



PATRIOT BATTERY METALS INC.
Condensed Interim Consolidated Financial Statements
For the three and nine-month periods ended December 31, 2023 and 2022
(Expressed in Canadian dollars)
Unaudited

Management's Responsibility for Financial Reporting

The unaudited condensed interim consolidated financial statements (the "Financial Statements") of Patriot Battery Metals Inc. ("the Company" or "Patriot") are the responsibility of the management and Board of Directors of the Company.

The Financial Statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the Financial Statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the Financial Statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the Financial Statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the Financial Statements, together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the Financial Statements and other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Ken Brinsden"

President, Chief Executive Officer and Managing Director

"Natacha Garoute"

Chief Financial Officer



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

	Notes	December 31, 2023 (Unaudited)	March 31, 2023 (Audited)
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		105,755,000	56,724,000
Receivables		5,127,000	3,891,000
Prepaid expenses		1,008,000	249,000
		111,890,000	60,864,000
Non-current assets			
Exploration and evaluation properties	3	85,937,000	46,268,000
Property and equipment	4	32,687,000	588,000
Total assets		230,514,000	107,720,000
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		10,311,000	5,507,000
Current portion of lease liabilities		29,000	-
Flow-through premium liability	5	11,466,000	29,506,000
		21,806,000	35,013,000
Non-current liabilities			
Asset retirement obligation	6	2,200,000	-
Lease liabilities		88,000	-
Deferred income taxes		8,647,000	2,704,000
Total liabilities		32,741,000	37,717,000
EQUITY			
Share capital	7	202,775,000	77,966,000
Reserves	7	15,994,000	14,922,000
Accumulated other comprehensive loss		(1,000)	-
Deficit		(20,995,000)	(22,885,000)
Total equity		197,773,000	70,003,000
Total liabilities and equity		230,514,000	107,720,000

Commitments (Note 12) and Events After the Reporting Period (Note 14)

APPROVED ON BEHALF OF THE BOARD on February 14, 2024:

“Ken Brinsden”
 Director

“Brian Jennings”
 Director

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



PATRIOT BATTERY METALS INC.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) (Unaudited) (Expressed in Canadian dollars)

	Notes	Three-month periods ended		Nine-month periods ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		\$	\$	\$	\$
General and Administrative Expenses					
Investor relations and business development		263,000	143,000	935,000	390,000
Consulting fees	10	72,000	78,000	393,000	153,000
Salaries, benefits and management fees	10	1,214,000	142,000	3,588,000	724,000
Office and miscellaneous		389,000	21,000	1,195,000	60,000
Professional fees		1,270,000	159,000	2,824,000	450,000
Share-based compensation	7,10	947,000	37,000	2,686,000	9,668,000
Transfer agent and filing fees		72,000	183,000	386,000	255,000
Travel		84,000	77,000	702,000	225,000
Total general and administrative expenses		(4,311,000)	(840,000)	(12,709,000)	(11,925,000)
Other Income (Loss)					
Flow-through premium income	5	8,706,000	1,651,000	18,040,000	3,513,000
Interest income		1,613,000	4,000	3,523,000	3,000
Flow-through interest		-	-	-	(44,000)
Income (Loss) before income taxes		6,008,000	815,000	8,854,000	(8,453,000)
Income taxes					
Deferred income tax expense		(3,647,000)	-	(6,964,000)	-
Net Income (Loss) for the period		2,361,000	815,000	1,890,000	(8,453,000)
Other comprehensive income					
Foreign currency translation adjustment		(4,000)	-	(1,000)	1,000
Net Income (Loss) and Comprehensive Income (Loss) for the period		2,357,000	815,000	1,889,000	(8,452,000)
Earnings (Loss) per share					
Basic	8	0.02	0.01	0.02	(0.10)
Diluted	8	0.02	0.01	0.02	(0.10)

