



BATTERY MINERAL RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2022
(Unaudited)

(Expressed in Canadian Dollars)

BATTERY MINERAL RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Canadian Dollars - Unaudited)

As at

Reported in CAD

	Note	March 31, 2022		December 31, 2021
ASSETS				
Current assets				
Cash	6	\$ 6,371,901	\$	2,629,995
Receivables	7	3,176,274		3,746,001
Prepays	8	383,503		231,061
Assets included in disposal group held for sale	23	2,289,232		2,289,232
Total current assets		12,220,910		8,896,289
Non-current assets				
Property, plant and equipment	9	41,854,812		40,563,854
Intangible assets		191,908		181,623
Exploration advances	10	100,000		404,000
Exploration and evaluation assets	11	36,283,517		31,101,479
Total non-current assets		78,430,237		72,250,956
TOTAL ASSETS		\$ 90,651,147	\$	81,147,245
LIABILITIES				
Current liabilities				
Trade and other payables	12	\$ 3,966,629	\$	5,685,185
Flow-through premium liability	15	-		214,541
Income taxes payable		1,709,510		1,729,027
Deferred revenue		233,840		66,742
Current portion of long-term debt	13	331,042		527,831
Current portion of convertible debenture	14	66,331		-
Liabilities related to disposal group held for sale	23	3,831,306		3,868,295
Total current liabilities		10,138,658		12,091,621
Non-current liabilities				
Long term portion of accrued expenses	12	5,079,310		5,079,310
Loans and borrowings	13	4,012,834		4,187,173
Convertible debenture	14	10,006,118		-
Total non-current liabilities		19,098,262		9,266,483
TOTAL LIABILITIES		29,236,920		21,358,104
EQUITY				
Share capital	15	60,851,086		60,952,703
Contributed surplus	15	20,578,602		19,224,651
Accumulated other comprehensive loss		(1,797,057)		(3,864,284)
Deficit		(18,218,404)		(16,523,929)
TOTAL EQUITY		61,414,227		59,789,141
TOTAL LIABILITIES AND EQUITY		\$ 90,651,147	\$	81,147,245

Nature of operations and going concern	1
Contingent liabilities	21
Subsequent events	24

Approved on behalf of the Board:

/s/ Joseph Tuso

/s/ Lazaros Nikeas

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

BATTERY MINERAL RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars - Unaudited)

For the three months ended March 31, 2022 and March 31, 2021

	Note	For the three months ended March 31, 2022	Restated - Note 4 For the three months ended March 31, 2021
REVENUE			
Sales	16	\$ 2,489,282	\$ 2,366,669
COSTS AND EXPENSES			
Cost of sales		107,605	120,879
Consulting fees		70,680	127,395
Depreciation of equipment	9	722,527	996,596
Director fees	17	73,597	23,399
Foreign exchange (gain) / loss		(210,949)	(26,123)
Impairment of exploration and evaluation assets	11	19,954	152,415
Investor relations		199,698	-
Management fees	17	360,924	117,007
Operating and maintenance		1,037,222	1,277,487
Professional fees	17	312,048	343,494
Property examination costs		-	29,822
Restricted stock units expense	15	736,948	-
Stock based compensation	15	313,992	-
Selling, general and administration		760,334	1,036,541
Loss from operations		(2,015,298)	(1,832,243)
Additional depreciation on discontinued operations		-	(1,426,271)
Finance and other income		28,240	27,978
Finance and other costs		(98,038)	(57,831)
Gain on disposal of property and equipment		176,079	(46,124)
Listing expenses	5	-	(1,985,907)
Recognition of flow-through premium	15	214,541	22,059
Loss for the period from continuing operations		\$ (1,694,475)	\$ (5,298,339)
Loss from discontinued operation attributable to non-controlling interest		-	274,734
Total loss for the period attributable to common shareholders		\$ (1,694,475)	\$ (5,023,605)
Currency translation attributable to Chile		2,384,112	-
Currency translation attributable to ESI		(316,885)	(269,567)
Income / (loss) and comprehensive loss for the period attributable to common shareholders		\$ 372,752	\$ (5,293,172)
Loss per share - continuing operations			
Basic and diluted loss per ordinary share		\$ (0.01)	\$ (0.04)
Basic and diluted weighted average number of ordinary shares outstanding		171,696,353	134,773,154
Income / (loss) per share - attributable to common shareholders			
Basic and diluted loss per ordinary share		\$ 0.00	\$ (0.04)
Basic and diluted weighted average number of ordinary shares outstanding		171,696,353	134,773,154

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

BATTERY MINERAL RESOURCES CORP.

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

	# of shares issued	Share capital	Contributed surplus	Contingently issuable shares	Receivable share subscriptions	Accumulated other comprehensive loss	Deficit	Total	Non-controlling interest	Total equity
		\$	\$	\$	\$		\$	\$	\$	\$
Balance at December 31, 2020 (Restated - Note 3)	128,618,485	35,239,267	19,299,570	-	400,001	(941,538)	(3,195,355)	50,801,945	2,872,281	53,674,226
Shares issued for cash	1,497,192	973,175	-	-	-	-	-	973,175	-	973,175
Shares issued for flow through shares (Note 15)	3,799,566	2,806,799	-	-	-	-	-	2,806,799	-	2,806,799
Shares issued for settlement of the claim dispute in Idaho (Note 15)	200,000	130,000	-	-	-	-	-	130,000	-	130,000
Shares issued for historic property obligations (Note 15)	900,000	585,000	-	-	-	-	-	585,000	-	585,000
Shares issued related to Fusion amalgamation (Note 5)	3,100,000	2,015,000	-	-	-	-	-	2,015,000	-	2,015,000
Stock options related to Fusion amalgamation (Note 5)	-	-	38,725	-	-	-	-	38,725	-	38,725
Options exercised related to Fusion amalgamation (Note 5)	62,500	12,500	(32,271)	-	-	-	-	(19,771)	-	(19,771)
Shares issued to Weston for debtor in possession secured loan (Note 4, 15)	1,069,138	662,866	-	-	-	-	-	662,866	-	662,866
Shares issued for Chilean property acquisition (Note 4, 15)	20,086,936	12,822,485	-	-	-	-	-	12,822,485	-	12,822,485
Shares issued to Bluequest for Chilean property acquisition (Note 4, 15)	10,000,000	6,200,000	-	-	-	-	-	6,200,000	-	6,200,000
Shares issued to Weston for Chilean property acquisition (Note 4, 15)	1,538,462	1,001,120	-	-	-	-	-	1,001,120	-	1,001,120
Flow through premium liability (Note 15)	-	(431,051)	-	-	-	-	-	(431,051)	-	(431,051)
Shares issue costs	-	(1,064,458)	-	-	-	-	-	(1,064,458)	-	(1,064,458)
Share-based payments (Note 15)	-	-	2,457,913	-	-	-	-	2,457,913	-	2,457,913
Subscriptions received in advance (Note 15)	-	-	-	-	(400,001)	-	-	(400,001)	-	(400,001)
Loss for the year	-	-	-	-	-	-	(13,328,574)	(13,328,574)	(423,547)	(13,752,121)
Translation gain/(loss) recognition on BMR Chile	-	-	-	-	-	(2,714,447)	-	(2,714,447)	-	(2,714,447)
Cumulative translation adjustment on ESI	-	-	-	-	-	(208,299)	-	(208,299)	-	(208,299)
Payout of minority ESI shareholders/ Derecognition of the NCI	-	-	(2,539,286)	-	-	-	-	(2,539,286)	(2,448,734)	(4,988,020)
Balance at December 31, 2021	170,872,279	60,952,703	19,224,651	-	-	(3,864,284)	(16,523,929)	59,789,141	-	59,789,141
Convertible debenture - equity (Note 14)	-	-	303,011	-	-	-	-	303,011	-	303,011
Flow through premium liability (Note 15)	-	-	-	-	-	-	-	-	-	-
Shares issue costs	-	(101,617)	-	-	-	-	-	(101,617)	-	(101,617)
Share-based payments (Note 15)	-	-	1,050,940	-	-	-	-	1,050,940	-	1,050,940
Loss for the period	-	-	-	-	-	-	(1,694,475)	(1,694,475)	-	(1,694,475)
Translation gain/(loss) recognition on BMR Chile	-	-	-	-	-	2,384,112	-	2,384,112	-	2,384,112
Cumulative translation adjustment on ESI	-	-	-	-	-	(316,885)	-	(316,885)	-	(316,885)
Balance at March 31, 2022	170,872,279	60,851,086	20,578,602	-	-	(1,797,057)	(18,218,404)	61,414,227	-	61,414,227

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

BATTERY MINERAL RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2022 and March 31, 2021

(Expressed in Canadian Dollars - Unaudited)

