



BATTERY MINERAL RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2026
(Unaudited)

(Expressed in Canadian dollars)

**NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2026, including comparative information for the three months ended March 31, 2025, have been prepared by management of the Company and have not been reviewed by the Company's independent auditors.

BATTERY MINERAL RESOURCES CORP.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	March 31, 2026	December 31, 2025
ASSETS			
Current assets			
Cash		\$ 10,653,861	\$ 1,680,530
Receivables	4	10,228,033	4,786,450
Sales taxes receivable		1,249,898	3,356,500
Inventories	5	9,037,761	8,903,141
Prepays		731,187	316,403
Investments	3	792,254	-
Current portion of deferred consideration receivable		1,000,861	-
Total current assets		33,693,855	19,043,024
Non-current assets			
Mineral properties, plant and equipment	6	64,362,975	61,263,167
Exploration and evaluation assets	7	16,565,632	18,432,451
Intangible assets		145,787	139,381
Deferred consideration receivable		1,588,792	-
Total non-current assets		82,663,186	79,834,999
TOTAL ASSETS		\$ 116,357,041	\$ 98,878,023
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	8	\$ 36,915,184	\$ 37,355,839
Income taxes payable		301,818	500,562
Current portion of lease liability	12	695,038	709,786
Current portion of loans and borrowings	15	6,318,809	6,554,299
Convertible debentures	16	347,570	2,505,928
Promissory notes	13	4,237,929	3,812,463
Current portion of deferred payments on acquisition	10	2,735,840	3,139,871
Current portion of copper prepayment liability	11	3,936,968	4,900,466
VAT export program - promissory note payable	9	1,218,457	1,198,090
Deferred revenue	17	8,861,424	9,075,313
Total current liabilities		65,569,037	69,752,617
Non-current liabilities			
Lease liability	12	83,343	202,193
Deferred payments on acquisition	10	655,008	644,059
Loans and borrowings	15	404,996	463,067
Asset retirement obligation	14	9,070,311	9,017,664
Deferred income tax liability		1,047,155	1,029,651
Total non-current liabilities		11,260,813	11,356,634
TOTAL LIABILITIES		\$ 76,829,850	\$ 81,109,251
EQUITY			
Share capital	18	\$ 110,273,163	\$ 98,930,265
Contributed surplus	18	23,577,053	23,867,717
Accumulated other comprehensive loss		(4,214,461)	(4,067,978)
Deficit		(90,108,564)	(100,961,232)
TOTAL EQUITY (DEFICT)		39,527,191	17,768,772
TOTAL LIABILITIES AND EQUITY		\$ 116,357,041	\$ 98,878,023

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

Nature of operations and going concern 1
Subsequent events 25

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 three months ended March 31, 2026		For the three months ended March 31, 2025
REVENUE AND COST OF SALES				
Revenue	19	\$ 28,625,797	\$	18,384,150
Cost of sales		(12,683,207)		(10,488,951)
Depreciation, depletion and amortization	6	(1,732,225)		(1,163,392)
Gross profit		14,210,365		6,731,807
EXPENSES				
General and administration		3,222,172		4,723,349
Salaries and benefits		1,992,832		1,143,435
Share-based compensation	18	-		12,832
Income from operations		8,995,361		852,191
Finance costs and other income	20	(529,328)		(805,539)
Foreign exchange (loss) gain		(543,479)		(1,235,733)
Gain on sale of royalty interest	6	-		132,998
Loss on remeasurement of convertible debentures	16	(86,097)		(557,776)
Gain on conversion of convertible debentures	16	327,748		-
Gain on sale of exploration properties	7	2,397,799		-
Income (loss) before taxes		\$ 10,562,004	\$	(1,613,859)
Other comprehensive loss				
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustment		(146,483)		(282,077)
Comprehensive income (loss) for the period		\$ 10,415,521	\$	(1,895,936)
Earnings (loss) per share				
Basic income (loss) per ordinary share		\$ 0.03	\$	(0.01)
Basic weighted average number of ordinary shares outstanding		353,582,457		181,028,630
Earnings (loss) per share				
Basic and diluted income (loss) per ordinary share		\$ 0.03	\$	(0.01)
Basic and diluted weighted average number of ordinary shares outstanding		363,641,542		178,301,553

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, 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
Share issuance	50,000,000	10,000,000	-	-	-	10,000,000
Share issuance costs	-	(574,957)	-	-	-	(574,957)
Expiry of performance share units (Note 18e)	-	-	(290,664)	-	290,664	-
Conversion of convertible debentures (Note 16)	10,654,752	1,917,855	-	-	-	1,917,855
Gain for the period	-	-	-	-	10,562,004	10,562,004
Currency translation adjustment	-	-	-	(146,483)	-	(146,483)
Balance at March 31, 2026	404,128,085	110,273,163	23,577,053	(4,214,461)	(90,108,564)	39,527,191

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)