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



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

	Number of shares	Share capital	Subscriptions received	Reserves	AOCI	Deficit	Total
		\$	\$	\$	\$	\$	\$
Balances, March 31, 2022	78,548,991	32,922,000	252,000	3,460,000	-	(12,770,000)	23,864,000
Shares issued for:							
Cash	2,207,170	13,618,000	-	-	-	-	13,618,000
Mineral properties	220,000	1,454,000	-	-	-	-	1,454,000
Warrants exercised	9,761,448	3,409,000	(213,000)	-	-	-	3,196,000
Options exercised	2,052,630	1,071,000	(39,000)	-	-	-	1,032,000
Fair value of warrants exercised	-	30,000	-	(30,000)	-	-	-
Fair value of options exercised	-	808,000	-	(808,000)	-	-	-
Share issuance costs - warrants	-	(1,001,000)	-	1,001,000	-	-	-
Share issuance costs - cash	-	(694,000)	-	-	-	-	(694,000)
Share-based compensation	-	-	-	9,668,000	-	-	9,668,000
Net loss and comprehensive loss for the period	-	-	-	-	1,000	(8,453,000)	(8,452,000)
Balances, December 31, 2022	92,790,239	51,617,000	-	13,291,000	1,000	(21,223,000)	43,686,000
Balances, March 31, 2023	99,357,207	77,966,000	-	14,922,000	-	(22,885,000)	70,003,000
Shares issued for:							
Cash	7,128,341	108,992,000	-	-	-	-	108,992,000
Mineral properties	120,000	1,244,000	-	-	-	-	1,244,000
Warrants exercised	23,664,939	15,444,000	-	-	-	-	15,444,000
Options exercised	1,399,474	272,000	-	-	-	-	272,000
Fair value of warrants exercised	-	807,000	-	(807,000)	-	-	-
Fair value of options exercised	-	807,000	-	(807,000)	-	-	-
Share issuance costs - cash ¹	-	(2,757,000)	-	-	-	-	(2,757,000)
Share-based compensation	-	-	-	2,686,000	-	-	2,686,000
Net income and comprehensive income for the period	-	-	-	-	(1,000)	1,890,000	1,889,000
Balances, December 31, 2023	131,669,961	202,775,000	-	15,994,000	(1,000)	(20,995,000)	197,773,000

¹ Share issuance costs-cash are presented net of a deferred tax recovery in the amount of \$1,021,000 (March 31, 2023 - \$447,000), which relates to deductible temporary differences in relation to share issuance costs.

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



PATRIOT BATTERY METALS INC.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)
(Expressed in Canadian dollars)

	Notes	Nine-month periods ended	
		December 31, 2023	December 31, 2022
		\$	\$
OPERATING ACTIVITIES			
Net income (loss) for the year		1,890,000	(8,453,000)
Adjustments for non-cash items:			
Accrued interest income		(61,000)	(4,000)
Flow-through premium income	5	(18,040,000)	(3,513,000)
Share-based compensation	7,10	2,686,000	9,668,000
Deferred income tax expense		6,964,000	-
Changes in non-cash working capital items			
Increase in receivables		(1,168,000)	(1,007,000)
Increase in prepaid expenses		(759,000)	(123,000)
Increase (decrease) in accounts payable and accrued liabilities		916,000	(716,000)
Cash used in operating activities		(7,572,000)	(4,148,000)
INVESTING ACTIVITIES			
Exploration and evaluation property expenditures	3	(38,074,000)	(15,561,000)
Property and equipment	4	(26,252,000)	-
Cash used in investing activities		(64,326,000)	(15,561,000)
FINANCING ACTIVITIES			
Proceeds from issuance of common shares	7	108,992,000	23,821,000
Proceeds from exercise of options	7	272,000	1,071,000
Proceeds from exercise of warrants	7	15,444,000	3,409,000
Share issuance costs-cash	7	(3,778,000)	(694,000)
Subscriptions received		-	(252,000)
Cash provided by financing activities		120,930,000	27,355,000
Increase in cash and cash equivalents		49,032,000	7,646,000
Effect of exchange rate on cash		(1,000)	1,000
Cash and cash equivalents, beginning of period		56,724,000	11,698,000
Cash and cash equivalents, end of period		105,755,000	19,345,000
Interest received		3,462,000	3,000

Supplemental cash flow information (Note 11)

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

PATRIOT BATTERY METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

As at and for the three and nine-month periods ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

I. 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, Alberta and Ontario. The address of its head office is Suite 700-838 W Hastings Street, Vancouver, British Columbia, V6C 0A6 and the address of its registered and records office is Suite 900-1801 McGill College, Montreal, Quebec, H3A 1Z4. The Company's mineral properties are located in the provinces of Quebec, British Columbia, the Northwest Territories and in Idaho (USA).