	For the three months ended March 31, 2022	Restated - Note 3 For the three month ended March 31, 2021
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Loss for the period	\$ (1,694,475)	\$ (5,298,339)
Items not affecting cash:		
Depreciation	722,527	996,596
Impairment of exploration and evaluation assets	19,954	152,415
Shares issued for settlement of the claim dispute in Idaho	-	130,000
Shares issued for historic property obligations	-	585,000
Shares issued related to Fusion amalgamation	-	2,015,000
Share-based payments	1,050,940	-
Recognition of flow-through premium	(214,541)	(22,059)
Loss (gain) on disposal of property and equipment	(176,079)	46,124
Additional depreciation on discontinued operations	-	1,426,271
Changes in non-cash working capital items:		
Receivables	1,572,508	393,740
Prepaid expenses	(152,442)	(131,368)
Trade and other payables	(1,718,556)	(310,578)
Income taxes payable	(19,517)	(113,841)
Deferred revenue	167,098	(36,960)
Net cash provided by (used in) continuing operating activities	(442,583)	(167,999)
CASH FLOWS FROM (TO) INVESTING ACTIVITIES		
Exploration and evaluation assets - Punitaqui	(4,175,712)	-
Exploration and evaluation assets - other	304,000	(1,971,263)
Other acquisition of property, plant and equipment	(631,533)	(395,568)
Proceeds from disposal of equipment	251,334	19,068
Additions of intangible assets	(10,285)	-
Changes in non-cash working capital items:		
Receivables	(1,002,781)	-
Trade and other payables	(416,260)	(36,470)
Net cash provided by (used in) continuing investing activities	(5,681,237)	(2,384,233)
CASH FLOWS FROM (TO) FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	1,750,000
Proceeds from Fusion options exercised	-	7,500
Proceeds returned from cancellation of shares	-	(276,825)
Share issue costs	(101,617)	(39,999)
Subscription receipts	-	(400,001)
Proceeds from the current portion of long-term debt	(233,778)	(210,777)
Repayment of finance lease	-	(28,078)
Proceeds from the non-current portion of long-term debt	(174,339)	-
Proceeds from convertible debenture	10,375,460	-
Net cash provided by (used in) continuing financing activities	9,865,726	801,820
Change in cash during the period	3,741,906	(1,750,412)
Total cash, beginning of the period	2,629,995	13,965,571
Total cash, end of the period	\$ 6,371,901	\$ 12,215,159

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

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

1. NATURE OF OPERATIONS AND GOING CONCERN

Battery Mineral Resources Corp. (the "Company") 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 Suite 400 – 744 West Hastings Street, Vancouver, BC V6C 1A5.

The Company holds resource interests including copper, gold, 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 potential resumption of operations and production of copper concentrates at the Punitaqui mine in Chile, and the acquisition and exploration of mineral exploration and evaluation assets in Chile, Canada, the United States, 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 supplying 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 are under common control as of December 31, 2020. For 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.

On February 12, 2021, the Company completed a reverse takeover transaction with Fusion Gold Ltd. ("Fusion") (Note 5).

On May 26, 2021, the Company completed the acquisition of ESI concurrent with the completion of the ESI going private transaction. The result is the Company now owns 100% of the ESI common shares.

On May 28, 2021, the Company's wholly-owned Chilean subsidiary Minera BMR SpA completed the asset acquisition from Minera Altos de Punitaqui Limitada ("MAP"), a wholly-owned subsidiary of Xiana Mining Inc., of the Punitaqui Mining Complex ("Punitaqui"), a previous producing copper-gold mine located in the Coquimbo region of Chile (Note 4, 11, 15).

At March 31, 2022, the Company had a working capital surplus (current assets less current liabilities) of \$2,082,252 (working capital deficiency, December 31, 2021 of \$3,195,332). For the three months ended March 31, 2022, the Company recorded a loss of \$1,694,475 (March 31, 2021 loss of \$5,298,339). For the three months ended March 31, 2022, the Company recorded net cash flow used in operating activities of \$442,583 (March 31, 2021 net cash flow used in operating activities of \$167,999).

During 2021, management began to assess the financing alternatives that may be available to the Company in order to complete the ramp up and commence production from the Punitaqui mine, with an emphasis on alternatives that do not include the issuance of new equity. Such alternatives include, but are not limited to, a concentrate offtake prepayment financing, a private debt financing, or a financing by way of a sale of a royalty interest over the potential future production from the mine, among others. The Company is currently working to complete further mine planning analysis, which is expected to provide an indication of the amount and timing of the required funding. On July 16, 2021 the Company engaged JDS Energy & Mining Inc. to provide services to the Company in connection with the aforementioned mine planning analysis.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

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

ESI owns a real estate property located in Leduc, AB, which has a mortgage loan outstanding. The Leduc mortgage contains a debt covenant stipulating a minimum debt service coverage ratio of 1.25:1 ("DSCR"). As of March 31, 2022, the DSCR was estimated by ESI to be approximately (1.84):1. As such, ESI believes that as of the aforementioned date, it was in breach of the debt covenant in relation to the mortgage loan secured by ESI's property in Leduc, AB. ESI has submitted its unaudited financial statements to the mortgage lender; however, as of May 31, 2022, ESI has not received any notice from the mortgage lender notifying ESI that it has breached the debt covenant. Per the mortgage loan agreement, ESI is required to submit audited financial statements to the mortgage lender prior to June 30, 2022.

The mortgage lender has the contractual right to demand immediate payment of all loans and credits in full any time there is a breach of terms, and failing repayment of the mortgage loan by ESI, the mortgage lender has the right to realize on the mortgage loan by taking ownership of the Leduc, AB property which is a security for the mortgage loan.

Subsequent to the three month period ended March 31, 2022, the Company entered into an agreement to sell the Leduc property held by ESI. The Company has agreed to sell the property and building for \$6,400,000. The transaction is expected to close during the third quarter of 2022 (Note 24).

The above factors, together with the Company's working capital deficiency and the potential for additional unforeseen issues and delays give rise to material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

2. BASIS OF PREPARATION

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2021.

Notice of No Auditor Review of the Interim Condensed Consolidated Financial Statements as at and for the three months ended March 31, 2022. Under National Instrument 51-102, Part 4, subsection 4.3 (3)(a), if an auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements. The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

Approval of the financial statements

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on June 2, 2022.

Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

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.

Entities whose functional currencies differ from the presentation currency are translated into Canadian dollars as follows: assets and liabilities – at the closing rate as at the reporting date, and income and expenses – at the average rate of the period. All resulting changes are recognized in other comprehensive loss as cumulative translation differences.

Transactions in foreign currencies are translated into the functional currency at the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the reporting date. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

2. BASIS OF PREPARATION (cont'd.)

Basis of consolidation

These consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiaries as follows:

Name of Subsidiaries	Principal Activity	Country of Incorporation	Proportion of Ownership Interest and Voting Power Held Incorporation	
			March 31, 2022 %	December 31, 2021 %
BMR Holdings Limited (formerly Battery Mineral Resources Corp.)	Intermediate Holding Company	Canada	100	100
North American Cobalt Inc. (formerly Battery Mineral Resources Limited)	Resource Exploration	Canada	100	100
North American Cobalt Inc.	Resource Exploration	USA	100	100
Battery Mineral Resources (Nevada), Inc.	Resource Exploration	USA	100	100
Opirus Minerals Group Pty Ltd.	Intermediate Holding Company	Australia	100	100
Battery Mineral Resources Korea (formerly Won Kwang Mines Inc.)	Resource Exploration	South Korea	100	100
ESI Energy Services Inc. ("ESI")	Oil and Gas Service Company	Canada	100	100
Ozzies, Inc. (formerly ESI Pipeline Services, Inc.)	Oil and Gas Service Company	USA	100	100
Energy Services (Australia) Pty Ltd.	Oil and Gas Service Company	Australia	100	100
Minera BMR SpA	Resource Exploration	Chile	100	-

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.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three months ended March 31, 2022

2. BASIS OF PREPARATION (cont'd...)

Significant judgements

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these consolidated financial statements are, but are not limited to, as follows:

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.

Acquisition of an associated company

The Company acquired 89.2% ownership of ESI on September 9, 2020. The process for determining whether the acquisition was an asset purchase versus a business acquisition was performed. Primary consideration was given to the Oil and Gas Padding Service Company and ESI was considered to meet the definition of a business. As both the Company and ESI were under common control by Yorktown Energy LLC ("Yorktown"), the acquisition of ESI was scoped out of IFRS 3 as the acquisition was a transaction under common control. The Company's intent, on the acquisition date, was to sell ESI to a third party within the next 12 months and accordingly it has recorded the investment in ESI as a non-current asset held for sale and discontinued operations as at December 31, 2020.

On May 28, 2021, the Company acquired 100% of ESI common shares by completing a go private transaction.

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.

Deferred tax

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. There are usually a number of tax matters under review; therefore, income taxes are subject to measurement uncertainty.

