



PATRIOT BATTERY METALS INC.

Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

Unaudited

Management's Responsibility for Financial Reporting

The unaudited condensed interim consolidated financial statements (the "Financial Statements") of Patriot Battery Metals Inc. ("the Company" or "Patriot") are the responsibility of the management and Board of Directors of the Company.

The Financial Statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the Financial Statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the Financial Statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the Financial Statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the Financial Statements, together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the Financial Statements and other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Blair Way"

President and Chief Executive Officer

"Natacha Garoute"

Chief Financial Officer

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements for the three and six-month periods ended September 30, 2023 and 2022 have not been reviewed by the Company's auditors.



PATRIOT BATTERY METALS INC.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited)
 (Expressed in Canadian dollars)

	Notes	September 30, 2023 (Unaudited)	March 31, 2023 (Audited)
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	3	133,476,000	56,724,000
Receivables	4	4,817,000	3,891,000
Prepaid expenses		261,000	249,000
		138,554,000	60,864,000
Non-current assets			
Exploration and evaluation properties	5	67,998,000	46,268,000
Property and equipment	6	13,871,000	588,000
Total assets		220,423,000	107,720,000
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		15,191,000	5,507,000
Current portion of lease liabilities	7	75,000	-
Flow-through premium liability	8	20,172,000	29,506,000
		35,438,000	35,013,000
Non-current liabilities			
Lease liabilities	7	350,000	-
Deferred income taxes		5,013,000	2,704,000
Total liabilities		40,801,000	37,717,000
EQUITY			
Share capital	9	186,595,000	77,966,000
Reserves	9	16,380,000	14,922,000
Accumulated other comprehensive loss		3,000	-
Deficit		(23,356,000)	(22,885,000)
Total equity		179,622,000	70,003,000
Total liabilities and equity		220,423,000	107,720,000

Commitments (Note 14) and Events After the Reporting Period (Note 16)

APPROVED ON BEHALF OF THE BOARD on November 10, 2023:

"Blair Way"
 Director

"Brian Jennings"
 Director

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



PATRIOT BATTERY METALS INC.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited)
 (Expressed in Canadian dollars)

	Notes	Three-month periods ended		Six-month periods ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		\$	\$	\$	\$
General and Administrative Expenses					
Business development		205,000	125,000	319,000	223,000
Consulting fees	12	158,000	45,000	321,000	75,000
Investor communications		182,000	11,000	353,000	24,000
Salaries, benefits and management fees	12	1,698,000	140,000	2,374,000	582,000
Office and miscellaneous		560,000	24,000	806,000	39,000
Professional fees		985,000	196,000	1,554,000	291,000
Share-based compensation	9, 12	937,000	6,002,000	1,739,000	9,631,000
Transfer agent and filing fees		217,000	42,000	314,000	73,000
Travel		263,000	97,000	618,000	148,000
Total general and administrative expenses		(5,205,000)	(6,682,000)	(8,398,000)	(11,086,000)
Other Income (Loss)					
Flow-through premium income	8	5,329,000	1,286,000	9,334,000	1,862,000
Interest income		1,385,000	-	1,910,000	(2,000)
Flow-through interest		-	(9,000)	-	(44,000)
Income (Loss) before income taxes		1,509,000	(5,405,000)	2,846,000	(9,270,000)
Income taxes					
Deferred income tax expense		(1,794,000)	-	(3,317,000)	-
Net Loss for the period		(285,000)	(5,405,000)	(471,000)	(9,270,000)
Other comprehensive income					
Foreign currency translation adjustment		5,000	2,000	3,000	2,000
Net Loss and Comprehensive Loss for the period		(280,000)	(5,403,000)	(468,000)	(9,268,000)
Loss per common share					
Basic and diluted	10	(0.00)	(0.06)	(0.00)	(0.11)

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



PATRIOT BATTERY METALS INC.
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited)
(Expressed in Canadian dollars)