On July 14, 2022, the shares of the Company commenced trading on the TSXV under the current stock symbol "PMET". On December 7, 2022, the shares of the Company commenced trading on the Australian Securities Exchange ("ASX") under the stock symbol "PMT". Each share settles in the form of CHESS Depositary Interests ("CDIs") at a ratio of 10 CDIs to 1 common share. On December 8, 2022, the shares of the Company commenced trading on the OTC Market in the United States under the symbol "PMETF".

As at December 31, 2023, the Company has not yet determined whether its mineral 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 nine-month period ended December 31, 2023, the Company incurred a net income and comprehensive income of \$1,889,000 (2022 – loss of 8,452,000). As at December 31, 2023, the Company had an accumulated deficit of \$20,995,000 (March 31, 2023 - \$22,885,000). 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. The Company believes it has sufficient funds to meet its obligations and existing commitments for at least the next 12 months. The Company's business plan is dependent on raising additional funds to pursue the exploration and development of its projects, which may be completed in a number of ways, including the issuance of equity instruments or other types of financing arrangements. While the Company has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding will be available to the Company or that they will be available on terms which are acceptable to the Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The unaudited condensed interim consolidated financial statements (the "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, 2023.

These Financial Statements were approved and authorized for issue in accordance with a resolution from the Board of Directors on February 14, 2024.

PATRIOT BATTERY METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

As at and for the three and nine-month periods ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

2.2 Basis of presentation

The Financial Statements include the accounts of the Company, Metals Nevada Corp. ("Metals Nevada"), a wholly owned US subsidiary of the Company incorporated on March 2, 2021, Innova Lithium Inc. and 14352891 Canada Inc., two wholly owned subsidiaries of the Company both incorporated on October 5, 2023. 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 detailed in Note 9 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. The functional currency of the Company and the two Canadian subsidiaries is the Canadian dollar.

Certain comparative amounts have been reclassified to conform with the current year's Financial Statement presentation. Such reclassifications were not considered material.

2.3 Adoption of new and revised standards and interpretation

At the date of authorization of these Financial Statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's Financial Statements.

2.4 Significant accounting policies

The significant accounting policies followed in these Financial Statements are consistent with those applied in the Company's audited annual consolidated financial statements for the year ended March 31, 2023, except as noted below:

Asset retirement obligation

An asset retirement obligation is recognized for the expected costs of reclamation with respect to property and equipment where the Company is legally or contractually responsible for such costs. Asset retirement obligations arise from the Company's obligation to undertake camp reclamation and remediation in connection with its property and equipment. The Company recognizes the estimated reclamation costs when an environmental disturbance occurs but only when a reasonable estimate can be made. The asset retirement obligation recognized is estimated on the risk-adjusted costs required to settle present obligations, discounted using a pre-tax risk-free discount rate consistent with the expected timing of expected cash flows. Changes in the estimated undiscounted cash flows and risk-free discount rate used in calculating the present value of the asset retirement obligation are offset to the reclamation cost asset previously recognized for the specific property. Actual reclamation expenditures incurred reduce the carrying value of the reclamation provision.

PATRIOT BATTERY METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

As at and for the three and nine-month periods ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

2.5 Significant accounting judgments, estimates and assumptions

The preparation of these Financial Statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future year if the revision affects both current and future year.

In preparing these Financial Statements, the significant judgments and estimates made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended March 31, 2023, except as noted below.

Asset retirement obligation

The asset retirement obligation is based on the best estimate of the expenditures required to settle the present obligation at the end of the reporting period, including but not limited to dismantling and removing infrastructure and operating facilities. The estimate of the expenditure required to settle the present obligation is the amount that the Company would rationally pay to settle obligation at the end of the reporting period or to transfer it to a third party. The asset retirement obligation has been determined based on the Company's best internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed at each reporting period to take into account any material changes to the assumptions, including regulatory changes and cost increases.