	Notes	For the three months ended March 31, 2026	For the three months ended March 31, 2025
OPERATING ACTIVITIES			
Income (loss) for the period		\$ 10,562,004	\$ (1,613,859)
Items not affecting cash:			
Accretion and accrued interest	10,14,15	357,885	961,902
Depreciation, depletion and amortization	6	1,732,225	1,163,381
Share-based compensation	18	-	12,832
Gain on conversion of convertible debentures		(327,748)	-
Loss on remeasurement of convertible debentures	16	86,097	557,776
Non-cash gain on sale of royalty interest	6	-	(132,998)
Gain on sale of exploration properties	7	(2,397,799)	-
Unrealized foreign exchange (gain) loss		(1,301,944)	151,504
Changes in non-cash working capital items:			
Inventories	5	(134,620)	827,709
Receivables	4	(3,334,981)	523,659
Prepays		(414,784)	231,747
VAT export program - promissory note payable	9	20,367	430,224
Trade and accrued liabilities	8	(505,045)	4,072,488
Income taxes payable		(198,744)	(374,327)
Deferred revenue	17	(213,889)	(190,253)
Other non-current liabilities		-	(236,129)
Net cash provided by continuing operating activities		3,929,024	6,385,656
INVESTING ACTIVITIES			
Exploration and evaluation assets		(51,114)	(25,958)
Sale of mineral interest		-	10,523
Additions to mineral properties, plant and equipment	6	(3,893,013)	(2,705,093)
Purchase of intangible assets		(11,665)	-
Proceeds on disposal of mineral properties, plant and equipment	6	484,819	-
Proceeds on disposal of exploration and evaluation assets	7	1,000,000	-
Interest received on cash deposits		15,510	-
Net cash used in investing activities		(2,455,463)	(2,720,528)
FINANCING ACTIVITIES			
Repayment of copper prepayment	11	(1,154,149)	(1,265,294)
Repayment of loans and borrowings	15	(339,870)	(756,531)
Proceeds from bridge loan and promissory note	13	277,920	-
Repayment of deferred payments on acquisition	10	(441,063)	-
Principal payments on lease liabilities	12	(319,128)	(827,248)
Interest paid on convertible debentures	16	(6,934)	-
Issuance of common shares	18	10,000,000	-
Share issuance costs		(574,957)	-
Net cash provided by (used in) financing activities		7,441,819	(2,849,073)
Effects of exchange rate changes on cash and cash equivalents		57,951	(282,024)
Change in cash during the period		8,973,331	534,031
Cash, beginning of the period		1,680,530	2,859,283
Cash, end of the period		\$ 10,653,861	\$ 3,393,314
Supplementary cash flow information:			
Interest paid		181,888	225,433
Interest received		88,845	16,376
Income taxes paid		-	371,826
Convertible debentures converted into common shares		1,917,855	-
Non-cash additions to mineral properties, plant and equipment		228,018	-

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

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements
(Unaudited, Expressed in Canadian Dollars)
For the three months ended March 31, 2026

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 March 31, 2026, the Company had a working capital deficiency of \$31,875,182 (December 31, 2025 - \$50,709,593). For the three months ended March 31, 2026, the Company recorded a net income of \$10,562,004 (three months ended March 31, 2025 – net loss of \$1,613,859). For the three months ended March 31, 2026, the Company recorded net cash flow from operating activities of \$3,929,024 (three months ending March 31, 2025 – \$6,385,656).

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.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements for the three months ended March 31, 2026 (“Financial Statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) including International Accounting Standard (“IAS”) 34, Interim Financial Reporting. These Financial Statements should be read in conjunction with the annual financial statements for the year ended December 31, 2025, which have been prepared in accordance with IFRS as issued by the IASB.

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

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements
(Unaudited, Expressed in Canadian Dollars)
For the three months ended March 31, 2026

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

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 period presentation. Comparative figures have been reclassified to conform to the current period 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. and ESI Energy Services Inc. is the Canadian dollar. The functional currency 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 Energy Services (Australia) Pty Ltd. is the Australian dollar.

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
BMR US Mining LLC	Resource Exploration	USA
Battery Mineral Resources (US) Corp.	Intermediary Holding Company	USA
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

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.

BATTERY MINERAL RESOURCES CORP.
Notes to Condensed Interim Consolidated Financial Statements
(Unaudited, Expressed in Canadian Dollars)
For the three months ended March 31, 2026

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

Critical estimates, judgments and assumptions

The preparation of these condensed interim 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 period.

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. Areas of judgment that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are disclosed in Note 2 of the Company's annual consolidated financial statements for the year ended December 31, 2025.

Summary of accounting policies

The accounting policies, methods of computation and presentation applied in these condensed interim financial statements are consistent with those in Note 3 of the annual financial statements for the year ended December 31, 2025, except for the adoption of amendments to IAS 1 as further described below.