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.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

2. BASIS OF PREPARATION (cont'd...)

Reverse takeover

On February 21, 2021, the Company and Fusion Gold Ltd. ("Fusion"), completed the transaction which constituted a reverse takeover. Because of the transaction, the shareholders of the Company obtained control of Fusion, the combined entity, by obtaining control of the voting power of the Company and the resulting power to govern its financial and operating policies. The transaction was accounted for as a reverse takeover in accordance with the guidance provided in IFRS 2, Share-based Payments and IFRS 3, Business Combinations. As Fusion did not qualify as a business according to the definition in IFRS 3, the reverse takeover was not accounted for as a business combination. The consideration for the reverse takeover, being the equity instruments issued by the Company in return for the listing status, was based on the fair value of the common shares of Fusion. The difference between the consideration and the identifiable assets received was recognized in the statement of loss and comprehensive loss as listing expense.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

3. PRIOR PERIOD RESTATEMENT

Restatement of the Acquisition of the Disposal Group Held for Sale (ESI Energy Services Inc.)

During the year end of 2021, the Company identified that it had incorrectly accounted for the acquisition of ESI in the 2020 Consolidated Financial Statements. As a result, the Company has restated its March 31, 2021 and 2020 Consolidated Statements of Financial Position, Consolidated Statements of Loss and Comprehensive Loss, Consolidated Statements of Changes in Equity and Consolidated Statements of Cash Flows.

Reconciliation of the Consolidated Statements of Financial Position:

	Previously reported	As at March 31, 2021 Restatement adjustment	Restated	Note
ASSETS				
Current assets				
Cash	3,317,354	8,897,805	12,215,159	1
Receivables	160,754	1,448,100	1,608,854	1
Prepays	55,298	167,110	222,408	1
Total current assets	3,533,406	10,513,015	14,046,421	
Non-current assets				
Property, plant and equipment	78,710	21,826,421	21,905,131	1
Intangible assets	-	162,085	162,085	1
Assets included in disposal group held for sale	40,077,898	(40,077,898)	-	2
Total non-current assets	65,935,300	(18,089,392)	47,845,908	
TOTAL ASSETS	69,468,706	(7,576,377)	61,892,329	
LIABILITIES				
Current liabilities				
Trade and other payables	1,128,709	1,018,515	2,147,224	1
Income taxes payable	183,000	58,034	241,034	1
Deferred revenue	-	32,562	32,562	1
Current portion of finance lease	-	2,386	2,386	1
Current portion of long-term debt	-	937,779	937,779	1
Total current liabilities	1,311,709	2,049,276	3,360,985	
Non-current liabilities				
Liabilities related to disposal group held for sale	9,035,654	(9,035,654)	-	2
Loans and borrowings	-	6,676,408	6,676,408	1
Total non-current liabilities	9,035,654	(2,359,246)	6,676,408	
TOTAL LIABILITIES	10,347,363	(309,970)	10,037,393	
EQUITY				
Contributed surplus	32,408,573	(13,109,003)	19,299,570	3
Non-controlling interest	3,352,562	(205,547)	3,147,015	4
Accumulated other comprehensive loss	(971,715)	(239,390)	(1,211,105)	5
Deficit	(15,055,961)	6,287,533	(8,768,428)	6
TOTAL EQUITY	59,121,343	(7,266,407)	51,854,936	
TOTAL LIABILITIES AND EQUITY	69,468,706	(7,576,377)	61,892,329	

1. Assets and liabilities held by ESI as of January 1, 2021 have been consolidated on a 100% basis with BMR. The assets and liabilities of ESI have been consolidated based on ESI book cost.

2. Assets included in disposal group held for sale and liabilities related to disposal group held for sale were reclassified from non-current to current. As of January 1, 2021 assets included in disposal group held for sale and related liabilities were derogized effective January 1, 2021, as ESI and related entities were consolidated on a 100% basis with BMR.

3. Contributed surplus was reduced by \$13,109,003 as the accounting treatment for goodwill and the excess purchase price were removed and the dividend received from ESI was eliminated on consolidation, as ESI acquisition was determined to be a common controlled transaction.

4. Non-controlling interest was increased as the removal of goodwill increased non-controlling interest and recalculating the cumulative translation adjustment as of December 31, 2020, lead to an increase in non-controlling interest of \$205,547.

5. Accumulated other comprehensive loss increased as the Company recognized the 89.2% cumulative translation adjustment relating to ESI as of December 31, 2020.

6. Deficit decreased as the Company derogized the remeasurement loss on ESI as of December 31, 2020.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three months ended March 31, 2022

3. PRIOR PERIOD RESTATEMENT (cont'd...)

Reconciliation of the Consolidated Statements of Loss and Comprehensive Loss:

	For the year ended March 31, 2021			Note
	Previously reported	Restatement adjustment	Restated	
Remeasurement loss on disposal group held for sale	(928,879)	928,879	-	1
Total discontinued operation	(1,052,717)	1,052,717	-	
Discontinued operation allocated to non-controlling interest	113,694	161,040	274,734	2
Loss for the year	(3,693,529)	(1,330,076)	(5,023,605)	3
Currency translation attributable to discontinued operation	271,470	(541,037)	(269,567)	4
Loss and comprehensive loss for the year	(3,422,059)	(1,871,113)	(5,293,172)	
Loss per share - Discontinued operations				
Basic and diluted loss per ordinary share	(0.03)	(0.01)	(0.04)	

1. The remeasurement loss on disposal group held for sale after common control adjustment was previously recorded to equity. The amount has been adjusted as the acquisition has been accounted for as a common control transaction and there are no remeasurement gains or losses.
2. The discontinued operation allocated to non-controlling interest has been adjusted to reflect the impact of the restatement adjustments that impact non-controlling interest.
3. Loss for the year includes ESI operating income and expenses for the 3 months period ended March 31, 2021.
4. The cumulative translation adjustment has been adjusted to reflect the impact of the restatement adjustments that impacted ESI's cumulative translation adjustment.

Reconciliation of the Consolidated Statements of Changes in Equity:

	As at December 31, 2020					Total equity
	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total	Non-controlling interest	
Previously reported	32,408,573	-	(11,633,902)	56,413,939	2,766,011	59,179,950
Restatement adjustment	(13,109,003)	(941,538)	8,438,547	(5,611,994)	106,270	(5,505,724)
Restated	19,299,570	(941,538)	(3,195,355)	50,801,945	2,872,281	53,674,226

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

3. PRIOR PERIOD RESTATEMENT (cont'd...)

Reconciliation of the Consolidated Statements of Cash Flows:

	As at March 31, 2021			Note
	Previously reported	Restatement adjustment	Restated	
CASH FLOWS FROM (TO) OPERATING ACTIVITIES				
Loss for the period	(3,693,529)	(1,604,810)	(5,298,339)	
Items not affecting cash:				
Depreciation	2,872	993,724	996,596	
Loss (gain) on disposal of property and equipment	-	46,124	46,124	
Remeasurement loss on disposal group held for sale	928,879	(928,879)	-	
Discontinued operation income	123,838	(123,838)	-	
Discontinued operations allocated to non-controlling interest	(113,694)	113,694	-	
Additional depreciation on discontinued operations	-	1,426,271	1,426,271	
Changes in non-cash working capital items:				
Receivables	(106,641)	500,381	393,740	
Prepaid expenses	(39,799)	(91,569)	(131,368)	
Trade and other payables	117,542	(428,120)	(310,578)	
Deferred revenue	-	(36,960)	(36,960)	
Income tax	-	(113,841)	(113,841)	
Net cash provided by (used in) operating activities	79,824	(247,823)	(167,999)	1
CASH FLOWS FROM (TO) INVESTING ACTIVITIES				
Proceeds of disposal of capital assets	-	19,068	19,068	
Acquisition of property, plant and equipment - ESI	-	(395,568)	(395,568)	
Changes in non-cash working capital items:				
Accounts payable and accrued liabilities	-	(36,470)	(36,470)	
Net cash provided by (used in) investing activities	(1,971,263)	(412,970)	(2,384,233)	1
CASH FLOWS FROM (TO) FINANCING ACTIVITIES				
Proceeds from the non-current portion of long-term debt	-	(210,777)	(210,777)	
Repayment of finance lease	-	(28,078)	(28,078)	
Net cash provided by (used in) financing activities	1,040,675	(238,855)	801,820	1
Change in cash during the period	(850,764)	(899,648)	(1,750,412)	
Total cash, beginning of the period	4,168,118	9,797,453	13,965,571	1
Total cash, end of the period	3,317,354	8,897,805	12,215,159	1

1. Cash flow statement was revised to include ESI's operations in operating activities, investing activities and financing activities, as well as the cash at the beginning and end of the reporting period.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

4. 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 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 the Punitaqui Mine, 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. The Company has estimated the probability of achieving the milestones as at December 31, 2021 to be nil;
- 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;
- vi. \$5,343,000 in future cash consideration related to an option agreement to obtain ownership over all land and equipment;
- vii. The issuance of 1,069,138 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.

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 Battery, and Battery entered into a promissory purchase agreement for the equity of MAP for US\$100 on the 10-year anniversary of this transaction.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

4. PUNITAQUI ACQUISITION (cont'd...)

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:

Property	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).

