BATTERY MINERAL RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023
(Unaudited)

(Expressed in Canadian Dollars)

BATTERY MINERAL RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)
As at

Reported in CAD

	Note		March 31, 2023		December 31, 2022
ASSETS					
Current assets					
Cash		$	**1,836,165**	$	4,254,172
Receivables	4		**3,035,622**		3,178,208
Prepaids			**454,075**		227,321
Total current assets			**5,325,862**		7,659,701
Non-current assets					
Property, plant and equipment	5		**56,209,148**		53,088,950
Intangible assets			**144,345**		159,766
Exploration and evaluation assets	6		**50,640,524**		46,654,978
Total non-current assets			**106,994,017**		99,903,694
TOTAL ASSETS		$	**112,319,879**	$	107,563,395
LIABILITIES					
Current liabilities					
Trade and other payables		$	**2,686,781**	$	3,120,668
Income taxes payable			**2,916,335**		2,924,326
Current portion of lease liability			**295,233**		284,526
Current portion of loans and borrowings	11		**671,914**		628,185
Bridge loan	9		**4,453,017**		2,073,146
Current portion of deferred payments on acquisition	8		**1,965,233**		1,846,486
Other current liabilities	7		**3,653,562**		3,413,811
Total current liabilities			**16,642,075**		14,291,148
Non-current liabilities					
Lease liability			**1,272,632**		1,351,056
Deferred payments on acquisition	8		**3,996,869**		4,053,305
Loans and borrowings	11		**2,241,569**		2,411,173
Convertible debenture	12		**10,362,003**		10,049,611
Asset retirement obligation	10		**12,100,904**		10,918,524
Total non-current liabilities			**29,973,977**		28,783,669
TOTAL LIABILITIES			**46,616,052**		43,074,817
EQUITY					
Share capital	13		**60,952,703**		60,952,703
Contributed surplus	12, 13		**24,809,174**		24,195,021
Accumulated other comprehensive loss			**2,345,155**		(639,050)
Deficit			**(22,403,205)**		(20,020,096)
TOTAL EQUITY			**65,703,827**		64,488,578
TOTAL LIABILITIES AND EQUITY		$	**112,319,879**	$	107,563,395

Nature of operations and going concern 1
Subsequent events 17

Approved on behalf of the Board:

/s/ Lazaros Nikeas   */s/ Stephen Dunmead*

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	Note	For the three months ended March 31, 2023	Restated - Note 3 For the three months ended March 31, 2022
REVENUE			
Sales	14	$ **2,725,033**	$ 2,489,282
EXPENSES			
Cost of sales		**344,950**	107,605
Depreciation of equipment	5	**699,345**	722,527
Impairment of exploration and evaluation assets	6	**8,094**	19,954
Management fees		**437,145**	360,924
Operating and maintenance		**1,023,725**	1,037,222
Professional fees		**354,276**	312,048
Restricted stock units expense	13	**409,810**	736,948
General and administration		**1,346,716**	1,104,309
Stock based compensation	13	**204,343**	313,992
Loss from operations		**(2,103,371)**	(2,226,247)
Finance costs	8-12	**(692,180)**	(186,172)
Foreign exchange gain		**349,837**	210,949
Gain on disposal of property and equipment	5	**-**	176,079
Other income		**62,605**	242,781
Loss for the period		$ **(2,383,109)**	$ (1,782,610)
Currency translation adjustment		**2,984,205**	2,067,227
Comprehensive gain for the period attributable to common shareholders		$ **601,096**	$ 284,617
Loss per share			
Basic loss per ordinary share		$ **(0.01)**	$ (0.01)
Basic weighted average number of ordinary shares outstanding		**172,119,926**	171,696,353
Gain per share - attributable to common shareholders			
Basic gain per ordinary share		$ **0.00**	$ 0.00
Basic weighted average number of ordinary shares outstanding		**172,119,926**	171,696,353
Gain per share - attributable to common shareholders			
Basic and diluted gain per ordinary share		$ **0.00**	$ 0.00
Basic and diluted weighted average number of ordinary shares outstanding		**179,492,426**	178,078,783

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars, except where indicated - Unaudited)

	# of shares issued	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
		$	$		$	$
Balance at December 31, 2021	**170,872,279**	**60,952,703**	**19,224,651**	**(3,864,284)**	**(16,523,929)**	**59,789,141**
Convertible debenture - equity (Note 12)	-	-	1,224,439	-	-	1,224,439
Convertible debenture issuance costs	-	-	(12,034)	-	-	(12,034)
Restricted share units (Note 13)	833,333	-	2,231,206	-	-	2,231,206
Stock options (Note 13)	-	-	1,526,759	-	-	1,526,759
Loss for the year	-	-	-	-	(3,496,167)	(3,496,167)
Currency translation adjustment	-	-	-	3,225,234	-	3,225,234
Balance at December 31, 2022	**171,705,612**	**60,952,703**	**24,195,021**	**(639,050)**	**(20,020,096)**	**64,488,578**
Restricted share units (Note 13)	437,499	-	409,810	-	-	409,810
Stock options (Note 13)	-	-	204,343	-	-	204,343
Loss for the period	-	-	-	-	(2,383,109)	(2,383,109)
Currency translation adjustment	-	-	-	2,984,205	-	2,984,205
Balance at March 31, 2023	**172,143,111**	**60,952,703**	**24,809,174**	**2,345,155**	**(22,403,205)**	**65,703,827**