PATRIOT BATTERY METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
As at and for the three and nine-month periods ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION PROPERTIES

The Company's exploration and evaluation properties expenditures for the nine-month period ended December 31, 2023 are as follows:

	Corvette Property <i>Quebec, Canada</i>	US Property <i>Idaho, USA</i>	Northwest Territories Property <i>NW Territories, Canada</i>	Other Quebec Properties <i>Quebec, Canada</i>	Total
	\$	\$	\$	\$	\$
Acquisition Costs					
Balance, March 31, 2023	5,746,000	880,000	177,000	2,008,000	8,811,000
Additions	125,000	-	-	1,758,000	1,883,000
Balance, December 31, 2023	5,871,000	880,000	177,000	3,766,000	10,694,000
Exploration and Evaluation Costs					
Balance, March 31, 2023	35,600,000	890,000	503,000	464,000	37,457,000
Additions					
Advances (Refunds)	(1,066,000)	-	-	-	(1,066,000)
Assays and testing	876,000	-	-	4,000	880,000
Consulting	-	104,000	-	-	104,000
Depreciation	126,000	-	-	-	126,000
Drilling expenditures	14,108,000	-	-	-	14,108,000
Environmental Studies	2,012,000	-	-	-	2,012,000
Geology salaries and expenditures	5,457,000	-	-	6,000	5,463,000
Geophysics and remote sensing	66,000	-	-	-	66,000
Reports and admin	2,358,000	-	-	-	2,358,000
Transportation costs	9,952,000	-	-	-	9,952,000
Travel and accomodation	3,783,000	-	-	-	3,783,000
Balance, December 31, 2023	73,272,000	994,000	503,000	474,000	75,243,000
Total, December 31, 2023	79,143,000	1,874,000	680,000	4,240,000	85,937,000

PATRIOT BATTERY METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
As at and for the three and nine-month periods ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

3. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

The Company's exploration and evaluation properties expenditures for the year ended March 31, 2023 are as follows:

	Corvette Property <i>Quebec, Canada</i>	US Property <i>Idaho, USA</i>	Northwest Territories Property <i>NW Territories, Canada</i>	Other Quebec Properties <i>Quebec, Canada</i>	Total
	\$	\$	\$	\$	\$
Acquisition Costs					
Balance, March 31, 2022	5,743,000	880,000	177,000	454,000	7,254,000
Additions	3,000	-	-	1,554,000	1,557,000
Balance, March 31, 2023	5,746,000	880,000	177,000	2,008,000	8,811,000
Exploration and Evaluation Costs					
Balance, March 31, 2022	5,525,000	844,000	551,000	238,000	7,158,000
Additions					
Advances (Refunds)	924,000	-	(48,000)	(6,000)	870,000
Assays and testing	964,000	13,000	-	13,000	990,000
Consulting	134,000	32,000	-	3,000	169,000
Drilling expenditures	14,270,000	-	-	-	14,270,000
Environmental Studies	472,000	-	-	-	472,000
Geology salaries and expenditures	3,877,000	-	-	47,000	3,924,000
Geophysics and remote sensing	179,000	-	-	68,000	247,000
Reports and admin	1,830,000	1,000	-	36,000	1,867,000
Transportation costs	6,078,000	-	-	46,000	6,124,000
Travel and accomodation	3,438,000	-	-	19,000	3,457,000
Exploration tax credit	(2,091,000)	-	-	-	(2,091,000)
Balance, March 31, 2023	35,600,000	890,000	503,000	464,000	37,457,000
Total, March 31, 2023	41,346,000	1,770,000	680,000	2,472,000	46,268,000

PATRIOT BATTERY METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
As at and for the three and nine-month periods ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

4. PROPERTY AND EQUIPMENT

As at December 31, 2023, the Company had property and equipment with a net book value of \$32,687,000 (March 31, 2023 - \$588,000), as follows:

	Machinery and Equipment	Construction in progress¹	Office Lease	Vehicle	Software	Total
Cost	\$	\$	\$	\$	\$	\$
Balance, March 31, 2023	609,000	-	-	-	-	609,000
Additions	1,518,000	30,330,000	110,000	60,000	207,000	32,225,000
Balance, December 31, 2023	2,127,000	30,330,000	110,000	60,000	207,000	32,834,000
Accumulated Depreciation						
Balance, March 31, 2023	21,000	-	-	-	-	21,000
Depreciation	105,000	-	13,000	8,000	-	126,000
Balance, December 31, 2023	126,000	-	13,000	8,000	-	147,000
Net book value						
At March 31, 2023	588,000	-	-	-	-	588,000
At December 31, 2023	2,001,000	30,330,000	97,000	52,000	207,000	32,687,000

¹ As at December 31, 2023, Construction in progress includes an amount of \$2,200,000 of asset retirement obligation (note 6).