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

5. REVERSE TAKEOVER TRANSACTION

On December 23, 2019, Fusion entered into a definitive amalgamation agreement with BMR, 1234525 B.C. Ltd., a newly incorporated wholly owned subsidiary of Fusion, and Weston Energy LLC ("Weston"). This agreement was amended on March 25, 2020, May 14, 2020, August 31, 2020, December 29, 2020, and January 31, 2021; together the definitive amalgamation agreement and the amendments are referred to hereinafter as the "New Definitive Agreement".

The New Definitive Agreement (i) extended the time for completion of the Transaction from August 31, 2020, to March 1, 2021, and (ii) increased the expense reimbursement fee from \$250,000 to \$350,000 (payable by Battery to Fusion in the event the Transaction is not completed by December 31, 2020, for any reason other than as a result of the failure of Fusion to fulfill a material condition or obligation under the Definitive Agreement).

Pursuant to the New Definitive Agreement, Fusion acquired all of the issued and outstanding securities of BMR, by way of an amalgamation under the British Columbia Business Corporations Act pursuant to which BMR and Fusion Subco amalgamated, shareholders of BMR exchanged their shares of BMR for shares of Fusion on a one-for-one basis on a post-consolidation basis (as defined below) and BMR became a wholly-owned subsidiary of Fusion (together with the related transactions and corporate procedures set out in the New Definitive Agreement, the "Transaction").

In connection with the Transaction, Fusion consolidated its common shares on a 2:1 basis (the "Consolidation"). In addition, upon closing of the Transaction, Fusion changed its name to "Battery Mineral Resources Corp.". On closing the Transaction, the Resulting Issuer met the TSXV's initial listing requirements for a Tier 1 or Tier 2 mining issuer.

In connection with the Transaction, BMR completed a private placement of: (i) flow-through common shares of BMR at a price of \$0.68 per share; and (ii) common shares of BMR at a price of \$0.65 per share, to raise aggregate gross proceeds of \$1,750,000. Shares issued under the private placement were immediately exchanged for one post-consolidation common share of Fusion upon closing of the Transaction (together, the "Concurrent Financing").

On February 15, 2021, the Company completed a reverse takeover transaction ("RTO"), with Fusion Gold Ltd. (Fusion), a TSX Venture Exchange listed company, to complete a share exchange that resulted in the Company's shareholders taking over Fusion (the "Transaction"). The Transaction is intended to constitute Fusion's "qualifying transaction" and is structured as an amalgamation pursuant to which the Company amalgamated with 1234525 B.C. Ltd. The amalgamated entity become 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 own more shares in the combined entity, the Company is deemed to control the new entity and the continuing financial statements will be those of the Company.

Trading of the Company's common shares commenced on February 22, 2021.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

5. REVERSE TAKEOVER TRANSACTION (cont'd...)

For accounting purposes, the acquisition was treated as an RTO. As such, effective as at the date of closing, the fair value of the consideration deemed to be paid by the Company and the fair value assigned to Fusion's identified assets acquired and liabilities assumed are presented below:

Cost of acquisition:

Fair value of post-consolidation common shares retained by Fusion shareholders - 3,100,000 at \$0.65	\$	2,015,000
Fair value of Fusion stock options		38,725
Total consideration	\$	<u>2,053,725</u>

Allocated as follows:

Cash	\$	60,963
Receivables		7,386
Trade and other payables		(531)
Net assets acquired	\$	<u>67,818</u>
Allocation to listing expense		1,985,907
	\$	<u>2,053,725</u>

During the three months ended March 31, 2022 - \$Nil (March 31, 2021 - \$144,661), in professional fees, relating to the RTO.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

6. CASH

Cash is comprised as follows:

		31-Mar-22		31-Dec-21
Cash in Canadian financial institutions	\$	730,202	\$	1,511,394
Cash in American financial institutions		4,371,915		706,642
Cash in Australian financial institutions		369		1,023
Cash in South Korean financial institutions		128,987		-
Cash in Chilean financial institutions		1,140,428		410,936
Total	\$	6,371,901	\$	2,629,995

7. RECEIVABLES

Receivables are comprised as follows:

		31-Mar-22		31-Dec-21
Accounts receivable	\$	1,709,073	\$	1,623,632
Finance lease receivable		284,942		329,543
GST/HST receivable		179,478		57,669
QST receivable		0		\$24,728
VAT receivables		1,002,781		1,710,429
Total	\$	3,176,274	\$	3,746,001

8. PREPAID EXPENSES

Prepaid expenses are comprised as follows:

		31-Mar-22		31-Dec-21
Prepaid expenses	\$	383,503	\$	231,061
Total	\$	383,503	\$	231,061

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

9. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Plant and Mining equipment	Padding equipment	Spare parts	Motor vehicles	Computer equipment	Office equipment	Total
Cost								
At December 31, 2020	\$ -	\$ 47,420	\$ -	\$ -	\$ 13,465	\$ 48,727	\$ 25,803	\$ 135,415
Discontinued operations - opening balances	8,646,657	-	38,097,381	712,153	-	-	-	47,456,191
Continuing operations - additions	-	-	-	-	-	2,069	-	2,069
Punitaqui - additions	8,563,739	16,126,664	-	1,783,246	-	-	-	26,473,649
ESI - additions	130,358	-	1,274,483	5,158	-	-	-	1,409,999
ESI - disposals	(369,948)	-	(3,584,871)	-	-	-	-	(3,954,819)
ESI - re-class	(3,046,664)	-	-	-	-	-	-	(3,046,664)
Foreign currency translation adjustment	(963,751)	(1,773,782)	(185,518)	(194,434)	-	-	-	(3,117,485)
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	-	-	603,531	-	-	-	-	603,531
ESI - disposals	-	-	(271,148)	-	-	-	-	(271,148)
Foreign currency translation adjustment	495,408	1,032,324	(450,803)	135,954	-	7,365	-	1,220,249
At March 31, 2022	\$ 13,455,799	\$ 15,432,626	\$ 35,483,055	\$ 2,442,077	\$ 13,465	\$ 58,161	\$ 25,803	\$ 66,910,987
Accumulated depreciation								
At December 31, 2020	\$ -	\$ (14,332)	\$ -	\$ -	\$ (6,447)	\$ (12,401)	\$ (12,587)	\$ (45,767)
Discontinued operations - opening balances	(3,635,601)	-	(19,712,265)	-	-	-	-	(23,347,866)
Continuing operations - depreciation	-	(13,443)	-	-	(3,068)	(11,661)	(6,432)	(34,604)
ESI - depreciation	(215,458)	-	(4,663,303)	-	-	-	-	(4,878,761)
ESI - disposals	324,447	-	2,334,918	-	-	-	-	2,659,365
ESI - re-class	757,432	-	-	-	-	-	-	757,432
Foreign currency translation adjustment	9,250	75	86,257	-	17	65	36	95,700
At December 31, 2021	\$ (2,759,930)	\$ (27,700)	\$ (21,954,393)	\$ -	\$ (9,498)	\$ (23,997)	\$ (18,983)	\$ (24,794,501)
Depreciation	(17,263)	-	(690,242)	-	-	-	-	(707,504)
ESI - disposals	-	-	195,894	(53,182)	-	-	-	142,712
Foreign currency translation adjustment	20,853	(98)	280,293	-	440	(223)	1,854	303,119
At March 31, 2022	\$ (2,756,340)	\$ (27,798)	\$ (22,168,448)	\$ (53,182)	\$ (9,058)	\$ (24,220)	\$ (17,129)	\$ (25,056,175)
Carrying amounts								
At December 31, 2021	\$ 10,200,461	\$ 14,372,602	\$ 13,647,082	\$ 2,306,123	\$ 3,967	\$ 26,799	\$ 6,820	\$ 40,563,854
At March 31, 2022	\$ 10,699,460	\$ 15,404,828	\$ 13,314,607	\$ 2,388,895	\$ 4,407	\$ 33,941	\$ 8,674	\$ 41,854,812

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

10. EXPLORATION ADVANCES

The Company has made advance payments of for drilling and exploration services for its Cobalt Project. The deposits will be capitalized to the Company's exploration and evaluation assets, as the services are rendered.

		31-Mar-22	31-Dec-21
Exploration Advances	\$	100,000	404,000
Total	\$	100,000	404,000

11. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves inherent risks due to difficulties of determining the validity of certain mineral claims and leases as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated the titles to its exploration and evaluation assets and to the best of its knowledge, the titles are in good standing.

