



AC/DC Battery Metals Inc.

Financial Statements

**For the Year Ended 31 July 2024 and for the Period from the Date of
Incorporation on 14 July 2023 to 31 July 2023**

(Expressed in Canadian Dollars)



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AC/DC Battery Metals Inc.

Opinion

We have audited the accompanying financial statements of AC/DC Battery Metals Inc. (the “Company”) which comprise the statements of financial position as at July 31, 2024 and 2023, and the statements of loss and comprehensive loss, cash flows and changes in equity for the year ended July 31, 2024 and for the period from the date of incorporation on July 14, 2023 to July 31, 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2024 and 2023, and its financial performance and its cash flows for the year ended July 31, 2024 and for the period from the date of incorporation on July 14, 2023 to July 31, 2023 in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended July 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dong H. Shim.

"SHIM & Associates LLP"

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
November 15, 2024

AC/DC Battery Metals Inc.

Statements of Financial Position

As at 31 July 2024 and 2023

(Expressed in Canadian dollars)

As at	Notes	31 July 2024	31 July 2023
		\$	\$
ASSETS			
Current assets			
Cash		1,217,095	1
Amounts receivable	4	42,257	-
Assets held for sale	5	248,172	-
Total current assets		1,507,524	1
Exploration and evaluation properties	5	255,954	-
Reclamation bond	5	55,900	-
Total assets		1,819,378	1
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	6	27,536	5,000
Total liabilities		27,536	5,000
Equity			
Common shares	7	1,764,356	1
Reserves	7	600,461	-
Deficit		(572,975)	(5,000)
Total equity		1,791,842	(4,999)
Total equity and liabilities		1,819,378	1

Nature of operations and going concern (Note 1)

Subsequent event (Note 12)

APPROVED BY THE BOARD:

“Timothy Fernback”

“Robert Setter”

Timothy Fernback

Robert Setter

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

AC/DC Battery Metals Inc.

Statements of Loss and Comprehensive Loss

For the year ended 31 July 2024 and for the period from the date of incorporation on 14 July 2023 to 31 July 2023

(Expressed in Canadian dollars)

Year/Period ended	Notes	2024	2023
		\$	\$
General and administrative expenses			
Consulting	10	306,833	-
Marketing and communications		450	-
Office and miscellaneous		8,587	-
Professional fee		45,179	5,000
Share-based compensation	7,10	182,699	-
Transfer agent and regulatory fees		23,791	-
Travel, lodging and food		436	-
Loss for the year/period		(567,975)	(5,000)
Net loss and comprehensive loss for the year/period	8	(567,975)	(5,000)

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

AC/DC Battery Metals Inc.

Statements of Cash Flows

For the year ended 31 July 2024 and for the period from the date of incorporation on 14 July 2023 to 31 July 2023

(Expressed in Canadian dollars)

Year/Period ended	2024	2023
	\$	\$
OPERATING ACTIVITIES		
Loss for the year/period	(567,975)	(5,000)
Adjustment for:		
Share-based payments	182,699	-
Changes in operating working capital:		
Increase in amounts receivable	(42,257)	-
Increase in trade and other payables	22,536	5,000
Cash used in operating activities	(404,997)	-
INVESTING ACTIVITIES		
Exploration and evaluation properties expenditures	(296,508)	-
Purchase of reclamation bond	(55,900)	-
Cash used in investing activities	(352,408)	-
FINANCING ACTIVITIES		
Proceeds from issuance of common shares, net	1,974,500	1
Shares returned to treasury and cancelled	(1)	-
Cash from financing activities	1,974,499	1
Increase in cash	1,217,094	1
Cash, beginning of year/period	1	-
Cash, end of year/period	1,217,095	1

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

AC/CD Battery Metals Inc.

Statements of Changes in Equity

For the year ended 31 July 2024 and for the period from the date of incorporation on 14 July 2023 to 31 July 2023

(Expressed in Canadian dollars)

	Notes	Number of common shares	Common shares	Stock option reserve	Warrant reserve	Deficit	Total
			\$	\$	\$	\$	\$
Balances, 14 July 2023 (Incorporation)		-	-	-	-	-	-
Shares issued for:							
Cash		1	1	-	-	-	1
Net loss for the year		-	-	-	-	(5,000)	(5,000)
Balances, 31 July 2023		1	1	-	-	(5,000)	(4,999)
Shares issued for:							
Cash	7	40,000,000	1,600,000	-	400,000	-	2,000,000
Shares issued for mineral properties	5, 7	9,414,044	207,618	-	-	-	207,618
Shares returned to treasury		(1)	(1)	-	-	-	(1)
Share issue costs	7	2,471,000	(43,262)	-	17,762	-	(25,500)
Share-based compensation	7	-	-	182,699	-	-	182,699
Net loss for the year		-	-	-	-	(567,975)	(567,975)
Balances, 31 July 2024		51,885,044	1,764,356	182,699	417,762	(572,975)	1,791,842

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

AC/DC Battery Metals Inc.

