



BATTERY MINERAL RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 31, 2024

(Expressed in Canadian dollars)

To the Shareholders of Battery Mineral Resources Corp.:

Opinion

We have audited the consolidated financial statements of Battery Mineral Resources Corp. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Group, incurred a net loss during the year ended December 31, 2025 and, as of that date, the Group had a working capital deficiency. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of Convertible Debentures

Key Audit Matter Description

The Company had previously issued senior unsecured convertible debentures ("Convertible Debentures") that are complex in nature and are accounted for as a single financial liability at fair value through profit and loss.

The calculation of the fair value of the Convertible Debentures requires management to use an appropriate valuation model and incorporates estimates. This resulted in an increased extent of audit effort, including the involvement of internal valuation specialists.

Due to the complexity of these Convertible Debentures and the estimates and assumptions involved in the determination of fair value, we consider this to be a key audit matter.

Refer to Note 2 Basis of Preparation – Critical estimates, judgments and assumptions and Note 16 Convertible Debentures.

Audit Response

We responded to this matter by performing audit procedures in relation to the valuation of the Convertible Debentures. Our audit work in relation to this included, but was not restricted to, the following:

- Obtained management's assessment of the fair value of the Convertible Debentures.
- With the assistance of internal valuation specialists, evaluated the reasonability of management's model for valuing the Convertible Debentures and the appropriateness of the inputs used in the model, and recalculated fair values.
- Assessed the appropriateness of the related disclosures.

Other Matter

The consolidated financial statement for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on July 7, 2025.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tina Coetzer.

Mississauga, Ontario

May 1, 2026

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

BATTERY MINERAL RESOURCES CORP.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	Note	December 31, 2025	December 31, 2024
ASSETS			
Current assets			
Cash		\$ 1,680,530	\$ 2,859,283
Receivables	4	4,786,450	8,268,659
Sales taxes receivable		3,356,500	4,266,936
Inventories	5	8,903,141	1,856,981
Prepays		316,403	618,912
Total current assets		19,043,024	17,870,771
Non-current assets			
Mineral properties, plant and equipment	6	61,263,167	58,214,385
Exploration and evaluation assets	7	18,432,451	19,115,412
Intangible assets		139,381	157,310
Total non-current assets		79,834,999	77,487,107
TOTAL ASSETS		\$ 98,878,023	\$ 95,357,878
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	8	\$ 37,355,839	\$ 18,921,536
Income taxes payable	24	500,562	901,960
Current portion of lease liability	12	709,786	2,058,425
Current portion of loans and borrowings	15	6,554,299	1,039,508
Convertible debentures	16	2,505,928	32,643,225
Promissory notes	13	3,812,463	5,893,929
Current portion of deferred payments on acquisition	10	3,139,871	3,095,466
Current portion of copper prepayment liability	11	4,900,466	3,202,897
VAT export program - promissory note payable	9	1,198,090	5,445,067
Deferred revenue	17	9,075,313	740,294
Total current liabilities		69,752,617	73,942,307
Non-current liabilities			
Lease liability	12	202,193	995,919
Deferred payments on acquisition	10	644,059	1,993,637
Loans and borrowings	15	463,067	6,886,226
Copper prepayment liability	11	-	4,767,792
Asset retirement obligation	14	9,017,664	8,182,896
Income tax provision		-	883,644
Deferred income tax liability	25	1,029,651	-
Total non-current liabilities		11,356,634	23,710,114
TOTAL LIABILITIES		\$ 81,109,251	\$ 97,652,421
EQUITY			
Share capital	18	\$ 98,930,265	\$ 64,524,885
Contributed surplus	18	23,867,717	22,508,911
Accumulated other comprehensive loss		(4,067,978)	(3,547,668)
Deficit		(100,961,232)	(85,780,671)
TOTAL EQUITY (DEFICT)		17,768,772	(2,294,543)
TOTAL LIABILITIES AND EQUITY		\$ 98,878,023	\$ 95,357,878

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

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Approved on behalf of the Board of Directors:

/s/ Lazaros Nikeas

/s/ Keith Spano

BATTERY MINERAL RESOURCES CORP.

CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS (Expressed in Canadian dollars)

	Note	For the year ended December 31, 2025	For the year ended December 31, 2024
REVENUE AND COST OF SALES			
Revenue	19	\$ 64,106,366	\$ 32,607,528
Cost of sales		(41,177,182)	(18,758,930)
Depreciation, depletion and amortization	6	(8,350,727)	(4,639,168)
Gross profit		14,578,457	9,209,430
EXPENSES			
General and administration		16,828,487	17,112,667
Salaries and benefits		4,343,385	3,279,628
Share-based compensation	18	18,191	108,425
Impairment of exploration and evaluation assets	7	730,428	22,380,531
Impairment of mineral properties, plant and equipment	6	-	18,234,511
Loss from operations		(7,342,034)	(51,906,332)
Finance costs and other income	20	(6,389,037)	(6,146,577)
Foreign exchange (loss) gain		(2,154,368)	1,364,105
Gain on sale of royalty interest	6	126,511	3,794,566
Gain (loss) on remeasurement of convertible debentures	16	1,016,286	(2,901,214)
Loss before taxes		\$ (14,742,642)	\$ (55,795,452)
Income taxes			
Current income tax (expense) gain	25	612,166	(307,792)
Deferred income tax (expense)	25	(1,050,085)	(211,856)
Loss for the year		(15,180,561)	(56,315,100)
Currency translation adjustment		(520,310)	(39,223)
Comprehensive loss for the year		\$ (15,700,871)	\$ (56,354,324)
Loss per share			
Basic and diluted loss per ordinary share		\$ (0.08)	\$ (0.31)
Basic and diluted weighted average number of ordinary shares outstanding		185,754,321	180,963,175

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

BATTERY MINERAL RESOURCES CORP.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in Canadian dollars, except where indicated)

	No. of shares issued	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity (deficit)
	#	\$	\$	\$	\$	\$
Balance at December 31, 2023	180,420,295	64,184,967	22,274,403	(3,508,445)	(29,465,572)	53,951,353
Performance share units (Note 18e)	-	-	46,726	-	-	46,726
Restricted share units expense (Note 18c)	-	-	125,025	-	-	125,025
Stock based compensation (Note 18d)	-	-	(63,326)	-	-	(63,326)
Restricted share units - vested and exercised (Note 18c)	608,335	339,918	(339,917)	-	-	-
Loss for the year	-	-	-	-	(56,315,100)	(56,315,100)
Currency translation adjustment	-	-	-	(39,223)	-	(39,223)
Balance at December 31, 2024	181,028,630	64,524,885	22,508,911	(3,547,668)	(85,780,671)	(2,294,543)
Stock-based compensation (Note 18d)	-	-	9,636	-	-	9,636
Restricted share units expense (Note 18c)	-	-	8,555	-	-	8,555
Restricted share units - vested and exercised (Note 18c)	3,291,668	2,164,583	(2,164,583)	-	-	-
Shareholder contribution on debt settlement (Note 13)	-	-	3,532,587	-	-	3,532,587
Conversion of convertible debentures (Note 16)	159,153,035	32,240,797	(27,389)	-	-	32,213,408
Loss for the year	-	-	-	-	(15,180,561)	(15,180,561)
Currency translation adjustment	-	-	-	(520,310)	-	(520,310)
Balance at December 31, 2025	343,473,333	98,930,265	23,867,717	(4,067,978)	(100,961,232)	17,768,772

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

BATTERY MINERAL RESOURCES CORP.

CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in Canadian dollars)

	Note	For the year ended December 31, 2025	For the year ended December 31, 2024
OPERATING ACTIVITIES			
Net loss for the year		\$ (15,180,561)	\$ (56,315,100)
Items not affecting cash:			
Accretion	10,14,15	5,795,266	6,470,226
Depreciation, depletion and amortization	6	8,350,727	4,639,168
Impairment of exploration and evaluation assets	7	730,428	22,380,531
Impairment of mineral properties, plant and equipment	6	-	18,234,511
Share-based compensation	18c & d	18,191	108,425
Gain on finance lease termination		-	(138,604)
Deferred income tax recovery		1,050,085	211,855
(Gain) loss on remeasurement of convertible debenture	16	(1,016,286)	2,901,214
Non-cash gain on sale of royalty interest		(126,511)	(3,794,566)
Loss on disposal of mineral properties, plant, and equipment		2,570,338	-
Prepayment discount on copper	11	(544,194)	-
Unrealized foreign exchange loss (gain)		1,886,078	(1,364,106)
Changes in non-cash working capital items:			
Inventories	5	(7,046,160)	(1,856,981)
Receivables	4	4,392,645	(4,462,920)
Prepays		302,509	9,068
VAT export program - promissory note payable	9	(461,586)	(3,175,474)
Trade payables and accrued liabilities	8	14,322,503	16,739,145
Income taxes payable		(401,398)	-
Income tax provision		(883,644)	-
Deferred revenue	17	8,335,019	418,837
Other non-current assets		-	(3,886,370)
Other non-current liabilities		-	1,797,645
Net cash provided by (used in) continuing operating activities		22,093,449	(1,083,496)
INVESTING ACTIVITIES			
Exploration and evaluation assets - Punitaqui	6,7	-	(4,885,452)
Exploration and evaluation assets - other	7	(77,388)	(383,882)
Additions to mineral properties, plant and equipment	6	(16,381,144)	(9,651,839)
Purchase of intangible assets		-	(9,279)
Net cash used in investing activities		(16,458,532)	(14,930,452)
FINANCING ACTIVITIES			
Proceeds from convertible debentures	16	-	2,156,592
Proceeds from sale of royalty	6	129,585	3,687,792
(Repayment of) proceeds from copper prepayment	11	(2,927,847)	6,735,539
(Repayment of) proceeds from loans and borrowings	15	(1,970,106)	5,657,683
Proceeds from bridge loan and promissory note	13	2,514,399	5,447,588
Repayment of long-term debt	15	(935,809)	(2,626,705)
Repayment of deferred payments on acquisition	10	(1,372,064)	(966,939)
Principal payments on lease liabilities	12	(2,169,488)	(2,666,239)
Net cash (used in) provided by financing activities		(6,731,330)	17,425,311
Effects of exchange rate changes on cash and cash equivalents		(82,340)	559,779
Change in cash during the year		(1,178,753)	1,971,142
Cash, beginning of the year		2,859,283	888,141
Cash, end of the year		\$ 1,680,530	\$ 2,859,283
Supplementary cash flow information:			
Interest paid		856,161	439,833
Interest received		66,045	(142,209)
Income taxes paid		863,009	278,139
Convertible debentures converted into common shares	16	32,213,408	-
Non-cash disposal of mineral interest for debt settlement		3,532,587	-
Non-cash addition to mineral properties, plant and equipment in exchange for accrued liability		4,193,400	-
Non-cash addition to mineral properties, plant and equipment		198,197	-
		\$ 41,922,807	\$ 575,763

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

BATTERY MINERAL RESOURCES CORP.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
For the years ended December 31, 2025 and 2024

1. NATURE OF OPERATIONS AND GOING CONCERN

Battery Mineral Resources Corp. (the “Company” or “BMR”) was incorporated on November 26, 2019 under the laws of British Columbia, Canada. The Company's registered office and principal place of business is located at 1040 West Georgia Street, Suite 1900, Vancouver, BC V6E 4H3. Trading of the Company's common shares on the TSX Venture Exchange (“TSXV”) commenced on February 22, 2021, under ticker “BMR”.

The Company's principal business activities include the mine operations at the Punitaqui mine complex (“Punitaqui”), located in Chile, and the acquisition and exploration of mineral exploration and evaluation assets in Canada and the United States (the “U.S.”). The Company holds resource interests including copper, cobalt, lithium, and graphite properties. On the basis of information obtained to date, the Company has not yet determined whether these properties contain economically recoverable mineral resources. The underlying value of the resource interests is entirely dependent on the existence of economically recoverable resources, 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 also holds a 100% interest in ESI Energy Services Inc. (“ESI”), a company in the business of selling and leasing backfill separation machines (“Padding Machines”) to mainline pipeline contractors, renewables and utility construction contractors, as well as oilfield pipeline and construction contractors. For the purposes of these disclosures, “ESI” includes its wholly owned subsidiary, Ozzie's Inc.

At December 31, 2025, the Company had a working capital deficiency of \$50,709,593 (2024 - \$56,071,536). For the year ended December 31, 2025, the Company recorded a net loss of \$15,180,561 (2024 - \$56,315,100). For the year ended December 31, 2025, the Company recorded net cash flow from operating activities of \$21,427,532 (net cash flow used in operating activities in 2024 – \$1,083,496).

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

BATTERY MINERAL RESOURCES CORP.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
For the years ended December 31, 2025 and 2024

2. BASIS OF PREPARATION

Statement of compliance

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

These consolidated financial statements were authorized for issue by the Board of Directors on May 1, 2026.

Basis of presentation

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

The Company has refined the presentation of certain items in the consolidated statement of loss and consolidated statement of financial position to improve clarity and consistency with the current year presentation. Comparative figures have been reclassified to conform to the current year presentation. These reclassifications had no impact on previously reported net loss or total comprehensive loss.

Functional and presentation currency

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

The financial statements for the Company and each of its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of BMR Holdings Limited, North American Cobalt Inc. (incorporated in Canada) and ESI Energy Services Inc. is the Canadian dollar. The functional currency of North American Cobalt Inc. (incorporated in the U.S.), Battery Mineral Resources (Nevada), Inc., Battery Mineral Resources (US) Corp., Ozzies, Inc., Minera BMR SpA and Minera Altos de Punitaqui Ltda. is the U.S. dollar. 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.

