



**Condensed Consolidated Interim Financial Statements**

**For the Three Months Ended August 31, 2024 and August 31, 2023**

**(Unaudited – Prepared by Management)**

(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF  
INTERIM FINANCIAL STATEMENTS**

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

7

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**NEO Battery Materials Ltd.**  
**Condensed Consolidated Interim Statements of Financial Position**  
(Unaudited - Expressed in Canadian Dollars)

<b>Assets</b>	<b>August 31, 2024</b>	<b>February 28, 2024</b>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 110,574	\$ 941,976
Prepaid expenses (Note 6)	103,185	154,717
Sales tax and other receivables (Note 5)	13,185	23,595
	<b>227,147</b>	<b>1,120,288</b>
<b>Non-Current Assets:</b>		
Tangible Assets (Note 7)	714,678	819,244
Intangible assets (Note 8)	58,069	55,439
Prepaid expenses – long term (Note 6)	756,377	762,401
Right-of-use asset (Note 9)	167,841	196,436
<b>Total Assets</b>	<b>\$ 1,924,112</b>	<b>\$ 2,953,808</b>
<b>Liabilities and Equity</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities (Note 11)	\$ 483,293	\$ 509,681
Lease liability – current portion (Note 9)	45,128	48,675
	<b>528,421</b>	<b>555,356</b>
Lease liability – long term (Note 9)	146,074	167,071
<b>Total Liabilities</b>	<b>674,495</b>	<b>725,427</b>
<b>Shareholders' Equity:</b>		
Share capital (Note 12)	26,102,360	26,060,019
Reserves (Note 12)	9,514,004	8,891,949
Accumulated other comprehensive income	42,794	54,082
Deficit	(34,254,880)	(32,949,382)
	<b>1,404,278</b>	<b>2,056,668</b>
Non-controlling interest ("NCI") (Note 4)	(154,661)	171,713
<b>Total Shareholders' Equity</b>	<b>1,249,617</b>	<b>2,228,381</b>
<b>Total Liabilities and Equity</b>	<b>\$ 1,924,112</b>	<b>\$ 2,953,808</b>

**Nature of Operations and Going Concern** (Note 1)

**Contingency** (Note 15)

**Subsequent Events** (Note 16)

Approved by the Board of Directors on October 30, 2024:

"Spencer Sung Bum Huh" \_\_\_\_\_, Director

"Larry Okada" \_\_\_\_\_, Director

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

## NEO Battery Materials Ltd.

### Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

	For the Three Months Ended August 31		For the Six Months Ended August 31,	
	2024	2023	2024	2023
<b>Expenses</b>				
Amortization and depreciation (Note 7 & 8)	\$ 55,435	\$ 39,394	\$ 110,973	\$ 75,062
Amortization of ROU asset (Note 9)	13,562	2,083	27,213	2,083
Advertising and marketing	3,312	652	29,244	14,340
Consulting and management fees (Note 13)	131,477	194,226	273,922	314,661
Corporate listing and filing fees	6,510	53,793	12,050	59,083
Investor relations	21,120	21,660	49,148	32,862
Office and general	9,904	6,327	27,622	29,229
Payroll expenses	115,183	203,435	224,994	409,564
Professional fees (Note 13)	50,704	45,310	127,772	116,352
Rent (non-lease portion)	17,642	22,480	37,368	43,254
Research and development	24,536	25,342	45,240	86,963
Stock-based compensation (Note 12)	6,140	--	632,396	-
Travel	3,036	46,885	17,387	88,044
<b>Loss from operations</b>	<b>(458,561)</b>	<b>(661,587)</b>	<b>(1,615,329)</b>	<b>(1,271,497)</b>
<b>Other income (expenses)</b>				
Interest and miscellaneous income	8	270	952	753
Interest expense – lease (Note 9)	(7,427)	(599)	(15,337)	(599)
Loss on foreign exchange	(1,808)	(1,086)	(1,847)	(11,249)
Unrealized gain (loss) on marketable securities	-	10	-	(2,583)
Write-off of debt	-	517	-	2,580
<b>Total other income (expenses)</b>	<b>(9,227)</b>	<b>(888)</b>	<b>(16,232)</b>	<b>(11,098)</b>
<b>Net loss for the period before taxes</b>	<b>(467,788)</b>	<b>(662,475)</b>	<b>(1,631,561)</b>	<b>(1,282,595)</b>
Current income tax	(311)	-	(311)	-
<b>Net loss for the period</b>	<b>(469,099)</b>	<b>(662,475)</b>	<b>(1,631,872)</b>	<b>(1,282,595)</b>
Foreign currency translation (expense)	(36,792)	-	11,288	-
<b>Comprehensive loss for the period</b>	<b>\$ (431,307)</b>	<b>\$ (662,475)</b>	<b>\$ (1,643,160)</b>	<b>\$ (1,282,595)</b>
<b>Net loss attributable to</b>				
Controlling equity holders of the Company	(374,479)	(468,371)	(1,305,498)	(911,185)
Non-controlling interest (Note 4)	(93,620)	(194,104)	(326,374)	(371,410)
	<b>(468,099)</b>	<b>(662,475)</b>	<b>(1,631,872)</b>	<b>(1,282,595)</b>
Loss per share attributable to controlling equity holders of the Company:				
Basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	115,657,506	101,135,863	115,583,593	101,037,856