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the three months ended March 31, 2023	Restated - Note 3 For the three months ended March 31, 2022
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Net loss for the year	$ **(2,383,109)**	$ (1,782,610)
Items not affecting cash:		
Accretion	**574,870**	88,135
Depreciation	**699,345**	722,527
Impairment of exploration and evaluation assets	**8,094**	19,954
Restricted stock units expense	**409,810**	736,948
Stock based compensation	**204,343**	313,992
Recognition of flow-through premium	**-**	(214,541)
Gain on disposal of property plant and equipment	**-**	(176,079)
Unrealized foreign exchange	**335,492**	-
Changes in non-cash working capital items:		
Inventory	**201,651**	-
Receivables	**178,466**	1,572,508
Prepaid expenses	**(225,698)**	(152,442)
Trade and other payables	**(146,954)**	(1,718,556)
Income taxes payable	**(8,756)**	(19,517)
Deferred revenue	**(147,380)**	167,098
Other current assets	**(68,644)**	-
Other current liabilities	**(26,983)**	-
Net cash used in continuing operating activities	**(395,453)**	(442,583)
CASH FLOWS FROM (TO) INVESTING ACTIVITIES		
Exploration and evaluation assets - Punitaqui	**(2,253,335)**	(4,175,712)
Exploration and evaluation assets - other	**(138,649)**	304,000
Other acquisition of property, plant and equipment	**(868,226)**	(631,533)
Purchase of intangible assets	**-**	(10,285)
Proceeds from disposal of capital assets	**-**	251,334
Changes in non-cash working capital items:		
Receivables	**-**	(1,002,781)
Trade and other payables	**(334,149)**	(416,260)
Net cash used in investing activities	**(3,594,359)**	(5,681,237)
CASH FLOWS FROM (TO) FINANCING ACTIVITIES		
Shares issue costs	**-**	(101,617)
Proceeds from loans and borrowings	**-**	(408,117)
Proceeds from bridge loan	**2,345,574**	-
Repayment of long term debt	**(190,178)**	-
Proceeds from issuance of convertible debenture	**-**	10,375,460
Net cash provided by financing activities	**2,155,396**	9,865,726
Effects of exchange rate changes on cash and cash equivalents	**(583,591)**	-
Change in cash during the period	**(2,418,007)**	3,741,906
Cash, beginning of the period	**4,254,172**	2,629,995
Cash, end of the period	$ **1,836,165**	$ 6,371,901
Supplementary cash flow information:		
Interest paid	**(133,445)**	(94,250)
Interest received	**76,076**	5,294
Income taxes paid	**(8,756)**	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Battery Mineral Resources Corp. (the “Company” or “BMR”) was incorporated on November 26, 2019 under the laws of British Columbia, Canada. The Company's registered office and principal place of business is located at 1040 West Georgia Street, Suite 1900, Vancouver, BC V6E 4H3. On February 12, 2021, the Company completed a reverse takeover transaction with Fusion Gold Ltd. (“Fusion”) (Note 5) to execute a share exchange that resulted in the Company’s shareholders taking over Fusion (the “Transaction”). The Transaction was structured as a three-cornered amalgamation under the British Columbia Business Corporations Act pursuant to which the Company amalgamated with 1234525 B.C. Ltd. (“Fusion Subco”). The amalgamated entity became a wholly-owned subsidiary of Fusion and the security holders of the Company exchanged securities of the Company for securities of Fusion on a one-for-one basis (after a consolidation of Fusion’s common shares on a 2:1 basis). As a result of the shareholders of the Company owning more shares in the combined entity, the Company was deemed to control the new entity and the continuing financial statements are those of the Company. On closing of the Transaction, Fusion changed its name to "Battery Mineral Resources Corp.". Trading of the Company’s common shares on the TSX Venture Exchange (“TSXV”) commenced on February 22, 2021, under ticker “BMR”.

The Company holds resource interests including copper, cobalt, lithium, and graphite properties. On the basis of information obtained to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the resource interests is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. The amounts shown as exploration and evaluation properties represent net costs to date, less amounts recovered or written off, and do not necessarily represent present or future values.

The Company’s principal business activities include the resumption of operations and production of copper concentrates in 2023 at the Punitaqui Mine Complex (“Punitaqui”), located in Chile, and the acquisition and exploration of mineral exploration and evaluation assets in Canada, the United States, Chile, and South Korea. The Company has not yet determined whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

On September 9, 2020, the Company completed the acquisition of an 89.2% interest in ESI Energy Services Inc. (“ESI”), a company in the business of selling and leasing backfill separation machines ("Padding Machines") to mainline pipeline contractors, renewables and utility construction contractors, as well as oilfield pipeline and construction contractors. ESI was considered to be held for sale and ESI and the Company were under common control as of December 31, 2020. Since the year ended December 31, 2021, the Company no longer considered ESI as an asset held for sale and as such has consolidated ESI and related entities.

At March 31, 2023, the Company had a working capital deficiency of $11,316,213 (December 31, 2022 – $6,631,447). For the three months ended March 31, 2023, the Company recorded a net loss of $2,383,109 (March 31, 2022 – $1,782,610). For the three months ended March 31, 2023, the Company recorded net cash used in operating activities of $395,453 (March 31, 2022 – $442,583).

The above factors, together with the potential for additional unforeseen issues and delays in the realization of the potential benefits from the Company’s capital projects, such as the Punitaqui Project, give rise to material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern. The business of mining and exploration involves a high degree of risk and there can be no assurance that exploration and development programs will result in profitable mining operations. The Company does not currently generate sufficient revenue to fund it’s planned exploration and development activities, and will need to continue to obtain additional financing to execute such activities and discharge its day-to-day obligations. There is no assurance that the Company’s funding initiatives will be successful, and these consolidated financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported consolidated statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

1. NATURE OF OPERATIONS AND GOING CONCERN (cont'd…)

Punitaqui acquisition

On May 28, 2021, the Company entered into a number of agreements with Minera Altos de Punitaqui Limited ("**MAP**"), their parent company Xiana Mining Inc. ("Xiana") and their creditors, Bluequest Resources AG ("**Bluequest**"), to acquire the rights to certain properties, plant and equipment related to the Punitaqui Mining Complex ("**Punitaqui**") in Chile.

Consideration included:

i. The issuance of 10,000,000 Common Shares to Bluequest equal to $6,200,000 (US$5,000,000);

ii. Contingent consideration of up to US$5,000,000 of additional payments subject to achieving certain production milestones at Punitaqui, with each milestone payment to be satisfied, at the election of Bluequest, by the payment of cash, the issuance of Common Shares at prevailing market prices (subject to a minimum issue price of C$0.41), or a combination of both. The milestone payments include: (i) an amount equal to US$2,000,000, payable 60 days following the date on which commercial restart is achieved, (ii) an amount equal to US$1,000,000, payable 60 days following the date on which the first production milestone is achieved, (iii) an amount equal to US$1,000,000, payable 60 days following the date on which the second production milestone is achieved, and (iv) an amount equal to US$1,000,000, payable 60 days following the date on which the third production milestone is achieved. The production milestones include the achievement of aggregate production equal to or greater than 291,600 tonnes for the commercial restart milestone, aggregate production of 583,200 tonnes for the first production milestone, aggregate production of 874,800 tonnes for the second production milestone, and aggregate production of 1,166,400 tonnes for the third production milestone. As of March 31, 2023, the Company continues to engage in discussions and negotiations with various counter-parties who have expressed an interest in potentially providing financing to be applied towards the re-start of production at Punitaqui. As of March 31, 2023, the aforementioned financing has not closed, nor has the Company's Board of Directors approved a re-start plan or budget for the Punitaqui project. The Company considers the aforementioned to be at least two critical factors requiring completion prior to the commencement of any re-start activities. Re-start activities, if completed, could potentially be followed by mining and production of minerals at the Punitaqui project. As an asset acquisition, the Company adopted the accounting policy choice not to recognize contingent consideration;

iii. Cash consideration of $180,000 to Bluequest;

iv. An upfront payment to MAP to satisfy certain creditors debts amounting to $4,510,000;

v. Future payments to MAP to satisfy certain creditors debts amounting to $8,080,000 over 23 quarterly installments beginning on June 30, 2021 (Note 10);

vi. $5,343,000 related to an option agreement to obtain ownership over all land and equipment;

vii. The issuance of 1,069,138 common shares to Weston Energy in exchange for the debtor in possession ("DIP") secured loan on MAP. These were exchanged at the market rate of the trading shares in a non-arms length transaction.