Basis of consolidation

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

Name of Subsidiaries	Principal Activity	Country of Incorporation
BMR Holdings Limited (formerly Battery Mineral Resources Corp.)	Intermediate Holding Company	Canada
North American Cobalt Inc. (formerly Battery Mineral Resources Limited)	Resource Exploration	Canada
North American Cobalt Inc.	Resource Exploration	USA
Battery Mineral Resources (Nevada), Inc.	Resource Exploration	USA
Battery Mineral Resources (US) Corp.	Intermediary Holding Company	USA
Opirus Minerals Group Pty Ltd.	Intermediate Holding Company	Australia
Battery Mineral Resources Korea (formerly Won Kwang Mines Inc.)	Resource Exploration	South Korea
ESI Energy Services Inc.	Specialized Equipment Manufacturing	Canada
Ozzies, Inc. (formerly ESI Pipeline Services, Inc.)	Specialized Equipment Manufacturing	USA
Energy Services (Australia) Pty Ltd.	Specialized Equipment Manufacturing	Australia
Minera BMR SpA	Mining and Production	Chile
Minera Altos de Punitaqui Ltda.	Mining and Production	Chile

BATTERY MINERAL RESOURCES CORP.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
For the years ended December 31, 2025 and 2024

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

Basis of consolidation (cont'd)

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 on which control is obtained until the date on which control is lost.

Critical estimates, judgments and assumptions

The preparation of these consolidated financial statements in conformity with IFRS Accounting Standards requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the year. Although management uses historical experience and its best knowledge of the amount, events, or actions to form the basis for judgments and estimates, actual results may differ from these estimates. In applying the Company's accounting policies, management has made the following significant judgments and estimates:

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

Where management has determined that exploration, evaluation, and related costs incurred which were capitalized may not have future economic benefits, the related assets have been written off. Management uses several criteria in its assumptions of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project (see Note 8).

Asset retirement obligation

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

Valuation of long-lived assets

Depreciation, depletion and amortization of mineral properties, plant, and equipment and intangible assets are dependent upon estimates of useful lives (see Note 6), which are determined through the exercise of judgment. The determination of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets.

The Company tests impairment of long-lived assets with finite useful lives when indications of impairment exist. Application of judgment is required in determining whether indicators of impairment exist and in determining the recoverable amount.

An asset is considered impaired and written down only when the impairment test demonstrates that the carrying amount is not recoverable. The determination of recoverable amounts on any given asset is subject to significant estimates regarding the timing and magnitude of cash flows and appropriate discount rates for the value in use method. Significant estimates relating to market value are needed when the fair value is used as the recoverable amount.

BATTERY MINERAL RESOURCES CORP.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
For the years ended December 31, 2025 and 2024

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

Critical estimates, judgments and assumptions (cont'd...)

Valuation of convertible debentures

The Company measures the fair value of its convertible debentures at fair value through profit and loss using a finite-difference method. Key assumptions into the models include market yield of debt rates, volatility and foreign exchange rates. Changes to these inputs and assumptions could have a significant impact on the measurement of the convertible debentures. There is significant estimation uncertainty with respect to the application of the key assumptions in determining the fair value of the convertible debentures. See Note 16 for further details on the methods and significant assumptions used.

Sale of royalty interests

Judgment was required in assessing the appropriate accounting treatment for gross revenue royalties (“GRR”) (see Note 6) sold in 2024 and 2025, including the determination that the sale of the royalty represented a sale of a mineral interest. In making this determination, the Company evaluated whether control over a portion of the Punitaqui mineral property interest had been transferred, including consideration over the rights conveyed to the counterparty and the associated risks and rewards attributable to that interest over the life of the arrangement.

Management determined that the sale of royalty results in the transfer of control over a portion of the mineral interest and is therefore accounted for as a sale of a mineral interest, with the resulting gain recognized in the consolidated statement of loss and comprehensive loss as the difference between the carrying amount of the mineral interest derecognized and the consideration received.

For sales to related parties, additional judgment was required to assess whether the counterparty was acting in its capacity as a shareholder or as a creditor. Where the counterparty is determined to be acting in its capacity as a shareholder, any excess of the consideration over the carrying amount of the mineral interest disposed of is recognized in equity as a capital contribution, rather than in profit or loss.

Management applied judgment in assessing whether Weston Energy was acting in its capacity as a shareholder or as a creditor in connection with the transaction. Based on the nature and terms of the arrangement, including Weston Energy’s controlling ownership interest and its long duration of ownership interest, management determined that Weston Energy acted in its capacity as a shareholder. Accordingly, the resulting gain was recognized directly in equity rather than in profit or loss.

Copper prepayment liability

Upon receipt of the copper concentrate prepayment in exchange of the Company’s delivery of its future copper concentrate production, the Company applies judgment in assessing the appropriate accounting treatment of the prepayment received. Management determined that, based on the contractual terms of the arrangement, including minimum delivery requirements and cash settlement provisions, the Company is obligated to settle any delivery shortfall with cash payments. As the Company does not have the unconditional right to avoid settling the obligation in cash the prepayment has been accounted for as a financial liability. Significant judgment was required in assessing the substance of the arrangement and the Company’s contractual obligations. The financial liability was measured at its transaction price at inception and subsequently at amortized cost (see Note 12).

Provisional pricing

When issuing the provisional invoices to its customers for the sale of metal concentrates, the Company uses its best estimates for the inputs in its provisional pricing model. Metal prices are quoted from the active trading platforms at the time of sales. Grades are determined based on the Company’s laboratory results from samples of the metal concentrates delivered. Weight information is taken by the 3rd party transportation services providers appointed by customers. The Company adjusts its provision to revenue as more accurate information becomes available, up to the final pricing is determined with its customers.

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

Critical estimates, judgments and assumptions (cont'd...)

Embedded derivatives

The Company determines whether embedded derivatives exist and whether they are closely related to the host contract in its financial instruments. Where the derivatives are not closely related and require separate presentation and measurement, the Company determines the fair value using its borrowing cost, risk premium and stock volatility.

Tax exposure due to multinational intercompany balances and transactions and uncertain tax provisions

The Company operates across multinational tax jurisdictions where the application of local and international tax law can be complex and requires judgment to assess risk and estimate outcomes. The estimation of taxes arising from intercompany balances require significant judgment and estimates regarding the appropriate withholding tax rate, estimated fines and penalties, applicability of certain tax rules to transactions and probability of withholding refunds to be received. Changes to these judgments and estimates could have significant changes in the value of current and deferred tax expense.

The evaluation of tax exposure considers both the Company's judgments and potential sources of challenge from tax authorities. Tax obligations assessed as having probable future economic outflows and can be reliably measured have been provided for within current income tax expenses.

Deferred tax

Deferred income tax assets are recorded to the extent that it is probable that the deductible temporary differences will be recoverable in future periods. The recoverability determination 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 determination change, there may be a significant impact on the consolidated financial statements of future periods.

Determination of functional currency

The Company determines its functional currency based on an analysis of several indicators, including the currency that primarily influences expenses and cash flows, financing activities, retention of operating cash flows, and the frequency of transactions with the reporting entity.

Classification of equipment between inventory and property and equipment

Judgment is required in determining whether equipment purchased or manufactured is intended for sale in the ordinary course of business or for use in the Company's rental operations. This determination is made at the time the equipment is placed into service based on management's expectations regarding the manner in which the asset will generate economic benefits.

Equipment intended for sale is classified as inventory, while equipment intended to be rented to customers is classified as mineral properties, plant and equipment. This classification impacts the subsequent accounting treatment, including whether transactions are accounted for as revenue from contracts with customers under IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") or as lease arrangements under IFRS 16 - Leases ("IFRS 16").

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

Critical estimates, judgments and assumptions (cont'd...)

Revenue recognition – classification of contracts (revenue vs lease)

Judgment is required in determining whether contracts with customers are within the scope of IFRS or IFRS 16. This determination depends on whether the contract conveys the right to control the use of an identified asset for a period of time.

The Company evaluates the terms of each contract, including the nature of the underlying asset, the customer's right to direct the use of the asset, and the extent to which the customer obtains substantially all of the economic benefits from its use. Where such rights are conveyed, the arrangement is accounted for as a lease under IFRS 16; otherwise, the arrangement is accounted for as a contract with a customer under IFRS 15.

Additional judgment is required in determining whether lease arrangements are classified as finance or operating leases, including the assessment of whether substantially all risks and rewards incidental to ownership have been transferred. This includes consideration of factors such as the presence of purchase options, the relationship between lease payments and the fair value of the underlying asset, and the lease term relative to the economic life of the asset.

For contracts accounted for under IFRS 15, judgment is required in determining the timing of revenue recognition, including the assessment of when control of goods transfers to the customer. Based on the terms of the Company's contracts, control is generally transferred upon delivery of the equipment to the customer.

Share-based compensation

The Company incurs share-based compensation expenses through the issuance of stock options, restricted share units and performance share units. Significant judgment is required in estimating the fair value of each share-based compensation instrument unit. Management takes into consideration the risk-free rate, the expected price volatility of the Company's common shares, the expected holding period before exercising such instrument, the probability to achieve the performance requirements of the Company's common shares and the estimated vesting period, when determining the assumptions and inputs used in each valuation model. Changes to these assumptions and inputs could have significant changes in the value of share-based compensation expenses.

Allowance for expected credit losses

The Company makes use of the simplified approach as permitted by IFRS 9 - Financial Instruments ("IFRS 9") in accounting for receivables and records the loss allowance as a lifetime expected shortfall in contractual cash flows, considering the potential default at any point during the life of the financial instruments. The Company uses historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The expected loss rates are based on historical information and adjusted to reflect current and forward-looking factors affecting customers' abilities to settle the amounts outstanding. Receivables are written off (derecognized) when there is no reasonable expectation of recovery such as when payment arrangements cannot be made by the customer.

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3. MATERIAL ACCOUNTING POLICIES

Mineral properties, plant and equipment

Mineral properties, plant and equipment is recorded at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognized in operations on a straight-line or declining-balance basis over the estimated useful lives of each part of an item of equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are from two to forty years commencing from the year the mineral properties, plant and equipment is available and put into use.

The cost of an item of mineral properties, plant and equipment includes the purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and for qualifying assets, the associated borrowing costs. Where an item of mineral properties, plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of mineral properties, plant and equipment.

Costs incurred for major overhaul of existing equipment and sustaining capital are capitalized as mineral properties, plant and equipment and are subject to depreciation once they are available for use. Major overhauls include improvement programs that increase the productivity or extend the useful life of an asset beyond that initially envisaged. The costs of routine maintenance and repairs that do not constitute improvement programs are not capitalized but instead recorded as regular operating expense during the year.

The carrying amounts of mineral properties, plant and equipment are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned. Depreciation starts on the date when commissioning is complete and the asset is ready for its intended use.

Mineral properties (including mine development costs) are stated at cost less accumulated depreciation, depletion and impairment losses. When commercial production commences, these costs are amortized using the units-of-production ("UOP") method, based on the Company's estimate of recoverable mineral quantities.

The major classes of mineral properties, plant and equipment are depreciated on a straight line or a declining-balance basis at the following annual rates:

Asset	Basis	Rate
Buildings	Straight-line	30 - 40 years
Plant and mining equipment	Straight-line	5 - 10 years
Mineral properties	Units-of-production	Based on estimated recoverable quantities
Padding equipment - non-componentized	Straight-line	5 - 10 years
Padding equipment - componentized	Declining balance	2.5 - 10 years
Padding equipment - major overhauls	Declining balance	5 - 10 years
Office and other equipment	Straight-line	2 - 10 years
Right-of-use assets	Straight-line	Earlier of lease term or useful life of ROU assets

Capitalization of mine development costs ceases when the mine is capable of operating in the manner intended by management. The Company applies judgment in its determination of when a mine is capable of operating in the manner intended by management which takes account of the design of the mine and the nature of the initial commissioning phase of the mine.

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3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Mineral properties, plant and equipment (cont'd...)

In accordance with IAS 16 - Property, plant and equipment, revenues and the associated cost of production for any items produced during the development phase are recognized in the consolidated statement of loss and comprehensive loss. Non-recoverable costs for projects determined not to be commercially feasible are expensed in the period in which the determination is made or when the carrying value of the project is determined to be impaired.

Inventories

Concentrates, ore stockpile, and supplies related to mining operations are valued at the lower of cost and estimated net realizable value. Cost for concentrates and stockpile includes all direct costs incurred in production including direct labour and materials, freight, depreciation, depletion and amortization and directly attributable overhead costs determined on a weighted average basis. Net realizable value for concentrates and stockpiles is calculated as the estimated selling price at the time of sale based on prevailing and forecast metal prices less estimated future production costs to convert inventories into saleable form.

Any write-downs of inventory to net realizable value are recorded as cost of sales. If there is a subsequent increase in the value of inventories, the previous write-downs are reversed to the extent that the related inventory has not been sold.

Stockpile represents mineral resources that have been extracted from the mine and are available for further processing. Costs added to stockpile are valued based on the current mining cost per tonne incurred up to the point of stockpiling the mineral resources and are removed at the average cost per tonne. Stockpile quantities are verified by periodic surveys.

Other inventories, including machinery and spare parts and inventories held by ESI, are valued at the lower of cost and net realizable. Cost is determined using the first-in, first-method for ESI and weighted average cost for other inventories, and including costs of purchase and, where applicable, costs of conversion such as direct labour and a systematic allocation of overheads incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, estimated costs of completion and selling costs. If the carrying amount exceeds net realizable value, a write-down is recognized. Reversals of previous write-downs are recognized when the circumstances that previously caused inventories to be written down no longer exist, and are limited to the amount of the original write-down.

Exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred while the Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Costs incurred before the Company has obtained the legal rights to explore an area of interest are recognized in profit or loss. All costs related to the acquisition and exploration of exploration and evaluation assets are capitalized on an individual prospect basis. Amounts received for the sale of exploration and evaluation assets and for option payments are treated as reductions of the cost of the asset, with payments in excess of capitalized costs recognized in profit or loss. The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, and the ability to obtain the necessary financing.

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3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Exploration and evaluation assets (cont'd...)

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that property options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation asset costs or recoveries when the payments are made or received. When the option payments received exceed the carrying value of the related exploration and evaluation asset then the excess is recognized in profit or loss in the period the option receipt is recognized. Option receipts in the form of marketable securities are recorded at the quoted market price on the day the securities are received.

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets (which includes exploration and evaluation assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. A reversal of an impairment loss is recognized immediately in profit or loss.

Revenue recognition

The Company generates revenue from the sale of metal concentrate through its Chilean subsidiary and applies the following five-step approach in recognizing revenue from contracts with customers in accordance with IFRS 15 *Revenue from contract with customers*:

- Identify the enforceable contract with the customer
- Identify the separate performance obligations in the contract from transferring the distinct good or service
- Determine the transaction price for consideration of transferring the good or service
- Allocate the transaction price to the separate performance obligations identified
- Recognize revenue when each separate performance obligation is satisfied

The Company recognizes revenue through entering into concentrate sales contracts with customers with the performance obligation of delivering its concentrate production in exchange for consideration valued initially under provisional pricing arrangements. Revenue from sales is recorded upon shipment or at the time of delivery based on the terms of the contract, based on the spot metal prices quoted from the London Metal Exchange, when control of the concentrate is transferred to the customer. Provisionally priced receivables are subsequently measured at fair value through profit or loss under IFRS 9. The final sale prices are determined by the quoted market prices in a period subsequent to the date of the sale, selected by the Company's customers, while the final assays and grades of the metals delivered are determined by the result of an independent laboratory. Provisions to revenue as well as accounts receivable balances are recorded at each period end and adjusted according to the final metal prices and assays.

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3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Revenue recognition (cont'd...)

The final selling price for all provisionally priced products is based on the price for the quotational period stipulated in the contract. Final prices for copper concentrate are normally determined between 30 and 120 days after delivery to the customer. The change in value of the provisionally priced receivable is based on the final metal prices and assays and is included in "Other revenue" (see Note 19).

Deferred revenue arises from up-front payments received by the Company or obligations acquired in consideration for future commitments as specified in its various revenue arrangements.

The Company also earns revenue from the rental and sale of padding machines and oilfield service equipment related to the ESI business as described in Note 1. Revenue is recognized when there is a written arrangement in the form of a contract or purchase order with the customer, a fixed or determinable sales price is established with the customer, performance requirements are achieved, ultimate collection of the revenue is reasonably assured and when specific criteria have been met for each of the Company's activities as described below.

- Rental contracts of padding machines are assessed to determine whether they should be treated as operating lease or finance lease. A contract is classified as operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset. A contract is classified as a finance lease if it transfers substantially all the risks and rewards to ownership of an underlying asset.
- Revenue from a month-to-month rental contract under an operating lease is recorded as rental revenue starting when the equipment is delivered, when control of the goods has passed to the purchaser and collection is reasonably assured. Upon commencement of the rental contract, customers are invoiced in advance for equipment. Revenue from a contract under finance lease which gives the customer the right to a purchase option is recorded at the inception of the lease at the fair value of the underlying asset, or, if lower, the present value of all payments accruing to the Company, discounted using a market rate of interest. Deferred revenue arises from up-front payments received by the Company.
- Revenue on the sale of machines and spare parts are recognized when the physical delivery of the equipment has occurred. Mobilization and other services are also rendered. The service revenue is recognized over time, as the services are rendered, which typically occurs within one or a few days. Sales of spare parts not related to rented machines as mentioned above are reflected as revenue.
- Mobilization revenue relates to the delivery of equipment to and from work sites and is recognized as services are rendered and is measured at the gross amount.

The Company typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are not separate performance obligations and are accounted for under IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

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3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Asset retirement obligation

The Company has an obligation for reclamation and other closure activities related to its mineral properties. The future obligations for mine closure activities are estimated by the Company using mine closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations. Because the obligations are dependent on the laws and regulations of the country in which the mine operates, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting natural resource extracting companies. As the estimate of obligations is based on future expectations, a number of estimates and assumptions are made by management in the determination of closure provisions. The reclamation and other closure provisions are more uncertain the further into the future the mine closure activities are to be carried out.

The Company's policy for recording reclamation and other closure provisions is to establish provisions for future mine closure costs based on the present value of the future cash flows required to satisfy the obligations. This provision is updated as the estimate for future closure costs change. The amount of the present value of the provision is added to the cost of the related mineral assets and depleted over the life of the mine. The provision is accreted to its future value over the life of mine through a charge to finance costs.

Copper prepayment liability

In connection with the prepayment received from Javelin Global Commodities (see Note 11), the Company is obligated to settle the outstanding balance through a combination of copper concentrate deliveries and cash payments.

The arrangement includes minimum delivery requirements and contractual cash settlement provisions, including quarterly shortfall payments and repayment of any remaining balance at maturity. As the Company does not have the unconditional right to avoid settling the obligation in cash, the prepayment was recognized as a financial liability. At inception, the financial liability was measured at face value and is subsequently measured at amortized costs. Interest is accrued using the applicable Secured Overnight Financing Rate ("SOFR")-based rate and adjusted at each reporting period. The liability is reduced through deliveries of copper concentrate at contractually determined discounts and through cash payments made in accordance with the terms of the agreement.

Sale of royalty interest

In 2024 and 2025, the Company's Chilean subsidiary Minera BMR SpA entered into agreements to sell gross revenue royalties to receive upfront payments. The royalty agreements were accounted for as a sale of mineral property interests by the Company, as the Company transferred a portion of the risk and rewards and benefits of the company's Chilean mining operations to the royalty holders in exchange for the right to receive a portion of the gross revenue generated by those operations over the life of the mine. The buyback option included in the royalty agreements was assessed as an embedded derivative and deemed closely related to the host and therefore was not accounted for separately. The value of the royalty was determined using the "with and without" approach by comparing the net present value of the mineral properties with and without the royalty. The cash proceeds received as upfront payments were recorded as a reduction of the carrying value of the mineral properties, with the difference recognized as a gain on disposal of mineral property interests.

BATTERY MINERAL RESOURCES CORP.

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3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Financial instruments

Recognition and measurement

Financial assets and financial liabilities are recognized in the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of directly attributable transaction costs, except for financial assets and liabilities classified as fair value through profit and loss ("FVTPL"). The directly attributable transaction costs of financial assets and liabilities measured at FVTPL are expensed in the period in which they are incurred. Subsequent measurement of financial assets and liabilities depends on the classification of such assets and liabilities.

Classification of financial assets

Amortized cost: Financial assets that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of financial assets is the amount at which the financial asset is measured at initial recognition minus the principal payments, plus the cumulative accretion using effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The Company's financial assets measured at amortized cost primarily include cash and receivables.

Financial liabilities

Financial liabilities are classified as either: FVTPL; or amortized cost. The classification determines the method by which the financial liabilities are measured on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. The Company's financial liabilities which consist of trade payables and accrued liabilities, sales taxes receivable, loans and borrowing, promissory notes, deferred payments on acquisition, copper prepayment liability and VAT export program – promissory note payable are classified as amortized cost. Convertible debentures are classified separately as financial liabilities at FVTPL.

Embedded derivatives in financial liabilities measured at amortized cost are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related.

Convertible debentures issued by the Company are classified as a hybrid financial instrument include a host debt component and an embedded derivative. The Company has elected not to separate the host debt component from its embedded derivatives and instead accounts for the convertible debenture as a single financial liability at FVTPL. Subsequent to initial recognition, the liability is measured at fair value, with changes in fair value recognized in profit or loss. Transaction costs associated with the issuance of the convertible debentures are expensed at inception.

Upon conversion of the convertible debentures into common shares, the carrying amount of the debentures are reclassified into share capital. No gain or loss is recognized on conversion.

BATTERY MINERAL RESOURCES CORP.

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3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Derivatives

Derivatives are initially recognized at their fair value on the date the derivative contract is entered into and transaction costs are expensed. The Company's derivatives are subsequently re-measured at their fair value at each reporting date with changes in fair value recognized in the consolidated statements of loss and comprehensive loss.

Factored account receivables

The Company may from time to time enter into factoring arrangements under which it sells its preliminary trade receivables to a third-party factoring company. Under these agreements, the Company receives the outstanding receivable balances at a discount from the factoring company before the balances become due. The factoring company has the legal rights to return the uncollectible invoices to the Company past due. Factored invoices are not derecognized at the time of sale, as the Company retains significant risks and rewards, particularly due to recourse provisions that expose the Company to the risk of non-payment by its customers. In accordance with IFRS 9, a financial asset is only derecognized when substantially all the risks and rewards of ownership and control over the asset are transferred. Accordingly, factored trade receivables are initially retained on the consolidated statement of financial position and the cash received from the factoring company is recorded as a short-term financial liability. The Company derecognizes the trade receivable and extinguishes the related liability once full payment is received by the factoring company from its customers. The Company did not enter into any factoring arrangements during the year ended December 31, 2025 (see Note 4).

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, restricted share units, performance share units and stock options, if any, are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

Share-based compensation

The Company maintains equity incentive arrangements designed to advance the interests of the Company by encouraging employees, officers and directors to have equity participation in the Company through the acquisition of common shares. The company grants share-based awards in the form of stock options, restricted share units ("RSUs") and performance share units ("PSUs") under its equity compensation plans.

(i) Stock options

Stock options granted vest over a period of one to three years. Stock options have an exercise price of no less than the closing price of the common shares on the Toronto Stock Exchange Venture on the trading day immediately preceding the date on which the options are granted and are exercisable for a period not to exceed ten years. The cost of these stock options is measured using the estimated fair value at the date of the grant determined using the Black-Scholes option pricing model.

The Black-Scholes option pricing model requires the input of subjective assumptions, including the risk-free rate, the expected term of the option and stock price volatility. The expected term of options granted is determined based on historical data on the average hold period before exercise, expiry or cancellation. Annually, the estimated forfeiture rate is adjusted for actual forfeitures in the period.

Expected volatility is estimated with reference to the historical volatility of the share price of the Company. The costs are recognized over the vesting period of the option. The total amount recognized as share-based compensation expense is adjusted to reflect the number of options expected to vest at each reporting date. The corresponding credit for these costs is recognized in contributed surplus.

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3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Share capital (cont'd...)

(ii) RSUs

The RSUs may be awarded to directors, executives, officers and employees of the Company and are measured at market value of common shares of the Company on the date of the grant. The fair value of the estimated number of RSUs that are expected to vest is recognized as share-based compensation expense over the vesting period of the RSUs with a corresponding amount recorded in contributed surplus until the respective shares are issued in settlement of the RSUs.

(iii) PSUs

The PSUs may be awarded to directors, executives, officers and employees of the Company. The vesting of these PSUs occurs when certain performance conditions of the Company's common shares are met. At the time of the granting of the PSUs, the fair value and the expected vesting period of the PSUs are measured using the Monte Carlo simulation model, taking into account the risk-free rate, the Company's closing share price, the expected volatility of the Company's stocks and the aforementioned vesting condition. Total share-based compensation expense of these PSUs is calculated by multiplying the fair value of each unit by the total units granted and amortized over the expected vesting period.

Leases

The Company as a lessee

The Company initially recognizes a lease at its commencement date which is when an identified asset is made available for use. Right-of-use assets are measured at the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and any initial direct or estimated restoration costs. A right-of-use asset is then depreciated on a straight-line basis over the shorter of the asset's useful life or the lease term. Lease liabilities include the present value of future fixed payments, less any lease incentives receivable, and the exercise price of a purchase option if it is reasonably certain to be exercised. Future fixed lease payments are discounted using the Company's incremental borrowing rate. The term of each lease includes its non-cancellable period. The term may also include periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option. After the commencement date, the lease liabilities are continuously measured to reflect changes in lease payments, discount rates or the leases' remaining term with an offsetting adjustment to right-of-use assets.

The Company has entered into sale-leaseback transactions whereby it sold land and buildings to a third party and leases the asset back for a specified period. To determine whether the transfer of the land and building is accounted for as a sale, the Company evaluates whether control has been transferred to the third party in accordance with IFRS 15.

Where the transfer of the asset is determined to be a sale, the Company recognizes the transaction price for the sale, derecognizes the carrying amount of the underlying asset and recognizes a gain or loss for the difference between the carrying value of the asset and the transaction price. The Company then accounts for the leaseback in accordance with its lease accounting policy. Where the transfer of the asset is not accounted for as a sale, the transaction is treated as a financing arrangement. In such cases, the Company retains the underlying asset on its consolidated statement of financial position and recognizes a lease liability for the proceeds received. Lease payments are allocated between a reduction of the liability and interest expense.

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3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Leases (cont'd...)

The Company as a lessor

As a lessor, the Company classifies its leases as either operating or finance leases based on whether substantially all the risks and rewards incidental to ownership of the underlying asset are transferred to the lessee. Leases that do not transfer substantially all the risks and rewards are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the lease term and is included in revenue.

Foreign currency translation

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 differences 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 monetary assets and liabilities are translated at the functional currency exchange rate at the reporting date. Non-monetary 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.