Notes to the Financial Statements

For the year ended 31 July 2024 and for the period from the date of incorporation on 14 July 2023 to 31 July 2023

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

AC/DC Battery Metals Inc. (the “Company” or “AC/DC”) was formed on 14 July 2023 under the Business Corporations Act of British Columbia (“BCBCA”). The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties in Canada with the aim of developing them to a stage where they can be exploited at a profit. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “ACDC”.

The address of the Company’s corporate office and its principal place of business is 3028 Quadra Court, Coquitlam, British Columbia, V3B 5X6.

Grid Battery Metals Inc. (“Grid”) was the registered and beneficial owner of all of the issued and outstanding AC/DC Shares. Grid and AC/DC arranged a corporate restructuring by way of a statutory arrangement under the BCBCA, pursuant to which Grid and AC/DC participated in a series of transactions whereby, among other things, Grid acquired approximately 9,414,044 AC/DC common shares (“Consideration Shares”) in exchange for the “Transferred Assets” comprised of Grid’s Nickel Mountain Project (Note 5.1 and 7.2), and distributed the Consideration Shares to the holders of Grid common shares such that the holders of Grid common shares became the holders of the AC/DC common shares (“Arrangement”).

1.1 Going concern

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

From inception to 31 July 2024, the Company has incurred \$572,975 in losses from operations, earned no revenues and has experienced negative cash flows from operating activities. As at 31 July 2024, the Company had cash of \$1,217,095 (2023: \$1) and positive working capital of \$1,479,988 (2023: negative working capital of \$4,999), but management cannot provide assurance that the Company will ultimately achieve profitable operations, or raise additional debt and/or equity capital.

The Company expects to incur further losses in the development of its business, which casts significant doubt about the Company’s ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although 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 to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

AC/DC Battery Metals Inc.

Notes to the Financial Statements

For the year ended 31 July 2024 and for the period from the date of incorporation on 14 July 2023 to 31 July 2023

(Expressed in Canadian dollars)

1.1 Going concern (Cont'd)

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that the Company will obtain the necessary financing to complete the exploration and development of mineral property interests, or that the current or future exploration and development programs of the Company will result in profitable mining operations. In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its existing commitments, including conducting minimum exploration and evaluation programs and paying for general and administrative expenses.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended 31 July 2024.

The policies applied in these financial statements are based on IFRS issued as at 15 November 2024, the date the Board of Directors approved these financial statements.

2.2 Basis of preparation

The financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The Company's financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire periods presented in these financial statements.

3. SUMMARY OF MAATERIAL ACCOUNTING POLICIES

3.1 Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about 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 on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

AC/DC Battery Metals Inc.

Notes to the Financial Statements

For the year ended 31 July 2024 and for the period from the date of incorporation on 14 July 2023 to 31 July 2023

(Expressed in Canadian dollars)

3.1 Significant Accounting Judgments, Estimates and Assumptions (Cont'd)

Areas requiring a significant degree of estimation and judgment relate to the share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the carrying value of exploration and evaluation properties, the valuation of all liability and equity instruments including warrants and stock options, the recoverability and measurement of deferred tax assets and liabilities and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining the point at which a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop the property are capitalized into development assets. The determination may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of loss and comprehensive loss in the period when new information becomes available.

Determining whether to test for impairment of mineral exploration properties and deferred exploration assets requires management's judgment regarding the following factors, among others: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during subsequent reporting periods.

AC/DC Battery Metals Inc.

Notes to the Financial Statements

For the year ended 31 July 2024 and for the period from the date of incorporation on 14 July 2023 to 31 July 2023

(Expressed in Canadian dollars)

3.1 Significant Accounting Judgments, Estimates and Assumptions (Cont'd)

Decommissioning and restoration costs

Management is not aware of any material restoration, rehabilitation and environmental provisions as at 31 July 2024 and 2023. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value and these estimates are updated annually. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the exploration and evaluation property. Such estimates are subject to change based on changes in laws, regulations and negotiations with regulatory authorities.