There were transaction costs of $559,000 which were capitalized to the assets. The assets acquired did not have processes capable of generating outputs, therefore did not meet the definition of a business in accordance with IFRS 3 Business Combinations and were accounted for an asset acquisition. The value of consideration paid after allocation to the other net assets acquired, was allocated to the property, plant and equipment based on their relative fair values on May 28, 2021.

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN (cont'd…)

Punitaqui acquisition (cont'd…)

The arrangement included a 99-year lease agreement, which exceeds the life of the assets, to access and utilize MAP's mining concessions, mineral properties, equipment, and water rights. This structure allows the Company to complete a pre-economic analysis and apply for the proper permits with the Chilean mining authorities, without assuming any potential unknown liabilities within MAP. MAP has granted a four-year call option to sell the entirety of the mining equipment properties to the Company, and the Company entered into a promissory purchase agreement for the equity of MAP for US$100 on the 10-year anniversary of this transaction. The consideration for the Punitaqui acquisition was:

Asset acquisition	
Cash consideration	10,033,000
Share issuance - DIP	663,000
Share issuance - Bluequest	6,200,000
Fair value of deferred consideration	8,080,000
Transaction cost	559,000
Fair value of consideration	**25,535,000**

The following table summarizes the fair values of the identifiable assets acquired and liabilities assumed:

Fair value of MAP:	
Land	8,564,000
Plant and equipment	16,121,000
VAT Receivable	850,000
Net identifiable assets equal to asset acquisition	**25,535,000**

Fair value of the Capital Inventory Acquired	
Capital Inventory cost	1,772,000
VAT Receivable	416,000
Total consideration paid	**2,188,000**

The Company has capitalized $559,000 as transaction costs, related to the Punitaqui acquisition.

Subsequent to the asset acquisition of MAP, the Company entered into an Inventory Purchase Agreement with MAP, to acquire all the spare parts located on the Punitaqui Mining Complex for total consideration of $2,188,000 (US$1,825,812).

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements (“Financial Statements") have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were authorized for issue by the Board of Directors on May 29, 2023.

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value through profit and loss (“FVTPL”). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These consolidated financial statements are presented in Canadian Dollars, unless otherwise noted, which is the functional currency of the parent.

The financial statements for the Company and each of its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of North American Cobalt Inc. (Canada) and ESI Energy Services Inc. is the Canadian dollar. The functional currency of North American Cobalt Inc. (USA), Battery Mineral Resources (Nevada), Inc. and Ozzies, Inc. is the US dollar. The functional currency of Minera BMR SpA and Minera Altos de Punitaqui Ltda. is the Chilean peso. The functional currency of Opirus Minerals Group Pty Ltd. And Energy Services (Australia) Pty Ltd. is the Australian dollar. The functional currency of Battery Mineral Resources Korea is the South Korean won. The presentation currency of the Company is the Canadian dollar.

Basis of consolidation

These consolidated financial statements of the Company include the following wholly owned subsidiaries as follows:

Name of Subsidiaries	Principal Activity	Country of Incorporation
BMR Holdings Limited (formerly Battery Mineral Resources Corp.)	Intermediate Holding Company	Canada
North American Cobalt Inc. (formerly Battery Mineral Resources Limited)	Resource Exploration	Canada
North American Cobalt Inc.	Resource Exploration	USA
Battery Mineral Resources (Nevada), Inc.	Resource Exploration	USA
Opirus Minerals Group Pty Ltd.	Intermediate Holding Company	Australia
Battery Mineral Resources Korea (formerly Won Kwang Mines Inc.)	Resource Exploration	South Korea
ESI Energy Services Inc.	Oil and Gas Service Company	Canada
Ozzies, Inc. (formerly ESI Pipeline Services, Inc.)	Oil and Gas Service Company	USA
Energy Services (Australia) Pty Ltd.	Oil and Gas Service Company	Australia
Minera BMR SpA	Resource Exploration	Chile

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. All inter-company transactions and balances have been eliminated upon consolidation. Assets, liabilities, income, and expenses of entities subject to consolidation are recorded from the date of acquisition to the date of disposal.

2. BASIS OF PREPARATION (cont'd…)

Critical estimates, judgements and assessments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events, or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may not have future economic benefits have been written off. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Asset acquisition

The Company accounted for the acquisition of certain mineral properties, plant and equipment related to the Punitaqui Mining Complex in Chile as an asset acquisition. Significant judgement and estimates were required to determine that the application of this accounting treatment was appropriate for the transaction. These included, among others, the determination that the assets together were not considered a business under IFRS 3 –Business Combinations as they did not have significant inputs, processes and outputs, that together constitute a business. In addition, the Company made estimates of allocation of consideration using estimates of fair values and future cash flows related to deferred consideration as part of the Punitaqui acquisition in Note 4.

Asset retirement obligation

The Company has an obligation related to reclamation and other closure activities related to the Punitaqui mine. The obligation is estimated by the Company using mine closure plans and external experts which includes the estimation of future costs, timing of expenditures, foreign exchange and discount rates. The obligations are dependent on the laws and regulations of the country in which the mine operates, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting natural resource extracting companies.

Convertible debentures

Convertible debentures issued by the Company represent compound financial instruments that require assessment whether the convertible component qualifies as equity or is considered a derivative liability. The instrument contains anti-dilution adjustments to the conversion price in the event of certain transactions. The features were assessed as anti-dilutive and therefore do not represent a derivative. Management has incorporated a market rate of interest to measure the host debt instrument and the residual is allocated to the equity conversion feature.

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

2. BASIS OF PREPARATION (cont'd…)

Critical estimates, judgements and assessments (cont'd…)

Deferred tax

Deferred income tax assets are recorded to the extent that it is probable that the deductible temporary differences will be recoverable in future periods. The recoverability assessment involves a significant amount of estimation including an evaluation of when the temporary differences will reverse, an analysis of the amount of future taxable earnings, the availability of taxable profits to offset the tax assets when the reversal occurs and the application of tax laws. There are some transactions for which the ultimate tax determination is uncertain. To the extent that assumptions used in the recoverability assessment change, there may be a significant impact on the Consolidated Financial Statements of future periods.

Other estimates

Other significant estimates which could materially impact the financial statements include:

- The inputs used in accounting for share purchase option expense in the consolidated statements of loss; and
- The estimated useful lives of property, plant and equipment and intangibles which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss.

