# Free Battery Metal Limited

## UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

(Expressed in Canadian Dollars)

### Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

The accompanying unaudited Condensed Interim Financial Statements for the three months ended March 31, 2025 and 2024 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company. In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited Condensed Interim Financial Statements have not been reviewed by an auditor.

## Free Battery Metal Limited
**Unaudited Condensed Interim Consolidated Statements of Financial Position**
**(Expressed in Canadian Dollars)**

| As at, | | March 31, 2025 | | December 31, 2024 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current** | | | | |
| Cash | $ | 76,918 | $ | 99,820 |
| Sales tax receivable | | 24,330 | | 24,330 |
| **Total Assets** | $ | 101,248 | $ | 124,150 |
| **Liabilities** | | | | |
| **Current** | | | | |
| Accounts payable and accrued liabilities | $ | 119,115 | $ | 131,243 |
| | | 119,115 | | 131,243 |
| **Shareholders' Equity (Deficit)** | | | | |
| Share capital (Note 4) | | 2,298,235 | | 2,298,235 |
| Contributed surplus | | 168,000 | | 168,000 |
| Deficit | | (2,484,102) | | (2,473,328) |
| **Total Shareholders' Equity (Deficit)** | | (17,867) | | (7,093) |
| **Total Liabilities and Shareholders' Equity (Deficit)** | $ | 101,248 | $ | 124,150 |

**Nature of and continuance of operations (Note 1)**

Approved on behalf of the Board:

*"Binyomin Posen" (signed)*
Director

*"David Shisel" (signed)*
Director

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

## Free Battery Metal Limited

**Unaudited Condensed Interim Consolidated Statement of Loss and Comprehensive Loss**
**For the three months ended March 31, 2025 and 2024**
**(Expressed in Canadian Dollars)**

| | 2025 | 2024 |
|---|---|---|
| **Expenses** | | |
| General and administrative | $ 2,582 | $ 1,420 |
| Professional and management fees | 12,170 | 30,350 |
| Regulatory | 5,026 | 2,543 |
| Exploration and evaluation expenses | 10,995 | - |
| Share based payments (Note 4) | - | 12,000 |
| Total expenses | (30,774) | (46,313) |
| **Other items** | | |
| Other income | 20,000 | - |
| Ontario Junior Exploration Program Funding (Note 8) | - | 45,334 |
| **Net Loss and Comprehensive Loss for the Period** | $ (10,774) | $ (979) |
| **Basic and Diluted Loss Per Common Share** | $ (0.00) | $ (0.00) |
| **Weighted Average Number of Common Shares Outstanding** | 3,505,621 | 3,505,621 |

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

## Free Battery Metal Limited
**Unaudited Condensed Interim Consolidated Statement of Changes in Shareholders' Equity (Deficit)**
**(Expressed in Canadian Dollars)**

| | Share Capital | | Contributed | | | Shareholders' |
|---|---|---|---|---|---|---|
| | Number [1] | Amount | surplus | Warrants | Deficit | Equity (Deficit) |
| **Balance, December 31, 2023** | **3,505,621** | **$ 2,298,235** | **$ 156,000** | **$ 72,658** | **(2,467,282)** | **$ 59,611** |
| Share based payments | - | - | 12,000 | - | - | 12,000 |
| Net loss and comprehensive loss for the period | - | - | - | - | (979) | (979) |
| **Balance, March 31, 2024** | **3,505,621** | **$ 2,298,235** | **$ 168,000** | **$ 72,658** | **(2,468,261)** | **$ 70,632** |
| **Balance, December 31, 2024** | **3,505,621** | **$ 2,298,235** | **$ 168,000** | **$ -** | **(2,473,328)** | **$ (7,093)** |
| Net loss and comprehensive loss for the period | - | - | - | - | (10,774) | (10,774) |
| **Balance, March 31, 2025** | **3,505,621** | **$ 2,298,235** | **$ 168,000** | **$ -** | **(2,484,102)** | **$ (17,867)** |

[1]On April 3, 2025, the Company consolidated its common shares on the basis of 1 common shares for every existing 20 common shares (note 4).