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

**NEO Battery Materials Ltd.**  
**Condensed Consolidated Interim Statements of Cash Flows**

*(Unaudited - Expressed in Canadian Dollars)*

	<b>For Six Months Ended</b>	
	<b>August 31, 2024</b>	<b>August 31, 2023</b>
<b>Operating Activities:</b>		
Net loss for the period	\$ (1,631,872)	\$ (1,282,595)
Adjustment for items which do not involve cash:		
Amortization (Note 7 & 8)	110,973	75,062
Amortization of ROU asset (Note 9)	27,213	2,083
Interest expense – lease liability (Note 9)	15,337	599
Unrealized loss on marketable securities	-	2,583
Stock-based compensation	632,396	-
Income tax expense	311	-
Changes in non-cash working capital components:		
Accounts payable and accrued liabilities	(26,699)	180,829
Prepaid expenses	57,556	14,262
Sales tax and other receivables	10,207	776
	<b>(804,578)</b>	<b>(1,006,401)</b>
<b>Investing Activities:</b>		
Additions to equipment and furniture	(10,014)	(152,064)
Additions to intangible assets	(4,744)	(2,461)
	<b>(14,758)</b>	<b>(154,525)</b>
<b>Financing Activities:</b>		
Exercise of warrants	32,000	32,000
Exercise of options	-	10,000
Principal portion of lease liability	(38,419)	(2,821)
	<b>(6,419)</b>	<b>39,179</b>
Effect of exchange rate changes on cash	(5,647)	-
Net changes in cash and cash equivalents	<b>(825,755)</b>	<b>(1,121,747)</b>
Cash and cash equivalents - beginning of the period	941,976	1,626,408
<b>Cash and cash equivalents - end of the period</b>	<b>\$ 110,574</b>	<b>\$ 504,661</b>

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

## NEO Battery Materials Ltd.

Condensed Consolidated Interim Statements of Changes in Equity

For the Three Months Ended August 31, 2024 and August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

	SHARE CAPITAL		RESERVES	ACCUMULATED	ACCUMULATED	TOTAL FOR	NON-	TOTAL EQUITY
	SHARES	AMOUNT		OTHER			CONTROLLING	
		\$	\$	LOSS ("AOCL")	DEFICIT	OWNER	INTEREST	\$
Balance – February 28, 2023	100,803,979	22,838,207	7,605,731	(213,523)	(28,339,456)	1,890,959	1,057,657	2,948,616
Exercise of stock options	166,667	19,933	(9,933)	-	-	10,000	-	10,000
Exercise of stock warrants	200,000	42,340	(10,340)	-	-	32,000	-	332,000
Net loss for the period	-	-	-	-	(911,185)	(911,185)	(371,410)	(1,282,595)
Balance - August 31, 2023	101,170,646	22,900,480	7,585,458	(213,523)	(29,250,641)	1,448,183	686,247	1,708,021
Balance – February 29, 2024	115,457,506	26,060,019	8,891,949	54,082	(32,949,382)	2,056,668	171,713	2,228,381
Exercise of stock warrants (Note 12)	200,000	42,341	(10,341)	-	-	32,000	-	32,000
Stock options compensation (Note 12)			632,396			632,396		632,396
Foreign currency translation				(11,288)		(11,288)		(11,288)
Net loss for the period	-	-	-	-	(1,305,498)	(1,305,498)	(326,374)	(1,631,872)
Balance - August 31, 2024	115,657,506	26,102,360	9,514,004	42,794	(34,254,880)	1,404,278	(154,661)	1,249,617

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

# NEO Battery Materials Ltd.

## Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended August 31, 2024 and August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

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### 1. Nature of Operations and Going Concern

NEO Battery Materials Ltd. (the “Company” or “NEO Battery”) is a publicly listed company incorporated under the Business Corporations Act of Ontario. The Company is listed on the TSX Venture Exchange (“TSX.V” or the “Exchange”) under the symbol “NBM”. The Company focuses on developing silicon anode materials for lithium-ion batteries in electric vehicles, electronics, and energy storage systems.