	Number of shares ¹	Share capital	Subscriptions received	Reserves	AOCI	Deficit	Total
		\$	\$	\$	\$	\$	\$
Balances, March 31, 2022	78,548,991	32,922,000	252,000	3,460,000	-	(12,770,000)	23,864,000
Shares issued for:							
Mineral properties	220,000	1,454,000	-	-	-	-	1,454,000
Warrants exercised	9,023,926	3,085,000	-	-	-	-	3,085,000
Options exercised	1,937,630	885,000	-	-	-	-	885,000
Fair value of warrants exercised	-	30,000	-	(30,000)	-	-	-
Fair value of options exercised	-	685,000	-	(685,000)	-	-	-
Share issuance costs - warrants	-	(685,000)	-	685,000	-	-	-
Share issuance costs - cash	-	(12,000)	-	-	-	-	(12,000)
Shares to be issued	-	-	(252,000)	-	-	-	(252,000)
Share-based compensation	-	-	-	9,631,000	-	-	9,631,000
Net loss and comprehensive loss for the period	-	-	-	-	2,000	(9,270,000)	(9,268,000)
Balances, September 30, 2022	89,730,547	38,364,000	-	13,061,000	2,000	(22,040,000)	29,387,000
Balances, March 31, 2023	99,357,207	77,966,000	-	14,922,000	-	(22,885,000)	70,003,000
Shares issued for:							
Cash	7,128,341	108,992,000	-	-	-	-	108,992,000
Warrants exercised	4,701,775	1,869,000	-	-	-	-	1,869,000
Options exercised	240,333	212,000	-	-	-	-	212,000
Fair value of warrants exercised	-	122,000	-	(122,000)	-	-	-
Fair value of options exercised	-	159,000	-	(159,000)	-	-	-
Share issuance costs - cash ²	-	(2,725,000)	-	-	-	-	(2,725,000)
Share-based compensation	-	-	-	1,739,000	-	-	1,739,000
Net loss and comprehensive loss for the period	-	-	-	-	3,000	(471,000)	(468,000)
Balances, September 30, 2023	111,427,656	186,595,000	-	16,380,000	3,000	(23,356,000)	179,622,000

¹ Number of shares are adjusted for the share consolidation of one post-consolidated share for every 3 pre-consolidated share on June 7, 2021 (Note 9).

² During the six-month period ended September 30, 2023, the Company recognized a deferred tax recovery in share issuance costs within equity in the amount of \$1,008,000 (March 31, 2023 - \$447,000). The deferred tax recorded in equity relates to deductible temporary differences in relation to share issuance costs.

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



PATRIOT BATTERY METALS INC.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)
(Expressed in Canadian dollars)

	Notes	Six-month periods ended	
		September 30, 2023	September 30, 2022
		\$	\$
OPERATING ACTIVITIES			
Net loss for the year		(471,000)	(9,270,000)
Adjustments for:			
Accrued interest income		(49,000)	-
Flow-through premium income	8	(9,334,000)	(1,863,000)
Depreciation	6	69,000	-
Share-based compensation	9, 12	1,739,000	9,631,000
Deferred income tax expense		3,317,000	-
Changes in non-cash working capital items			
Increase in receivables	4	(861,000)	(977,000)
Increase in prepaid expenses		(12,000)	(67,000)
Increase in flow-through taxes payable		-	44,000
Decrease in accounts payable and accrued liabilities		1,833,000	21,000
Cash used in operating activities		(3,769,000)	(2,481,000)
INVESTING ACTIVITIES			
Property and equipment	6	(11,128,000)	-
Exploration and evaluation property expenditures	5	(19,427,000)	(10,062,000)
Cash used in investing activities		(30,555,000)	(10,062,000)
FINANCING ACTIVITIES			
Proceeds from issuance of common shares		108,992,000	-
Proceeds from exercise of options	9	212,000	885,000
Proceeds from exercise of warrants	9	1,869,000	3,085,000
Share issuance costs-cash	9	-	(12,000)
Subscriptions received		-	(252,000)
Cash provided by financing activities		111,073,000	3,706,000
Increase (decrease) in cash and cash equivalents		76,749,000	(8,837,000)
Effect of exchange rate on cash		3,000	2,000
Cash and cash equivalents, beginning of period		56,724,000	11,698,000
Cash and cash equivalents, end of period		133,476,000	2,863,000

Supplemental cash flow information (Note 13)

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

PATRIOT BATTERY METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
As at and for the three and six-month periods ended September 30, 2023 and 2022
(Expressed in Canadian dollars)

1. CORPORATE INFORMATION

Patriot Battery Metals Inc. was incorporated on May 10, 2007, under the British Columbia Business Corporations Act. The principal business of the Company and its subsidiaries is the identification, evaluation and acquisition of exploration and evaluation properties, as well as exploration of those properties once acquired. The Company is domiciled in Canada and is a reporting issuer in British Columbia, Alberta and Ontario. The address of its head office is Suite 700-838 W Hastings Street, Vancouver, British Columbia, V6C 0A6 and the address of its registered and records office is Suite 1800, 510 West Georgia Street, Vancouver, British Columbia, V6B 0M3. The Company's mineral properties are located in the provinces of Quebec, British Columbia, the Northwest Territories and in Idaho (USA).