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, RSUs and PSUs, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options, RSUs and PSUs were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the year ended December 31, 2025 and 2024, stock options, RSUs and PSUs were excluded from diluted loss per share as they proved to be anti-dilutive.

Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Deferred tax

Deferred taxes are recognized in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

BATTERY MINERAL RESOURCES CORP.

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3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Income taxes (cont'd...)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Adoption of new standards and interpretations

The following new standards and interpretations were adopted by the Company during the year ended December 31, 2025.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

On August 15, 2023, the IASB issued amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates. The amendments provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments were effective for reporting periods beginning on or after January 1, 2025. These amendments did not have an impact on the Company's consolidated financial statements and the comparative periods on the date of adoption as the Company only transacts in exchangeable currencies.

New standards issued but not yet effective

IFRS 18 Presentation and Disclosures in Financial Statements

On April 9, 2024, the IASB issued IFRS 18 - Presentation and Disclosures in Financial Statements. The objective of the new standard is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The new standard is effective for reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively, with early adoption permitted. Management is currently assessing the impact of the new standard on the Company's consolidated financial statements.

Amendments to IFRS 9 and IFRS 7

On May 30, 2024, the IASB issued amendments to the classification and measurement of financial instruments to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs and amended disclosures relating to equity instruments designated at fair value through other comprehensive income. The amendments are effective for reporting periods beginning on or after January 1, 2026, with early adoption permitted. Management is currently assessing the impact of the new standard on the Company's consolidated financial statements.

On December 18, 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 - Financial Instruments: Disclosures to help companies better report the financial effects of nature-dependent electricity contracts. The amendments clarify the factors an entity would consider when assessing whether a renewable electricity contract qualifies for the own-use exemption under IFRS 9, as well as hedge accounting requirements for when a renewable electricity contract is designated as the hedging instrument in a cash flow hedge of forecasted sales or purchases of electricity. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early adoption permitted. The amendments shall be applied retrospectively. The amendments are not expected to have a significant impact on the Company's consolidated financial statements.

BATTERY MINERAL RESOURCES CORP.

Notes to Consolidated Financial Statements

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4. RECEIVABLES

	December 31, 2025		December 31, 2024	
Accounts receivable	\$	4,484,216	\$	8,101,313
Finance lease receivable		302,234		167,346
Total	\$	4,786,450	\$	8,268,659
<hr/>				
Sales or value added tax receivables		3,356,500		4,266,936
Total	\$	8,142,950	\$	12,535,595

Included in accounts receivable is an estimated loss allowance of \$111,480 (2024 - \$94,385).

During the year ended December 31, 2024, the Company entered into a receivables factoring arrangement with a third-party. Under the terms of the agreement, the Company sold certain trade receivables totaling \$1,159,340. The cost of factoring was \$8,437. The Company did not enter into any factoring arrangements during the year ended December 31, 2025.

5. INVENTORIES

	December 31, 2025		December 31, 2024	
Concentrates	\$	2,275,222	\$	742,125
Stockpiles		2,188,396		1,114,856
Machinery and spare parts		4,439,524		-
Total	\$	8,903,141	\$	1,856,981

The amount of inventories recognized in cost of sales was \$32,320,488 during the year ended December 31, 2025 (2024 - \$15,794,356), including concentrates and stockpiles write-down of \$nil (2024 - \$1,752,675) to net realizable value of \$10,311,925 (2024 - \$1,856,981) as well as \$3,673,706 of inventory being expensed to cost of sales by ESI (2024 - \$2,920,850).

During the year ended December 31, 2025, the Company reclassified to inventory \$3,076,881 of machinery and spare parts from mineral properties, plant and equipment to inventory. This reclassification reflects a change in the Company's operating strategy, whereby certain equipment is now held for sale in the ordinary of business rather than for use in operations. In addition, the Company added \$1,257,053 of machinery and spare parts during the year to support mining and processing activities now that the mine is operational, which are presented as inventory.

BATTERY MINERAL RESOURCES CORP.

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6. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Land and buildings	Plant and mining equipment	Mineral properties	Padding equipment	Spare parts	Office and other equipment	Right-of-use assets	Total
Cost								
At December 31, 2023	\$ 9,245,982	\$ 26,701,743	\$ -	\$ 39,005,003	\$ 1,450,648	\$ 428,092	\$ 531,899	\$ 77,363,367
Additions	372,628	7,243,126	554,446	2,216,466	1,203,873	276,940	3,853,915	15,721,394
Transfer from exploration and evaluation assets	-	-	17,354,585	-	-	-	-	17,354,585
Sale of mineral interests	-	-	(307,633)	-	-	-	-	(307,633)
Remeasurement of asset retirement obligation	-	(2,029,354)	-	-	-	-	-	(2,029,354)
Disposals	(397,665)	(200,105)	-	(471,753)	39,864	-	-	(1,029,659)
Impairment	(3,623,402)	(12,549,116)	(575,938)	-	-	-	(1,886,331)	(18,634,787)
Foreign currency translation adjustment	(211,513)	(686,997)	913,290	3,068,824	86,999	9,456	139,543	3,319,602
At December 31, 2024	\$ 5,386,030	\$ 18,479,297	\$ 17,938,750	\$ 43,818,540	\$ 2,781,384	\$ 714,488	\$ 2,639,026	\$ 91,757,516
Additions	4,413,592	7,784,522	4,799,705	3,413,565	-	279,757	-	20,691,141
Reclassification	-	(232,426)	(2,665,209)	(770,270)	-	(117,486)	-	(3,785,391)
Sale of mineral interests	-	-	(160,568)	-	-	-	-	(160,568)
Disposals	-	(833,034)	-	(713,728)	(1,234,113)	-	(343,412)	(3,124,286)
Foreign currency translation adjustment	(326,510)	(1,081,345)	(889,906)	(1,844,168)	-	(35,783)	(114,096)	(4,291,808)
At December 31, 2025	\$ 9,473,112	\$ 24,117,014	\$ 19,022,772	\$ 43,903,939	\$ 1,547,271	\$ 840,976	\$ 2,181,518	\$ 101,086,603
Accumulated depreciation								
At December 31, 2023	\$ (1,062,050)	\$ (981)	\$ -	\$ (26,273,918)	\$ -	\$ (40,113)	\$ (229,702)	\$ (27,606,764)
Depreciation and depletion	(83,712)	(229,028)	-	(2,816,858)	-	(35,825)	(1,509,466)	(4,674,889)
Disposals	147,864	-	-	451,385	-	-	-	599,249
Impairment	-	7,124	-	-	-	-	393,152	400,276
Foreign currency translation adjustment	(65,721)	(47,294)	-	(2,074,805)	-	(2,781)	(70,402)	(2,261,003)
At December 31, 2024	\$ (1,063,619)	\$ (270,179)	\$ -	\$ (30,714,196)	\$ -	\$ (78,719)	\$ (1,416,418)	\$ (33,543,131)
Depreciation and depletion	(276,325)	(2,108,411)	(3,054,562)	(2,309,607)	-	(146,088)	(446,141)	(8,341,134)
Disposals	-	-	-	553,949	-	-	-	553,949
Foreign currency translation adjustment	41,159	53,852	59,439	1,273,515	-	6,580	72,335	1,506,881
At December 31, 2025	\$ (1,298,786)	\$ (2,324,738)	\$ (2,995,123)	\$ (31,196,339)	\$ -	\$ (218,227)	\$ (1,790,224)	\$ (39,823,436)
Carrying amounts								
At December 31, 2024	\$ 4,322,411	\$ 18,209,118	\$ 17,938,750	\$ 13,104,344	\$ 2,781,384	\$ 635,769	\$ 1,222,608	\$ 58,214,385
At December 31, 2025	\$ 8,174,326	\$ 21,792,276	\$ 16,027,649	\$ 12,707,600	\$ 1,547,271	\$ 622,750	\$ 391,295	\$ 61,263,167

As at December 31, 2025, included in padding equipment were assets under construction with a cost of \$1,194,597 (December 31, 2024 - \$1,158,656). No depreciation was recorded for these assets. There were impairment charges split pro rata over its asset classes including mineral properties, plant and equipment during the year ended December 31, 2025, of \$nil (December 31, 2024 - \$18,634,787).

Mineral properties, plant and equipment - Chile copper project

The Company holds the rights to 100% equity interest in the Punitaqui mine in the Coquimbo region of Chile.

Punitaqui includes a centralized process plant. The Company is currently modifying its existing tailings disposal permit while consolidating its various exploitation permits. Punitaqui is a past producing mining operation which consists of an integrated copper and gold mining complex including all required infrastructure and sources of water and power. The copper-gold process plant that is classified as mineral properties, plant and equipment consists of a standard copper sulphide crush-grind-flotation circuit to produce a marketable copper-gold concentrate.

In July 2024, the Company determined that commercial viability had been achieved for its Chilean operations following receipt of required funding, permits and Board of Directors approval. As a result, those operations were transferred from exploration and evaluation assets to mineral properties.

At that time, the Company performed an impairment assessment of the Punitaqui cash-generating unit ("CGU"), which includes mineral properties, plant and equipment and working capital. The recoverable amount was determined based on value in use using discounted cash flows, resulting in an impairment loss of \$32,446,402, allocated pro rata across asset classes, including \$16,894,895 to mineral properties, plant and equipment and \$15,551,507 to exploration and evaluation assets of Punitaqui (see Note 7) A subsequent impairment assessment was performed as at December 31, 2024, due to lower-than-expected production, resulting in an additional impairment of \$1,339,616.

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6. MINERAL PROPERTIES, PLANT AND EQUIPMENT (cont'd...)

The recoverable amounts at July 1, 2024 and December 31, 2024 were \$24,454,000 and \$23,611,000, respectively. Cash flow projections were based on life-of-mine plans and internal forecast and incorporate estimates of production volumes, operating costs and capital expenditures. Key assumptions included market consensus copper prices (US\$3.83 to US\$4.49 per pound), a pre-tax discount rate of 26% reflecting the Company's estimated cost of capital and risks specific to the asset, and life-of-mine production and cost estimates derived from internal forecasts. The recoverable amount is sensitive to changes in these assumptions, particularly commodity prices, discount rates and operating and capital cost estimates.

Sale of Mineral Interest

Electric Royalties

In November 2024, the Company entered into a definitive agreement with Electric Royalties Ltd. (Electric Royalties) to sell a 0.75% GRR on its Punitaqui mining operations in Chile, in exchange for cash consideration of \$3,500,000. The Company has the right to buy back half of the 0.75% GRR sold to Electric Royalties for a cash payment of US\$1,500,000, when the Company has made royalty payments to Electric Royalties in excess of \$4,000,000. In December 2024, the Company closed a second sale of royalty interest of 0.15% GRR to investors for additional cash consideration of \$500,000. In January 2025, the Company completed a third sale of royalty interest of 0.03% GRR to an arm's length party for cash consideration of US\$100,000.

The sale of royalty interest was treated as a sale of mineral interest to Electric Royalties. The portion of the mineral interest sold was determined based on the difference of the net present value of the Company's Punitaqui mining operations' carrying value incorporated with and without the royalty payments embedded in the cash flow projections. The portion of the cash proceeds received from Electric Royalties exceeding the mineral properties interest sold was recorded as a gain during the year.

Weston Energy

Weston Energy II, LLC ("Weston II") and Weston Energy III, LLC ("Weston III") are entities affiliated with Yorktown Energy Partners and are shareholders of the Company. Accordingly, Weston II and Weston III are considered related parties. On July 9, 2025, the Company closed an additional sale of royalty interest, whereby it converted a total of \$3,689,881 of indebtedness owing to them (see Note 13) in exchange for a total GRR of 0.8232%. The Company has the right to buy back the GRR for: (i) in the case of Weston II, a cash payment of US\$1,935,829 once the Company has made royalty payments to Weston II in excess of \$2,581,105; and (ii) in the case of Weston III, a cash payment of US\$1,356,735 once the Company has made royalty payments to Weston III in excess of \$1,808,980.

The sale of these royalty interests was accounted for as a sale of a mineral interest. The portion of the mineral interest sold was determined based on the difference in the net present value of the Company's Punitaqui mining operations calculated using cash flow projections with and without the royalty payments. The portion of the debt forgiveness by Weston II and Weston III that exceeded the value of the mineral interest sold was recorded as an increase to contributed surplus, reflecting that the counterparties acted in their capacity as shareholders.

As of December 31, 2025, the Company sold mineral interests in the amount of \$160,568 (December 31, 2024 - \$307,633) and recorded a gain on the sale of royalty interest of \$126,511 (2024 - \$3,794,566).

BATTERY MINERAL RESOURCES CORP.

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7. EXPLORATION AND EVALUATION ASSETS

	Canadian Cobalt Projects	U.S. Cobalt Projects	U.S. Lithium Projects	South Korea Graphite Projects	Chile Copper Punitaqui Project	Total
	\$	\$	\$	\$	\$	\$
Balance, December 31, 2023	22,189,465	615,272	394,830	2,221,886	28,781,885	54,203,338
Additions during the year	159,833	86,244	13,999	140,053	5,426,672	5,826,801
Transfers to mineral properties, plant and equipment	-	-	-	-	(17,354,585)	(17,354,585)
Impairment	(3,994,235)	-	(444,319)	(2,390,470)	(15,551,507)	(22,380,531)
Currency translation adjustment	-	58,833	35,490	28,531	(1,302,465)	(1,179,611)
Balance, December 31, 2024	18,355,063	760,349	-	-	-	19,115,412
Additions during the year	77,388	-	-	-	-	77,388
Impairment	-	(730,428)	-	-	-	(730,428)
Currency translation adjustment	-	(29,921)	-	-	-	(29,921)
Balance, December 31, 2025	18,432,451	-	-	-	-	18,432,451

Canadian Cobalt Projects

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 return ("NSR") royalties ranging from 1.0% to 2.0%. The Company holds buyback rights allowing it to repurchase a 1.5% NSR royalty for \$750,000.