Share based payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in note 3.12. The fair value of stock options is measured using the Black-Scholes Option Valuation Model. The fair value of stock options granted using valuation models is only an estimate of their potential value and requires the use of estimates and assumptions.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. Under the residual method, one component is measured first and the residual amount is allocated to the remaining component. The Company measures the value of the common shares first. The balance, if any, is allocated to the warrants. Any fair value attributed to the warrants is recorded as reserves.

Deferred income taxes

Judgement is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future years, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that the cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the statement of financial position date, if any, could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company and its subsidiary operate could limit the ability of the Company to obtain tax deductions in future years.

AC/DC Battery Metals Inc.

Notes to the Financial Statements

For the year ended 31 July 2024 and for the period from the date of incorporation on 14 July 2023 to 31 July 2023

(Expressed in Canadian dollars)

3.1 Significant Accounting Judgments, Estimates and Assumptions (Cont'd)

Going concern

These financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the of the reporting date. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions (Note 1.1).

Determination of functional currency

The functional currency of the Company is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgements to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic event.

3.2 Deferred taxes

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

3.3 Exploration and evaluation properties

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

AC/DC Battery Metals Inc.

Notes to the Financial Statements

For the year ended 31 July 2024 and for the period from the date of incorporation on 14 July 2023 to 31 July 2023

(Expressed in Canadian dollars)

3.3 Exploration and evaluation properties (Cont'd)

Option payments received are treated as a reduction of the carrying value of the related exploration and evaluation properties and deferred costs until the receipts are in excess of costs incurred, at which time they are recognized in income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

Exploration and evaluation assets are assessed for impairment annually and if (i) sufficient data exists to determine technical feasibility and commercial viability, and/or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

3.4 Decommissioning, restoration and similar liabilities

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the period incurred. Discount rates using a pre-tax rate that reflect the current market assessments of the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. The net present value of reclamation costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of reclamation projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation properties. A gain or loss may be incurred upon settlement of the decommissioning obligation.

AC/DC Battery Metals Inc.

Notes to the Financial Statements

For the year ended 31 July 2024 and for the period from the date of incorporation on 14 July 2023 to 31 July 2023

(Expressed in Canadian dollars)

3.5 Financial instruments

All financial assets are initially recognized at fair value and subsequently recognized according to their classification. The classification depends on the intention with which the financial instruments were acquired and their characteristics. Unless specific circumstances permitted under IFRS are present, the classification is not modified after initial recognition.

Financial assets and liabilities

Classification

The Company classifies its cash and amounts receivable as financial assets at amortized cost.

The Company classifies its financial liability as fair value through profit and loss ("FVTPL") if it is classified as held-for-trading or is designated as such on initial recognition. The Company does not designate any financial liabilities at FVTPL. At present, the Company classifies all of its financial liabilities as held at amortized cost. These financial liabilities are classified as current liabilities as the payment is due within 12 months.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of income (loss) and comprehensive income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of income (loss) and comprehensive income (loss) in the period in which they arise.

3.6 Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company recognizes in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

AC/DC Battery Metals Inc.

Notes to the Financial Statements

For the year ended 31 July 2024 and for the period from the date of incorporation on 14 July 2023 to 31 July 2023

(Expressed in Canadian dollars)

3.7 Derecognition of financial assets and liabilities

Financial assets are derecognized when the 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 derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

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 and payable is recognized in profit or loss.

3.8 Impairment of non-financial assets

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

3.9 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

AC/DC Battery Metals Inc.

Notes to the Financial Statements

For the year ended 31 July 2024 and for the period from the date of incorporation on 14 July 2023 to 31 July 2023

(Expressed in Canadian dollars)

3.10 Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of 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 fair value of the options, as determined using the Black-Scholes Option Pricing Model, which incorporates all market vesting conditions are expensed to profit or loss. The corresponding amount is recorded to the stock options reserve. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

3.11 Earnings (loss) per share

Basic per share amounts are calculated by dividing the earnings or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted per share amounts are determined by adjusting the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which consist of share purchase warrants and stock options.

3.12 Standards, amendments and interpretations issued but not yet effective

The Company adopted no material new accounting standards during the current period, and is unaware of any applicable, but not-yet-adopted standards that are expected to materially affect the financial statements of future periods.