5. FLOW-THROUGH PREMIUM LIABILITY

On October 6, 2022, the Company closed a private placement for 1,507,170 flow-through common shares at \$13.27 per common share for gross proceeds of \$20,000,000 ("FT#22 Offering"). The fair value of the common shares was \$6.50 per common share, resulting in the recognition of a flow-through premium liability of \$6.77 per common share for a total of \$10,203,000. As at December 31, 2023, the Company has incurred all of the required flow-through expenditures (March 31, 2023 - \$16,812,000) in flow-through eligible expenditures, extinguishing the flow-through premium liability (March 31, 2023 - \$1,627,000).

On March 20, 2023, the Company closed a private placement for 2,215,134 flow-through common shares at \$22.57 per common share for gross proceeds of \$50,000,000 ("FT#23 Offering"). The fair value of the common shares was \$10.05 per common share, resulting in the recognition of a flow-through premium liability of \$12.52 per common share for a total of \$27,738,000. As at December 31, 2023, the Company incurred \$29,332,000 in flow-through eligible expenditures (March 31, 2023 - \$nil), reducing the flow-through premium liability from \$27,738,000 at March 31, 2023 to \$11,466,000 at December 31, 2023.

The flow-through premium liability from the FT#22 and FT#23 offerings is amortized over the periods in which the funds are spent on qualifying expenditures.

PATRIOT BATTERY METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
As at and for the three and nine-month periods ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

5. FLOW-THROUGH PREMIUM LIABILITY (CONTINUED)

	December 31, 2023	March 31, 2023
	\$	\$
Opening Balance	29,506,000	1,863,000
Flow-through share premium issuance:		
FT#22 Offering	-	10,203,000
FT#23 Offering	-	27,738,000
Flow-through premium income	(18,040,000)	(10,298,000)
Ending Balance	11,466,000	29,506,000

6. ASSET RETIREMENT OBLIGATION

The obligation is estimated based on the Company's 100% owned exploration camp remediation and restoration plan and the estimated timing of the costs to be paid in future years. The following table summarizes the Company's asset retirement obligation:

	December 31, 2023	March 31, 2023
	\$	\$
Opening Balance	-	-
Addition	2,200,000	-
Accretion	-	-
Change in estimate	-	-
Ending Balance	2,200,000	-

The assumptions used for the calculation were:

	December 31, 2023
Total undiscounted value of payments (\$)	2,268,000
Discount rate (%)	3.22%
Expected life (years)	6
Inflation rate (%)	2.71%

PATRIOT BATTERY METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
As at and for the three and nine-month periods ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

7. SHARE CAPITAL

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

7.1 Common Shares

The following table summarizes the continuity of the common share issued for the nine-month periods ended December 31, 2023 and December 31, 2022.

	Shares #	Proceeds \$	Fair Value \$
Balance, March 31, 2022	78,548,991		
Shares issued for cash	2,207,170	13,618,000	13,618,000
Shares issued for mineral properties	220,000	1,454,000	1,454,000
Shares issued for warrants exercised	9,761,448	3,409,000	30,000
Shares issued for options exercised	2,052,630	1,071,000	808,000
Balance, December 31, 2022	92,790,239		
Balance, March 31, 2023	99,357,207		
Shares issued for cash	7,128,341	108,992,000	108,992,000
Shares issued for mineral properties	120,000	1,244,000	1,244,000
Shares issued for warrants exercised	23,664,939	15,444,000	807,000
Shares issued for options exercised	1,399,474	272,000	807,000
Balance, December 31, 2023	131,669,961		

During the nine-month period ended December 31, 2023:

On August 3, 2023, the Company completed a private placement with Albemarle Inc. of 7,128,341 common shares at a price of \$15.29 per common share for aggregate gross proceeds of \$109 million. In connection with this private placement, the Company incurred \$3,733,000 in financing fees.

On October 31, 2023, the Company increased its land position at its Eastmain Project, located in the James Bay region, Quebec, through the acquisition of a 100% interest in two proximal claim blocks. The new claim blocks total 73 claims (3,851.5 ha) and are located immediately within the prospective Eastmain Greenstone Belt. The Company paid an aggregate \$500,000 cash and issued 120,000 common shares in the capital of the Company. There are no royalty rights associated with the acquisition.