In the most recent Annual and Special Meeting dated on February 21, 2023, the Company’s shareholder approved the Continuation out of the Company from British Columbia to Ontario. The head office, principal address of the Company is located at 10<sup>th</sup> Floor – 4711 Yonge Street, Toronto, Ontario, Canada, M2N 6K8. The Company’s registered address is TD North, 77 King St W tower suite 700, Toronto, ON M5K 1G8.

On April 13, 2022, the Company commenced a “Change of Business” (the “COB”) application with the Exchange. In the past, the Company was a Vancouver-based junior resource company with exploration in North America. The Company deems that a classification to a Tier 2 Technology issuer on the Exchange instead of a Junior Mineral Exploration and Mining issuer will better reflect the Company’s long-term goal and serve its shareholders’ best interests. On December 27, 2023, the Company filed the Filing Statement for COB that prepared in accordance with Exchange’s policy 5.2. On January 9, 2024, the Exchange accepted COB filing application; and effective on January 11, 2024, the common shares of the Company resumed trading on Exchange.

The Company’s ability to continue as a going concern is highly dependent upon its ability to obtain the financing necessary to continue operations. The key risk to the Company’s sustainability is securing funding for its research and development activities, and commercial plant construction in the near term. The Company’s operation is highly influenced by the capital market environment, supply chain, inflation, geographic stability, and global business environment in general.

These consolidated financial statements have been prepared based on accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to continue operations. These material uncertainties may cast a significant doubt on the validity of this assumption. As at August 31, 2024, the Company had an accumulated deficit of \$32,949,382 (February 29, 2024 - \$30,108,603), a net loss for the period ended August 31, 2024 of \$1,631,872 (August 31, 2023 - \$1,282,595) and a negative working capital of \$301,274 (February 28, 2024 – working capital of \$561,932).

If the going concern assumption is not appropriate for these consolidated financial statements, adjustments could be necessary in the carrying values of assets, liabilities, reported income and expenses and the statement of financial position classifications used. Such adjustments could be material.

### 2. Basis of Preparation

#### *Statement of Compliance*

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended February 29, 2024.

**NEO Battery Materials Ltd.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Three Months Ended August 31, 2024 and August 31, 2023**  
*(Unaudited - Expressed in Canadian Dollars)*

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**2. Basis of Preparation - continued**

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on October 30, 2024.

*Basis of Presentation and Consolidation*

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Control is based on whether an investor has power over the investee and the ability to use its power over the investee to affect the amount of the returns.

Where the Company's interest is less than 100%, the interest attributable to outside shareholders is reflected in non-controlling interest. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Non-controlling interests consist of the amount of those interests at the date that the Company's interest dropped below 100% and the non-controlling interests' share of changes in equity since that date.

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled directly by the Company being Neo Battery Material Korea Co ("Korea Co") and NEO Battery Materials America, LLC. All significant intercompany transactions and balances have been eliminated for consolidation purpose.

The current non-controlling interest represents a 20% interest in Neo Battery Material Korea Co (Note 4).

*Critical Accounting Estimates and Judgements*

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The incremental rate of borrowing used in the measurement of the lease liability was based on estimated interest rate the Company would borrow at from arm's-length third parties as at the dates of adopting IFRS 16 and entering into its current long-term office lease.
- ii) The inputs used in accounting for stock-based compensation expense included in profit or loss calculated using the Black-Scholes option pricing model.
- iii) The recognition of deferred tax assets based on the change in unrecognized deductible temporary tax differences.
- iv) Management uses judgement to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgement to assess the likelihood of occurrence of one or more future events.

# NEO Battery Materials Ltd.

## Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended August 31, 2024 and August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

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### 2. Basis of Preparation – *continued*

- v) The assessment of the Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

### 3. Summary of Material Accounting Policies

The material accounting policies used in the preparation of these annual consolidated financial statements are as follows:

#### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and guaranteed investment certificates ("GIC") which are either cashable or with original maturities of three months or less.

#### Short-term Investments

The Company classifies all its investments with maturities of less than one year as short-term investments.

#### Tangible Assets and Right-of-use Assets

Property and equipment are recorded at cost less accumulated depreciation and net accumulated impairment losses. Property and equipment are depreciated on a straight-line basis over their expected useful lives to their estimated residual value. The annual depreciation/amortization rates are as follows:

Laboratory equipment	5 years
Furniture, fixture and other	5 years
Vehicle	5 years
Right-of-use assets	Over the terms of leases

#### Research and Development

All research costs are expensed in the period incurred. Development costs are expensed in the period incurred, unless they meet the criteria for capitalization, in which case they are capitalized and amortized over the useful life. Development costs are written off when there is no longer an expectation of future benefits. No development costs have been capitalized to date, as there is no certainty whether future economic benefits could be attributed to these development costs through future commercialization of the battery development activities that are currently being undertaken.