4. AMOUNTS RECEIVABLE

As at 31 July	2024	2023
	\$	\$
GST/HST receivable	16,144	-
Advances	3,600	-
Due from Grid	22,513	-
Total amounts receivable	42,257	-

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(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION PROPERTIES

	Nickel Mountain	B.C Copper	Total
	\$	\$	\$
Balance, 31 July 2023	-	-	-
Acquisition cost	207,618	200,000	407,618
Claims and fees	-	48,172	48,172
Consulting	48,336	-	48,336
Balance, 31 July 2024	255,954	248,172	504,126

5.1 Nickel Mountain Project, British Columbia

On 26 April 2024, the Company issued 9,414,044 common shares valued at \$207,618, to acquire from Grid, the Nickel Mountain Project located 100 kilometers northwest of Fort St. James, B.C., pursuant to the Arrangement (Notes 1 and 7.2).

The Company owns 100% interest in the Nickel Mountain Project.

The Company has a security deposit of \$55,900 with the Ministry of Energy, Mines and Low Carbon Innovation of British Columbia.

5.2 B.C Copper Property, British Columbia

On 25 July 2024, the Company has entered into Purchase and Sale Agreement (the “Agreement”) whereby the Company has acquired 100% interest in 17 mineral claims comprising 27,525.24 hectares located in North Central British Columbia.

Upon and subject to the terms and conditions of the Agreement, the Company agreed to the following:

- (a) making a cash payment in the amount of \$48,172 (paid) for staking costs, upon signing of the Agreement; and
- (b) making a cash payment of \$200,000 (paid) upon signing the Agreement.

Subsequent to 31 July 2024, the Company entered into an agreement with Grid to sell the B.C Copper Property to Grid (Note 12). As a result, the Company classified the B.C Copper Property as an asset held for sale as at 31 July 2024.

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6. TRADE AND OTHER PAYABLES

The Company's trade payables and accrued liabilities are as follows:

As at 31 July	2024	2023
	\$	\$
Trade payables	2,536	-
Accrued liabilities	25,000	5,000
Total trade and other payables	27,536	5,000

7. SHARE CAPITAL

7.1 Authorized share capital

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

As at 31 July 2024, the Company had 51,885,044 common shares outstanding (2023:1 common share).

7.2 Common share issuances

a) Private Placements

On 3 July 2024, the Company issued 40,000,000 units at a price of \$0.05 per unit for cash proceeds of \$2,000,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.06 per share for a period of five years from closing. The Company allocated \$400,000 as the fair value of the share purchase warrant. The Company also paid finders' fees of \$25,500 cash, 2,471,000 shares valued at \$98,840 and 510,000 warrants valued at \$17,762 using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

- Risk-free interest rate 3.49%
- Expected term (in years) 5
- Estimated dividend yield 0%
- Weighted-average estimated volatility 140.84%

b) Mineral property acquisition

During the year ended 31 July 2024, the Company issued 9,414,044 common shares with a fair value of \$207,618 pursuant to the Arrangement for the acquisition of Nickel Mountain Project (Notes 1 and 5.1).

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7.3 Share purchase warrants

The following is a summary of the changes in the Company's share purchase warrants for the year ended 31 July 2024 and for the period from the date of incorporation on 14 July 2023 to 31 July 2023:

	31 July 2024		31 July 2023	
	Number of warrants	Weighted-average exercise price	Number of warrants	Weighted-average exercise price
Outstanding, beginning	-	\$ -	-	\$ -
Issued	40,510,000	0.06	-	-
Outstanding, ending	40,510,000	0.06	-	-

The following table summarizes information regarding warrants outstanding and exercisable as at 31 July 2024:

Expiry date	Number of warrants outstanding	Number of warrants exercisable	Weighted-average remaining contractual life (years)	Weighted-average exercise Price
3 July, 2029	40,510,000	40,510,000	4.93	0.06

7.4 Stock options

Effective 14 June 2024, the Company adopted a stock option plan whereby it is authorized to grant options to executive officers and directors, employees and/or consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The exercise price of any options granted under the plan will be determined by the Board of Directors, at its sole discretion, but shall not be less than maximum discount allowed under the TSX-V policies. The maximum term of the option is 10 years from the grant date.

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7.4 Stock options (Cont'd)

On 3 July 2024 the Company granted 5,180,000 stock options to consultants, directors and officers of the Company. These stock options have an exercise price of \$0.05 per share and expire in 5 years. The fair value of these options was determined as \$182,699 using the Black-Scholes Option Pricing Model with the following assumptions:

- Risk-free interest rate 3.49%
- Expected term (in years) 5
- Estimated dividend yield 0%
- Estimated volatility 140.84%

The following is a summary of the changes in the Company's stock option activities for the year ended 31 July 2024 and for the period from the date of incorporation on 14 July 2023 to 31 July 2023:

	31 July 2024		31 July 2023	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Outstanding, beginning		\$	-	\$
Granted	5,180,000	0.05	-	-
Outstanding, ending	5,180,000	0.05	-	-

8. EARNINGS OR LOSS PER SHARE

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

Year ended 31 July	2024	2023
Loss for the year	(567,975)	(5,000)
Weighted average number of shares – basic	5,718,406	1
Weighted average number of shares – diluted	5,718,406	1
Loss per share, basic	(0.10)	(5,000)
Loss per share, diluted	(0.10)	(5,000)

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 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 share purchase warrants are anti-dilutive for the year ended 31 July 2024 since the company is in a loss position as of the year ended 31, July 2024. No stock options and share purchase warrants were outstanding for the year ended 31 July 2023.