Adoption of new standards and interpretations

The following new standards and interpretations were adopted by the Company during the year ended December 31, 2025 and the three months ended March 31, 2026.

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 upon adoption as the Company only transacts in exchangeable currencies.

Amendments to IFRS 9 and IFRS 7

On May 30, 2024, the IASB issued amendments to IFRS 9 - Financial Instruments, and IFRS 7, Financial Instruments: Disclosures, relating to the classification and measurement of financial instruments. The amendments clarify the derecognition of financial liabilities settled through electronic payment systems and provide additional guidance regarding the assessment of contractual cash flow characteristics of financial assets. The amendments also introduce additional disclosure requirements for certain financial instruments.

On December 18, 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 relating to nature-dependent electricity contracts. The amendments clarify the application of the own-use exemption and hedge accounting requirements for certain renewable electricity contracts.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early adoption permitted. The Company adopted the amendments effective January 1, 2026. Following assessment, the Company elected to apply the optional exception for derecognition of financial liabilities settled through electronic payment systems, where the applicable criteria are met. The adoption of these amendments did not have a material impact on the Company's condensed interim consolidated financial statements.

BATTERY MINERAL RESOURCES CORP.
Notes to Condensed Interim Consolidated Financial Statements
(Unaudited, Expressed in Canadian Dollars)
For the three months ended March 31, 2026

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

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.

3. INVESTMENTS

As at March 31, 2026, the Company held marketable securities consisting of 4,401,408 common shares of Nord Precious Metals Mining Inc. acquired pursuant to the sale of its 100% interest in the Gowganda mining leases (see Note 7). The shares were valued at \$792,253 upon closing of the transaction on March 31, 2026. The shares are subject to a four-month hold period in accordance with TSX Venture Exchange policies.

4. RECEIVABLES

	March 31, 2026	December 31, 2025
Accounts receivable	\$ 9,739,629	\$ 4,484,216
Finance lease receivable	488,404	302,234
Total	\$ 10,228,033	\$ 4,786,450
Sales or value added tax receivables	1,249,898	3,356,500
Total	\$ 11,477,931	\$ 8,142,950

Included in accounts receivable is an estimated loss allowance of \$67,557 (2025 - \$111,480).

5. INVENTORIES

	March 31, 2026	December 31, 2025
Concentrates	\$ 1,832,192	\$ 2,275,222
Stockpiles	2,656,982	2,188,396
Machinery and spare parts	4,548,587	4,439,524
Total	\$ 9,037,761	\$ 8,903,141

The amount of inventories recognized as cost of sales was \$11,286,408 during the three months ended March 31, 2026 (2025 - \$9,609,302).

BATTERY MINERAL RESOURCES CORP.
Notes to Condensed Interim Consolidated Financial Statements
(Unaudited, Expressed in Canadian Dollars)
For the three months ended March 31, 2026

6. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Land and buildings	Plant, mining equipment and spare parts	Mineral properties	Padding equipment	Office and other equipment	Right-of-use assets	Total
Cost							
At December 31, 2025	\$ 9,473,112	\$ 25,691,495	\$ 19,022,772	\$ 43,903,939	\$ 813,767	\$ 2,181,518	\$ 101,086,603
Additions	-	2,589,721	1,044,805	258,487	-	162,469	4,055,482
Remeasurement of asset retirement obligation	-	65,549	-	-	-	-	65,549
Disposals	(301,419)	-	-	(673,840)	-	-	(975,259)
Foreign currency translation adjustment	156,644	592,427	340,294	636,295	13,834	35,478	1,774,972
At March 31, 2026	\$ 9,328,337	\$ 28,939,192	\$ 20,407,870	\$ 44,124,881	\$ 827,601	\$ 2,379,465	\$ 106,007,347
Accumulated depreciation							
At December 31, 2025	(1,298,782)	(2,324,738)	(2,995,123)	(31,196,339)	(218,227)	(1,790,226)	(39,823,435)
Depreciation and depletion	(35,847)	(40,952)	(853,831)	(529,881)	(54,894)	(211,561)	(1,726,966)
Disposals	-	-	-	490,440	-	-	490,440
Foreign currency translation adjustment	(15,993)	(38,883)	(47,689)	(453,636)	(4,598)	(23,612)	(584,411)
At March 31, 2026	(1,350,622)	(2,404,573)	(3,896,643)	(31,689,416)	(277,720)	(2,025,398)	(41,644,372)
Carrying amounts							
At December 31, 2025	\$ 8,174,330	\$ 23,366,757	\$ 16,027,649	\$ 12,707,600	\$ 595,540	\$ 391,293	\$ 61,263,168
At March 31, 2026	\$ 7,977,716	\$ 26,534,619	\$ 16,511,227	\$ 12,435,465	\$ 549,881	\$ 354,067	\$ 64,362,975

As at March 31, 2026, included in padding equipment were assets under construction with a cost of \$1,262,947 (December 31, 2025 - \$1,194,597). No depreciation was recorded for these assets.

