unexercised.

On August 22, 2022, the Company granted to Non-Executive Chairman and Director 1,000,000 stock options exercisable at \$7.00 and 1,000,000 stock options exercisable at \$9.20, vesting immediately with a 4-year term.