	Canadian Cobalt Projects	U.S. Cobalt Projects	U.S. Lithium Projects	South Korea Graphite Projects	Chile Copper Punitaqui Project	Total
	\$	\$	\$	\$	\$	\$
Balance as December 31, 2020	19,646,128	1,280,366	378,718	1,874,104	-	23,179,316
Additions during the year	4,407,954	310,637	4,152	277,555	5,711,267	10,711,565
Impairment	(2,183,968)	-	-	(217,727)	-	(2,401,695)
Currency translation adjustment	-	-	-	-	(387,707)	(387,707)
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	611,986	3,323	0	84,480	4,175,712	4,875,500
Impairment	(19,954)	-	-	-	-	(19,954)
Currency translation adjustment	-	-	-	-	326,492	326,492
Balance as March 31, 2022	22,462,145	1,594,326	382,870	2,018,412	9,825,764	36,283,517

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three months ended March 31, 2022

11. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Canadian Cobalt Projects

	McAra	Gowganda	Fabre	Shining Tree	Elk Lake	Wilder	White Reserve	Iron Mask	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at December 31, 2020	7,393,900	4,737,535	1,402,881	1,490,687	2,047,036	1,012,789	797,635	-	763,665	19,646,128
Additions										
Property acquisition and staking costs	69,857	546,301	2,248	8,550	93,681	213,338	21,465	145,739	29,729	1,130,908
Assay	-	34,007	12,614	26,691	22,507	-	17,560	-	-	113,379
Consulting	29,551	90,189	15,337	26,796	27,613	32,779	13,542	947	2,551	239,305
Drilling	12,334	498,884	263,712	272,245	193,965	-	260,467	-	-	1,501,607
Environmental and permitting	-	36,907	-	-	-	-	-	-	-	36,907
Field office and other	18,090	41,741	3,358	7,520	2,851	3,450	3,445	29	91	80,575
Geological	41,874	224,355	90,492	104,168	62,020	25,318	115,795	-	2,580	666,602
GIS, mapping and surveying	-	69,375	-	-	-	-	-	-	-	69,375
Government and land payments	1,393	14,745	(49,288)	5,700	3,879	434	6,026	445	-	(16,666)
Project management	48,674	78,483	31,988	24,529	33,566	6,148	25,701	-	1,143	250,232
Travel	14,341	122,735	38,922	57,206	56,271	5,997	39,211	-	1,047	335,730
Additions during the year	236,114	1,757,722	409,383	533,405	496,353	287,464	503,212	147,160	37,141	4,407,954
Impairment	-	(2,023,808)	-	-	-	-	-	(147,160)	(13,000)	(2,183,968)
Balance as December 31, 2021	7,630,014	4,471,449	1,812,264	2,024,092	2,543,389	1,300,253	1,300,847	-	787,806	21,870,114

	McAra	Gowganda	Fabre	Shining Tree	Elk Lake	Wilder	White Reserve	Iron Mask	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as December 31, 2021	7,630,014	4,471,449	1,812,264	2,024,092	2,543,389	1,300,253	1,300,847	-	787,806	21,870,114
Additions										
Property acquisition and staking costs	13,886	24,032	-	-	7,949	(745)	3,016	11,199	3,617	62,954
Assay	14,779	-	67,723	-	-	-	-	-	-	82,502
Consulting	-	3,062	-	-	-	-	-	1,241	-	4,303
Drilling	152,791	145,898	11,675	-	-	-	-	-	-	310,364
Environmental and permitting	-	-	-	-	-	-	-	-	-	-
Field office and other	695	299	-	-	-	-	-	55	28	1,077
Geological	9,877	8,216	6,588	-	1,494	339	-	-	735	27,249
GIS, mapping and surveying	-	-	-	-	-	-	-	-	-	-
Government and land payments	1,146	417	-	-	-	-	-	295	521	2,379
Project management	20,727	27,173	5,068	216	1,617	216	-	-	-	55,017
Travel	35,844	23,459	3,320	167	3,145	92	75	-	38	66,140
Additions during the year	249,745	232,556	94,374	383	14,205	(98)	3,091	12,790	4,939	611,985
Impairment	-	(7,165)	-	-	-	-	-	(12,790)	-	(19,954)
Balance as March 31, 2022	7,879,759	4,696,841	1,906,638	2,024,475	2,557,594	1,300,155	1,303,938	-	792,745	22,462,145

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

11. EXPLORATION AND EVALUATION ASSETS (cont'd...)

McAra Project area, Ontario Canada

The Company holds a 100% interest in the McAra project, located in Ontario, Canada. The property is subject to net smelter returns royalties ("NSR") ranging from 1% to 2% of which 1.5% can be acquired for \$750,000.

The Company issued 62,000 common shares valued at \$40,300, upon completion of the Transaction, related to the McAra Project historic property obligations (Note 15).

Gowganda Project area, Ontario Canada

The Company holds a 100% interest in certain claims the Gowganda project area, located in Ontario, Canada. The property is subject to NSR's ranging from 1% to 3%. 0.5% to 1% of the NSR can be acquired for \$250,000 to \$1,000,000.

The Company issued 297,000 common shares valued at \$193,050, upon completion of the Transaction, related to the Gowganda Project historic property obligations (Note 15).

Gowganda Transition-Claims, Ontario, Canada

On March 1, 2021, the Company and the Gowganda Transition optionor agreed to amend their March 2, 2019, agreement. Under the amendment, the Company has waived the work expenditure requirement for the second-year option of \$1,000,000 and removed the requirement for the Company to expend funds on gold exploration going forward. The consideration received by the optionor includes second option payment of \$150,000 and an additional \$150,000 cash payment due on or before March 2, 2021, for the return of its Gowganda Gold property and the assignment of additional contiguous claims. The assigned claims include a 1% NSR to the Company.

As of March 2, 2022, the Company did not meet the exploration expenditure of \$2,000,000. The Company had impaired 100% of the Gowganda Transition Project as of December 31, 2021 for \$2,023,808. The Company terminated the Gowganda project earn-in option has an option agreement on March 3, 2022.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

11. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Fabre Project area, Quebec Canada

The Company holds a 100% interest in the Fabre project area located in Quebec, Canada.

The property is subject to a 2% gross smelter returns royalty ("GSR") of which 1% can be acquired for \$1,000,000 and an additional 1% can be acquired for an additional \$1,500,000.

Shining Tree Project area, Ontario Canada

The Company holds a 100% interest in the Shining Tree Project area, located in Ontario, Canada.

The property is subject to a 1% NSR of which 0.5% can be purchased for \$250,000.

Elk Lake Project area, Ontario Canada

The Company holds a 100% interest in certain claims the Elk Lake project area, located in Ontario, Canada.

The property is subject to NSR's ranging from 1% to 2% of which 0.5% to 1% of the royalty can be acquired for \$250,000 to \$1,000,000.

The Company issued 97,000 common shares valued at \$63,050, upon completion of the Transaction, related to the Elk Lake Project historic property obligations (Note 15).

Elk Lake Project Area (Silverstrike property), Ontario, Canada

The Company has a purchase option agreement, with Ashley Gold Mines Limited ("Ashley") to acquire a 100% interest in the Elk Lake (Silverstrike property), located in Ontario. Pursuant to the agreement, the Company is required to make payments as follows:

The property is subject to a 1% NSR of which 0.5% can be purchased for \$1,000,000.

Elk Lake Project Area (Mapes-Johnson property), Ontario, Canada

The Company has a purchase option agreement, to acquire a 100% interest in the Elk Lake (Mapes-Johnson property), located in Ontario. Pursuant to the agreement, the Company is required to make payments as follows:

The property is subject to a 1% NSR of which 0.5% can be purchased for \$1,000,000.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

11. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Elk Lake Project area, Ontario Canada (cont'd.)

Sunvest property claims

The Company has a joint venture agreement with Sky Gold Corp. (formerly Sunvest Minerals Corp.) and acquired a 60% interest in certain claims in the Elk Lake project area in Ontario.

The Company can earn an additional 5% interest from Sky Gold through issuance of 150,000 common shares or payment of \$45,000.

The property is subject to a 2% NSR of which 1% can be purchased for \$500,000.

Wilder Project area, Ontario, Canada

Wilder Project area (Kell claims), Ontario, Canada

The Company has a purchase option agreement with Ashley Gold Mines Limited ("Ashley") to acquire a 100% interest in the Wilder (Kell claims), located in Ontario. Pursuant to the agreement, the Company is required to make payments as follows:

The property is subject to a 1% NSR of which 1% can be purchased for \$2,000,000.

Wilder Project area (Thompson claims), Ontario, Canada

The Company has a purchase option agreement with Ashley to acquire a 100% interest in the Wilder (Thompson claims), located in Ontario. Pursuant to the agreement, the Company is required to make payments as follows:

The property is subject to a 1% NSR of which 1% can be purchased for \$2,000,000.

The Company issued 212,000 common shares valued at \$137,800, upon completion of the Transaction, related to the Wilder Project historic property obligations (Note 15).

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

11. EXPLORATION AND EVALUATION ASSETS (cont'd...)

White Reserve Project area (White Reserve claims), Ontario, Canada

The Company has a purchase option agreement with Ashley to acquire a 100% interest in the White Reserve claims, located in Ontario. Pursuant to the agreement, the Company is required to make payments as follows:

The property is subject to a 1% NSR of which 1% can be purchased for \$2,000,000.

The Company issued 12,000 common shares valued at \$7,800, upon completion of the Transaction, related to the White Reserve Project historic property obligation (Note 15).

Iron Mask area (Brady claims and leases), Ontario, Canada

The Company had a purchase option agreement to acquire a 100% interest in the Brady Iron Mask claims and leases, located in Ontario.

The Company issued 200,000 common shares valued at \$130,000, upon completion of the Transaction, related to the Iron Mask historic property obligation (Note 15).