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.

There were no impairment charges to mineral properties, plant and equipment during the three months ended March 31, 2026 and 2025.

BATTERY MINERAL RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements
(Unaudited, Expressed in Canadian Dollars)
For the three months ended March 31, 2026

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

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 between the net present values of the Company's Punitaqui mining operations using cash flow projections prepared with and without the royalty payments. The portion of the cash proceeds received from Electric Royalties that exceeded the carrying value of the mineral interest sold was recognized 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.

During the three months ended March 31, 2026, the Company sold mineral interests in the amount of \$nil (December 31, 2025 - \$160,568) and recorded a gain on the sale of royalty interest of \$nil (2025 - \$126,511).

BATTERY MINERAL RESOURCES CORP.
Notes to Condensed Interim Consolidated Financial Statements
(Unaudited, Expressed in Canadian Dollars)
For the three months ended March 31, 2026

7. EXPLORATION AND EVALUATION ASSETS

	Canadian Cobalt Projects \$	U.S. Cobalt Projects \$	Total \$
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
Additions during the period	33,610	17,504	51,114
Disposal	(1,919,718)	-	(1,919,718)
Currency translation adjustment	-	1,784	1,784
Balance, March 31, 2026	16,546,344	19,288	16,565,632

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

On March 31, 2026, the Company completed the sale of its 100% interest in the Gowganda silver tailings project mining leases in Ontario, Canada to Nord Precious Metals Mining Inc. ("Nord") pursuant to a sale agreement (the "Sale Agreement"). Consideration received consisted of \$1,000,000 in cash, 4,401,408 common shares of Nord (see Note 3), a 3.0% net smelter returns royalty and deferred consideration totaling \$3,750,000, payable in three annual installments of \$1,250,000 commencing on the first anniversary of closing. Up to 50% of each deferred consideration payment may be satisfied in Nord common shares at Nord's election.

Following the sale of the Gowganda mining leases, the Company retained ownership of certain mining claims in the Gowganda project area located in Ontario, Canada. The claims are subject to NSR royalties ranging from 1.0% to 3.0%. The Company also holds buyback rights allowing it to repurchase between 0.5% and 1.0% of certain NSR royalties for payments ranging from \$250,000 to \$1,000,000.

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.

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

United States Cobalt Projects

Bonanza project area, Idaho, USA

In September 2025, the Company relinquished its interest in the Bonanza Project and recorded an impairment charge of \$730,428 during the year ended December 31, 2025. As a result of the relinquishment, the associated NSR royalty and related buyback rights are no longer applicable.

During the three months ended March 31, 2026, the Company staked and registered ten mining claims in the Bonanza cobalt-copper district in Idaho, USA, at a total cost of \$17,204.

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8. TRADE PAYABLES AND ACCRUED LIABILITIES

	March 31, 2026		December 31, 2025	
Trade payables	\$	23,079,513	\$	21,631,535
Accrued liabilities		13,757,366		15,724,304
Total	\$	36,836,879	\$	37,355,839
<hr/>				
Sales or value added tax payable		78,305		-
Total	\$	36,915,184	\$	37,355,839

During the year 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 \$4,181,700 (US\$3,000,000) (December 31, 2025 - \$4,111,800 (US\$3,000,000)) as trade payables and accrued liabilities. The amount remained unpaid as at March 31, 2026. 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 March 31, 2026, the Company had recovered \$1,218,457 (December 31, 2025 – \$1,198,090) 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 increased from \$1,198,090 at December 31, 2025 to \$1,218,457 at March 31, 2026.

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10. DEFERRED PAYMENTS ON ACQUISITION OF PUNITAQUI MINING COMPLEX

	March 31, 2026	December 31, 2025
Deferred payment at beginning of the year	\$ 3,783,930	\$ 5,089,103
Payments during the period	(441,063)	(1,372,064)
Accretion expense	69,639	352,852
Foreign currency translation adjustment	(21,657)	(285,961)
Deferred payments at end of the period	\$ 3,390,848	\$ 3,783,930
Current	(2,735,840)	(3,139,871)
Long-term	655,008	644,059

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 March 31, 2026 was \$3,572,480 (December 31, 2025 - \$4,023,386), while the discounted deferred payments remaining as at March 31, 2026 were \$3,390,848 (December 31, 2025 - \$3,783,930).

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11. COPPER PREPAYMENT LIABILITY

	March 31, 2026	December 31, 2025
Balance at the beginning of the year	\$ 4,900,466	\$ 7,970,689
Accrued interest	107,343	736,561
Prepayment discount	-	(544,194)
Payments during the period	(1,154,149)	(2,927,847)
Foreign currency translation adjustment	83,308	486,194
Balance at the end of the period	\$ 3,936,968	\$ 4,900,466
Current	(3,936,968)	(4,900,466)
Long-term	-	-

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.