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

## Free Battery Metal Limited
**Unaudited Condensed Interim Consolidated Statements of Cash Flows**
**For the three months ended March 31, 2025 and 2024**
**(Expressed in Canadian Dollars)**

| | | 2025 | | 2024 |
|---|---|---|---|---|
| **Cash provided by (used in):** | | | | |
| **Operating Activities** | | | | |
| Net loss for the period | $ | (10,774) | $ | (979) |
| Items not affecting cash: | | | | |
| Share based payments | | - | | 12,000 |
| Changes in working capital balances: | | | | |
| Prepaid expenses | | - | | 1,130 |
| Sales tax receivable | | - | | (1,440) |
| Accounts payable and accrued liabilities | | (12,128) | | (11,874) |
| **Cash Used in Operating Activities** | | (22,902) | | (1,163) |
| **Change in cash** | | (22,902) | | (1,163) |
| **Cash, Beginning** | | 99,820 | | 201,540 |
| **Cash, Ending** | $ | 76,918 | $ | 200,377 |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Free Battery Metal Limited (the "Company") was incorporated under the Business Corporations Act of Ontario on February 17, 2010. The Company completed a transaction resulting in a reverse takeover ("RTO") of the Company by Rift Lithium Inc. ("RLI"). RLI was incorporated under the *Business Corporations Act* of British Columbia on November 23, 2021. The Reverse Takeover Transaction was completed by way of a three-cornered amalgamation (the "Amalgamation") pursuant to which, among other things, (i) RLI amalgamated with a wholly-owned subsidiary of the Company, incorporated for the purposes of the Amalgamation, and (ii) all of the outstanding common shares in the capital of RLI were cancelled and, in consideration, the holders thereof received common shares in the capital of the Company on a 1:1 basis.

The Company is an exploration and development company focused on the acquisition, exploration and development of properties which are prospective for Lithium and other metals.

The address of the Company's registered head office is 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9. The common shares of the Resulting Issuer were approved for trading on June 9, 2023 on the Canadian Securities Exchange, and on June 13, 2023 commenced trading under the symbol "FREE". Concurrent with the RTO, the Company changed its year-end from May 31, to December 31, the year-end of RLI.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at March 31 2025, the Company has not generated any revenue since inception and has a deficit $2,484,102. The Company's continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

## 2. BASIS OF PRESENTATION

### Approval of the Financial Statements

The financial statements of the Company for the three months ended March 31, 2025 and 2024 were reviewed by the Board of Directors and approved and authorized for use on May 27, 2025 by the Board of Directors of the Company.

## 2. BASIS OF PRESENTATION (continued)

*(a) Statement of Compliance to International Financial Reporting Standards*

These financial statements have been prepared using accounting policies consistent with IFRS Accounting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB") and in accordance with IAS 34, Interim Financial Reporting ("IAS 34").

*(b) Basis of Preparation*

The financial statements have been prepared on an accrual basis and are based on historical costs modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

*(c) Basis of Consolidation*

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

| Subsidiary name | Ownership | Jurisdiction |
|---|---|---|
| Rift Lithium Subco Inc. | 100% | Ontario |

*(d) Use of Estimates, judgements and Assumptions*

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

1. Critical judgements exercised by management in applying accounting policies that have the most significant effect on the amounts presented in these consolidated financial statements are as follows:

   - Functional currency – The assessment of the Company's functional currency and the functional currency of its subsidiaries involves judgment regarding the primary economic environment the Company and its wholly-owned subsidiary operate in.

   - Stock options and warrants – Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of the shareholders' equity.

## 2. BASIS OF PRESENTATION (continued)

- Going concern – The assessment of the Company's ability to continue as a going concern involves judgement regarding future funding available for its operations and working capital requirements.

2. Critical accounting estimates

- Income taxes and recoverability of potential deferred tax assets -Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

  Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

- Share-based payments - Management determines costs for share-based payments using the Black-Scholes option pricing model. The fair value of the market-based and performance-based share awards are determined at the date of grant and incorporates Black- Scholes input assumptions including the future volatility of the stock price, expected dividend yield, and expected life. Such judgements and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

**(Expressed in Canadian Dollars)**

## 3. MATERIAL ACCOUNTING POLICIES

These financial statements reflect the accounting policies described in Note 3 to the 2024 Audited Consolidated Financial Statements and accordingly, should be read in conjunction with the 2024 Audited Consolidated financial Statements and the notes thereto.