#### Impairment of Non-Current Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

## **NEO Battery Materials Ltd.**

### **Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended August 31, 2024 and August 31, 2023**

*(Unaudited - Expressed in Canadian Dollars)*

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#### **3. Summary of Material Accounting Policies – continued**

##### **Intangible Assets**

Intangible assets with finite lives are measured at cost less accumulated amortization and impairment losses. These intangible assets are amortized on a straight-line basis over their estimated useful lives. Useful lives, residual values, and amortization methods for intangible assets with finite useful lives are reviewed at least annually.

The patents classified as intangible assets are being amortized over their useful lives, being 16 or 17 years.

The trademark classified as an intangible asset is being amortized over its useful life, being 15 or 16 years.

Indefinite life intangible assets are measured at cost less any impairment charges. These intangible assets are tested for impairment on an annual basis or more frequently if there are indicators that the intangible assets may be impaired.

##### **Share Capital**

The Company records in share capital proceeds from share issuances, net of issue costs and any tax effects. Stock options and other equity instruments issued as purchase consideration in non-monetary transactions are recorded at fair value determined by management using the Black-Scholes option pricing model. Proceeds from private placements are allocated between shares and warrants issued according to their relative fair value.

##### **Share-based Payments**

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Where awards are forfeited because non-market based vesting conditions are not satisfied, the expense previously recognized is proportionately reversed in the period the forfeiture occurs.

##### **Loss Per Share**

Loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. Under this method, the weighted average number of common shares used to calculate the dilutive effect in the statement of loss and comprehensive loss assumes that the proceeds that could be obtained upon exercise of options, warrants and similar instruments would be used to purchase common shares at the average market price during the period. In periods where a net loss is incurred, basic and diluted loss per share is the same as the effect of outstanding stock options and warrants would be anti-dilutive.

##### **Foreign Currency Translation**

The functional currency and, unless otherwise indicated, the presentation currency of the Company is the Canadian ("CAD") Dollar. The Company has operations in South Korea. The functional currency of its Korea subsidiary is South Korean Won ("KRW").

# NEO Battery Materials Ltd.

## Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended August 31, 2024 and August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

### 3. Summary of Material Accounting Policies – *continued*

Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date.

Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the initial transaction. Non-monetary items that are measured at fair values are reported at the exchange rate on the date when fair values are determined. Foreign currency translation differences are recognized in profit or loss, except for differences on the translation of foreign entities to reporting currency on consolidation, which are recognized in other comprehensive loss.

On consolidation, the assets and liabilities of entities are translated into the reporting currency at the rate of exchange at the reporting date and the consolidated statement of loss and comprehensive loss are translated at the average exchange rates for the period. The exchange differences arising on translation for consolidation purposes are recognized in other comprehensive loss.

#### Financial Instruments

The following is the Company's accounting policy for financial instruments:

##### (a) *Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company's financial instruments are classified and subsequently measured as follows:

<u>Financial assets/liabilities</u>	<u>Classification</u>
Cash and cash equivalents	FVTPL
Marketable securities	FVTPL
Accounts payable and accrued liabilities	Amortized cost

##### (b) *Measurement*

###### Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently measured at amortized cost using the effective interest method.

## NEO Battery Materials Ltd.

### Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended August 31, 2024 and August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

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#### 3. Summary of Material Accounting Policies – *continued*

##### Financial Instruments – *continued*

###### Financial assets and liabilities at FVTPL

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

###### Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are recycled to an equity account on derecognition.

##### *(c) Impairment of financial assets at amortized cost*

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

##### *(d) De-recognition*

###### Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

###### Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on de-recognition are recognized in profit or loss, with the exception of equity investments measured at FVTOCI which are recycled to an equity account.

##### **Leases**

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases.

## NEO Battery Materials Ltd.

### Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended August 31, 2024 and August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

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#### 3. Summary of Material Accounting Policies - *continued*

##### Leases - *continued*

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from the use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains multiple lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. It is remeasured (with a corresponding adjustment to the related right-of-use asset) when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

##### Recent Accounting Pronouncements

A number of new standards, and amendments to standards and interpretations, were not yet effective for the period ended August 31, 2024 and have not been early adopted in preparing these condensed consolidated interim financial statements. These new standards, and amendments to standards and interpretations were either not applicable or are not expected to have material impact on the company's consolidated financial statements.

## NEO Battery Materials Ltd.

### Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended August 31, 2024 and August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

#### 4. Non-controlling Interest

On July 1, 2022, Neo Battery Materials Korea Co, a wholly-owned subsidiary of the Company, entered into an Investment Agreement with Automobile & PCB Inc. ("A&P"). Under the terms of Investment Agreement, Korea Co issued 517,657 common shares to A&P at a price of KRW5,796 per common share for aggregate gross proceeds of KRW2,999,820,383 (equivalent to CAD \$2,978,822). Upon closing of the Investment Agreement, A&P acquired 40% of the issued and outstanding common shares of Korea Co, leaving the Company with a 60% ownership interest in Korea Co on an issued and outstanding basis.