(Expressed in Canadian Dollars)

3. PRIOR PERIOD RESTATEMENT

Restatement of the convertible debentures issued in the first quarter of 2022

The Company identified that there was an error in the accounting for the convertible debentures in the March 31, 2022 interim consolidated financial statements. As a result, the Company has restated it's Consolidated Statement of Loss and Comprehensive Loss, and Consolidated Statement of Cash Flows for the comparative period of the three months ended March 31, 2022. The restatement was due to the change in the discount rate to a market rate and the increase in finance costs due to accretion expenses. The tables below include a reconciliation of the items affected by the restatement.

i. Reconciliation of the Consolidated Statement of Loss and Comprehensive Loss:

	For the three months ended March 31, 2022		
	Previously reported	Restatement adjustment	Restated
Loss from operations	**(2,226,247)**	**-**	**(2,226,247)**
Finance costs	(98,038)	(88,135)	(186,172)
Loss for the period	**(1,694,475)**	**(88,135)**	**(1,782,610)**
Comprehensive gain for the period attributable to common shareholders	**372,752**	**(88,135)**	**284,617**

ii. Reconciliation of the Consolidated Statement of Cash Flows:

	For the three months ended March 31, 2022		
	Previously reported	Restatement adjustment	Restated
CASH FLOWS FROM (TO) OPERATING ACTIVITIES			
Loss for the period	(1,694,475)	(88,135)	(1,782,610)
Items not affecting cash:			
Accretion	-	88,135	88,135
Net cash used in operating activities	**(442,583)**	**-**	**(442,583)**

(Expressed in Canadian Dollars)

4. RECEIVABLES

	31-Mar-23	31-Dec-22
Accounts receivable	**$ 1,966,704**	$ 1,586,293
Finance lease receivable	**408,727**	1,123,597
Sales or value added tax receivables	**660,191**	468,318
Total	**$ 3,035,622**	$ 3,178,208

5. PROPERTY PLANT AND EQUIPMENT

	Land and Buildings	Plant and Mining equipment	Padding equipment	Spare parts	Motor vehicles	Computer equipment	Office equipment	Right-of-use assets	Total
Cost									
At December 31, 2021	$ 12,960,391	$ 14,400,302	$ 35,601,475	$ 2,306,123	$ 13,465	$ 50,796	$ 25,803	$ -	$ 65,358,355
Additions	6,121	2,147,856	1,514,914	572,874	5,810	70,910	-	542,414	4,860,899
Additions - Asset retirement obligation	-	9,702,357	-	-	-	-	-	-	9,702,357
Disposals	(4,174,713)	(85,208)	(1,264,215)	-	-	(19,059)	-	-	(5,543,195)
Foreign currency translation adjustment	614,863	1,968,296	2,073,349	136,317	272	5,822	5,043	-	4,803,962
At December 31, 2022	**$ 9,406,662**	**$ 28,133,603**	**$ 37,925,523**	**$ 3,015,314**	**$ 19,547**	**$ 108,469**	**$ 30,846**	**$ 542,414**	**$ 79,182,378**
Additions	-	212,184	789,292	2,120	-	74,083	-	-	1,077,679
Disposals	-	-	-	(56,538)	-	-	-	(364)	(56,902)
Re - classification	-	-	(227,172)	-	-	-	-	-	(227,172)
Foreign currency translation adjustment	619,133	2,145,463	(26,539)	166,365	(733)	9,001	(3,159)	-	2,909,531
At March 31, 2023	**$ 10,025,795**	**$ 30,491,250**	**$ 38,461,104**	**$ 3,127,261**	**$ 18,814**	**$ 191,553**	**$ 27,687**	**$ 542,050**	**$ 82,885,514**
Accumulated depreciation									
At December 31, 2021	$ (2,759,930)	$ (27,700)	$ (21,954,393)	$ -	$ (9,498)	$ (23,997)	$ (18,983)	$ -	$ (24,794,501)
Depreciation	(123,129)	(26,185)	(2,772,747)	-	(7,787)	(15,347)	(7,426)	(144,799)	(3,097,420)
Disposals	1,941,335	53,885	1,142,760	-	-	39,344	-	-	3,177,324
Foreign currency translation adjustment	(66,642)	-	(1,308,161)	-	-	(4,028)	-	-	(1,378,831)
At December 31, 2022	**$ (1,008,366)**	**$ -**	**$ (24,892,541)**	**$ -**	**$ (17,285)**	**$ (4,028)**	**$ (26,409)**	**$ (144,799)**	**$ (26,093,428)**
Depreciation	(22,225)	645	(641,647)	-	-	(1,977)	-	(20,164)	(685,368)
Re - classification	-	-	82,127	-	-	-	-	-	82,127
Foreign currency translation adjustment	588	38	16,363	-	648	(328)	2,994	-	20,303
At March 31, 2023	**$ (1,030,003)**	**$ 683**	**$ (25,435,698)**	**$ -**	**$ (16,637)**	**$ (6,333)**	**$ (23,415)**	**$ (164,963)**	**$ (26,676,366)**
Carrying amounts									
At December 31, 2022	$ 8,398,296	$ 28,133,603	$ 13,032,982	$ 3,015,314	$ 2,262	$ 104,441	$ 4,437	$ 397,615	$ 53,088,950
At March 31, 2023	**$ 8,995,792**	**$ 30,491,933**	**$ 13,025,406**	**$ 3,127,261**	**$ 2,177**	**$ 185,220**	**$ 4,272**	**$ 377,087**	**$ 56,209,148**

There were no assets disposals during the three months ended March 31, 2023. During the twelve months ended December 31, 2022, the Company disposed plant and mining equipment, computer equipment, 3 padding equipment, and land and building located in Phoenix, AZ for combined proceeds of $8,494,300 resulting in a $4,834,165 gain.

As at March 31, 2023, included in padding equipment were assets under construction with a cost of $1,292,584 (December 31, 2022 - $897,649). No depreciation was recorded for assets under construction.

As at March 31, 2023, certain property, plant and equipment in the amount of $18,215,506 (December 31, 2022 - $15,379,874) is related to the development of the Punitaqui mine and has not been put into use and therefore depreciation has not commenced on these assets.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

The following table represents expenditures incurred on the exploration and evaluation assets during the three months ended March 31, 2023 and for the year ended December 31, 2022:

	Canadian Cobalt Projects	U.S. Cobalt Projects	U.S. Lithium Projects	South Korea Graphite Projects	Chile Copper Punitaqui Project	Total
	$	$	$	$	$	$
Balance as December 31, 2021	**21,870,114**	**1,591,003**	**382,870**	**1,933,932**	**5,323,560**	**31,101,479**
Additions during the year	951,370	157,515	5,348	171,508	13,822,505	15,108,246
Impairment	(840,642)	-	-	-	-	(840,642)
Currency translation adjustment	-	39,576	7,597	27,359	1,211,363	1,285,895
Balance as December 31, 2022	**21,980,842**	**1,788,094**	**395,815**	**2,132,799**	**20,357,428**	**46,654,978**
Additions during the period	81,088	10,840	-	46,555	2,332,466	2,470,949
Impairment	(8,094)	-	-		-	(8,094)
Currency translation adjustment	-	(1,440)	(321)	(80,433)	1,604,885	1,522,691
Balance as March 31, 2023	**22,053,836**	**1,797,494**	**395,494**	**2,098,921**	**24,294,779**	**50,640,524**

Chile Copper Project

Punitaqui Mining Complex, Chile

The Company holds the rights to 100% equity interest in the Punitaqui in the Coquimbo region of Chile (Note 1).

Punitaqui includes a centralized process plant. The Company is currently modifying its existing tailings disposal permit while consolidating its various exploitation permits. Punitaqui is a past producing mining operation which consists of an integrated copper and gold mining complex including all required infrastructure and sources of water and power.