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

The Company lease arrangements relating to land and buildings located in Phoenix, Arizona, USA and mining equipment used in the Punitaqui mining operations.

During the three months ended March 31, 2026, the Company recognized additional lease liabilities of \$162,469 relating to mining equipment leases.

The continuity of the Company's total lease liabilities as of March 31, 2026 and December 31, 2025 is as follows:

	March 31, 2026	December 31, 2025
Lease liabilities, beginning of year	\$ 911,979	\$ 3,054,344
Additions	162,469	-
Lease payments	(319,128)	(2,169,488)
Interest expense	24,027	211,621
Foreign currency translation adjustment	(966)	(184,498)
Lease liability, end of the period	\$ 778,381	\$ 911,979
Lease liability - current portion	(695,038)	(709,786)
Lease liability - long-term portion	83,343	202,193

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.

	March 31, 2026	December 31, 2025
Balance at the beginning of the year	\$ 3,812,463	\$ 5,893,929
Addition	277,920	2,514,399
Repayment	-	(4,625,692)
Interest accrued	79,756	344,439
Foreign currency adjustment	67,790	(314,613)
Balance at the end of the period	\$ 4,237,929	\$ 3,812,463

On July 9, 2025, the Company entered into agreements with Weston II and Weston III pursuant to which aggregate indebtedness of US\$2,694,721 was extinguished in exchange for gross revenue royalties totaling 0.8232% on the gross revenues produced by the Punitaqui mining operations. The Company retains buyback rights in respect of the royalties under certain conditions.

Concurrently with closing the transaction, Minera issued an amended and restated promissory note to Weston III in the principal amount of US\$1,491,834, representing the remaining indebtedness not extinguished through the transaction. The amended note bears interest at 8% per annum and matures on October 31, 2026. As at March 31, 2026, the balance of the amended note, including accrued interest, was \$2,243,052 (US\$1,609,192).

During the three months ended March 31, 2026, the Company issued additional promissory notes totaling US\$200,000 to the CEO.

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14. ASSET RETIREMENT OBLIGATION

	March 31, 2026	December 31, 2025
Balance at the beginning of the year	\$ 9,017,664	\$ 8,182,896
Changes in estimates	65,549	(7,975)
Accretion expense	49,353	201,830
Foreign currency translation adjustment	(217,423)	1,044,479
Currency translation adjustment	155,167	(403,566)
Balance at the end of the period	\$ 9,070,311	\$ 9,017,664

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

The estimated undiscounted cash flows required to satisfy the reclamation and closure cost obligation as at March 31, 2026 was \$11,400,509 (UF 191,236) (December 31, 2025 – \$11,678,504 (UF 194,558)). The undiscounted cash flows were discounted using the ten-year Government of Chile Benchmark Bond rate of 2.27% (December 31, 2025 – 2.34%) for bonds issued in Chilean Units of Accounts (UF) to arrive at a discounted liability of \$9,070,311 (UF 152,143) (December 31, 2025 - \$9,017,664 (UF 150,230)).

15. LOANS AND BORROWINGS

	March 31, 2026	December 31, 2025
Fiera loan	\$ 6,060,040	\$ 6,304,042
Other finance agreements	663,765	713,324
Total loans and borrowings	\$ 6,723,805	\$ 7,017,366
Less: current portion	(6,318,809)	(6,554,299)
Long-term portion	404,996	463,067

Fiera Enhanced Private Debt Fund Credit Agreement

	March 31, 2026	December 31, 2025
Balance at the beginning of the year	\$ 6,304,042	\$ 7,178,219
Loan proceeds during the period	-	-
Transaction costs	-	-
Accretion expense	34,801	805,122
Payments during the period	(278,804)	(1,679,299)
Balance at the end of the period	\$ 6,060,040	\$ 6,304,042
Less: current portion	(6,060,040)	(6,304,042)
Long-term portion	-	-

The Fiera Loan is measured at amortized cost and bears a floating interest rate. As at March 31, 2026, the effective interest rate was 8.95%. The fair value of the embedded derivative was determined to be immaterial (December 31, 2025 - immaterial).

As at March 31, 2026, 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 quarter end, the lender indicated its willingness to work with the Company while mutually acceptable remedies are being discussed.

Other finance agreements consist of equipment financing arrangements entered into by the Company's subsidiary, ESI.

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16. CONVERTIBLE DEBENTURES

The Company's convertible debentures bear annual interest at 10% per annum and mature on September 30, 2026. The debentures are convertible into common shares of the Company at a conversion price of US\$0.22 per share. The Company has the right, subject to certain conditions, to prepay the outstanding principal and accrued interest prior to maturity.

The U.S. dollar-denominated conversion feature and prepayment option embedded in the convertible debentures represent embedded derivatives. The Company has designated the convertible debentures as financial liabilities at fair value through profit or loss and remeasures them 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, related parties of the Company, converted their convertible debentures with a fair value of \$32,213,408 into 159,153,035 common shares at \$0.20 per share (see Note 21).