During the three months ended March 31, 2022, the Company has reduced the size of the Iron Mask projects and recorded impairment of \$Nil (December 31, 2021: \$139,415).

Other Projects, Ontario Canada

Other Projects are comprised of mineral claims located in the Province of Ontario.

The Company issued 20,000 common shares valued at \$13,000, upon completion of the Transaction, related to the Other Projects historic property obligations (Note 15).

During the three months ended March 31, 2022, the Company has abandoned the Iron Mask projects and recorded impairment of \$Nil (December 31, 2021: \$13,000).

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three months ended March 31, 2022

11. EXPLORATION AND EVALUATION ASSETS (cont'd...)

U.S. Cobalt Projects

	Bonanza	Quartzburg	Total
	\$	\$	\$
Balance at December 31, 2020	1,280,366	-	1,280,366
Additions			
Property acquisition and staking costs	262,435	-	262,435
Consulting	27,667	-	27,667
Environmental and permitting	10,066	-	10,066
Field office and other	9,607	-	9,607
Government and land payments	862	-	862
Additions during the year	310,637	-	310,637
Balance as December 31, 2021	1,591,003	-	1,591,003
	Bonanza	Quartzburg	Total
	\$	\$	\$
Balance at December 31, 2021	1,591,003	-	1,591,003
Additions			
Property acquisition and staking costs			
Field office and other	3,323	-	3,323
Additions during the year	3,323	-	3,323
Balance as March 31, 2022	1,594,326	-	1,594,326

U.S. Cobalt Projects

Bonanza Project, Idaho, USA

The Company holds a 100% interest in certain land tenure rights in the Bonanza Project in Idaho.

The property is subject to a 0.5% NSR which can be purchased for US\$1,000,000.

As of March 31, 2021, the Company has reached an agreement relating to the settlement of the claim dispute in Idaho (Note 15). The Company issued 200,000 common shares valued at \$130,000, upon completion of the Transaction (Note 15). In exchange for the shares, the Company has received the right to all claims the US Company held in Idaho on the Bonanza Project, including the ones in dispute.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three months ended March 31, 2022

11. EXPLORATION AND EVALUATION ASSETS (cont'd...)

U.S. Lithium Projects

	Amargosa	Total
	\$	\$
Balance at December 31, 2020	378,718	378,718
Additions		
Property acquisition and staking costs	4,152	4,152
Additions during the year	4,152	4,152
Balance as December 31, 2021	382,870	382,870

	Amargosa	Total
	\$	\$
Balance at December 31, 2021	382,870	382,870
Additions		
Additions during the year	-	-
Balance as March 31, 2022	382,870	382,870

Amargosa Project area, Nevada, USA

The Company holds a 100% interest in certain land tenure rights in the Amargosa Project in Nevada.

The property is subject to a 5% GSR of which 2.5% can be purchased for US\$7,000,000.

2.5% of the 5% GSR is held by an officer of the Company.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three months ended March 31, 2022

11. EXPLORATION AND EVALUATION ASSETS (cont'd...)

South Korea Graphite Projects

	Geuman & Taehwa \$	Total \$
Balance at December 31, 2020	1,874,104	1,874,104
Additions		
Property acquisition and staking costs	10,286	10,286
Drilling	27,846	27,846
Field office and other	27,829	27,829
Project management	211,328	211,328
Travel	266	266
Additions during the year	277,555	277,555
Impairment	(217,727)	(217,727)
Balance as December 31, 2021	1,933,932	1,933,932

	Geuman & Taehwa \$	Total \$
Balance as December 31, 2021	1,933,932	1,933,932
Additions		
Exploration expenditures		
Assay	2,635	2,635
Consulting	8,326	8,326
Drilling	4,171	4,171
Environmental and permitting	61	61
Field office and other	28,585	28,585
Geological	273	273
GIS, mapping and surveying	280	280
Ground truthing and trenching	241	241
Project management	39,060	39,060
Travel	849	849
Additions during the year	84,481	84,481
Balance as March 31, 2022	2,018,413	2,018,413

Geuman and Taehwa Projects, South Korea

The Company holds a 100% interest in two exploration stage graphite projects in the Geumam and Taehwa regions of South Korea. The Geumam and Taehwa projects are past producing mines.

During the year ended December 31, 2021, one of the Company's Geumam mining rights expired and the Company subsequently recorded an impairment of \$217,727.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three months ended March 31, 2022

11. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Chile Copper Project

	Punitaqui	Total
	\$	\$
Balance at December 31, 2020	-	-
Additions		
Exploration expenditures		
Consulting	329,058	329,058
Drilling	4,170,262	4,170,262
Environmental and permitting	7,936	7,936
Field office and other	918,957	918,957
Project management	270,807	270,807
Travel	14,247	14,247
Additions during the year	5,711,267	5,711,267
Currency Translation Adjustment	(387,707)	(387,707)
Balance as December 31, 2021	5,323,560	5,323,560
	Punitaqui	Total
	\$	\$
Balance at December 31, 2021	5,323,560	5,323,560
Additions		
Exploration expenditures		
Consulting	89,489	89,489
Drilling	2,461,875	2,461,875
Environmental and permitting	154,366	154,366
Field office and other	1,014,877	1,014,877
Project management	400,079	400,079
Travel	55,025	55,025
Additions during the year	4,175,711	4,175,711
Currency Translation Adjustment	326,493	326,493
Balance as March 31, 2022	9,825,764	9,825,764

Punitaqui Mining Complex, Chile

The Company holds the rights to 100% equity interest in the Punitaqui Mining Complex ("Punitaqui") in the Coquimbo region of Chile (Note 4).

Punitaqui includes a centralized process plant which was historically fed by four proximal copper-gold deposits: San Andres, Cinabrio, Dalmacia, and Los Mantos. The company is currently modifying its existing tailings disposal permit while consolidating its various exploitation permits. Punitaqui was 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 Punitaqui project is situated within a 25km long mineralized district that is a classic iron oxide copper gold ("IOCG") and mantos-style copper belt that is comprised of mantos and structural controlled copper-gold-silver veins. A number of extensional and resource infill drill targets have been identified within and surrounding each of the four main deposits and throughout the 11,800 hectares of concessions.

The copper-gold process plant consists of a standard copper sulphide crush-grind-flotation circuit to produce a marketable copper-gold concentrate. Port facilities are within 100 kilometers for shipping to domestic and foreign smelters.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

		31-Mar-22		31-Dec-21
Trade payables	\$	1,831,159	\$	2,368,299
Accrued liabilities		176,213		1,398,696
Short term - contingent payments on acquisition (Note 5)		1,566,510		1,918,190
Long term - contingent payments on acquisition (Note 5)		5,472,057		5,079,310
Total	\$	9,045,939	\$	10,764,495

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

13. LONG-TERM DEBT

	31-Mar-22	31-Dec-21
Mortgage – Phoenix (i)	\$ 2,624,505	\$ 2,687,966
Mortgage – Phoenix (ii)	1,499,520	1,521,360
	4,124,025	4,209,326
Less: Transaction cost	69,793	146,979
	4,054,232	4,062,347
Finance agreements (iii)	352,739	652,657
Total long-term debt	4,406,971	4,715,004
Less: current portion	394,137	527,831
Long-term debt	\$ 4,012,834	\$ 4,187,173

The Company has two mortgages outstanding on its Phoenix, AZ real estate properties and minor obligations relating to the purchase of equipment as at March 31, 2022. Further details are provided below:

- i. Mortgage – The Phoenix mortgage was used to refinance a property in Phoenix, AZ, USA. The Company obtained the mortgage in the amount of US\$2,197,500 from a US bank at a fixed annual interest rate of 3.5%, an amortization of 20 years with a term of 5 years. The Company is required to pay equal monthly installments of US\$12,802 (principal and interest) over a five-year term ending on December 16, 2025. The transaction costs were recorded as a contra liability and netted against the loan amount. They will be amortized over 5 years. The Phoenix mortgage has a debt covenant stipulating a minimum debt service coverage ratio of 1.20:1.
- ii. Mortgage – This is a second mortgage on the Phoenix property in the amount of US\$1,200,000 from a US bank at a fixed annual interest rate of 8.5% with a term of 2 years. The Company is required to pay monthly an interest of US\$8,500, and upon the due date of December 1, 2023, the entire unpaid original principal amount plus and exit fee of US\$24,000. The transaction costs were recorded as a contra liability and netted against the loan amount. They will be amortized over 2 years.
- iii. Finance agreements include three loans relating to the purchase of three compact track loaders and vehicle that were financed through dealers in 2019 through 2021. The loans are denominated in US dollars. The two loans obtained in 2020 to purchase two track loaders each has 0% interest rates and total monthly payments of US\$23,600 for a two-year term that will end in the third quarter of 2022. The third loan which was obtained in August 2021 to purchase a loader has an interest rate of 0.15% per annum and with monthly payments of US\$3,602 for 2 years. The two vehicle loans were obtained in 2019 and in 2021 with monthly payment of US\$621 for 4 years, and US\$1,665 for 5 years, respectively. The vehicle loan obtained in 2021 was fully paid in March 2022 and was refinanced in May 2022.
- iv. The Company's debt service coverage based on the financial statement of ESI's US subsidiary as of March 31, 2022, remained in compliance with its financial covenants outlined in (ii) above. The Company's debt service coverage for the mortgage outlined in (i) above was not in compliance. Related loan was recognized as a current liability and the asset as asset held for sale as of March 31, 2022.