The copper-gold process plant that is classified as property, plant and equipment consists of a standard copper sulphide crush-grind-flotation circuit to produce a marketable copper-gold concentrate. Port facilities are available for shipping to domestic and foreign smelters.

(Expressed in Canadian Dollars)

7. OTHER CURRENT LIABILITIES

		31-Mar-23		31-Dec-22
VAT liability	**$**	**3,488,378**	$	3,100,404
Deferred revenue		**165,184**		313,407
Total	**$**	**3,653,562**	$	3,413,811

VAT liability

Following the acquisition of the Punitaqui Mining Complex, the Company filed an application with, and received approval from, the Chilean Ministry of Economy, Development and Tourism (the “Ministry of Economy”) to participate in a VAT-recovery program set in place by the Chilean government to incentivize Chilean exports (the “VAT Program”). The VAT Program allows the Company to recover the VAT paid on goods and services purchased by the Company, in advance of achieving agreed-upon amounts of to-be-exported mineral concentrates. As of March 31, 2023, the Company recovered $3,488,378 under the VAT Program.

As part of the VAT Program, the Company issued, to the Chilean Treasury Department, promissory notes for the same amount of the VAT Recovered. The Promissory Notes guarantee the VAT Recovered in case the Company is not able to demonstrate to the Ministry of Economy that it has exported mineral concentrates having a minimum value of USD$35.1 million (the “Export Value”), by December 31, 2023. The Company does not estimate it will be able to achieve the Export Value by December 31, 2023. However, the Company has the right to file a request (the “Request”), with the Ministry of Economy, to extend the deadline to demonstrate the Export Value and intends to do so. Therefore, the Company has recorded a liability for VAT to be repaid.

Deferred revenue

Deferred revenue consists of spare parts and consumables related to rented machines that are invoiced in advance.

8. DEFERRED PAYMENTS ON ACQUISITION

		31-Mar-23		31-Dec-22
Deferred payment at beginning of the period	**$**	**5,899,791**	$	6,997,500
Payments during the period		**(491,308)**		(2,204,418)
Accretion expense		**170,711**		703,316
Currency translation adjustment, net of foreign currency impact		**382,908**		403,393
Deferred payments at end of the period	**$**	**5,962,102**	$	5,899,791
Current		**(1,965,233)**		(1,846,486)
Long term		**3,996,869**		4,053,305

The undiscounted amount of payments at inception was $10,625,167 and the liability was discounted at a rate of 11%. The undiscounted payments remaining as at March 31, 2023, is $7,369,624 (December 31, 2022 - $7,391,420).

(Expressed in Canadian Dollars)

9. BRIDGE LOAN

		31-Mar-23		31-Dec-22
Principal amount	**$**	**4,401,124**	$	2,055,550
Interest accrued		**51,893**		17,596
Total	**$**	**4,453,017**	$	2,073,146

A financing and security agreement (the "Loan Agreement") was executed on October 20, 2022 between Weston Energy LLC (a related party), Battery Mineral Resources Corp. (the "Borrower"), and Ozzie's, Inc. (the "Guarantor", and together with the Borrower, each an "Obligor" and together the "Obligors"). By means of this Loan Agreement, Weston Energy LLC agrees to advance to the Company one or more loans (the "Loans"), from time to time prior to the maturity date, in an aggregate principal amount not to exceed $4,000,000.

The outstanding principal balance of the Loans shall bear interest at the rate of (i) six percent (6%) per annum for the first sixty (60) days following the closing date and (ii) eight percent (8%) per annum at all times thereafter until repayment in full of all amounts payable hereunder. After the occurrence and during the continuance of any event of default hereunder, the loans shall bear interest at the rate described above plus an additional two percent (2%). The Company may prepay all or any part of the outstanding principal amount of each loan at any time without notice or penalty provided that such prepayment is accompanied by all accrued and unpaid interest on the principal amount prepaid; provided, however, that once repaid, no amounts borrowed hereunder may be reborrowed.

The entire principal amount of the Loans, together with all accrued and unpaid interest thereon and all other amounts payable hereunder (in each case as recorded in the Lender's internal records), shall be due and payable on June 17, 2023 as amended on April 17, 2023.

10. ASSET RETIREMENT OBLIGATION

		31-Mar-23		31-Dec-22
Balance at the beginning of the period / Initial recognition	**$**	**10,918,524**	$	9,640,033
Changes in estimates		**134,964**		62,324
Accretion expense		**57,469**		49,676
Foreign currency translation adjustment		**152,102**		230,088
Currency translation adjustment		**837,845**		936,403
Balance as March 31, 2023	**$**	**12,100,904**	$	10,918,524

On October 4, 2022, the Chilean mining authorities approved the transfer of the Punitaqui operational mining permits, which triggered the Company to recognize the asset retirement obligation arising from mining equipment and previously mined property interests. The provision consists primarily of costs associated with mine reclamation and closure activities. These activities, which tend to be site specific, generally include costs for decommissioning the mill complex and related infrastructure, physical and chemical stability of the tailings area and, post-closure site security and monitoring costs. The Company regularly reviews the estimate and considers such factors as changes in laws and regulations, and requirements under existing permits in determining the estimated costs.

The estimated undiscounted cash flows required to satisfy the reclamation and closure cost obligation as at March 31, 2023, were $15,059,654 (March 31, 2022 - Nil). The undiscounted cash flows were discounted using the ten-year Government of Chile Benchmark Bond rate of 1.93% for bonds issued in Chilean Units of Accounts (UF) to arrive at a discounted liability of $12,100,904 (March 31, 2022 - $Nil).

(Expressed in Canadian Dollars)

11. LOANS AND BORROWINGS

		31-Mar-23		31-Dec-22
Finance agreements	$	2,913,483	$	3,039,358
Total loans and borrowings		**2,913,483**		**3,039,358**
Less: current portion		671,914		628,185
Long-term portion	$	**2,241,569**	$	**2,411,173**

Finance agreements include five US dollar denominated loans outstanding as of March 31, 2023, relating to the purchase of three compact track loaders and two vehicles that were financed through dealers in 2019 through 2022, and a sixth loan which is a lease agreement secured by Company equipment. The first five loans have terms ranging from two to five years with variable rates of interest, averaging 7.62%. The sixth loan is the largest which has a four-year term at an interest rate of $10.48% with monthly rental costs of $51,190.

12. CONVERTIBLE DEBENTURES

		31-Mar-23		31-Dec-22
Convertible unsecured subordinated debentures				
Balance at the beginning of the period	$	**10,049,611**	$	-
Issuance of convertible debentures		**-**		10,285,526
Equity component		**-**		(1,224,439)
Accretion expense		**312,392**		988,524
Balance as March 31, 2023	$	**10,362,003**	$	10,049,611

The Company completed a non-brokered private placement of unsecured convertible debentures (the “Debentures”) for gross proceeds of $10,375,460. There were four tranches of Debentures, each with a three year term and bearing annual interest of 8%. The holder of any Debenture may, at its option, at any time from six months from the date of issuance, and prior to the close of business on the business day immediately preceding the Maturity Date, convert all, but not less than all, of the principal amount of the instrument into common shares of the Company at the conversion price of $0.65 per share. Weston Energy LLC (“Weston”) subscribed for $9,651,500 of the Debentures.