The Company controls and therefore includes the accounts of NEO Korea Co in these consolidated financial statements. A non-controlling interest ("NCI") of \$1,363,322 was recognized as being equal to 40% of the net assets of NEO Korea Co immediately after completion of the Investment Agreement. As funds are expended by NEO Korea Co, it is anticipated that losses will arise in that entity, which will reduce the collective NCI amount, recorded within equity, by its pro-rata share of such losses. The Company's share of such losses would be included within its expenses on a consolidated basis. Likewise on a consolidated basis the losses of NEO Korea Co attributable to the NCI would reduce the Company's reported loss.

On January 29, 2024, the Company entered Purchase Agreement with A&P. Upon the terms of Purchase Agreement, the Company acquired 258,829 issued and outstanding shares of Korea Co, at a price of KRW6,491 per share (CAD\$6.60 per share), for aggregate purchase price of KWR1,680,059,039 (equivalent to \$1,708,707). Upon closing of Purchase Agreement, the Company holds 1,035,316 common shares of the Korea Co, representing 80% of the ownership in Korea Co, and A&P holds the remaining 20% of Korea Co.

As at August 31, 2024, the details of the NCI movement are as follows:

Non-controlling interest as at February 28, 2023	\$	1,057,657
Net loss of NEO Korea Co attributable to the non-controlling interest (40%) prior to execution of Purchase Agreement (March 1, 2023 – January 29, 2024)		(639,072)
Non-controlling interest prior to the execution of Purchase Agreement		418,585
<b>Adjustment for NCI</b>		
Consideration of acquiring 20% in net asset		(1,708,707)
Indicating a gain on selling 20% net asset for NCI party		1,489,964
		(218,743)
Non-controlling interest value – immediately after execution of acquisition of 20% as at January 29, 2024		199,842
Net loss of NEO Korea Co attributable to the non-controlling interest (20%) (January 30 – February 29, 2024)		(28,129)
Non-controlling interest as at February 29, 2024	\$	171,713
Net loss of NEO Korea Co attributable to the non-controlling interest (20%) (March 1 – August 31, 2024)		(326,374)
Non-controlling interest as at August 31, 2024	\$	<b>(154,661)</b>

#### 5. Sales Tax and Other Receivables

As at August 31, 2024, the balance of sales tax (GST & VAT) is \$13,388 (February 29, 2024 - \$23,595).

## NEO Battery Materials Ltd.

### Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended August 31, 2024 and August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

#### 6. Prepaid Expenses

	August 31, 2024 (\$)	February 29, 2024 (\$)
Prepaid Expenses - current		
Insurance	3,733	4,463
Rent	81,292	119,945
Vendors	18,292	30,309
Short-term prepaid	103,185	154,717
Prepaid Expenses – long term		
Insurance – long term (a)	19,582	21,229
Vendors (b)	736,795	741,172
Long-term prepaid	756,377	762,401
<b>Total</b>	<b>859,562</b>	<b>917,118</b>

(a) Includes an insurance payment made to guarantee the deposit held for building the Company's commercial plant in South Korea for the period from March 1, 2024 to February 28, 2032.

(b) Includes payments made to building and process design fees for the Company's commercial plant in South Korea. Construction of the Company's commercial plant has not yet begun.

#### 7. Tangible Assets

	Equipment		Furniture & Fixture		Vehicle		Total
<b>Cost:</b>							
February 28, 2023		662,817		3,134		-	665,951
Additions		232,715		185,549		19,579	437,843
Foreign exchange effect		(7,070)		(176)		(285)	(7,531)
February 29, 2024	\$	888,462	\$	188,507	\$	19,294	\$ 1,096,263
Additions		4,040		5,976		-	10,016
Foreign exchange effect		(5,246)		(1,113)		(114)	(6,473)
<b>August 31, 2024</b>	<b>\$</b>	<b>887,256</b>	<b>\$</b>	<b>193,370</b>	<b>\$</b>	<b>19,180</b>	<b>\$ 1,099,806</b>
<b>Accumulated Depreciation:</b>							
February 28, 2023		(110,881)		(627)		-	(111,508)
Additions		(160,941)		(4,934)		(2,919)	(168,794)
Foreign exchange effect		3,181		77		25	3,283
February 29, 2024	\$	(268,641)	\$	(5,484)	\$	(2,894)	\$ (277,019)
Additions		(87,876)		(19,082)		(1,903)	(108,861)
Foreign exchange effect		873		(123)		2	752
<b>August 31, 2024</b>	<b>\$</b>	<b>(355,644)</b>	<b>\$</b>	<b>(24,689)</b>	<b>\$</b>	<b>(4,795)</b>	<b>\$ (385,128)</b>
<b>Net Book Value:</b>							
February 28, 2023		551,936		2,507		-	554,443
February 29, 2024	\$	619,821	\$	183,023	\$	16,400	\$ 819,244
<b>August 31, 2024</b>		<b>531,612</b>		<b>168,681</b>		<b>14,385</b>	<b>714,678</b>