On March 16, 2026, several arm's length holders converted convertible debentures with an aggregate fair value of \$2,245,603 into 10,654,752 common shares at \$0.20 per share.

As at March 31, 2026, the remaining convertible debentures were classified as a current liability and had a fair value of \$354,504 (December 31, 2025 - \$2,505,928).

During the three months ended March 31, 2026, the Company recognized a gain on conversion of convertible debentures of \$327,748 (2025 - \$nil) and a loss on remeasurement of convertible debentures of \$86,097 (2025 - \$557,776).

The carrying amount of the Debentures is as follows:

	March 31, 2026	December 31, 2025
Convertible unsecured subordinated debentures		
Fair value at beginning of the year	\$ 2,505,928	\$ 32,643,225
Conversion of convertible debentures during the period	(1,917,855)	(32,213,408)
Gain on conversion of convertible debentures	(327,748)	-
Interest paid	(6,934)	-
Accrued interest	8,082	3,092,397
Change in fair value	86,097	(1,016,286)
Balance at the end of the period	\$ 347,570	\$ 2,505,928

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	March 31, 2026	March 16, 2026	December 31, 2025	December 23, 2025
			Conversion Date		Conversion Date
The fair value of the New Debentures has been calculated using a lattice binomial model	<i>Observable - Level 3</i>				
	Risk-free rate	2.380%	2.294%	2.310%	2.305%
	Foreign exchange rate (USD:CAD)	1.3939	1.3675	1.3706	1.3705
	<i>Unobservable - Level 3</i>				
	Volatility	196.80%	214.40%	222.50%	216.0%
	Credit spread	10.38%	11.30%	8.94%	8.57%

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For the fair value of the Debenture at March 31, 2026, 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	(1,100)
	Discount rate was 1% lower	1,100
Stock volatility	Stock volatility was 5% higher	-
	Stock volatility was 5% lower	-

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17. DEFERRED REVENUE

	March 31, 2026		December 31, 2025	
Minera BMR SpA	\$	8,342,828	\$	8,585,957
ESI		518,596		489,356
Total deferred revenue	\$	8,861,424	\$	9,075,313

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.

18. SHARE CAPITAL

a) Authorized share capital

The Company has authorized share capital of unlimited common shares without par value. As of March 31, 2026, the Company has 404,128,085 (December 31, 2025 – 343,473,333) shares issued and outstanding.

b) Share issuances

During the three months ended March 31, 2026, the Company:

- i. Issued 10,654,752 common shares that were related to the conversion of convertible debentures.
- ii. Issued 50,000,000 common shares that were related to a private placement.

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)

c) Restricted stock units ("RSUs")

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 three months ended March 31, 2026, the Company issued no new units of RSUs (December 31, 2025 - nil) to its officers and employees. The RSU expense for the three months ended March 31, 2026, was \$nil (December 31, 2025 - \$8,555). During the period, no RSU holders departed from the Company and no vested units were exercised.

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

c) Restricted stock units (cont'd...)

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

	RSU (Units)
Outstanding at December 31, 2024	3,358,333
Exercised	(3,291,668)
Outstanding and exercisable at March 31, 2026 and December 31, 2025	66,665

The weighted average share price at the date of exercise during the period was \$0.13 (2025 - \$0.13) with a weighted average remaining life of 3.76 years.

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, 2024	8,090,499	0.78
Forfeited	(4,503,833)	0.76
Outstanding at March 31, 2026 and 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 three months ended March 31, 2026, was \$nil (March 31, 2025 - \$7,255). There were no options forfeited or exercised during the period (March 31, 2025 - nil). There were no new options granted during the three months period ended March 31, 2026 and 2025.

As of March 31, 2026, the Company had outstanding and exercisable stock options as follows:

	Options outstanding				Options exercisable			
	Price	Number outstanding	Weighted- average remaining contractual life (years)	Weighted- average exercise price	Weighted- average Fair Value	Number exercisable	Weighted- average remaining contractual life (years)	Weighted-average exercise price
	\$0.85	2,000,000	3.01	0.85	0.41	2,000,000	3.01	0.85
	\$0.75	250,000	0.59	0.75	0.25	250,000	0.59	0.75
	\$0.65	166,666	3.76	0.65	0.29	166,666	3.76	0.65
	\$0.65	75,000	3.76	0.65	0.29	75,000	3.76	0.65
	\$0.65	1,095,000	3.94	0.65	0.24	1,095,000	3.94	0.65
		3,586,666	3.18	0.77	0.34	3,586,666	3.18	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 grant date. All 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 vested upon the Company’s closing share price reaching or exceeding \$0.50 on any trading day during the performance period from March 30, 2023 to March 30, 2026. The fair value and expected vesting period of the PSUs were determined using a Monte Carlo simulation model at the grant date.