The estimated fair value of the Debentures was calculated as $9,151,021 using a discount rate of 11-13% and $1,224,439 being allocated to the conversion feature. The effective interest rate of the Debentures was estimated to be between 11-13%.

13. SHARE CAPITAL

a) Authorized share capital

The Company has authorized share capital of unlimited common shares without par value.

b) Share issuances

During the tree months ended March 31, 2023, the Company:

i. Issued 437,499 common shares that were exercised, related to the restricted stock units.

During the year ended December 31, 2022, the Company:

ii. Issued 833,333 common shares that were exercised, related to the restricted stock units.

During the year ended December 31, 2021, the Company:

iii. Received $1,750,000 of subscription receipts consisting of flow-through and non flow-through shares as follows: 735,294 flow-through shares to be issued at an issuance price of $0.68 per flow-through share for proceeds of $500,000 and 1,923,077 common shares in the Company at an issuance price of $0.65 per share for proceeds of $1,250,000.

iv. Issued 200,000 common shares for consideration of $130,000, related to the settlement of the claim dispute in Idaho.

v. Issued 900,000 common shares for consideration of $585,000 related to the historic property obligations.

vi. Cancelled 425,885 common shares in relation to the Transaction.

vii. Exercised 62,500 options at $0.20 related to the Fusion amalgamation.

viii. Issued 3,100,000 common shares related to the share exchange that would result in the Company's shareholders taking over Fusion.

ix. Issued 21,156,074 common shares for a cash consideration of $12,822,485 (consisting of C$815,130 and US$9,793,039) and non-cash consideration of $662,866 (US$555,952) related to Punitaqui acquisition. The non-cash consideration of 1,069,138 common shares were issued to Weston in exchange for the debtor in possession loan used to secure the rights to acquire Punitaqui (Note 1).

x. Issued 10,000,000 common shares related to Bluequest for $6,200,000 (U$5,000,000) pursuant to a loan purchase agreement with Bluequest (Note 1).

xi. Issued 1,538,462 common shares to Weston for additional proceeds of $1,001,120 (US$800,000), relating to the second and final tranche of the Punitaqui acquisition.

xii. Issued 1,388,888 flow-through shares ("Flow-Through Shares") at a price of $0.72 per Flow-Through Share for total gross proceeds of $999,999.

   The subscription agreement for the Flow-Through Shares requires North American Cobalt Inc. to incur $999,999 of qualifying Canadian Exploration Expenses ("CEE") and renounce the CEE to the Flow-Through Shares shareholders with an effective date of December 31, 2021. The Company attributed a flow-through premium liability of $97,222 and reduced share capital by the same amount. Transaction costs relating to the Offering amounted to $60,000.

(Expressed in Canadian Dollars)

13. SHARE CAPITAL (cont'd…)

b) Share issuances (cont'd…)

xiii. Issued 1,675,384 Flow-Through Shares at a price of $0.78 per Flow-Through Share for total gross proceeds of $1,306,800.

The subscription agreement for the Flow-Through Shares requires North American Cobalt Inc. to incur $1,306,800 of qualifying CEE and renounce the CEE to the Flow-Through Shares shareholders with an effective date of December 31, 2021. The Company attributed a flow-through premium liability of $311,770 and reduced share capital by the same amount. Transaction costs relating to the Offering amounted to $75,600.

xiv. The Company received $400,001 toward a private placement during the 2020 fiscal year, relating to the transaction with Fusion, which completed on February 12, 2021.

c) Restricted stock units

The Company adopted the restricted share units plan ("RSU's") to allow the Board of Directors to grant its officers, directors, and consultants of the Company non-transferable share units based on fair value of the units at the date of grant. The awards vest over a one or three-year period and expire after eight years. The total RSU expense for the three-month period ended March 31, 2023 was $409,810 (March 31, 2022: $736,948).

Movements in the number of restricted share units outstanding are as follows:

	RSU
Outstanding at December 31, 2021	6,250,000
Granted	2,280,832
Excercised	(833,333)
Outstanding at December 31, 2022	7,697,499
Granted	100,000
Excercised	(437,499)
Outstanding at March 31, 2023	7,360,000

d) Stock options

The Company has an equity settled common share purchase plan (the "Stock Option Plan") under which the Board of Directors may grant options to purchase common shares to directors, officers, employees and independent contractors of the Company and/or its affiliates (collectively, the "Service Providers"). The maximum aggregate number of common shares under option at any time pursuant to the Stock Option Plan was 10% of the issued and outstanding common shares at the time of the grant.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Options	**Weighted average excercise price**
Outstanding at December 31, 2021	6,262,500	0.84
Granted	3,120,832	0.65
Outstanding at December 31, 2022	9,383,332	0.78
Granted	350,000	0.43
Outstanding at March 31, 2023	9,733,332	0.77

(Expressed in Canadian Dollars)

The Company uses the Black-Scholes option pricing model to estimate the fair value for all stock-based compensation. The expected volatility assumption inherent in the pricing model is based on the historical volatility of comparable companies over a term equal to the expected term of the option granted. Total stock-based compensation expense for the three-month period ended March 31, 2023, was $204,343 (March 31, 2022: $313,992).

During the three-month period ended March 31, 2023, the Company granted 350,000 stock options at a weighted average exercise price of $0.43. The weighted average assumptions used in the stock option pricing model and the resulting weighted average fair values per option for the options granted during the three-month period ended March 31, 2023 were as follows:

Risk-free rate:	2.90%
Expected life:	8 years (350,000)
Expected volatility:	76.56 % based on comparable companies
Expected dividends:	Nil
Weighted average fair value per option:	$0.13
Forfeiture rate:	0%

During the year ended December 31, 2022, the Company granted 3,120,832 stock options at a weighted average exercise price of $0.65 to directors, officers, employees, and Service Providers. The weighted average assumptions used in the stock option pricing model and the resulting weighted average fair values per option for the options granted during the year ended December 31, 2022 were as follows:

Risk-free rate:	3.23%
Expected life:	8 years (2,920,832)/ 1 year (200,000)
Expected volatility:	77.84 % based on comparable companies
Expected dividends:	Nil
Weighted average fair value per option:	$0.37
Forfeiture rate:	0%

As of March 31, 2023, the Company had outstanding and exercisable stock options as follows:

	Options outstanding				Options exercisable		
Price	**Number outstanding**	**Weighted-average remaining contractual life (years)**	**Weighted-average excerise price**	**Weighted-average Fair Value**	**Number excerisable**	**Weighted-average remaining contractual life (years)**	**Weighted-average exercise price**
$0.20	12,500	0.47	0.20	-	12,500	0.47	0.20
$0.85	5,000,000	6.01	0.85	0.41	3,333,333	6.01	0.85
$0.85	1,000,000	6.26	0.85	0.65	333,333	6.26	0.85
$0.75	250,000	3.59	0.75	0.25	250,000	3.59	0.75
$0.65	270,832	6.76	0.65	0.29	270,832	6.76	0.65
$0.65	75,000	6.76	0.65	0.29	25,000	6.76	0.65
$0.65	200,000	-	0.65	0.04	200,000	-	0.65
$0.65	1,475,000	6.95	0.65	0.24	491,667	6.95	0.65
$0.65	1,100,000	7.08	0.65	0.24	-	-	-
$0.43	350,000	7.63	0.43	0.13	-	-	-
	9,733,332	6.19	0.77	0.36	4,916,665	5.78	0.80