Debt Service Coverage is the ratio of cash flow available to service debt to interest expense and scheduled principal payments of funded debt. This ratio is the covenant under the Company's lending agreements and must exceed at all times 1.25:1 for the Leduc mortgage and 1.20:1 for the Phoenix mortgage. Cash flow available to service debt is calculated on a rolling 12-month basis as net income (i) plus interest expense, deferred/future income taxes, depreciation, unrealized foreign currency losses, stock-based compensation, and any losses on disposal of fixed assets and (ii) less unrealized foreign currency gains, dividends declared and gains on disposal of fixed assets. Funded debt means all outstanding interest-bearing debt including capital leases, debt subject to scheduled repayment terms, and credit card debt.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

14. CONVERTIBLE DEBENTURE

	31-Mar-22	31-Dec-21
Total convertible debenture	10,375,460	-
Less: current portion	66,331	-
Long term convertible debenture	\$ 10,309,129	\$ -
Equity component	(303,011)	-
Total	\$ 10,006,118	\$ -

The Company completed a non-brokered private placement of unsecured convertible debentures (the "Debentures"), raising gross proceeds of \$10,375,460. The Debentures will mature on the date (the "Maturity Date") that is three years from the date of issuance. The Company shall pay to the holders of the Debentures, on the Maturity Date, the outstanding principal amount of the Debenture, together with all accrued and unpaid interest. The Debentures will bear interest at 8% per annum, payable annually on the anniversary of the issue date. 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 such Debenture into common shares of the Company at the conversion price of \$0.65 per share. If a holder converts the Debenture during the first year of the term, and elects to have accrued interest paid by issuance of shares rather than in cash, interest will be calculated as of the first anniversary of the issue date, and the Company will issue common shares to the holder as payment of accrued interest and pay cash to the holder in an amount equal to the interest calculated as of the first anniversary date less the accrued interest. A holder may elect to forego payment of interest on the first anniversary date, in which case interest will be compounded as of that date, and, if the holder converts the Debenture during the second year of the term and elects to have accrued interest paid by issuance of shares rather than in cash, interest will be calculated as of the second anniversary of the issue date, and the Company will issue common shares to the holder as payment of accrued interest and pay cash to the holder in an amount equal to the interest calculated as of the second anniversary date less the accrued interest. Finally, a holder may elect to forego payment of interest on the second anniversary date, in which case interest will be compounded as of that date, and if the holder converts the Debenture during the third year of the term, interest will be calculated as of the conversion date, and may be paid in cash or by issuance of shares at the option of the holder. Common shares issued for payment of accrued interest on the principal amount of the Debenture will be issued at the market price of the common shares at the time the accrued interest becomes payable, calculated in accordance with the policies of the TSX Venture Exchange.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three months ended March 31, 2022

15. SHARE CAPITAL

a) Authorized share capital

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

b) Share issuances

During the year ended December 31, 2021:

- i. 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 non flow-through shares in the Company at an issuance price of \$0.65 per share for proceeds of \$1,250,000.
- ii. issued 200,000 shares related to the settlement of the claim dispute in Idaho.
- iii. issued 900,000 shares related to the historic property obligations.
- iv. cancelled 425,885 common shares in relation to the Transaction.
- v. exercised 62,500 options at \$0.20 related to the Fusion amalgamation.
- vi. issued 3,100,000 shares related to the share exchange that would result in the Company's shareholders taking over Fusion (Note 5).
- vii. issued 21,156,074 shares for a cash consideration of \$12,860,799 (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 shares were issued to Weston in exchange for the debtor in possession loan used to secure the rights to acquire Punitaqui (Note 4).
- viii. issued 10,000,000 shares related to Bluequest for \$6,200,000 (US\$5,000,000) pursuant to a loan purchase agreement with Bluequest (Note 4).
- ix. 1,538,462 common shares for additional proceeds of \$1,001,120 (US\$800,000), relating to the second and final tranche of the Punitaqui acquisition. The shares were issued to Weston Energy.
- x. 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.

- xi. 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.

- xii. The Company received \$400,001 toward a private placement during the 2020 fiscal year, relating to the Qualifying Transaction with Fusion, which completed on February 12, 2021 (Note 5).

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

15. SHARE CAPITAL (cont'd...)

During the three months ended March 31, 2022, there were no share issuance.

Flow-through premium liability

Pursuant to flow-through agreements, the Company was obligated to incur \$2,806,799 in CEE. As at March 31, 2022 the Company has spent \$2,806,799 in CEE. Accordingly, the flow through premium liability was derecognized and recorded in profit or loss.

Balance as of December 31, 2020	\$	-
Flow-through premium liability additions		431,051
Recognition of flow-through premium		(216,510)
Balance as of December 31, 2021	\$	214,541
Flow-through premium liability additions		-
Recognition of flow-through premium		(214,541)
Balance as of March 31, 2022	\$	-

Stock options

As of March 31, 2022, 8,283,332 (December 31, 2021, 6,262,500) stock options remain outstanding, of which 8,270,832 was issued to officers, directors, and consultants of the Company and 12,500 relating to the Fusion amalgamation (Note 5). Total stock-based compensation expense for the three-month period ended March 31, 2022, was \$312,992 (March 31, 2021: \$Nil)

Restricted share units

As of March 31, 2022 the Company had issued 7,605,832 (December 31, 2021: 6,250,000) restricted share units ("RSU's") to Officers, Directors, and Consultants of the Company. The RSU's vest over three years following their issuance, with one-third vesting on the first, second, and third anniversary of their issuance, respectively, and expire after eight years. The total RSU expense for the three-month period ended March 31, 2022, was \$736,947 (March 31, 2021: \$Nil).

As of March 31, 2022, the Company had outstanding and exercisable stock options as follows:

Price	Options outstanding				Options exercisable			
	Number outstanding	Weighted-average remaining contractual life (years)	Weighted-average exercise price (C\$)	Weighted-average Fair Value (C\$)	Number exercisable	Weighted-average remaining contractual life (years)	Weighted-average exercise price (C\$)	
\$0.20	12,500	1.47	0.20	-	12,500	1.47	0.20	
\$0.85	5,000,000	7.01	0.85	0.40	-	-	-	
\$0.85	1,000,000	7.26	0.85	0.63	-	-	-	
\$0.75	250,000	4.59	0.75	0.24	-	-	-	
\$0.65	75,000	7.76	0.65	-	-	-	-	
\$0.65	270,832	7.76	0.65	-	-	-	-	
\$0.65	200,000	4.92	0.65	-	-	-	-	
\$0.65	1,475,000	7.95	0.65	-	-	-	-	
	8,283,332	7.11	0.80	0.32	12,500	1.47	0.20	

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

15. SHARE CAPITAL (cont'd...)

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

	Options	Weighted average exercise price (C\$)
Outstanding at January 1, 2021		
Options assumed on the Fusion amalgamation	75,000	0.20
Exercised	(62,500)	0.20
Granted	6,250,000	0.84
Expired	-	-
Forfeited	-	-
Outstanding at December 31, 2021	6,262,500	0.84
Granted	2,020,832	0.65
Expired	-	-
Forfeited	-	-
Outstanding at March 31, 2022	8,283,332	0.80

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 the Company's stock over a term equal to the expected term of the option granted.

During the three months ended March 31, 2022, the Company granted 2,033,332 stock options at a weighted average exercise price of \$0.65 to employees and consultants. 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 months ended March 31, 2022 were as follows:

2,033,332 stock options

Risk-free rate:	0.25%
Expected life:	8 years (1,083,332)/ 5 years (200,000)
Expected volatility:	77.00%
Expected dividends:	Nil
Weighted average fair value per option:	\$0.26

During the year ended December 31, 2021, the Company granted 6,250,000 stock options at a weighted average exercise price of \$0.84 to employees and consultants. 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, 2021 were as follows:

6,250,000 stock options

Risk-free rate:	1.22%
Expected life:	8 years (6,000,000)/ 5 years (250,000)
Expected volatility:	77.50%
Expected dividends:	Nil
Weighted average fair value per option:	\$0.43

Warrants

As of March 31, 2022, no warrants were issued or outstanding.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

16. REVENUE

ESI's revenue during the three months ended March 31, 2022, was generated mainly from machine rental, and was comprised of the following:

	31-Mar-22	31-Mar-21
Machine Rental		
Padding machines		
Large Padders	\$ 920,704	\$ 864,726
Small Padders	954,099	883,968
Screening buckets	113,826	227,156
Other	21,000	-
Rental revenue	\$ 2,009,629	\$ 1,975,850
Mobilization	151,155	137,294
Spare part sales	128,657	223,140
Machine sales	87,651	-
Other services	112,190	30,384
Other revenue	\$ 479,653	\$ 390,818
Total	\$ 2,489,282	\$ 2,366,668

For the three months March 31, 2022, \$1,790,624 (March 31, 2021 - \$1,884,207) of revenue was derived from six (March 31, 2021 - nine) customers that represented 73% (March 31, 2021 - 80%) of the Company revenue. As at March 31, 2022, \$1,924,296 (March 31, 2021 - \$1,194,828) from these customers was included in accounts receivable. As at March 31, 2022 accounts receivable includes other receivables of \$70,732 (December 31, 2021 - \$69,154).