During the nine-month period ended December 31, 2022:

On September 7, 2022, the Company issued 220,000 common shares at a deemed price of \$6.61 per share for the acquisition of Pontois Property.

On October 6, 2022, the Company issued 1,507,170 common shares in connection with a private placement of charity flow-through shares ("FT#22 Shares") at a price of \$13.27 per FT#22 Share for aggregate gross proceeds of \$20,000,145 (FT#22 Offering). In connection with the FT#22 Offering, the Company paid broker fees of \$454,217 in cash and issued 71,530 broker warrants entitling the holder to obtain one common share in the Company at a price of \$6.35 for a period of two years from the date of the closing of the FT#22 Offering.

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7.1 Common Shares (continued)

On November 29, 2022, the Company issued 700,000 common shares in connection with the initial public offering on the Australian Securities Exchange ("ASX") of 7,000,000 CHESS Depository Interests ("CDI") at a price of AUD\$0.60 per CDI for gross proceeds of AUD\$4,200,000 (CAD\$3,821,160). The CDIs are eligible for conversion to common shares on a 10:1 basis, resulting in an issue price per underlying common share of AUD\$6.00.

7.2 Share purchase warrants

A summary of changes in the Company's share purchase warrants outstanding as at December 31, 2023 and 2022 is as follows:

	December 31, 2023		December 31, 2022	
	Number of warrants	Weighted average exercise price (\$)	Number of warrants	Weighted average exercise price (\$)
Outstanding, beginning of period	30,754,010	0.68	39,627,038	0.59
Granted	-	-	4,385,256	0.93
Exercised	(23,664,939)	0.65	(9,761,448)	0.63
Expired	(875)	0.25	-	-
Outstanding, end of period	7,088,196	0.77	34,250,846	0.68

During the nine-month period ended December 31, 2023:

The Company issued a total of 23,664,939 shares for warrants exercised, for net proceeds of \$15,444,000.

During the nine-month period ended December 31, 2022:

The Company issued a total of 9,761,448 shares for warrants exercised, for net proceeds of \$3,409,000.

In connection with the FT#22 Offering, the Company paid broker fees of \$454,000 in cash and issued 71,530 broker warrants entitling the holder to obtain one common share in the Company at a price of \$6.35 for a period of two years from the date of the closing of the FT#22 Offering. The fair value of warrants issued amounting to \$316,000 was estimated using the Black-Scholes pricing model with a stock price of \$6.50, volatility of 135.40%, risk-free rate of 3.99%, dividend yield of 0% and expected life of 2 years.

The Company also issued 2,156,863 broker warrant units in connection with the private placement that was completed on December 21, 2021. The broker's warrants entitle the holders to purchase a unit of the Company (a "Broker Unit") at a price of \$0.45 until December 21, 2023. A Broker Unit consists of one common share of the Company and one common share purchase warrant, exercisable at \$0.75 until December 21, 2023. The fair value of the brokers' warrants was estimated at \$685,000.

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7.2 Share purchase warrants (continued)

The weighted average grant date fair value of the warrants granted during the nine months ended December 31, 2022, was \$0.23 per warrant using the Black-Scholes Option Pricing Model. The weighted average assumptions used for the calculation were:

	December 31, 2022
Share price at grant date (\$)	0.57
Risk free interest rate (%)	1.10%
Expected life (years)	2.00
Expected volatility (%)	156%
Expected dividend per share	-
Fair market value of the warrant on grant date (\$)	0.23

As at December 31, 2023, there are 7,088,196 share purchase warrants outstanding, with a weighted average exercise price of \$0.77 and a weighted average of 0.99 year to expiry, as follows:

Date issued	Number of warrants	Exercise price (\$)	Expiry date
March 23, 2021	166,666	0.30	March 23, 2024
March 21, 2022	5,410,000	0.75	March 21, 2025
March 21, 2022	720,000	0.50	March 21, 2024
March 21, 2022	720,000	0.75	March 21, 2024
October 6, 2022	71,530	6.35	October 6, 2024
Outstanding, end of period	7,088,196		

7.3 Stock options

On January 20, 2023, the Company adopted the Omnibus Incentive Plan (the "Omnibus Plan") which was later approved by the Shareholders on March 3, 2023. The Omnibus Plan replaced the Company's Stock Option Plan (the "Plan") and the stock options which had been granted thereunder are now governed by the Omnibus Plan. On September 19, 2023, the Shareholders approved an amended Omnibus Equity Incentive Plan (the "Amended Omnibus Plan"). The objective of the Amended Omnibus incentive plan is to enhance the Company's ability to attract and retain talented employees and to provide alignment of interests between such employees and the shareholders of the Company.