(Expressed in Canadian Dollars)

14. REVENUE

ESI's revenue during the three-month period ended March 31, 2023, was comprised of the following:

		For the period ended March 31, 2023		For the period ended March 31, 2022
Machine Rental				
Padding machines				
Large padders	**$**	**294,061**	$	920,704
Small padders		**1,260,028**		954,099
Screening buckets		**98,194**		113,826
Other services		**13,980**		21,000
Rental revenue	**$**	**1,666,263**	$	2,009,629
Mobilization		**152,291**		151,155
Spare part sales		**278,440**		128,657
Machine sales		**391,494**		87,651
Other services		**236,545**		112,190
Other revenue	**$**	**1,058,770**	$	479,653
Total	**$**	**2,725,033**	$	2,489,282

For the three months ended March 31, 2023, $2,311,594 (March 31, 2022 - $1,790,624) of revenue was derived from eleven (March 31, 2022 – six) customers that represented 85% (March 31, 2022 - 73%) of the Company revenue. As at March 31, 2023, $1,679,750 (March 31, 2022 - $1,924,296) from these customers was included in accounts receivable.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

Fair values of financial assets and liabilities are determined based on available market information and valuation methodologies appropriate to each situation. Judgments are required in the interpretation of the market data to produce the most appropriate fair value estimates. The use of different market information and/or evaluation methodologies may have a material effect on the fair value amounts.

The Company's financial instruments consist of cash, receivables, and trade and other payables, deferred payments on acquisition, loans and borrowings, convertible debenture and bridge loan. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. The fair value of long-term debt approximates its carrying value as the contractual interest rates are comparable to current market interest rates. The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity, and commodity price.

Currency risk

The Company conducts exploration and evaluation activities in the United States, Canada, South Korea and Chile and is exposed to currency risk due to fluctuations in the exchange rates of foreign currencies. As at March 31, 2023, the Company had foreign currency assets and foreign currency liabilities in United States Dollars ("USD"), Korean Won ("KRW") and Chilean Pesos ("CLP"). On March 31, 2023, the spot exchange rates to convert 1 USD, 1 KRW and 1 CLP to Canadian dollars were 1.3533, 0.00104 and 0.00171 respectively. Each 10% change in the foreign currencies relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately $1,788,986.

The table below shows the balances held in foreign currency;

March 31, 2023	USD $	KRW $	CLP $	Equivalent CAD $
Cash	2,202	-	459,831,657	789,384
Receivables	-	-	158,221,261	270,590
Prepaids	-	4,661,514	-	4,834
Trade and other payables	3,542	34,121,938	299,396,515	552,206
Income taxes payable	-	-	10,299,339	17,614
VAT liability	-	-	2,039,748,524	3,488,378
Bridge loan	3,290,488	-	-	4,453,017
Deferred payments on acquisition	-	-	3,486,201,412	5,962,102
Lease liability	1,158,550	-	-	1,567,865
Loans and borrowings	2,152,872	-	-	2,913,482
Net exposure	**(6,603,250)**	**(29,460,424)**	**(5,217,592,872)**	**(17,889,856)**

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company minimizes its credit exposure related to short term investments when applicable by selecting counterparties based on credit ratings and monitors all investments to ensure a stable return, avoiding complex investment vehicles with higher risk such as asset backed commercial paper. The Company's cash is held in significant financial institutions and the Company considers this risk to be remote. The Company invests cash with financial institutions that are financially sound based on their credit rating. The Company's receivables primarily include balances receivable from the government of Canada and Chile, which are considered low risk. ESI also has finance lease receivables with exposure to credit risk influenced mainly by the characteristics of its customers, who have historically met their contractual obligations.

(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Expected Credit Losses

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on its financial assets measured at amortized cost. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses.

The following tables summarize the loss allowance calculation:

As at March 31, 2023	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	1.50%	2.50%	14.30%	15.00%	
Gross carrying amount ($)	698,791	823,778	192,580	306,584	
Loss allowance ($)	10,482	20,594	27,539	45,988	104,603

As at December 31, 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	1.10%	2.00%	14.10%	20.40%	
Gross carrying amount ($)	395,457	775,204	81,330	346,219	
Loss allowance ($)	4,350	15,504	11,468	70,629	101,951

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates, The Company's interest rate risk is minimal as there are no variable rate interest-bearing outstanding loans. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time.

Liquidity risk

Liquidity risk is the exposure of the Company to the risk of being unable to meet its financial obligations as they come due. The Company manages liquidity risk by monitoring and reviewing actual and forecasted cash flows to ensure there are available cash resources to meet these needs.

The Company expects that cash and cash flow from operations, will be sufficient to fund its presently anticipated requirements for investments in working capital and capital assets.

Contractual cash flow requirements as at March 31, 2023 were as follows:

	year 1 $	year 2 $	year 3 $	year 4 $	> 4 years $	Total $
Loans and borrowings	671,914	714,703	790,956	735,910	-	2,913,483
Trade payables	1,652,273	-	-	-	-	1,652,273
Income tax payables	2,916,335	-	-	-	-	2,916,335
Lease liability	295,233	342,334	395,131	454,252	80,915	1,567,865
Other current liabilities	3,488,378	-	-	-	-	3,488,378
Bridge Loan	4,453,017	-	-	-	-	4,453,017
Deferred payments on acquisition	1,965,233	1,645,762	1,475,124	875,983	-	5,962,102
Convertible debenture	-	10,362,003	-	-	-	10,362,003
Total	**15,442,383**	**13,064,802**	**2,661,211**	**2,066,145**	**80,915**	**33,315,456**

Commodity price risk

The ability of the Company to raise funds to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of copper, gold, cobalt, lithium, and graphite. The Company monitors copper, gold, cobalt, lithium, and graphite prices to determine the appropriate course of action to be taken.The Company does not engage in programs to mitigate its exposure to commodity price risk. On March 31, 2023, the spot copper price was USD$ 4.05/lb.

(Expressed in Canadian Dollars)

16. SEGMENTED INFORMATION

Operating segments are determined by the way information is reported and used by the Company's Chief Operating Decision Maker ("CODM") to review operating performance. The Company monitors the operating results of its operating segments independently for the purpose of making decisions about resource allocation and performance assessment.

The Company operates in three segments, one segment being the acquisition and exploration of exploration and evaluations assets located in Canada, United States, Chile and South Korea and the second segment for the operations of ESI, located in Canada and United States and the third segment being the corporate head office located in Canada.

The following table presents geographic information regarding operating segments.