17. RELATED PARTY TRANSACTIONS

- Compensation of key management personnel

Key management includes members of the Board of Directors, the Executive Chairman, Chief Executive Officer the Chief Financial Officer's and the Chief Operating Officer. The aggregate compensation paid, or payable, to key management personnel, which include the amounts disclosed above, during the period ended March 31, 2022:

	For the three month ended March 31, 2022	For the three month ended March 31, 2021
Director fees	\$ 191,344	\$ 95,216
Management fees	399,100	337,037
Professional fees	36,000	30,000
Total	\$ 626,444	\$ 462,253

On May 28, 2021, the Company issued 1,069,138 shares to Weston, valued at \$662,866 (US\$555,952) in exchange for the debtor in possession loan used to secure the rights to acquire Punitaqui (Note 4).

On July 5, 2021, the Company issued 1,538,462 common shares to Western for additional proceeds of \$1,001,120 (US\$800,000), relating to the second and final tranche of the Punitaqui acquisition (Note 15).

As of March 31, 2022, included in trade and other payables was \$70,636 (March 31, 2021: \$21,505) due to directors and officers of the Company.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, restricted cash, receivables, and trade and other payables. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. 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. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and foreign currencies. As at March 31, 2022, the Company had foreign currency liabilities in United States Dollars ("USD"), Chilean Pesos ("CLP"), Australian Dollars ("AUD"), and Korean Won ("KRW") of approximately \$7,974,977. Each 10% change in the foreign currencies relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$797,498.

The Company is exposed to currency risk on bank accounts that are denominated in a currency other than Canadian dollars, being USD, CLP, AUD and KRW. The Group is also exposed to currency risk on payables that are denominated in a currency other than Canadian dollars, being USD, CLP, AUD and KRW.

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's cash is held in significant financial institutions and the Company considers this risk to be remote. The Company's receivables primarily include balances receivable from the government of Canada and Chile. The average expected credit loss on the Company's accruals and receivables related to the Company's trade receivables was 10 percent as at March 31, 2022 (December 31, 2021 - 9 percent).

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, 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	1.00%	2.00%	15.00%	47.00%	
Gross carrying amount (\$)	1,011,302	433,793	86,214	656,202	2,187,511
Loss allowance (\$)	10,113	8,676	12,932	308,415	340,136

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three months ended March 31, 2022

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Expected Credit Losses (cont'd...)

As at March 31, 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0.80%	1.60%	11.70%	31.00%	
Gross carrying amount (\$)	708,102	323,304	55,112	497,028	1,583,546
Loss allowance (\$)	5,665	5,173	6,448	154,079	171,365

Interest rate risk

Interest rate risk arises from changes in market interest rates that affect the fair value or future cash flows from the Company's financial assets and liabilities. As at March 31, 2022, 100% (March 31, 2021 – 100%) of the Company's outstanding debt was subject to fixed rates of interest. For the three months ended March 31, 2022, a 1% change in interest rates would have had no impact on net loss and other comprehensive loss if the relevant financial instrument were to remain constant.

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

The breach of a covenant can have an impact on ESI's liquidity and solvency. If the covenant gives the lender the right to request the immediate payment of the loan, the debt involved becomes a current liability for ESI, potentially altering its financial health. As of March 31, 2022, the Company is in breach of its Leduc mortgage debt service coverage ratio of 1.25:1 (Note 1).

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, silver, cobalt, lithium, and graphite. The Company monitors copper, silver, gold, cobalt, lithium, and graphite prices to determine the appropriate course of action to be taken.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

19. SEGMENTED INFORMATION

The Company operates in two 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 being the operations of ESI, located in Canada and United States.

The following table presents geographic information regarding operating segments.

	Canada \$	USA \$	South Korea \$	Chile \$	Corporate \$	Total \$
CAPITAL ASSETS						
Exploration and evaluation	21,870,114	1,973,873	1,933,932	5,323,560	-	31,101,479
Property, plant and equipment	10,073,807	17,945,877	10,787	12,506,584	26,799	40,563,854
As at December 31, 2021	31,943,921	19,919,750	1,944,719	17,830,144	26,799	71,665,333
Exploration and evaluation	22,462,145	1,977,196	2,018,412	9,825,764	-	36,283,517
Property, plant and equipment	10,773,558	17,945,877	13,081	13,088,355	33,941	41,854,812
As at March 31, 2022	33,235,703	19,923,073	2,031,493	22,914,119	33,941	78,138,329

20. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

21. CONTINGENT LIABILITIES

On May 28, 2021, pursuant to a loan purchase agreement with Bluequest, the Company has a contingent liability of US\$5,000,000 of additional payments on achievement of certain production milestones at the Punitaqui Mine, 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 (Note 4). 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. The Company has estimated the probability of achieving the milestones as at March 31, 2022 to be nil.

22. COMMITMENTS

Contractual cash flow requirements as at March 31, 2022 were as follows:

	1 year \$	2 year \$	3 year \$	4 year \$	>4 years \$	Total \$
Long term debt	3,866,511	1,593,031	102,571	2,368,528	-	7,930,641
Trade payables	3,310,666	58,742	20,080	22,088	22,133	3,433,708
Short term - contingent payments on acquisition (Note 5)	2,066,510	-	-	-	-	2,066,510
Total	9,243,687	1,651,773	122,651	2,390,616	22,133	13,430,859

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the three months ended March 31, 2022

23. DISPOSAL GROUP HELD FOR SALE

Assets and liabilities of disposal group held for sale as at March 31, 2022 are as follows:

The Company's property located in Leduc, Alberta was being marketed as of March 31, 2022.

These assets were recorded at the lesser of their carrying amount and their fair value less cost to sell. No impairments were recorded on the assets held for sale as of March 31, 2022.

As of March 31, 2022	Cost	Accumulated Depreciation	Net Book value
Assets:			
Land – Leduc, Alberta	1,315,000	-	1,315,000
Building- Leduc, Alberta	\$ 1,716,854	742,652	974,202
Total assets held for sale	\$ 3,031,854	742,652	2,289,232
Liabilities held for sale	\$ -	-	3,768,211

Assets and liabilities of disposal group held for sale as December 31, 2021 are as follows:

As of December 31, 2021	Cost	Accumulated Depreciation	Net Book value
Assets:			
Land – Leduc, Alberta	1,315,000	-	1,315,000
Building- Leduc, Alberta	\$ 1,716,854	742,652	974,202
Total assets held for sale	\$ 3,031,854	742,652	2,289,232
Liabilities held for sale	\$ -	-	3,800,991

The Leduc mortgage in the amount of \$4,000,000 from a Canadian credit union was obtained on December 31, 2020. Proceeds of the mortgage were used to refinance a property in Leduc, AB. The mortgage has a fixed annual interest rate of 3.3%, an amortization of 20 years, and a term of 5 years. Proceeds of the mortgage were used to refinance an existing mortgage on the property in the amount of \$1,826,000 with variable interest rate of prime plus 2% (4.45%) and an amortization of 10 years on a previous mortgage held with a Canadian chartered bank. The transaction costs were recorded as a contra liability and netted against the loan amount. They will be amortized over the 5-year term of the mortgage.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the three months ended March 31, 2022

24. SUBSEQUENT EVENTS

Subsequent to March 31, 2022, the Company:

- The Company announced it has granted an aggregate of 500,000 RSUs and 1,100,000 stock options to an officer of the Company. The RSU and stock options will vest over the next 3 years.
- The Company has entered into a sale-lease back transaction on its Phoenix property held by Ozzies, Inc., which is a 100%-owned subsidiary of the Company. The Company has agreed to sell the property and building for US\$6,900,000. Ozzies, Inc. will continue to occupy the building over the next 5 years via a standard lease agreement. The transaction is expected to close on June 10, 2022 and the future lease payments in USD are the following:

Stated in USD

Period	Annual Basic Rent	Monthly Basic Rent
Closing - May 31, 2023	\$ 313,884	\$ 26,157
June 1, 2023 - May 31, 2024	323,304	26,942
June 1, 2024 - May 31, 2025	333,000	27,750
June 1, 2025 - May 31, 2026	342,996	28,583
June 1, 2026 - May 31, 2027	353,280	29,440

- The Company entered into an agreement to sell the Leduc property held by ESI. The Company has agreed to sell the property and building for \$6,400,000. The transaction is expected to close during the third quarter of 2022.