Under the Amended Omnibus Plan, the Company grants stock options, restricted share units ("RSU"), performance share units ("PSU") and deferred share units ("DSU").

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7.3 Stock options (continued)

A summary of changes in the Company's stock options outstanding as at December 31, 2023 and 2022 is as follows:

	December 31, 2023		December 31, 2022	
	Number of options	Weighted average exercise price (\$)	Number of options	Weighted average exercise price (\$)
Outstanding, opening balance	8,141,671	4.09	5,069,300	0.45
Granted	-	-	5,275,000	4.54
Exercised	(1,476,666)	0.68	(2,052,630)	0.52
Expired/Cancelled	(5)	-	(45,000)	0.36
Outstanding, ending balance	6,665,000	4.85	8,246,670	3.07

All stock options presented above vest immediately upon grant, other than the following:

- 2,525,000 stock options granted on April 5, 2022: 2,385,000 vested upon grant, with 70,000 vesting 12 months from date of grant and the remaining 70,000 vesting 24 months from date of grant;
- 750,000 stock options granted on January 25, 2023: 250,000 vested upon grant, with 250,000 vesting 12 months from date of grant and the remaining 250,000 vesting 24 months from date of grant.

In accordance with IFRS 2 Share-based Payment, the value of stock options with graded vesting is expensed over the vesting period. During the nine-month periods ended December 31, 2023 and 2022, the Company recognized a share-based compensation expense related to the vesting of stock options of \$2,691,000 and \$9,668,000, respectively.

During the nine-month period ended December 31, 2023:

During the period, 1,476,666 stock options were exercised for net proceeds of \$272,000. A portion of the stock options were exercised utilizing the cashless exercise process available under the Amended Omnibus Plan and the Company issued a total of 1,399,474 shares during the period. The weighted average share price at the exercise dates was \$9.79.

During the nine-month period ended December 31, 2022:

The Company issued a total of 2,052,630 shares for options exercised, for net proceeds of \$1,071,000. The weighted average share price at the exercise dates was \$4.05.

The Company granted through different grants a total of 5,275,000 stock options to officers, directors and consultants of the Company.

The weighted average grant date fair value of the options granted during the nine-month period ended December 31, 2022, was estimated at \$1.85 per option using the Black-Scholes Option Pricing Model. Where relevant, the expected life has been adjusted based on management's best estimate for the effects of historical forfeitures and behavioral considerations. Expected volatility is based on the historical share price volatility.

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7.3 Stock options (continued)

The weighted average assumptions used for the calculation were:

	December 31, 2022
Share price at grant date (\$)	3.05
Risk free interest rate (%)	2.93%
Expected life (years)	2
Expected volatility (%)	133%
Fair market value of the option on grant date (\$)	1.85

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

	Options outstanding			Options exercisable		
Range of exercise price per share (\$)	Weighted-average remaining years of contractual life	Number of stocks options outstanding	Weighted average exercise price (\$)	Weighted-average remaining years of contractual life	Number of stocks options exercisable	Weighted average exercise price (\$)
0.30 to 0.53	0.82	1,825,000	0.47	0.82	1,825,000	0.47
1.74 to 2.58	1.34	1,840,000	1.97	1.34	1,770,000	1.98
7.00 to 9.20	2.65	2,250,000	8.20	2.65	2,250,000	8.20
12.50	2.07	750,000	12.50	2.07	250,000	12.50
0.30 to 12.50	1.72	6,665,000	4.85	1.70	6,095,000	4.26

7.4 Performance share units and restricted share units

On June 29, 2023, the Company granted an aggregate of 48,002 RSUs and 48,002 PSUs to employees and consultants of the Company. On November 9, 2023, the Company granted an aggregate of 7,687 RSUs and 7,687 PSUs to employees of the Company. All equity awards were granted in accordance with the Company's Omnibus Equity Incentive Plan.

The entirety of the RSUs will vest on the date which is three years from their date of grant. Up to 83,534 common shares are issuable pursuant to the vesting of the PSUs upon the achievement of certain performance milestones by the Company. During the nine-month period ended December 31, 2023, the Company recognized a share-based compensation expense related to the vesting of PSUs and RSUs of \$276,000 (2022 - \$nil).