## 4. SHARE CAPITAL

On March 28, 2025, the board of directors of the Company approved a consolidation of its issued and outstanding common shares ("Common Shares") on the basis of one post-consolidated Common Share for every twenty pre-consolidated Common Shares (the "Consolidation"), with April 3, 2025, as the effective date of the Consolidation. Following the Consolidation, the Common Shares were reduced from 70,112,397 to approximately 3,505,621 Common Shares. All share and per share amounts in these consolidated financial statements have been adjusted retrospectively to reflect the Consolidation.

(a) Authorized

The Company has authorized an unlimited number of common shares without par value.

(b) Issued and outstanding - All share and per share amounts in these consolidated financial statements have been adjusted retrospectively to reflect the Consolidation.

As at March 31, 2025 and December 31, 2024, the Company had outstanding 3,505,621 common shares.

(c) Stock option plan

Under the Company's Incentive Stock Option Plan, the Company is authorized to grant options of up to 10% of its issued and outstanding common shares to officers, directors, employees and consultants of the Company or its affiliated entities. The options can be granted for a maximum term of 10 years.

On February 21, 2024, the Company issued a total of 50,000 options to a consultant of the Company. The options are exercisable at $1.00 until February 21, 2027. The options vested immediately on the date of grant. The fair value of the options was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions: current share price $1.00, expected volatility of 96%; expected dividend yield of 0%; risk-free interest rate of 3.95%; and expected life of 3 years. The options were valued at $12,000.

Expected volatility in the above valuations was based on historical volatility of comparable companies.

As at March 31, 2025, the weighted average exercise price of options outstanding and options exercisable were as follows:

| | Number | Weighted Average Exercise Price |
|---|---|---|
| Outstanding – December 31, 2023 | 200,000 | $ 0.05 |
| Granted | 50,000 | $ 0.05 |
| **Outstanding and exercisable – December 31, 2024 and March 31, 2025** | **250,000** | **$ 0.05** |

**(Expressed in Canadian Dollars)**

## 4. SHARE CAPITAL (continued)

As at March 31, 2025 the Company had the following stock options outstanding:

| Number of Outstanding | Exercise Price ($'s) | Expiry Date | Number of Options Exercisable | Remaining Life (years) |
|---|---|---|---|---|
| 200,000 | 1.00 | June 12, 2026 | 200,000 | 1.20 |
| 50,000 | 1.00 | Feb. 21, 2027 | 50,000 | 1.90 |

(d) Warrants

Concurrent with the RTO, the Company issued 255,945 warrants. These warrants expired unexercised on September 2 ,2024.

As at December 31, 2024 and March 31, 2025, there were no warrants outstanding.

## 5. CAPITAL MANAGEMENT OBJECTIVE AND POLICIES

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued common shares and reserves, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity. The Company is not subject to any external capital restrictions.

## 6. FINANCIAL INSTRUMENTS

*Fair Values*

At March 31, 2025, the Company's financial instruments consist of cash, accounts payable and accrued liabilities. The Company considers that the carrying amount of its financial instruments recognized at amortized cost in the financial statements approximates their fair value due the demand nature or short-term maturity of these instruments.

*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 credit quality financial institution.

*Foreign Exchange Risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

## 6. FINANCIAL INSTRUMENTS (continued)

*Interest Rate Risk*

The Company is not exposed to any significant interest rate risk.

*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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs and to meet the Company's liabilities. The $119,115 (December 31, 2024 - $131,243) of accounts payable and accrued liabilities are due within one year.

## 7. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2025, $9,000 (three months ended March 31, 2024 - $9,000) was charged by CFO Advantage Inc, a corporation owned by the chief financial officer of the Company, for management services. As at March 31, 2025, $nil (December 31, 2024 - $6,780) is included in accounts payable and accrued liabilities.