## NEO Battery Materials Ltd.

### Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended August 31, 2024 and August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

#### 8. Intangible Assets

As at August 31, 2024, the Company has been issued or has pending twelve intellectual property rights including patents and trademarks. For the purpose of calculating amortization, the intangible assets are being amortized over periods ranging from 15 to 17 years.

The net book value of the Company's intangible assets is as follows:

		Patents		Trademark		Total
<b>Cost:</b>						
February 28, 2023		60,095		1,472		61,567
Additions		2,885		1,054		3,939
February 29, 2024	\$	62,980	\$	2,526	\$	65,506
Additions		4,745		-		4,745
<b>August 31, 2024</b>	<b>\$</b>	<b>67,725</b>	<b>\$</b>	<b>2,526</b>	<b>\$</b>	<b>70,251</b>
<b>Accumulated Amortization:</b>						
February 28, 2023		(6,153)		(50)		(6,203)
Additions	\$	(3,717)	\$	(147)	\$	(3,864)
February 29, 2024	\$	(9,870)	\$	(197)	\$	(10,067)
Additions		(2,033)		(82)		(2,115)
<b>August 31, 2024</b>	<b>\$</b>	<b>(11,903)</b>	<b>\$</b>	<b>(279)</b>	<b>\$</b>	<b>(12,182)</b>
<b>Net Book Value:</b>						
February 28, 2023	\$	53,942	\$	1,422	\$	55,364
February 29, 2024	\$	53,110	\$	2,329	\$	55,439
<b>August 31, 2024</b>	<b>\$</b>	<b>55,822</b>	<b>\$</b>	<b>2,247</b>	<b>\$</b>	<b>58,069</b>

#### 9. Right-Of-Use Asset & Lease Liability

During the year ended February 28, 2022, the Korea Co entered into a lease agreement for land located in Gyeonggi Province's Oseong Foreign Investment Zone, South Korea, with an initial term from February 23, 2022 to February 22, 2032 (10 years). Following the initial lease term and every subsequent 10-year period, Korea Co can renew the lease under certain conditions for a period of 10 years, within a total of 50 years. The lease payments are discounted using an interest rate of 15%, which is the Company's incremental borrowing rate. Annual lease payments are determined by the Gyeonggi Housing and Urban Corporation.

During the year ended February 29, 2024, the Korea Co entered into two office space lease agreements located in Gyeonggi Technopark, South Korea, with a term of 18 and 23 months, respectively, both expiring June 30, 2025. The lease payments are discounted using an interest rate of 15%, which is the Company's incremental borrowing rate.

## NEO Battery Materials Ltd.

### Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended August 31, 2024 and August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

#### 9. Right-Of-Use Asset & Lease Liability - *continued*

<b>Right-of-Use Assets</b>		
Balance, February 28, 2023	\$	167,901
Additions		65,662
Amortization expense		(34,307)
Foreign exchange effect		(2,820)
Balance, February 29, 2024		196,436
Amortization expense		(27,213)
Foreign exchange effect		(1,382)
<b>Balance, August 31, 2024</b>	<b>\$</b>	<b>167,841</b>
<b>Lease Liabilities</b>		
Balance, February 28, 2023	\$	177,863
Additions		65,662
Interest expense		29,991
Lease payments		(54,725)
Foreign exchange effect		(3,045)
Balance, February 29, 2024		215,746
Interest expense		15,337
Lease payments		(38,420)
Foreign exchange effect		(1,461)
<b>Balance, August 31, 2024</b>	<b>\$</b>	<b>191,202</b>
<b>Current Portion</b>	<b>\$</b>	<b>45,128</b>
<b>Non-current Portion</b>	<b>\$</b>	<b>146,074</b>

The Company's undiscounted lease payments are summarized as follows:

		<b>As at August 31 2024</b>
Less than 12 months	\$	<b>70,490</b>
Greater than 12 months		<b>230,937</b>
Undiscounted lease payments	\$	<b>301,427</b>

#### 10. Financial Risk and Capital Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

##### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash and cash equivalents is deposited in bank accounts at a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

##### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal

## NEO Battery Materials Ltd.

### Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended August 31, 2024 and August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

#### 10. Financial Risk and Capital Management - *continued*

operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to necessary levels of equity funding.