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8. EARNINGS (LOSS) PER SHARE

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

	Three-month period ended		Nine-month period ended	
	December 31, 2023 \$	December 31, 2022 \$	December 31, 2023 \$	December 31, 2022 \$
Net income (loss) for the period	2,361,000	815,000	1,890,000	(8,453,000)
Earnings (loss) per share				
Basic	0.02	0.01	0.02	(0.10)
Diluted	0.02	0.01	0.02	(0.10)
Weighted average number of shares				
Basic	120,305,498	91,904,726	109,543,591	87,732,885
Diluted	130,568,042	127,618,105	119,806,135	87,732,885

The basic earnings (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. The diluted earnings (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 period, if dilutive. All of the stock options and the share purchase warrants were anti-dilutive for the nine-month period ended December 31, 2022 as the Company incurred losses during this period.

9. FINANCIAL INSTRUMENTS

9.1 Categories of financial instruments

	December 31, 2023 \$	March 31, 2023 \$
Financial assets		
At fair value through profit or loss		
Cash and cash equivalents (Level 1)	105,755,000	56,724,000
At amortized cost		
Receivables	-	351,000
Total financial assets	105,755,000	57,075,000
Financial liabilities		
At amortized cost		
Accounts payable and accrued liabilities	10,266,000	5,463,000
Total financial liabilities	10,266,000	5,463,000

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9.2 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 Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value in the fair value hierarchy.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Valuation techniques using input other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data.

As at December 31, 2023 and March 31, 2023, the carrying value of the Company's financial assets and liabilities approximate their fair values due to their nature and their short-term to maturity.

10. RELATED PARTY TRANSACTIONS

The Company's related parties include its subsidiaries and key management personnel. Key management personnel are considered to be those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management includes senior officers and directors of the Company as at December 31, 2023 and 2022.

Related party transactions to key management personnel are as follows:

Nine-month period ended	December 31, 2023 \$	December 31, 2022 \$
Management and administration fees	2,331,000	725,000
Consulting fees	-	111,000
Management and consulting fees included in Exploration and Evaluation properties	650,000	150,000
Share-based compensation	1,587,000	8,306,000
Total key management compensation	4,568,000	9,292,000

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11. SUPPLEMENTAL CASH FLOW INFORMATION

Nine-month periods ended	December 31, 2023 \$	December 31, 2022 \$
Non-cash investing activities:		
Shares issued for Exploration and evaluation properties	1,244,000	-
Depreciation within Exploration and evaluation properties	126,000	-
Asset retirement obligation within Property and equipment	2,200,000	-
Office lease within Property and equipment	110,000	-
Non-cash financing activities:		
Fair value of warrants exercised	807,000	30,000
Fair value of options exercised	807,000	808,000
Share issuance costs - warrants	-	(1,001,000)
Included in Accounts payable and accrued liabilities:		
Additions to Exploration and evaluation properties	4,324,000	1,626,000
Additions to Property and equipment	3,663,000	-

12. COMMITMENTS

The Company has an agreement with a vendor related to accommodation at its Corvette property. The agreement includes a \$4,300,000 commitment as at December 31, 2023 (March 31, 2023 - \$3,200,000) which has a maturity of less than a year.

13. SEGMENTED INFORMATION

The Company operates in one business segment, being the exploration and development of mineral properties. The Company's exploration and evaluation assets are broken down per geographical location as follows:

	Canada	US	Total
Balance, as at December 31, 2023			
Exploration and evaluation assets	\$84,063,000	\$1,874,000	\$85,937,000
Balance, as at March 31, 2023			
Exploration and evaluation assets	\$44,498,000	\$1,770,000	\$46,268,000

All of the Company's Property and equipment is located in Canada.

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14. EVENTS AFTER THE REPORTING PERIOD

Subsequent to December 31, 2023, the Company issued 166,666 common shares for warrants exercised.

On January 24, 2024, the Company granted an aggregate of 1,348,016 stock options and an aggregate of 20,085 deferred share units to certain directors of the Company.

On January 31, 2024, the Company received final approval from the Toronto Stock Exchange (TSX) to list its common shares effective upon market open on February 1, 2024. The common shares continue to trade under its current symbol "PMET".