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9. FINANCIAL INSTRUMENTS

9.1 Categories of financial instruments

31 July	2024	2023
	\$	\$
FINANCIAL ASSETS		
Financial assets, at amortized cost		
Cash	1,217,095	1
Amounts receivable	42,257	-
Reclamation bond	55,900	-
Total financial assets	1,315,252	1
FINANCIAL LIABILITIES		
Other liabilities, at amortized cost		
Trade payables	27,536	5,000
Total financial liabilities	27,536	5,000

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 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.

The Company did not have any financial assets and liabilities at fair value.

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9.3 Management of financial risks

The financial risk arising from the Company's operations are credit risk, liquidity risk, interest rate risk and currency 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. As of July 31, 2024, the Company's financial instruments, consisting of cash, amounts receivable, and accounts payable and accrued liabilities, approximate fair values due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant credit, interest or currency risks arising from these financial instruments.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they become due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has no source of revenue and has obligations to meet its administrative overheads, maintain its mineral investments and to settle amounts payable to its creditors. The Company has been successful in raising equity financing through issuance of private placement in the past year; however, there is no assurance that it will be able to do so in the future. As at 31 July 2024, the Company had accounts payable and accrued liabilities of \$27,536 due within 12 months and had cash of \$1,217,095 to meet its current obligations. As a result, the Company is not exposed to any significant liquidity risk.

9.4 Capital Management

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 share capital in the definition of capital.

The Company does not yet have an objective with respect to its capital management. The Company will need to secure additional capital necessary to pursue Nickel Mountain Projects. As a result, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company is not subject to externally imposed capital requirements.

AC/DC Battery Metals Inc.

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10. RELATED PARTIES

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as people performing similar functions.

The Company's related party expenses are summarized as follows for the year ended 31 July 2024 and for the period from the date of incorporation on 14 July 2023 to 31 July 2023:

Year ended 31 July	2024	2023
	\$	\$
Consulting fees to CFO	13,500	-
Consulting fees to a Director	1,500	-
Consulting fees to CEO and Director	130,000	-
Consulting fees to Corporate Secretary	112,024	-
Share-based payments	82,532	-
Total related party expenses	339,556	-

10.1 Key management personnel compensation

The remuneration of directors and other members of key management for the year ended 31 July 2024 and for the period from the date of incorporation on 14 July 2023 to 31 July 2023 were as follows:

Year ended 31 July	2024	2023
	\$	\$
Short-term benefits – management and consulting fees	257,024	-
Total key management personnel compensation	257,024	-

11. TAXES

11.1 Provision for income taxes

Year ended 31 July	2024	2023
	\$	\$
Loss before tax	(567,975)	(5,000)
Statutory tax rate	27%	27%
	(153,353)	(1,350)
Expected income tax recovery		
Non-deductible items and others	10,961	-
Tax benefits not recognized	142,392	1,350
Total income tax recovery	-	-

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11.2 Deferred tax balances

As at 31 July	2024	2023
	\$	\$
Tax loss carry-forwards	113,048	1,350
Share issue costs	30,694	-
Total deferred tax assets	143,742	1,350
Less: Unrecognized deferred tax assets	(143,742)	(1,350)
Net deferred tax assets	-	-

11.3 Expiry dates

As at 31 July 2024, the Company had non-capital loss carry forward of approximately \$418,696 available for tax purposes in Canada which expires as follows:

	As at 31 July 2024
	\$
Non-capital losses	
2043	5,000
2044	413,696
Total non-capital losses	418,696

12. SUBSEQUENT EVENT

On 29 August 2024, the Company has entered into a Purchase and Sale Agreement with Grid, whereby Grid will acquire a 100% interest in the B.C Copper Property (Note 5.2). The transaction is a “related party” transaction and is subject to TSX-V approval.

To complete the transaction, Grid will make a cash payment of \$48,172 for reimbursement of staking costs and issue 5,000,000 shares of Grid to the Company upon TSX-V approval of the transaction.