##### *Foreign currency risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. As at August 31, 2024, the Company had negligible financial assets or liabilities denominated in a foreign currency.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

##### *Capital management*

The Company's policy is, if permitted by market conditions, to maintain a strong capital base so as to support investor and creditor confidence and support future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves net of accumulated deficit. The Company is not subject to any externally imposed capital requirements. The Company's capital management objectives, policies and processes have remained unchanged during the year ended February 29, 2024.

The three levels of the fair value hierarchy are as follows:

- **Level 1** – Unadjusted quoted prices in active markets for identical assets or liabilities in active markets;
- **Level 2** – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active market; quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and
- **Level 3** – Unobservable inputs which are supported by little or no market activity.

As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Cash and cash equivalents and marketable securities are measured at fair value using Level 1 inputs. The Company's marketable securities are valued based on the closing trading price of the shares on public stock exchange at the quarter-end date.

#### 11. Accounts Payable and Accrued Liabilities

	August 31, 2024 (\$)	February 29, 2024 (\$)
Trade payables	342,169	336,846
Accrued liabilities	141,124	172,835
<b>Total</b>	<b>483,293</b>	<b>509,681</b>

## NEO Battery Materials Ltd.

### Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended August 31, 2024 and August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

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#### 12. Share Capital

The Company's authorized share capital consists of an unlimited number of common voting shares without par value.

##### Share Issuance - Private Placements

*Six Months Ended August 31, 2024*

The Company did not issue any common shares.

*Year Ended February 29, 2024*

On November 24, 2023, the Company completed a non-brokered private placement of 11,386,860 units at a price of \$0.32 per unit for gross proceeds of \$3,643,795. Each unit consisted of one common share and one common share warrant, with each warrant entitling the holder to purchase one common share at a price of \$0.75 per common share for 24 months from the closing date of the private placement. In connection with the private placement, the Company paid cash commissions of \$9,352 and issued 29,225 finder's warrants, fair valued at \$3,693, entitling the holder to purchase one common share at a price of \$0.75 per common share until November 24, 2025. Under the relative fair value method, \$927,680 of the proceeds were allocated to warrants. The fair value of the warrants and finder's warrants was calculated using the Black-Scholes Option Pricing Model with the following assumptions: 4.31% risk-free interest rate, 2 years of expected life, 133.73% volatility and 0% dividend rate.

##### Share Issuance - Exercise of Warrants

*Six Months Ended August 31, 2024*

During the six months ended August 31, 2024, 200,000 warrants were exercised at a price of \$0.16 per warrant for total proceeds of \$32,000. Upon the exercise of the warrants, \$10,341 of the fair value of the warrants recorded was transferred from reserves to share capital.

*Year Ended February 29, 2024*

During the year ended February 29, 2024, 1,700,000 warrants were exercised at a price of \$0.16 per warrant for total proceeds of \$272,000. Upon the exercise of the warrants, \$87,890 of the fair value of the warrants recorded was transferred from reserves to share capital.

##### Share Issuance - Exercise of options

*Six Months Ended August 31, 2024*

For the six months ended August 31, 2024, no stock options were exercised.

*Year Ended February 29, 2024*

During the year ended February 28, 2024, 1,466,667 and 100,000 stock options were exercised at a price of \$0.06 and \$0.20 per share, respectively, for total proceeds of \$108,000. Upon the exercise of the options, \$106,193 of the fair value of the options recorded was transferred from reserves to share capital.

## NEO Battery Materials Ltd.

### Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended August 31, 2024 and August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

#### 12. Share Capital - continued

##### Share Purchase Warrants

Share purchase warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
<b>Balance, February 28, 2023</b>	<b>7,241,668</b>	<b>0.16</b>
Issued	11,416,085	0.75
Exercised	(1,700,000)	0.16
Balance, February 29, 2024	16,957,753	0.56
Exercised	(200,000)	0.75
Cancelled	(5,341,668)	0.16
<b>Balance, August 31, 2024</b>	<b>11,416,085</b>	<b>0.75</b>

As at August 31, 2024, outstanding warrants are as follows:

Expiry Date	Exercise Price (\$)	Number of Warrants	Weighted Average Life Remaining (Years)
November 24, 2025	0.75	11,416,085	1.23

##### Stock Options

The Board has previously established a rolling Stock Option Plan (the "Plan") for directors, employees, and consultants of the Company, which reserves for issuance up to 10% of the Company's outstanding common shares. No options shall be granted, without regulatory approval, entitling any single individual to purchase in excess of 5% of the then outstanding shares in the Company in any 12-month period and no more than 2% of the optioned shares may be issued to any one individual in any 12-month period. The policies of the TSX Venture exchange require such stock option plans to be approved annually by the Company's shareholders by way of an ordinary resolution. Shareholder approval shall be sought at the next AGM for the Stock Option Plan, as such, any options issued prior to such approval shall not be exercisable until such approval is granted by shareholders.