For the period ended December 31, 2022	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Exploration and evaluation	-	21,980,842	2,183,909	2,132,799	20,357,428	-	**46,654,978**
Property, plant, equipment	14,513,388	-	-	6,700	38,564,090	4,772	**53,088,950**
Total assets	25,119,316	21,977,537	2,183,909	2,158,583	55,280,536	843,514	**107,563,395**
Total liabilities	8,944,215	-	-	3,314	11,652,336	22,474,952	**43,074,817**

For the period ended March 31, 2023	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Exploration and evaluation	-	22,053,836	2,192,988	2,098,921	24,294,779	-	**50,640,524**
Property, plant, equipment	14,406,290	-	-	6,449	41,791,637	4,772	**56,209,148**
Total assets	18,172,900	22,204,751	2,192,988	2,110,358	67,143,410	495,472	**112,319,879**
Total liabilities	8,569,518	-	-	35,384	12,630,546	25,380,604	**46,616,052**

(Expressed in Canadian Dollars)

16. SEGMENTED INFORMATION (cont'd…)

For the year ended March 31, 2022	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Revenue from contracts with customers	2,489,282	-	-	-	-	-	2,489,282
Total revenue	**2,489,282**	**-**	**-**	**-**	**-**	**-**	**2,489,282**
Depreciation of equipment	(722,527)	-	-	-	-	-	(722,527)
Impairment of exploration and evaluation assets	-	(19,954)	-	-	-	-	(19,954)
Management fees	(154,725)	(59,916)	-	-	-	(146,283)	(360,924)
Professional fees	-	-	-	-	-	(312,048)	(312,048)
Restricted stock units expense	-	-	-	-	-	(736,948)	(736,948)
Stock based compensation	-	-	-	-	-	(313,992)	(313,992)
Other costs and expenses	(1,771,371)	(2,223)	-	(2,302)	-	(473,240)	(2,249,136)
Loss from operations	**(159,341)**	**(82,093)**	**-**	**(2,302)**	**-**	**(1,982,511)**	**(2,226,247)**
Foreign exchange (loss) /gain	166,855	-	1,579	108,305	97,183	(162,973)	210,949
Finance costs	(98,038)	-	-	-	-	(88,134)	(186,172)
Gain on disposal of property and equipment	176,079	-	-	-	-	-	176,079
Other income	28,240	-	-	-	-	214,541	242,781
Gain (loss) for the year from continuing operations	**113,795**	**(82,093)**	**1,579**	**106,003**	**97,183**	**(2,019,077)**	**(1,782,610)**
Cumulative translation adjustment	(316,885)	-	-	-		2,384,112	2,067,227
Total net income (loss)	**(203,090)**	**(82,093)**	**1,579**	**106,003**	**97,183**	**365,035**	**284,617**

Non-cash items in net income (loss):

For the year ended March 31, 2022	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Accretion	-	-	-	-	-	(88,134)	(88,134)
Depreciation	(722,527)	-	-	-	-	-	(722,527)
Impairment of exploration and evaluation assets	-	(19,954)	-	-	-	-	(19,954)
Restricted stock units expense	-	-	-	-	-	(736,948)	(736,948)
Stock based compensation	-	-	-	-	-	(313,992)	(313,992)
Recognition of flow-through premium	-	-	-	-	-	214,541	214,541
Gain on disposal of property and equipment	176,079	-	-	-	-	-	176,079
Unrealized forex translation loss (gain)	(166,855)	-	(1,579)	(108,305)	(97,183)	162,973	(210,949)
Total non- cash items in net income (loss)	**(713,303)**	**(19,954)**	**(1,579)**	**(108,305)**	**(97,183)**	**(761,560)**	**(1,701,884)**

(Expressed in Canadian Dollars)

16. SEGMENTED INFORMATION (cont'd…)

For the period ended March 31, 2023	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Revenue from contracts with customers	2,725,033	-	-	-	-	-	2,725,033
Total revenue	**2,725,033**	**-**	**-**	**-**	**-**	**-**	**2,725,033**
Depreciation of equipment	(699,345)	-	-	-	-	-	(699,345)
Impairment of exploration and evaluation assets	-	(8,094)	-	-	-	-	(8,094)
Management fees	(154,433)	-	(98,962)	-	-	(183,750)	(437,145)
Professional fees	-	-	-	-	-	(354,276)	(354,276)
Restricted stock units expense	-	-	-	-	-	(409,810)	(409,810)
Stock based compensation	-	-	-	-	-	(204,343)	(204,343)
Other costs and expenses	(2,296,086)	(591)	(162)	(47)	(18,396)	(400,109)	(2,715,391)
Loss from operations	**(424,831)**	**(8,685)**	**(99,124)**	**(47)**	**(18,396)**	**(1,552,288)**	**(2,103,371)**
Foreign exchange (loss) /gain	(10,018)	-	(77,096)	69,150	356,197	11,604	349,837
Finance costs	(117,310)	-	-	-	(57,469)	(517,401)	(692,180)
Other income and expenses	62,605	-	-	-	-	-	62,605
Gain (loss) for the year from continuing operations	**(489,554)**	**(8,685)**	**(176,220)**	**69,103**	**280,332**	**(2,058,085)**	**(2,383,109)**
Cumulative translation adjustment	(10,982)	-	(1,762)	(80,432)	3,077,381	-	2,984,205
Total net income (loss)	**(500,536)**	**(8,685)**	**(177,982)**	**(11,329)**	**3,357,713**	**(2,058,085)**	**601,096**

Non-cash items in net income (loss):

For the year ended December 31, 2022	ESI	Exploration and Evaluation Properties				Corporate	Total
		Canada	USA	South Korea	Chile		
Accretion	-	-	-	-	(57,469)	(517,401)	(574,870)
Depreciation of equipment	(699,345)	-	-	-	-	-	(699,345)
Impairment of exploration and evaluation assets	-	(8,094)	-	-	-	-	(8,094)
Restricted stock units expense	-	-	-	-	-	(409,810)	(409,810)
Stock based compensation	-	-	-	-	-	(204,343)	(204,343)
Unrealized forex translation loss (gain)	(10,061)	-	(35,026)	69,390	(317,731)	(42,064)	(335,492)
Total non- cash items in net income (loss)	**(709,406)**	**(8,094)**	**(35,026)**	**69,390**	**(375,200)**	**(1,173,618)**	**(2,231,954)**

17. SUBSEQUENT EVENTS

- On March 31, 2023, the Company settled the first year of interest on the Debenture by issuing 5,202,902 common shares to settle $830,038 of accrued interest owing to certain holders of Debentures of the Company. As of May 29, 2023, the Company is waiting on TSXV approval on the common share issuance.

- On April 3, 2023, the Company granted a total of 2,330,000 Performance Share Units ("PSUs") to 13 management personnel, officers, and directors of the Company. The vesting for the PSUs shall be determined by the Company's stock close price. The PSUs will be fully vested on any single day that the Company's closing stock price reaches or exceeds $0.50, within the performance cycle, which commenced on March 30, 2023, and will end on March 30, 2026.

- On April 17, 2023, the Company amended the Bridge Loan to extend its maturity to June 17, 2023.