As the performance conditions were not achieved during the performance period, no PSUs vested or became exercisable. Accordingly, all outstanding PSUs expired unvested on March 30, 2026. During the three months ended March 31, 2026, the Company transferred the fair value previously recognized in contributed surplus relating to the expired PSUs of \$290,664 to retained earnings.

The total PSU expense for the three months ended March 31, 2026 was \$nil (2025 - \$nil). No PSUs vested during the three months ended March 31, 2026 (2025 - nil).

Movements in the number of PSUs outstanding are as follows:

	PSU Units
Outstanding at December 31, 2024	1,960,000
Forfeited	(700,000)
Outstanding at December 31, 2025	1,260,000
Expired	(1,260,000)
Outstanding at March 31, 2026	-

19. REVENUE

	Three months ending ending March 31,	
	2026	2025
Minera BMR SpA		
Revenue from copper concentrate	\$ 21,302,396	\$ 13,493,086
Total Minera BMR SpA	\$ 21,302,396	\$ 13,493,086
ESI		
Revenue from machine rental	3,734,229	2,344,807
Revenue from machine sales	2,626,420	1,868,710
Revenue from spart part sales and services	962,752	677,547
Total ESI	\$ 7,323,401	\$ 4,891,064
Total	\$ 28,625,797	\$ 18,384,150

20. FINANCE COSTS AND OTHER INCOME

	March 31, 2026	March 31, 2025
Finance costs	\$ (634,941)	\$ (820,587)
Other income	53,191	15,048
Total	\$ (581,750)	\$ (805,539)

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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 period accruals. The aggregate compensation paid or payable to key management personnel for the quarters ended March 31, 2026 and 2025 is as follows:

		March 31, 2026	March 31, 2025
Director fees	\$	-	\$ 85,493
Management fees		328,680	1,021,345
Share-based compensation		-	12,832
Total	\$	328,680	\$ 1,119,670

Other related party transactions

During the three months ended March 31, 2026 and 2025, the Company entered into related party transactions involving promissory notes (see Note 13), convertible debentures (see Note 16) and the sale of royalty interests (see Notes 6 and 13).

As of March 31, 2026, included in trade payables and accrued liabilities was \$91,554 (December 31, 2025 - \$362,449) 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	March 31, 2026			Total Fair Value
		Level 1	Level 2	Level 3	
Convertible debenture	354,504	-	-	354,504	354,504
Marketable securities	792,253	792,253	-	-	792,253
	1,146,757	792,253	-	354,504	1,146,757

	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

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 March 31, 2026 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 \$3,027,549.

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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:

March 31, 2026	US\$ \$	CLP \$	Equivalent CAD \$
Cash	(3,782)	(667,639,484)	(1,004,255)
Trade payables and accrued liabilities	(67,196)	(18,591,984,083)	(27,917,969)
Convertible debentures	(249,351)	-	(347,570)
Promissory notes	(721,495)	-	(1,005,692)
Net exposure	1,041,824	19,259,623,567	30,275,486

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 March 31, 2026	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%	1.90%	6.60%	15.00%	
Gross carrying amount (\$)	2,234,341	1,076,294	338,664	30,971	3,680,269
Loss allowance (\$)	20,109	20,450	22,352	4,646	67,557

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

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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 March 31, 2026 reconciles to the opening loss allowance on January 1, 2026 as follows:

Loss allowance as at January 1, 2026	\$	111,480
Increase (decrease) in provision for trade receivables during the period		(43,923)
Loss allowance as at March 31, 2026	\$	67,557

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 income/(loss) of approximately \$99,970 for the period ended March 31, 2026 (December 31, 2025 – \$112,045), 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 March 31, 2026, were as follows:

	year 1	year 2	year 3	year 4	> 4 years	Total
	\$	\$	\$	\$	\$	\$
Loans and borrowings	6,318,809	192,910	111,799	74,054	26,234	6,723,806
Trade payables and accrued liabilities	36,915,184	-	-	-	-	36,915,184
Income tax payables	301,818	-	-	-	-	301,818
Deferred revenue	8,861,424	-	-	-	-	8,861,424
Finance lease	345,592	205,630	-	-	-	551,222
Copper prepayment liability	3,936,968	-	-	-	-	3,936,968
Asset retirement obligation - liability	212,019	6,312	6,312	119,647	10,271,757	10,616,047
VAT export program - promissory note payable	1,218,457	-	-	-	-	1,218,457
Lease liabilities	805,354	321,787	123,995	79,664	26,695	1,357,495
Deferred payments on acquisition	2,735,840	655,008	-	-	-	3,390,848
Promissory note	4,237,929	-	-	-	-	4,237,929
Convertible debenture	347,570	-	-	-	-	347,570
Total	66,236,964	1,381,647	242,107	273,365	10,324,686	78,458,769

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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 March 31, 2026, the spot London Metals Exchange copper price was US\$12,160 per tonne. A 10% change in copper prices would result in an increase (decrease) of approximately \$556,348 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 March 31, 2026, the total capital held by the Company is \$54,773,463 (December 31, 2025 - \$36,412,776). 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 period ended March 31, 2026.