Gowganda project area, Ontario, Canada

The Company holds a 100% interest in certain claims in the Gowganda project area located in Ontario, Canada. The property is subject to NSR royalties ranging from 1.0% to 3.0%. The Company holds buyback rights allowing it to repurchase an NSR royalty between 0.5% and 1.0% for payments ranging from \$250,000 to \$1,000,000 (see Note 26).

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 2.0% GSR royalty. The Company holds buyback rights allowing it to repurchase a 1.0% GSR royalty for \$1,000,000 and a further 1.0% GSR royalty for an incremental \$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 1.0% NSR royalty. The Company holds buyback rights allowing it to repurchase a 0.5% NSR royalty for \$250,000.

Elk Lake project area, Ontario, Canada

In December 2024, the Company elected to reduce its holdings in the Elk Lake project, resulting in an impairment of the asset. As at December 31, 2025, the Company recorded no additional impairment expense (December 31, 2024 – \$2,668,319).

BATTERY MINERAL RESOURCES CORP.

Notes to Consolidated Financial Statements
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7. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Canadian Cobalt Projects (cont'd...)

Wilder-Kell project area, Ontario, Canada

Wilder project area (Kell claims), Ontario, Canada

The Company has a purchase option agreement with Ashley Mining Company Limited (“Ashley”) to acquire a 100% interest in the Kell claims located in Ontario. The property is subject to a 1.0% NSR royalty. The Company holds buyback rights allowing it to repurchase the 1.0% NSR royalty 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 Thompson claims located in Ontario. The property is subject to a 1.0% NSR royalty. The Company holds buyback rights allowing it to repurchase the 1.0% NSR royalty for \$2,000,000.

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. The property is subject to a 1% NSR royalty. The Company holds buyback rights allowing it to repurchase the 1.0% NSR royalty for \$2,000,000.

In December 2024, the Company elected to reduce its holdings in the White Reserve project, resulting in an impairment of the asset. During the year ended December 31, 2025, the Company recorded no additional impairment expense (December 31, 2024 – \$1,325,916).

United States Cobalt Projects

Bonanza project, Idaho, USA

The Company previously held a 100% interest in certain land tenure rights in the Bonanza project in Idaho. The property was subject to a 0.5% NSR royalty, with buyback rights allowing the Company to repurchase the 0.5% NSR royalty for US\$1,000,000.

In September 2025, the Company relinquished 100% of the property tenure rights in the Bonanza Project in Idaho and recorded an impairment of \$730,428 in the period. As a result of the relinquishment, the associated NSR royalty and related buyback rights are no longer applicable.

South Korea Graphite Projects

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. In December 2024, the Company elected to cease exploration activities at these projects and fully write off their remaining balances.

Chile Copper

Punitaqui Project

As at December 31, 2025, the Punitaqui asset reflects the impact of impairment recognized in 2024 of \$15,551,507 and its subsequent transfer of \$17,354,585 to mineral properties (see Note 6).

BATTERY MINERAL RESOURCES CORP.

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8. TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31, 2025		December 31, 2024	
Trade payables	\$	21,631,535	\$	12,939,898
Accrued liabilities		15,724,304		5,981,638
Total	\$	37,355,839	\$	18,921,536

During the year ended December 31, 2025, the Company achieved the commercial restart milestone and the first production milestone under its agreement with Bluequest Resources AG, which are based on cumulative production thresholds at the Punitaqui project, and accordingly recognized \$4,111,800 (US\$3,000,000) as trade payables and accrued liabilities. The amount remained unpaid as at December 31, 2025. See Note 23 for further details on the milestone structure.

9. VAT EXPORT PROGRAM – PROMISSORY NOTE PAYABLE

Following the acquisition of the Punitaqui mining complex, the Company applied for, and received approval from, the Chilean Ministry of Economy, Development, and Tourism (the “Ministry of Economy”) to participate in a value-added tax (“VAT”)-recovery program established by the Chilean government to incentivize exports (the “VAT Export Program”). The VAT Export Program allows the Company to recover VAT paid on goods and services purchased in advance of achieving agreed-upon amounts of mineral concentrates to be exported. As of December 31, 2025, the Company had recovered \$1,198,090 (December 31, 2024 – \$5,445,067) under the VAT Export Program.

As part of the VAT Export Program requirements, the Company issued promissory notes to the Chilean Treasury Department for the same amounts of VAT recovered. The promissory notes guarantee the VAT recovered in the event that the Company does not demonstrate to the Ministry of Economy that it has exported mineral concentrates with the required minimum export value. The original export requirement of US\$35.1 million was required to be met by December 31, 2023. The Company did not meet this requirement, and on November 29, 2023, received approval to extend the deadline to December 31, 2025 and increase the minimum export value requirement to US\$37.2 million. On December 15, 2025, the Ministry of Economy approved a further extension of the export deadline to December 31, 2027. The Company has commenced qualifying export shipments under the program.

The VAT Export Program liability decreased from \$5,445,067 at December 31, 2024 to \$1,198,090 at December 31, 2025. The decrease is primarily attributable to a non-cash offset of \$5,023,527 related to the advance VAT export credits against the associated promissory notes, following the reclassification of VAT balances previously included in mineral properties, plant and equipment upon commencement of qualifying export activities under the program. The remaining movement of \$1,294,460 reflects indexation and translation adjustments resulting from changes in the Unidad Tributaria Mensual (“UTM”) and foreign exchange rates. The VAT receivable and the related promissory note payable are presented on a net basis in the consolidated statement of financial position, as the Company has a legally enforceable right of offset and intends to settle these balances on a net basis.

BATTERY MINERAL RESOURCES CORP.

Notes to Consolidated Financial Statements

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10. DEFERRED PAYMENTS ON ACQUISITION OF PUNITAQUI MINING COMPLEX

	December 31, 2025	December 31, 2024
Deferred payment at beginning of the year	\$ 5,089,103	\$ 6,443,519
Payments during the year	(1,372,064)	(1,709,122)
Accretion expense	352,852	495,718
Foreign currency translation adjustment	(285,961)	(141,012)
Deferred payments at end of the year	\$ 3,783,930	\$ 5,089,103
Current	(3,139,871)	(3,095,466)
Long-term	644,059	1,993,637

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 mineral properties, plant and equipment related to the Punitaqui mining complex in Chile. As part of the total consideration of the acquisition, the Company agreed to make future payments to MAP to satisfy certain creditors' debts amounting to \$8,080,000 over 23 quarterly installments beginning on June 30, 2021.

On September 28, 2023, the Company amended the timing of the deferred payments on the acquisition of Punitaqui by postponing the quarterly payments due on September 30, 2023 and December 31, 2023 to March 31, 2027 and June 30, 2027, respectively. The Company recalculated the present value of the amended deferred payments schedule using a discount rate of 11% and recorded a reduction to the deferred payments liability with a credit to gain on debt modification of \$282,709. The discount rate was determined based on an analysis performed by a third-party independent valuator in connection with the Company's 2023 financing and reflects observable market data and the Company's estimated credit risk at the time.

The undiscounted payments remaining as at December 31, 2025 was \$4,023,386 (December 31, 2024 - \$5,679,407), while the discounted deferred payments remaining as at December 31, 2025, was \$3,783,930 (December 31, 2024 - \$5,089,103).

Reclassification of comparative amounts

During the year, the Company identified that certain balances related to deferred payments on the acquisition of Punitaqui were previously presented within *Accounts Payable and Accrued Expenses*. These balances, amounting to US\$1,001,633.25, have been reclassified to *Deferred Payments on Acquisition* to better reflect the nature of the underlying obligation. Payments reflect actual payments in the year rather than those that are contractually obligated.

This reclassification has no impact on total liabilities, net income, or cash flows.

BATTERY MINERAL RESOURCES CORP.

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11. COPPER PREPAYMENT LIABILITY

	December 31, 2025	December 31, 2024
Balance at the beginning of the year	\$ 7,970,689	\$ -
Prepayment received	-	6,735,500
Accrued interest	736,561	748,995
Prepayment discount	(544,194)	-
Payments during the period	(2,927,847)	-
Foreign currency translation adjustment	(334,743)	486,194
Balance at the end of the year	\$ 4,900,466	\$ 7,970,689
Current	(4,900,466)	(3,202,897)
Long-term	-	4,767,792

During the first quarter of 2024, the Company entered into a marketing agreement, a master purchase and sale agreement, a copper concentrate prepayment, an advance payment terms arrangement, and other supporting agreements (collectively, the “Javelin Agreements”) with a subsidiary of Javelin Global Commodities (“Javelin”). Pursuant to the Javelin Agreements, Javelin agreed to market the copper concentrate, gold, silver, and other metals (the “Product”), produced at the Company’s Punitaqui mining operations. Javelin agreed to prepay to Minera BMR SpA an amount of US\$5,000,000 in respect of future deliveries of copper concentrate made by Minera to Javelin. Javelin also agreed to establish an advance payment terms arrangement in an aggregate amount of up to US\$20,000,000. On March 8, 2024, Minera BMR SpA received the copper concentrate prepayment amount of US\$5,000,000 from Javelin. As of December 31, 2025, no additional advance payments had been made to Minera BMR SpA by Javelin. During the year ended December 31, 2025, the Company delivered a limited quantity of copper concentrate to Javelin under the arrangement.

The copper concentrate prepayment amount is due to be repaid to Javelin by the Company on or before December 31, 2026, through the delivery of copper concentrate or in cash. The outstanding balance of the prepaid amount will be subject to an advance payment fee chargeable from the date of the advance until the prepaid amount is reduced to zero, at a rate equal to the three-month SOFR (subject to a SOFR floor of 2%) plus 7% per annum. The Company has guaranteed to deliver 9,000 metric tonnes of copper concentrate or the cash equivalent for any shortfall every quarter, starting on January 1, 2025. In addition, the Company will provide Javelin with a fixed discount of US\$92 per metric tonne of concentrate.

The early repayment option, variable interest rate and interest rate floor from the Javelin Agreements’ terms above represent three embedded derivatives that are closely related to the host contract. As a result, following initial recognition of the pre-payment amount as a financial liability at its fair value, the Company subsequently measures the pre-payment amount received from Javelin at amortized cost at an effective interest rate of 12.61%.

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12. LEASES

Lessee arrangements

Sale-leaseback transaction

In June 2022, the Company entered into a sale-leaseback involving land and buildings located in Phoenix, Arizona, USA. The transaction resulted in the recognition of a right-of-use asset and a corresponding lease liability, which continue to be accounted for in accordance with the Company's lease accounting policy.

As at December 31, 2025, the carrying amount of the right-of-use asset and the lease liability related to this arrangement were \$129,848 (December 31, 2024 – \$232,543) and \$646,666 (December 31, 2024 – \$1,084,400), respectively. During the year ended December 31, 2025, the Company recognized depreciation expense of \$93,483 (2024 – \$91,616) and interest expense of \$93,556 (2024 – \$129,471) related to the lease. Total cash outflow for the lease during the year was \$487,299 (2024 – \$463,791).

Mining equipment leases

The Company also entered into multiple lease agreements with vendors for various mining equipment and trucks for the development of its Punitaqui mining operations. The right-of-use assets are depreciated over the terms of the respective lease agreements.

As at December 31, 2025, depreciation of \$350,414 (December 31, 2024 – \$2,052,650) on the right-of-use assets and interest of \$118,065 (December 31, 2024 – \$464,945) were recorded on the leases. Total lease payment made during the year was \$1,682,189 (December 31, 2024 – \$2,666,239). The carrying amount of the right-of-use assets related to the leased property as at December 31, 2025, was \$262,744 (December 31, 2024 – \$2,220,919), and the lease liability was \$265,313 (December 31, 2024 – \$3,054,344).

The continuity of the Company's total lease liabilities as of December 31, 2025 and 2024, is presented below:

	2025		2024	
Lease liabilities, beginning of year	\$	3,054,344	\$	1,319,335
Additions		-		3,746,454
Lease payments		(2,169,488)		(2,666,239)
Interest expense		211,621		464,945
Foreign currency translation adjustment		(184,498)		189,849
Lease liability, end of year	\$	911,979	\$	3,054,344
Lease liability - current portion		(709,786)		(2,058,425)
Lease liability - long-term portion		202,193		995,919

Lessor arrangements

Finance lease receivable

The Company recognized finance income of \$94,854 for the year ended December 31, 2025 (December 31, 2024 - \$161,808) related to its finance lease receivables.

The Company assessed expected credit losses on finance lease receivables in accordance with IFRS 9 and determined that no allowance was required as at December 31, 2025 (2024 - \$nil).

	2025		2024	
Gross lease receivable - less than one year	\$	302,234	\$	167,346
Unearned finance income		(41,792)		167,346
Net lease receivable	\$	260,442	\$	334,692

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13. PROMISSORY NOTES

The promissory notes described below represent transactions exclusively with related parties, including Weston II, Weston III, and the Chief Executive Officer (“CEO”) of the Company.

	December 31, 2025	December 31, 2024
Beginning balance	\$ 5,893,929	\$ -
Addition	2,514,399	5,447,588
Repayment	(4,625,692)	-
Interest accrued	344,439	133,440
Foreign currency adjustment	(314,613)	312,901
Total	\$ 3,812,463	\$ 5,893,929

The movement in promissory notes during the year reflects proceeds from new borrowings, repayments, including the non-cash settlement of debt through the issuance of gross revenue royalties, accrued interest and foreign exchange movements.