The options are non-transferable and will expire, if not exercised, immediately upon dismissal by the Company with cause or 90 days following the date the optionee otherwise ceases to be a director, officer, manager, consultant or employee of the Company for reasons other than death. In the case of death, the expiry becomes one year after the death of an optionee. Pursuant to the policies of the TSX.V, options granted pursuant to the Plan in excess of 10% of the issued and outstanding common shares at the time of the grant must be subject to vesting.

##### Stock Options Granted

During the six months ended August 31, 2024, there have been no stock options granted.

During the year ended February 29, 2024, the Company granted 5,760,000 stock options to its directors, officers, employees, and consultants. The options are exercisable at a price of \$0.30 per option and expire on January 19, 2029. The options vest on April 19, 2024. Of the total 5,760,000 options, 2,800,000 were granted to related parties. The Company measured the fair value of these options at \$1,128,612 using Black-Sholes Option Pricing Model based on the assumptions provided in the table below.

**NEO Battery Materials Ltd.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**For the Three Months Ended August 31, 2024 and August 31, 2023**  
*(Unaudited - Expressed in Canadian Dollars)*

**12. Share Capital - continued**

**Stock Options - continued**

Stock Options Granted - continued

	August 31, 2024	February 29, 2024
Risk-free interest rate	3.57%	3.78%
Expected life	5 years	5 years
Volatility	114.58%	110.78%
Expected dividend yield	Nil	Nil

During the six months ended August 31, 2024, the Company recorded stock-based compensation of \$632,396 (2023 - \$548,928).

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, February 28, 2023	6,396,667	0.30
Corrected (1)	200,000	0.06
Granted	5,760,000	0.30
Cancelled	(2,410,000)	0.48
Exercised	(1,566,667)	0.07
Balance, February 29, 2024	8,380,000	0.28
Cancelled	(1,200,000)	0.28
<b>Balance, August 31, 2024</b>	<b>7,180,000</b>	<b>0.28</b>

(1) Corrected 200,000 stock options – The Company reinstated 200,000 stock options during the year as part of a settlement agreement entered into with a former employee. Subsequently, the stock options were exercised by the former employee.

As at August 31, 2024, stock options outstanding and exercisable are as follows:

Expiry Date	Weighted Average Exercise Price (\$)	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Remaining Life (Years)
February 10, 2026	0.20	1,790,000	1,790,000	1.45
May 13, 2026	0.20	50,000	50,000	1.70
May 25, 2026	0.20	30,000	30,000	1.73
June 1, 2026	0.20	100,000	100,000	1.75
July 30, 2026	1.00	50,000	50,000	1.91
February 10, 2028	0.40	300,000	90,000	3.45
January 19, 2029	0.30	4,860,000	4,860,000	4.39
	0.28	7,180,000	6,970,000	3.53

## NEO Battery Materials Ltd.

### Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended August 31, 2024 and August 31, 2023

(Unaudited - Expressed in Canadian Dollars)

#### 13. Related Party Transactions

Related parties include the Company's key management personnel with authority and responsibility for planning, directing and controlling activities of the Company. The Company has determined that its key management personnel is comprised of the Company's Board of Directors and officers, and the entities controlled by the key management personnel.

As at August 31, 2024 and February 29, 2024, there were \$63,758 and \$null, respectively, balances due to related parties.

During the six months ended August 31, 2024 and 2023, the Company paid the following amounts to the officers and directors of the Company:

	August 31, 2024 (\$)	August 31, 2023 (\$)
Management fees	244,469	177,517
Professional fees	60,384	45,000
	<b>304,853</b>	<b>222,517</b>

#### 14. Segmented Information

Reportable segments are those operations whose operating results are reviewed by the chief operating decision maker, being the individual at the Company making decisions about resources to be allocated to a particular segment, and assessing performance provided those operations pass certain quantitative thresholds.

The Company operates in only one reportable segment, being the development of silicon anode materials for lithium-ion batteries.

#### 15. Contingency

The Company is from time to time, involved in legal proceedings arising in the ordinary course of business. It does not believe that adverse decisions in any pending or threatened proceedings, or any amount it may be required to pay by reason thereof, will have a material adverse effect on the financial condition or future results of the operations of the Company.

#### 16. Subsequent Events

Subsequent to August 31, 2024:

- 200,000 stock options were exercised at a price of \$0.20 per option for total proceeds of \$40,000.
- the Company completed a non-brokered private placement of 2,000,000 units at a price of \$0.40 per unit for gross proceeds of \$800,000.