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 \$4,181,700 (US\$3,000,000) as trade payables and accrued liabilities. The amount remained unpaid as at March 31, 2026.

The remaining milestone payments are contingent upon the achievement of future production thresholds and have not been recognized as liabilities as at March 31, 2026, 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 period ended March 31, 2026, 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 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.

At 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

At March 31, 2026	Equipment Manufacturing	Exploration and Evaluation		Mining	Corporate	Total
		Canada	USA	Chile		
Exploration and evaluation	-	16,546,344	19,288	-	-	16,565,632
Mineral properties, plant and equipment	-	-	-	64,362,975	-	64,362,975
Total assets	22,131,333	19,965,638	19,288	65,654,494	8,586,287	116,357,041
Total liabilities	10,974,461	-	-	61,824,416	4,030,973	76,829,850

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

For the three months ended March 31, 2025	Equipment Manufacturing	Exploration and Evaluation		Mining	Corporate	Total
		Canada	USA	Chile		
Revenue	4,891,064	-	-	13,493,086	-	18,384,150
Cost of sales	(2,703,006)	-	-	(9,609,302)	-	(12,312,308)
Depreciation, depletion and amortization	(697,872)	-	-	(465,520)	-	(1,163,392)
Gross profit	1,490,186	-	-	3,418,264	-	4,908,450
Salaries and benefits	-	-	-	(299,394)	-	(299,394)
General and administration	(666,799)	-	(9,688)	(3,067,374)	(172)	(3,744,033)
Share-based compensation	-	-	-	-	(12,832)	(12,832)
Loss from operations	823,387	-	(9,688)	51,496	(13,004)	852,191
Foreign exchange (loss) gain	7,565	-	-	(1,243,298)	-	(1,235,733)
Finance costs and other income	(252,528)	-	-	(549,757)	(3,254)	(805,539)
Gain on sale of royalty interest	-	-	-	132,998	-	132,998
Loss on remeasurement of convertible debenture	-	-	-	-	(557,776)	(557,776)
Gain (loss) for the year from continuing operations	578,424	-	(9,688)	(1,608,561)	(574,034)	(1,613,859)
Income tax expense	-	-	-	-	-	-
Cumulative translation adjustment	(16,191)	-	671	(266,556)	-	(282,077)
Comprehensive income (loss) for the year	562,233	-	(9,017)	(1,875,117)	(574,034)	(1,895,935)

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

For the three months ended March 31, 2026	Equipment Manufacturing	Exploration and Evaluation		Mining	Corporate	Total
		Canada	USA	Chile		
Revenue	7,323,403	-	-	21,302,395	-	28,625,797
Cost of sales	(2,885,826)	-	-	(9,797,382)	-	(12,683,207)
Depreciation, depletion and amortization	(591,714)	-	-	(1,140,511)	-	(1,732,225)
Gross profit	3,845,863	-	-	10,364,503	-	14,210,365
Salaries and benefits	(826,547)	-	-	(1,056,168)	(110,117)	(1,992,832)
General and administration	(797,002)	(475)	(160)	(2,009,253)	(415,282)	(3,222,172)
Share-based compensation	-	-	-	-	-	-
Loss from operations	2,222,313	(475)	(160)	7,299,081	(525,398)	8,995,361
Foreign exchange (loss) gain	(117,606)	-	-	(405,478)	(20,396)	(543,479)
Finance costs and other income	(155,326)	-	-	(361,698)	(64,726)	(581,750)
Gain on sale of royalty interest	-	-	-	-	-	-
Loss on remeasurement of convertible debentures	-	-	-	-	(33,675)	(33,675)
Gain on conversion of convertible debentures	-	-	-	-	327,748	327,748
Gain on sale of exploration assets	-	2,397,799	-	-	-	2,397,799
Gain (loss) for the year from continuing operations	1,949,381	2,397,324	(160)	6,531,905	(316,447)	10,562,004
Cumulative translation adjustment	399,625	-	(508)	(515,688)	(29,912)	(146,483)
Comprehensive income (loss) for the period	2,349,006	2,397,324	(668)	6,016,217	(346,359)	10,415,521

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25. SUBSEQUENT EVENTS

Non-brokered private placements

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, 2026, the Company closed the first tranche of the Second LIFE Offering, issuing 2,258,235 common shares for gross proceeds of \$451,647. On May 7, 2026, the Company closed the second tranche, issuing 3,000,000 common shares for gross proceeds of \$600,000. On May 29, 2026, the Company closed the third and final tranche, issuing 8,542,030 common for gross proceeds of \$1,708,406.

In aggregate, the Company issued 13,800,265 common shares pursuant to the Second LIFE Offering for total gross proceeds of \$2,760,053.