On June 26, 2024, the Company entered into a short-term debt financing arrangement with Weston II for US\$750,000. In connection with this financing, the Company issued a promissory note to Weston II for US\$750,000, which originally matured on September 24, 2024, and bore interest at a rate of 8% per annum, with interest payable at maturity. On September 18, 2024, the maturity date was extended to December 5, 2024, and on December 2, 2024, the maturity date was further extended to October 31, 2025.

On September 6, 2024, the Company issued a second promissory note to Weston II for US\$750,000. The second promissory note bore interest at a rate of 8% per annum and originally matured on December 5, 2024, with interest payable at the maturity date. On December 2, 2024, the maturity date was extended to October 31, 2025.

On October 9, 2024, the Company issued a third promissory note to Weston III for US\$2,500,000. The third promissory note bears interest at a rate of 8% per annum and originally matured on December 5, 2024, with interest payable at maturity. On December 2, 2024, the maturity date was extended to October 31, 2025.

On July 9, 2025, the Company entered into definitive agreements to sell to Weston II and Weston III GRRs totaling 0.8232% on the gross revenues produced by Punitaqui in exchange for extinguishing a portion of the debt owed by the Company (or its wholly owned subsidiaries) to Weston II and Weston III, in the aggregate amount of US\$2,694,721 (the “Transaction”).

Transaction terms with Weston II and Weston III

Specifically, the Transaction was effected through the following agreements:

- **Weston II agreement:** The Company sold a 0.4840% GRR (the “Weston II Royalty”) on the Chilean mining operations in exchange for extinguishing a portion of the amount (including accrued and outstanding interest) owed by the Company to Weston II under the promissory note issued on June 26, 2024 and on September 6, 2024, totaling US\$1,584,333.
- **Weston III agreement:** The Company sold a 0.3392% GRR (the “Weston III Royalty,” and together with the Weston II Royalty, the “Royalties”) on the Project in exchange for extinguishing a portion of the amount owed by the Company to Weston III under the promissory note issued on October 9, 2024 (the “October 9 Note”), totaling US\$1,110,388.

In addition to ore produced from the Punitaqui mines, the Royalties apply to any third-party ore or other materials processed through the Punitaqui mill from the effective date of the definitive agreements until December 31, 2027.

The Company has the right to buy back the Royalties as follows: (i) in the case of the Weston II Royalty, for a cash payment of US\$1,935,829 once the cumulative royalty payments to Weston II exceed \$2,581,105; and (ii) in the case of the Weston III Royalty, for a cash payment of US\$1,356,735 once cumulative royalty payments to Weston III exceed \$1,808,980.

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13. PROMISSORY NOTES (cont'd...)

Concurrently with closing the Transaction, Minera issued an amended and restated promissory note (the "Amended Note") to Weston III in the amount of US\$1,491,834, representing the remaining amount owed under the October 9 Note that was not extinguished as part of the Transaction. The Amended Note is unsecured and has the same terms as the original October 9 Note, except for the revised principal amount and maturity date. The Amended Note matures on October 31, 2026, and accrues interest at a rate per annum equal to 8%).

Promissory Notes Issued

During the year ended December 31, 2025, the Company issued promissory notes to related parties either directly or through its subsidiary Minera BMR SpA. These related parties include Weston II and Weston III, which are affiliated with Yorktown Energy Partners, and the CEO of the Company, who is key management personnel.

The promissory notes are accounted for as financial liabilities at amortized cost. Interest is recognized using the effective interest method over the term of the notes. Given the short-term nature of the instruments and interest rates consistent with market terms, the carrying amount approximates fair value. Any modifications to the terms of the notes, including extensions of maturity, are assessed to determine whether they result in a substantial modification; none of the modifications during the year were considered substantial.

The Company issued the following unsecured promissory notes, all of which bear interest at 10% per annum and mature on October 31, 2026, unless otherwise specified.

1. The Company issued the following promissory notes:
 - a. On November 6, 2025, the Company issued the following promissory notes maturing on May 6, 2026, to:
 - i. Weston Energy II for US\$28,000. At December 31, 2025, the balance including accrued interest and principal was \$38,963 (US\$28,428).
 - ii. Weston Energy III for US\$72,000. At December 31, 2025, the balance including accrued interest and principal was \$100,191 (US\$73,100).
 - b. On December 2, 2025, the Company issued the following promissory notes maturing on June 2, 2026, to:
 - i. Weston Energy II for US\$20,000. At December 31, 2025, the balance including accrued interest and principal was \$27,633 (US\$20,161).
 - ii. Weston Energy III for US\$30,000. At December 31, 2025, the balance including accrued interest and principal was \$41,449 (US\$30,242).
 - iii. The CEO of the Company for US\$355,000. At December 31, 2025, the balance including accrued interest and principal was \$490,483 (US\$357,860).
2. The Company through its subsidiary Minera BMR SpA, issued the following promissory notes:
 - a. On June 30, 2025 a promissory note of US\$25,000 to the CEO of the Company. This note matured on July 30, 2025 and was extended to October 31, 2026. The balance including accrued interest at December 31, 2025 was \$35,983 (US\$26,253).
 - b. On July 8, 2025, the following promissory notes were issued to:
 - i. Weston III for US\$653,142. At December 31, 2025, the balance including accrued interest was \$868,391 (US\$633,585).
 - ii. The CEO of the Company for US\$125,000. The note was fully paid as of year ended December 31, 2025.
 - c. On August 28, 2025, a promissory note of US\$515,000 was issued to the CEO of the Company. This note is non-interest bearing and was repaid on September 2, 2025.

As at December 31, 2025, the total carrying amount of promissory notes, including accrued interest, was \$3,812,463 (December 31, 2024 - \$5,893,929).

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14. ASSET RETIREMENT OBLIGATION

	December 31, 2025	December 31, 2024
Balance at the beginning of the year	\$ 8,182,896	\$ 10,317,746
Changes in estimates	(7,975)	(2,157,029)
Accretion expense	201,830	201,641
Foreign currency translation adjustment	1,044,479	(55,975)
Currency translation adjustment	(403,566)	(123,487)
Balance at year end	\$ 9,017,664	\$ 8,182,896

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

The estimated undiscounted cash flows required to satisfy the reclamation and closure cost obligation as at December 31, 2025, was \$11,678,504 (UF 194,558) (December 31, 2024 – \$10,839,474 (UF 194,558)). The undiscounted cash flows were discounted using the ten-year Government of Chile Benchmark Bond rate of 2.34% (December 31, 2024 – 2.34%) for bonds issued in Chilean Units of Accounts (UF) to arrive at a discounted liability of \$9,017,664 (UF 150,230) (December 31, 2024 - \$8,182,896 (UF 146,875)).

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15. LOANS AND BORROWINGS

	December 31, 2025	December 31, 2024
Fiera loan	\$ 6,304,042	\$ 7,178,219
Other finance agreements	713,324	747,515
Total loans and borrowings	\$ 7,017,366	\$ 7,925,734
Less: current portion	(6,554,299)	(1,039,508)
Long-term portion	463,067	6,886,226

Fiera Enhanced Private Debt Fund Credit Agreement

	December 31, 2025	December 31, 2024
Balance at the beginning of the year	\$ 7,178,219	\$ -
Loan proceeds during the year	-	8,000,000
Transaction costs	-	(417,616)
Accretion expense	805,122	104,404
Payments during the year	(1,679,299)	(508,569)
Balance at the end of the year	\$ 6,304,042	\$ 7,178,219
Less: current portion	(6,304,042)	(854,475)
Long-term portion	-	6,323,744

On March 8, 2024, the Company's subsidiary ESI entered into an \$8,000,000 credit agreement with Fiera Enhanced Private Debt Fund ("Fiera", together "Fiera Loan"). The Fiera Loan bears a floating interest rate that equals the prime rate plus an applicable margin and will mature on the third anniversary of the agreement. Monthly payments of \$87,463 commenced on April 15, 2024, with a balloon payment at maturity. The Company can voluntarily prepay the loan at any time based on the yield on the Government of Canada bond equal to the term remaining. The Company is also obligated to repay the loan under certain conditions. The voluntary prepayment option represents an embedded derivative to the Company.

The Company drew a first advance of \$5,000,000 during the first quarter of 2024. During the three months ended June 30, 2024, the Company completed the final drawdown of \$3,000,000 from the Fiera Loan. The Company utilized partial proceeds from the final drawdown to extinguish an existing equipment lease indebtedness. Total transaction costs of \$417,616 were incurred and will be amortized over the term of the Fiera Loan.

As at December 31, 2025, the Fiera Loan is measured at amortized cost with an interest rate of 8.95%. The fair value of the embedded derivative as at December 31, 2025, was \$nil (December 31, 2024 - \$nil).

As at December 31, 2025, the Company was not in compliance with certain financial covenants under its credit agreement, which relates to the interpretation of certain covenant definitions. The Company considers its interpretation to be appropriate and is engaged in constructive discussions with the lender to resolve the matter. Subsequent to year-end, the lender has indicated its willingness to work with the Company while mutually acceptable remedies are being discussed. As a result of the covenant non-compliance at year-end, the Company does not have an unconditional right to defer settlement for at least 12 months and, accordingly, the related borrowings have been classified as current as at December 31, 2025. The borrowings mature in March 2027 and would have become current within the next reporting cycle.

Other finance agreements

All finance agreements were undertaken by the Company's subsidiaries ESI and Ozzie's Inc. and include seven U.S. dollar-denominated equipment financing arrangements outstanding as of December 31, 2025, relating to the purchase of mobile equipment and vehicles. These arrangements have terms ranging from 3 to 6 years and bear interest at rates up to 8.39%.

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16. CONVERTIBLE DEBENTURES

On October 17, 2023, the Company announced a private placement offering (the "Private Placement") of senior unsecured convertible debentures (the "Convertible Debentures") for total gross proceeds of up to US\$6,000,000. Concurrently with the announcement of the Private Placement, the Company proposed to issue approximately US\$15,400,000 in Convertible Debentures to the holders of previous indebtedness, which included the bridge loan, promissory note, and the convertible debentures previously issued, as part of a comprehensive debt consolidation to simplify the Company's capital structure and extend the Company's near-term debt maturities.

On October 19, 2023, the Company closed the first tranche of the Private Placement of the Debentures for gross proceeds of US\$1,370,000. Concurrently, the Company also issued US\$15,408,039 in Debentures to holders of existing indebtedness, including holders of the previously issued convertible debentures, to complete the comprehensive debt consolidation. On November 3, 2023, the Company closed the second tranche of the Private Placement of the Debentures for gross proceeds of US\$1,915,000.

On February 16, 2024, the Company closed the third tranche of the Private Placement of the Debentures for gross proceeds of US\$1,000,000. On May 13, 2024, the Company closed the fourth tranche of the Private Placement of the Debentures for gross proceeds of US\$400,000. On October 25, 2024, the Company closed a fifth tranche of the Private Placement of the Debentures for gross proceeds of US\$200,000.

The Convertible Debentures bear annual interest of 10% and mature on September 30, 2026 ("Maturity Date"). Interest accrued from the date of issuance up to and including March 30, 2025, will be paid by way of issuance of common shares of the Company. Interest accrued following March 30, 2025, will be, at the option of the holder, paid either in cash or by way of issuance of common shares of the Company. The holder of a Debenture may, at their option, at any time from March 31, 2024 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 US\$0.22 per share. The Company has the right, starting on March 31, 2024, with 15 days' notice, to prepay the then outstanding principal and interest due.

The U.S. dollar-denominated conversion feature and the prepayment option embedded in the Convertible Debentures represent embedded derivatives. The Company elected to designate the entire Convertible Debenture as a financial liability at fair value through profit or loss in accordance with IFRS 9. Accordingly, the embedded derivatives are not separated from the host contract, and the Convertible Debentures are initially recognized at fair value and subsequently remeasured at fair value at each reporting date, with changes in fair value recognized in profit or loss.

On December 23, 2025, Weston II and Weston III, both being related parties, agreed to convert their Debentures fair valued at \$32,213,408 into 159,153,035 common shares at 0.20 per share (see Note 21).

As at December 31, 2025, the remaining unconverted Debentures were valued at \$2,505,928 and classified as a current liability (December 31, 2024 - \$32,643,225) (see Notes 18 and 25).

During the year ended December 31, 2025, the Company recognized a gain of \$1,016,286 (December 31, 2024 – loss of \$2,901,214) from the remeasurement of the fair value of the financial liability. The Company refined the presentation of the gain (loss) on remeasurement of convertible debentures to exclude accrued interest expense, which is now presented within finance costs. Comparative figures have been reclassified to conform to the current year presentation. This change had no impact on net loss or total comprehensive loss for the prior period.

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16. CONVERTIBLE DEBENTURES (cont'd...)