During the three months ended March 31, 2025, $2,000 (three months ended March 31, 2024 - $10,500) was charged by Pam Sangster, the Chief Executive Officer, for management services. As at March 31, 2025, $nil (December 31, 2024 - $2,000) is included in accounts payable and accrued liabilities.

## 8. MINERAL PROPERTY

**Mound Lake**

On November 24, 2021, the Company entered into an agreement to acquire mineral claims located in the province of Ontario ("the Mound Lake Property"), in exchange of 2,000,000 common shares (at $0.40 per share) of the Company. The shares were issued on November 24, 2021. The valuation was determined by arm's length negotiations between the parties, including with the subscribers of subscription receipts as to the pre-money valuation for this property. During the year ended December 31, 2023, the Company spent $9,605 on a valuation report, and $171,527 on a phase 1 exploration field program and accrued $105,000 on a phase 2 program (including geological consultants and lab analysis). These expenses were offset by $21,388 received from the Ontario Junior Exploration Program ("OJEP") to help finance early-stage exploration projects. No material expenses were incurred during the year ended December 31, 2024. The Company did receive an additional $45,334 from OJEP in 2024. No material expenses were spent on the project during the three months ended March 31, 2025.

**Option on Mound Lake**

The Company entered into a binding term sheet effective January 10, 2025 with Snow Lake Resources Ltd., (NASDAQ: LITM) d/b/a Snow Lake Energy ("Snow Lake"), an arm's length party, (the "Term Sheet", and the transactions contemplated therein, the "Transaction") pursuant to which Snow Lake can earn up to an 80% interest in Free Battery's Mound Lake Property.

## 8. MINERAL PROPERTY (continued)

Summary of the Transaction

Pursuant to the terms and conditions of the Transaction, (i) on or before the first anniversary of the effective date of a definitive agreement to replace the Term Sheet (the "Definitive Agreement"), Snow Lake, a 10% owner of the Mound Lake Property, shall have the right to acquire (the "First Option") an additional 41% interest in the Mound Lake Property (for an aggregate 51% interest) (the "First Option Interest") upon Snow Lake (x) having made work expenditures of at least $1,000,000 and (y) paying $500,000 to Free Battery; and (ii) on or before the second anniversary of the effective date of the Definitive Agreement, Snow Lake shall have the right to acquire (the "Second Option" and together with the First Option, the "Option Earn-Ins")) an additional 29% interest in the Mound Lake Property (for an aggregate 80% interest) (the "Second Option Interest") upon Snow Lake (x) having made additional work expenditures of $1,000,000 (for aggregate work expenditures of $2,000,000 (the "Work Commitment")) and (y) paying an additional $1,000,000 to Free Battery (for aggregate cash payments of $1,500,000). Shortfalls in work expenditures below the Work Commitment may be paid by Snow Lake to Free Battery as cash in lieu to satisfy the work expenditures' requirement.

Prior to the completion of a pre-feasibility study on the Mound Lake Property, Snow Lake will be the operator of the Mound Lake Property and be responsible for all costs and expenses associated with exploration and development of the Mound Lake Property. Following the completion of a pre-feasibility study on the Mound Lake Property, the parties shall diligently and in good faith negotiate the terms of a joint venture arrangement to advance development of the Mound Lake Property. Such arrangement will include, among other things, (i) a mechanism by which expenditures on the Mound Lake Property will be funded on a pro rata basis, based upon the respective parties proportionate interest in the Mound Lake Property; (ii) in the event any one party declines to fund the expenditures in proportion to their interest, their respective interest in the joint venture shall be reduced accordingly, subject to the Dilution Conversion (as defined hereinafter); (iii) a mechanism for preparing and approving a budget and work program in respect of the Mound Lake Property; and (iv) the ongoing management of the joint venture.

Following the exercise of the First Option, in the event that either party's interest in the Mound Lake Property falls below 10%, such party's interest shall be converted into a 1% net smelter return royalty on the Mound Lake Property, which shall not be subject to a right of first refusal or any other pre-emptive rights in favour to such party (the "Dilution Conversion").