The carrying amount of the Debentures is as follows:

	December 31, 2025	December 31, 2024
Convertible unsecured subordinated debentures		
Fair value at beginning of the year	\$ 32,643,225	\$ 24,869,560
Issuance of convertible debentures during the year	-	2,164,871
Conversion of convertible debentures during the year	(32,213,408)	-
Accrued interest	3,092,397	2,707,580
Change in fair value	(1,016,286)	2,901,214
Balance as December 31, 2025	\$ 2,505,928	\$ 32,643,225

The following valuation model along with the key inputs and assumptions were used in the determination of fair value of the Debentures:

Valuation technique	Key inputs and assumptions	December 31, 2025	December 23, 2025 Conversion Date	December 31, 2024
The fair value of the New Debentures has been calculated using a lattice binomial model	<i>Observable - Level 3</i>			
	Risk-free rate	2.310%	2.305%	2.955%
	Foreign exchange rate (USD:CAD)	1.3706	1.3705	1.4389
	<i>Unobservable - Level 3</i>			
	Volatility	222.5%	216.0%	105.9%
	Credit spread	8.94%	8.57%	5.50%

For the fair value of the Debenture at December 31, 2025, reasonably possible changes at the reporting date to one of the significant inputs, holding other inputs constant, would have the following effects:

Key inputs	Inter-relationship between significant inputs and fair value measurement	Fair value Increase (decrease)
Discount rate	Discount rate was 1% higher	(15,000)
	Discount rate was 1% lower	15,000
Stock volatility	Stock volatility was 5% higher	-
	Stock volatility was 5% lower	-

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17. DEFERRED REVENUE

	December 31, 2025		December 31, 2024	
Minera BMR SpA	\$	8,585,957	\$	436,294
ESI		489,356		304,000
Total deferred revenue	\$	9,075,313	\$	740,294

Deferred revenue represents consideration received in advance of the transfer of control of goods or services to customers and is recognized as revenue when the related performance obligations are satisfied.

For the Company's copper concentrate sales, deferred revenue primarily relates to provisional or advance payments received prior to the transfer of control, which occurs upon delivery of the product in accordance with the applicable contractual terms.

For ESI, deferred revenue relates primarily to customer deposits received in advance of the delivery of equipment or completion of services, which are recognized as revenue when the related goods are delivered or services are performed.

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18. 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, 2025, the Company issued the following shares:

- i. Issued 3,291,668 common shares that were related to the vested restricted stock units.
- ii. Issued 159,153,035 common shares that were related to the conversion of convertible debentures. (see Note 16)

During the year ended December 31, 2024, the Company:

- i. Issued 608,335 common shares that were related to the vested restricted stock units.

c) Restricted stock units

The Company adopted the share units plan (the "RSU/PSU Plan") to allow the Board of Directors to grant its officers, directors, and consultants of the Company non-transferable RSUs and PSUs based on fair value of the units at the date of grant. The awards vest over a one- or three-year period and expire after eight years. During the year ended December 31, 2025, the Company issued no new units of RSUs (December 31, 2024 - nil) to its officers and employees. The RSU expense for the year ended December 31, 2025, was \$8,555 (December 31, 2024 - \$205,477). During the year, no RSU holders departed from the Company and several holders exercised their vested units. The Company recorded a reversal of the unvested RSU expense of \$nil as of December 31, 2025 (December 31, 2024 - \$80,451).

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

	RSU (Units)
Outstanding at December 31, 2023	4,300,002
Exercised	(608,335)
Forfeited	(333,334)
Outstanding at December 31, 2024	3,358,333
Exercised	(3,291,668)
Outstanding and exercisable at December 31, 2025	66,665

The weighted average share price at the date of exercise in 2025 was \$0.13 (2024 - \$0.13) with a weighted average remaining life of 4.01 years.

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

d) Stock options

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

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

	Options	Weighted average exercise price
Outstanding at December 31, 2023	9,520,832	0.77
Forfeited	(1,430,333)	0.74
Outstanding at December 31, 2024	8,090,499	0.78
Forfeited	(4,503,833)	0.76
Outstanding at December 31, 2025	3,586,666	0.77

The Company uses the Black-Scholes option pricing model to estimate the fair value for all stock-based compensation. The expected volatility assumption inherent in the pricing model is based on the historical volatility of comparable companies over a term equal to the expected term of the option granted. Total stock-based compensation expense for the year ended December 31, 2025, was \$9,636 (December 31, 2024 - \$154,937). In addition, during 2025, several options holders departed the Company and therefore, forfeited their unvested units. The Company recorded a reversal of the unvested and forfeited option expense that was previously amortized for the amount of \$nil as of December 31, 2025 (December 31, 2024 - \$218,263). There were no options exercised during 2025 (2024 - nil).

There were no new options granted during the year ended December 31, 2025 and 2024.

As of December 31, 2025, 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	Weighted-average Fair Value	Number exercisable	Weighted-average remaining contractual life (years)	Weighted-average exercise price	
\$0.85	2,000,000	3.25	0.85	0.41	2,000,000	3.25	0.85	
\$0.75	250,000	0.84	0.75	0.25	250,000	0.84	0.75	
\$0.65	166,666	4.01	0.65	0.29	166,666	4.01	0.65	
\$0.65	75,000	4.01	0.65	0.29	75,000	4.01	0.65	
\$0.65	1,095,000	4.19	0.65	0.24	1,095,000	4.19	0.65	
	3,586,666	3.42	0.77	0.34	3,586,666	3.42	0.77	

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

e) Performance share units (“PSUs”)

PSUs are granted under the RSU/PSU Plan described above to management personnel, officers and directors based on the fair value of the Company’s common shares on the date of the grant. All the PSUs were granted in 2023 to certain management personnel, officers, and directors of the Company, in connection with the Company’s 2022 fiscal year bonus incentive plan. The awards shall vest on any single day that the Company’s closing stock price reaches or exceeds \$0.50 within the performance cycle between March 30, 2023 and March 30, 2026. The fair value and expected vesting period of the PSUs were determined using a Monte Carlo simulation model at the time of grant. As at December 31, 2025, no PSUs had met the performance conditions and, accordingly, no units were vested or exercisable. As at December 31, 2025, nil PSUs were exercisable (December 31, 2024 – nil).

The total PSU expense for the year ended December 31, 2025, was \$nil (December 31, 2024 - \$98,106). There were no PSUs vested as during the year of 2025 (2024 - nil). During the year, 700,000 PSUs were forfeited (December 31, 2024 – 370,000), and the Company recorded a reversal of previously recognized share-based compensation expense of \$102,760 related to these forfeited unvested units.

Movements in the number of PSUs outstanding are as follows:

	PSU Units
Outstanding at December 31, 2023	2,330,000
Forfeited	(370,000)
Outstanding at December 31, 2024	1,960,000
Forfeited	(700,000)
Outstanding at December 31, 2025	1,260,000

19. REVENUE

	Years ending December 31,	
	2025	2024
Minera BMR SpA		
Revenue from copper concentrate	\$ 40,882,779	\$ 15,755,118
Total Minera BMR SpA	\$ 40,882,779	\$ 15,755,118
ESI		
Revenue from machine rental	13,645,514	9,243,864
Revenue from machine sales	5,830,969	4,542,114
Revenue from spart part sales and services	3,747,104	3,066,432
Total ESI	\$ 23,223,588	\$ 16,852,410
Total	\$ 64,106,366	\$ 32,607,528

20. FINANCE COSTS AND OTHER INCOME

	December 31, 2025	December 31, 2024
Finance costs	\$ (6,509,033)	\$ (3,754,367)
Other income	119,996	323,649
Total	\$ (6,389,037)	\$ (3,430,718)

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21. RELATED PARTY TRANSACTIONS

Key management personnel include members of the Board of Directors and senior executives with authority and responsibility for planning, directing, and controlling the activities of the Company. Directors' fees include the impact of reversals of prior year accruals. The aggregate compensation paid or payable to key management personnel for the years ended December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
Director fees	\$ (634,470)	\$ 335,463
Management fees	1,765,025	1,674,621
Share-based compensation	18,191	414,121
Total	\$ 1,148,746	\$ 2,424,205

For the year ended December 31, 2025, the Board of Directors approved the waiver of all previously accrued and unpaid directors' fees as of August 31, 2025, in light of the Company's liquidity constraints. Accordingly, directors' fees included in trade payables and accrued liabilities as of December 31, 2025 was \$nil (2024 - \$616,947).

Other related party transactions

During the years ended December 2025 and 2024, the Company had related party transactions relating to promissory notes (see Note 13), convertible debentures (see Note 16) and sale of royalty interests (see Notes 6 and 13).

As of December 31, 2025, included in trade payables and accrued liabilities was \$362,449 (December 31, 2024 - \$616,947) due to directors and officers of the Company.

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22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity, and commodity price.

Fair value

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability or inputs that are derived principally from or corroborated by observable market data or other means.

Level 3: Inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Company's fair value hierarchy for financial assets and liabilities measured at fair value were as follows:

	Carrying Amount	December 31, 2025			Total Fair Value
		Level 1	Level 2	Level 3	
Convertible debenture	2,505,928	-	-	2,505,928	2,505,928
	2,505,928	-	-	2,505,928	2,505,928

	Carrying Amount	December 31, 2024			Total Fair Value
		Level 1	Level 2	Level 3	
Convertible debenture	32,643,225	-	-	32,643,225	32,643,225
	32,643,225	-	-	32,643,225	32,643,225

Financial instruments

The Company's financial instruments consist of cash, receivables, sales taxes receivable, promissory notes, VAT export program promissory note payable, copper prepayment liability, trade payables and accrued liabilities, deferred payments on acquisition, and loans and borrowings. The fair value of the short-term working capital assets and liabilities approximates their carrying values due to the short-term nature of these instruments. The fair value of long-term debt approximates its carrying value as the contractual interest rates are comparable to current market interest rates, unless the long-term debt is classified as FVTPL.

Risk management

Currency risk

The Company is exposed to foreign currency risk as a result of monetary assets and liabilities denominated in currencies other than the functional currency of the relevant entity. The company's exposures arise primarily from balances denominated in U.S. dollars ("US\$") and Chilean pesos ("CLP").

As at December 31, 2025, a 10% strengthening or weakening of the Canadian dollar against these foreign currencies, with all other variables held constant, would result in a foreign exchange gain or loss of approximately \$3,169,543.

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

Risk management (cont'd)

Currency risk (cont'd...)

The following table summarizes the Company's net exposure to foreign currency risk by currency:

	US\$	CLP	Equivalent CAD
	\$	\$	\$
December 31, 2025			
Cash	6,144	759,460,533	1,147,612
Trade payables and accrued liabilities	(103,972)	(18,131,641,573)	(27,345,004)
Convertible debentures	(1,828,344)	-	(2,505,928)
Promissory notes	(508,453)	-	(696,886)
Net exposure	2,446,913	18,891,102,106	31,695,430

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to meet its contractual obligations. The Company minimizes its credit exposure related to short-term investments, when applicable, by selecting counterparties based on credit ratings, and monitors investments to ensure a stable return, avoiding complex investment vehicles with higher risk such as asset-backed commercial paper. The Company's cash is held with major financial institutions, including Banco de Crédito e Inversiones (BICE) in Chile, which has investment-grade credit ratings (A- / A2) based on publicly available information. Accordingly, the Company considers its exposure to credit risk on cash to be low. The Company's receivables primarily include balances receivable from the sale of concentrate, customers of ESI and finance lease balances. This credit risk exposure is mitigated through the Company's due diligence on its contracted counterparties. The Company assesses the credit worthiness of its customers on an ongoing basis and monitors the amounts and aging of outstanding accounts receivable, and when necessary, records an expected credit loss.

In respect of concentrate sales, the Company has contractual arrangements with a trading counterparty whereby provisional payments are received promptly upon delivery at the Company's yard based on the Company's provisional assay results. Final settlement occurs in the month following delivery and is subject only to adjustments for copper price fluctuations and final third-party assay results. As a result of the short settlement period, the prompt receipt of provisional payments and the high credit quality of the counterparty, the Company has not experienced historical credit losses and does not expect material future credit losses. Accordingly, the expected credit loss associated with concentrate receivables is not material.

The following table presents the Company's expected credit loss allowance, which relates primarily to trade receivables of ESI.

As at December 31, 2025	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0.90%	2.00%	8.30%	15.00%	
Gross carrying amount (\$)	1,796,593	785,256	619,653	187,831	3,389,333
Loss allowance (\$)	16,169	15,705	51,431	28,175	111,480

As at December 31, 2024	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	1.10%	2.30%	9.00%	15.00%	
Gross carrying amount (\$)	1,791,427	383,564	227,247	302,701	2,704,940
Loss allowance (\$)	19,706	8,822	20,452	45,405	94,385

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

Risk management (cont'd)

Credit risk (cont'd...)

The loss allowance provision for trade receivables as at December 31, 2025 reconciles to the opening loss allowance on January 1, 2025 as follows:

Loss allowance as at January 1, 2025	\$	94,385
Increase (decrease) in provision for trade receivables during the period		17,095
Loss allowance as at December 31, 2025	\$	111,480

Sales taxes receivable are due from the governments of Canada and Chile. The Company considers the credit risk associated with these balances to be low.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from its credit facility and prepayment arrangements, which bear interest at rates based on market reference rates, including prime and SOFR. The Company has not entered into any interest rate swaps or other active interest rate management programs.

Sensitivity analysis

A 100 basis point increase or decrease in market interest rates, with all other variables held constant, would result in an increase or decrease in net loss of approximately \$112,045 for the year ended December 31, 2025 (2024 – \$148,569), based on the Company's variable rate financial instruments outstanding at year-end.

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.

Contractual cash flow requirements as at December 31, 2025 were as follows:

	year 1	year 2	year 3	year 4	> 4 years	Total
	\$	\$	\$	\$	\$	\$
Loans and borrowings	6,554,299	205,945	141,239	71,310	44,573	7,017,366
Trade payables and accrued liabilities	37,355,839	-	-	-	-	37,355,839
Income tax payables	500,562	-	-	-	-	500,562
Deferred revenue	9,075,313	-	-	-	-	9,075,313
Copper prepayment liability	4,900,466	-	-	-	-	4,900,466
Asset retirement obligation - liability	284,641	6,355	6,355	120,471	10,463,030	10,880,852
VAT Liability	1,198,090	-	-	-	-	1,198,090
Lease liabilities	792,899	461,353	155,586	78,332	45,832	1,534,002
Deferred payments on acquisition	3,139,871	644,059	-	-	-	3,783,930
Promissory note	3,812,463	-	-	-	-	3,812,463
Convertible debenture	2,505,928	-	-	-	-	2,505,928
Total	70,120,371	1,317,712	303,180	270,113	10,553,435	82,564,812

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

Risk management (cont'd)

Commodity price risk

The Company's financial performance and cash flows are affected by fluctuations in commodity prices, primarily copper, as well as gold and silver produced from its Chilean mining operations. Commodity prices are subject to significant volatility and are influenced by factors beyond the Company's control. The Company also holds exploration and evaluation assets in Canada, the value of which may be impacted by changes in commodity prices. The Company monitors commodity prices to determine the appropriate course of action to be taken and does not currently engage in hedging programs to mitigate its exposure to commodity price risk. The Company is exposed to commodity price risk on provisionally priced receivables arising from concentrate sales, for which final prices are determined based on future market prices. As at December 31, 2025, the spot London Metals Exchange copper price was US\$12,504 per tonne. A 10% change in copper prices would result in an increase (decrease) of approximately \$48,545 in profit or loss, based on the Company's provisionally priced receivables at that date, assuming all other variables remain constant.

Capital management

The Company manages its capital structure and adjusts it based on the funds available to the Company, in order to continue as a going concern. The Company considers capital to be the short-term and long-term debt, including convertible debenture, promissory notes, copper prepayment liability and other loans and borrowings, as well as equity. As at December 31, 2025, the total capital held by the Company is \$36,412,776 (December 31, 2024 - \$52,139,036). The Board of Directors of the Company 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. Additional funds may be required to finance the Company. There has been no significant change to the Company's capital management policies during the year ended December 31, 2025.

23. CONTINGENCIES

On May 28, 2021, the Company entered into an agreement with Bluequest Resources AG ("Bluequest") to acquire the rights to certain mineral properties, plant, and equipment related to the Punitaqui project. As part of the consideration, the Company agreed to make contingent payments of up to US\$5,000,000 upon the achievement of specified production milestones. Each milestone payment may be settled, at Bluequest's election, in cash, by the issuance of Common Shares at prevailing market prices (subject to a minimum issue price of \$0.41), or by a combination of both. The milestone payments are structured as follows:

1. Commercial restart milestone: US\$2,000,000, payable 60 days following achievement of commercial activities (291,600 tonnes of aggregate production);
2. First production milestone: US\$1,000,000, payable 60 days following achievement of the first production milestone (583,200 tonnes);
3. Second production milestone: US\$1,000,000, payable 60 days following achievement of the second production milestone (874,800 tonnes); and
4. Third production milestone: US\$1,000,000, payable 60 days following achievement of the third production milestone (1,166,400 tonnes).

During the year ended December 31, 2025, the Company achieved the commercial restart milestone and the first production milestone and, accordingly, recognized \$4,111,800 (US\$3,000,000) as trade payables and accrued liabilities. The amount remained unpaid as at December 31, 2025.

The remaining milestone payments are contingent upon the achievement of future production thresholds and have not been recognized as liabilities as at December 31, 2025, as the triggering events had not yet occurred and the obligations are not yet present. Accordingly, these amounts are disclosed as contingencies.

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24. SEGMENTED INFORMATION

Operating segments are determined based on how information is reported to and used by the Company's Chief Operating Decision Maker ("CODM") to assess performance. The Company monitors the operating results of its segments separately for the purposes of resource allocation and performance evaluation.

During the year ended December 31, 2025, the Company revised its reportable segments to present its Chilean operations as a separate mining segment following the commencement of production in the second half 2024. Prior to this, Chilean operations were included within exploration and evaluation; however, they were presented separately within that segment. The revised presentation is consistent with how performance is assessed by the CODM.

The Company operates in three reportable segments: (i) equipment manufacturing operations (ESI) located in Canada and the United States ; (ii) exploration of exploration of mineral properties located in Canada and the United States; and (iii) mining operations in Chile. Corporate head office and other activities are disclosed separately in the table below; however, they do not constitute an operating segment. This information is provided to facilitate reconciliation of segment results to the Company's consolidated financial information.

The following table presents financial information by operating segment.

For the year ended December 31, 2024	Equipment Manufacturing	Exploration and Evaluation			Corporate	Total
		Canada	USA	Chile		
Exploration and evaluation	-	18,355,063	760,349	-	-	19,115,412
Mineral properties, plant and equipment	15,072,093	-	-	43,132,680	9,612	58,214,385
Total assets	20,229,318	18,527,032	760,349	55,267,264	573,915	95,357,878
Total liabilities	11,736,581	-	-	39,974,585	45,941,255	97,652,421

For the year ended December 31, 2025	Equipment Manufacturing	Exploration and Evaluation		Mining	Corporate	Total
		Canada	USA	Chile		
Exploration and evaluation	-	18,432,451	-	-	-	18,432,451
Mineral properties, plant and equipment	-	-	-	61,263,167	-	61,263,167
Total assets	20,449,035	18,466,884	-	59,308,209	653,895	98,878,023
Total liabilities	10,202,763	-	-	64,242,782	6,663,706	81,109,251

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24. SEGMENTED INFORMATION (cont'd...)

For the year ended December 31, 2024	Equipment Manufacturing	Exploration and Evaluation Properties			Corporate	Total
		Canada	USA	Chile		
Revenue	16,852,410	-	-	15,755,118	-	32,607,528
Cost of sales	(2,964,574)	-	-	(15,794,356)	-	(18,758,930)
Depreciation, depletion and amortization	(3,018,003)	-	-	(1,621,165)	-	(4,639,168)
Gross profit	10,869,833	-	-	(1,660,403)	-	9,209,430
Impairment of exploration and evaluation assets	-	(3,994,235)	(444,320)	(15,551,506)	(2,390,470)	(22,380,531)
Impairment of mineral properties, plant and equipment	-	-	-	(18,234,511)	-	(18,234,511)
Salaries and benefits	(513,374)	-	(456,779)	(859,275)	(1,450,200)	(3,279,628)
General and administration	(7,534,954)	(6,950)	(3,678)	(6,404,578)	(3,162,507)	(17,112,667)
Share-based compensation	-	-	-	-	(108,425)	(108,425)
Loss from operations	2,821,505	(4,001,185)	(904,777)	(42,710,273)	(7,111,602)	(51,906,332)
Foreign exchange (loss) gain	(484,927)	-	(252,018)	(2,702,280)	4,803,330	1,364,105
Finance costs and other income	196,051	-	-	(1,855,622)	(4,487,006)	(6,146,577)
Gain on sale of royalty interest	-	-	-	3,794,566	-	3,794,566
Loss on remeasurement of convertible debenture	-	-	-	-	(2,901,214)	(2,901,214)
Gain (loss) for the year from continuing operations	2,532,629	(4,001,185)	(1,156,795)	(43,473,609)	(9,696,492)	(55,795,452)
Income tax expense	(519,648)	-	-	-	-	(519,648)
Cumulative translation adjustment	1,515,313	-	94,324	(1,677,392)	28,531	(39,224)
Comprehensive income (loss) for the year	3,528,294	(4,001,185)	(1,062,471)	(45,151,001)	(9,667,961)	(56,354,324)

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24. SEGMENTED INFORMATION (cont'd...)

For the year ended December 31, 2025	Equipment Manufacturing	Exploration and Evaluation		Mining	Corporate	Total
		Canada	USA	Chile		
Revenue	23,223,588	-	-	40,882,778	-	64,106,366
Cost of sales	(8,856,692)	-	-	(32,320,490)	-	(41,177,182)
Depreciation, depletion and amortization	(2,691,252)	-	-	(5,659,475)	-	(8,350,727)
Gross profit	11,675,644	-	-	2,902,813	-	14,578,457
Impairment of exploration and evaluation assets	-	-	(730,428)	-	-	(730,428)
Salaries and benefits	-	-	(9,435)	(4,038,720)	(295,230)	(4,343,385)
General and administration	(6,452,387)	(76,041)	(21,507)	(8,590,962)	(1,687,590)	(16,828,487)
Share-based compensation	-	-	-	-	(18,191)	(18,191)
Loss from operations	5,223,257	(76,041)	(761,370)	(9,726,869)	(2,001,011)	(7,342,034)
Foreign exchange (loss) gain	189,791	-	-	(2,468,479)	124,320	(2,154,368)
Finance costs and other income	(845,895)	18,957	-	(2,442,548)	(3,119,551)	(6,389,037)
Gain on sale of royalty interest	-	-	-	126,511	-	126,511
Gain on remeasurement of convertible debenture	-	-	-	-	1,016,286	1,016,286
Gain (loss) for the year from continuing operations	4,567,153	(57,084)	(761,370)	(14,511,385)	(3,979,955)	(14,742,642)
Income tax expense	(1,316,798)	-	-	-	878,879	(437,919)
Cumulative translation adjustment	(1,025,247)	-	(27,279)	596,458	(64,242)	(520,310)
Comprehensive income (loss) for the year	2,225,108	(57,084)	(788,649)	(13,914,927)	(3,165,318)	(15,700,871)

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25. INCOME TAXES

Provision for Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% to the effective tax rate is as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
(Loss) before income taxes	(14,742,642)	(55,795,452)
Expected income tax recovery based on statutory rate	(3,980,513)	(15,064,772)
Adjustment to expected income tax recovery:		
Change in statutory foreign tax, foreign exchange rates and other	23,324	245,621
Permanent differences	1,275,015	6,340,169
Non-deductible expenses for tax purposes	-	-
Share issue cost	-	-
Reversal (recognition) of uncertain tax provision	(883,644)	150,758
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(11,845,288)	(2,871,457)
Change in unrecognized deductible temporary difference	15,472,173	213,820
Other	376,852	11,505,509
Total Income Tax Expense/(Recovery)	437,919	519,648
Current Income Tax Expense/(Recovery)	(612,166)	307,792
Deferred Income Tax Expense/(Recovery)	1,050,085	211,856

Deferred Income Tax

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

	Year ended December 31, 2025	Year ended December 31, 2024
Recognized deferred tax assets and liabilities:		
Property, Plant and Equipment	(7,778,617)	(1,919,000)
Intangible Assets	-	-
Exploration and evaluation assets	-	(8,613,000)
Non-capital losses	6,490,089	10,278,000
Capital losses	33,720	-
Right of use asset	(116,610)	287,000
Right of use liability	237,080	(73,000)
Foreign exchange	(276,806)	(951,000)
Promissory note	(4,185)	-
Share issue costs & deferred finance fees	-	951,000
Other	365,244	40,000
Deferred income tax liability	(8,176,218)	(11,556,000)
Deferred income tax asset recognized	7,126,133	11,556,000
Net deferred income asset/(liability)	(1,050,085)	-

Deductible temporary differences have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

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25. INCOME TAXES (cont'd...)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	Year ended	Expiry Date Range
	December 31, 2025	
Non-capital losses available for future periods	49,391,527	2028 to 2040
Canada	10,134,615	2028 to 2040
USA	1,324,161	
Korea	214,810	
Chile	37,702,872	No expiry date
Australia	15,070	No expiry date
Total	49,391,527	

Tax attributes are subject to review, and potential adjustment, by tax authorities.

26. SUBSEQUENT EVENTS

Non-brokered private placements

On January 7, 2026, the Company announced that it intended to complete a non-brokered private placement of 174,430,850 common shares of the Company at a price of \$0.20 per common share for aggregate gross proceeds of approximately \$34,886,170 (the "Private Placement").

On March 16, 2026, the Company closed the first tranche of its first non-brokered private placement pursuant to the Listed Issuer Financing Exemption (a "LIFE Offering") consisting of 50,000,000 common shares of the Company at a price of \$0.20 per share for aggregate gross proceeds of \$10,000,000 (the "First LIFE Offering"). In connection with the closing of the Offering, the Company paid an aggregate cash commission \$456,690. On April 15, 2026, the Company announced that it had completed and closed the First Offering and that there would be no further tranches under this particular offering. The Company also announced that it would not be proceeding with the Private Placement announced on January 7, 2026.

On April 15, 2026, the Company announced a second LIFE Offering consisting of 75,000,000 common shares of the Company at a price of \$0.20 per share for aggregate gross proceeds of \$15,000,000 (the "Second LIFE Offering"). On April 22, 2025, the Company closed the first tranche of the Second LIFE Offering, consisting of 2,258,235 common shares of the Company at a price of \$0.20 per share for aggregate gross proceeds of \$451,647.

Settlement of convertible debentures

Concurrent with the closing of the first tranche of the First Offering on March 16, 2026, the Company settled convertible debentures in the aggregate amount of US\$1,556,234 through the issuance of 10,654,752 shares at a price of \$0.20 per share.

Sale of Gowganda mining leases

On March 31, 2026, the Company closed an agreement (the "Sale Agreement") with Nord Precious Metals Mining Inc. ("Nord") to sell the Company's 100% interest in the Gowganda silver tailings project mining leases in Ontario, Canada for \$1,000,000 cash and \$1,250,000 in Nord shares on closing with a 3.0% net smelter returns royalty and a deferred consideration of \$1,250,000 of which up to 50% may be payable in Nord shares at the election of Nord, on each of the first, second and third anniversaries of the closing date of the transaction.

Expiry of all performance share units

On March 30, 2026, all remaining 1,260,000 performance share units of the Company lapsed.

Staking and registration of U.S. mining claims

During the first quarter of 2026, the Company staked and registered ten mining claims in the cobalt-copper district of Bonanza, Idaho, United States, at a total cost of \$17,204.