On December 7, 2022, the shares of the Company commenced trading on the Australian Securities Exchange ("ASX") under the stock symbol "PMT". Each share settles in the form of CHESS Depositary Interests ("CDIs") at a ratio of 10 CDIs to 1 common share.

On December 8, 2022, the shares of the Company commenced trading on the OTC Market in the United States under the symbol "PMETF".

As at September 30, 2023, the Company has not yet determined whether its mineral properties contained ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and future profitable production from the properties or realizing proceeds from their disposition.

For the six-month period ended September 30, 2023, the Company incurred a net loss and comprehensive loss of \$468,000 (2022 – loss of 9,268,000). As at September 30, 2023, the Company had an accumulated deficit of \$23,356,000 (March 31, 2023 - \$22,885,000) which has been funded by the issuance of equity and working capital of \$123,288,000, excluding the flow-through premium liability (March 31, 2023 - \$55,357,000). The Company's ability to continue its operations and to realize its assets at their carrying values are dependent upon obtaining additional financing sufficient to cover its operating costs. The Company believes it has sufficient funds to meet its obligations and existing commitments for at least the next 12 months. The Company's business plan is dependent on raising additional funds to pursue the exploration and development of its projects, which may be completed in a number of ways, including the issuance of equity instruments or other types of financing arrangements. While the Company has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding will be available to the Company or that they will be available on terms which are acceptable to the Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The unaudited condensed interim consolidated financial statements (the "Financial Statements") of the Company, including comparative disclosure, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), and in accordance with the same accounting policies and methods of computation as compared with the most recent annual financial statements, being for the year ended March 31, 2023.

These Financial Statements were approved and authorized for issue in accordance with a resolution from the Board of Directors on November 10, 2023.

PATRIOT BATTERY METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

As at and for the three and six-month periods ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

2.2 Basis of presentation

The Financial Statements include the accounts of the Company and Metals Nevada Corp. ("Metals Nevada"), a wholly owned US subsidiary of the Company incorporated on March 2, 2021. All material inter-company balances and transactions have been eliminated upon consolidation.

The Company's Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as detailed in Note 11 and are presented in Canadian dollars except where otherwise indicated. The functional currency of Metals Nevada is U.S. Dollars. The assets and liabilities of Metals Nevada are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their income and expense items are translated at average exchange rates for the period. Exchange differences arising on the translation are recognized in other comprehensive income. The Company's functional currency is the Canadian dollar.

Certain comparative amounts have been reclassified to conform with the current year's Financial Statement presentation. Such reclassifications were not considered material.

2.3 Adoption of new and revised standards and interpretation

At the date of authorization of these Financial Statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's Financial Statements.

2.4 Significant accounting policies

The significant accounting policies followed in these Financial Statements are consistent with those applied in the Company's audited annual consolidated financial statements for the year ended March 31, 2023, except as noted below:

Leases

In accordance with *IFRS 16-Leases*, at the commencement date of a lease, the Company recognizes a lease liability and an asset representing the right to use the underlying asset during the lease term (i.e. the "right-of-use" asset) unless the underlying asset has a low value or the lease term is twelve months or less, which are expensed in the period incurred. At this date, the right-of-use asset is measured at cost, which includes the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset.

The right-of-use asset is then amortized using the straight-line method from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. The right-of-use asset may also be reduced for any impairment losses, if any.

At the lease commencement date, the lease liability is measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate, which is the rate the Company would pay for similar assets at similar locations over a similar term. The lease liability is measured at amortized cost using the effective interest method.

PATRIOT BATTERY METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

As at and for the three and six-month periods ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

2.4 Significant accounting policies (continued)

Leases (continued)

The lease liability is re-measured when there is a change in future lease payments due to a change in an index or rate, a change in the Company's estimate of an amount payable under residual value guarantee, or if there is a change in the assessment of whether the Company will exercise a purchase, termination or extension option. When the lease liability is re-measured, a corresponding adjustment is made to the right-of-use asset or recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2.5 Significant accounting judgments, estimates and assumptions

The preparation of these Financial Statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future year if the revision affects both current and future year.

In preparing these Financial Statements, the significant judgments and estimates made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended March 31, 2023.

3. CASH AND CASH EQUIVALENTS

As at September 30, 2023 and March 31, 2023, cash and cash equivalents include \$2,000,000 held in a GIC, redeemable anytime.

4. RECEIVABLES

The Company's receivables arise from Goods and Services Tax ("GST") and Quebec Sales Tax ("QST") due from the government taxation authorities, tax credit receivable and accrued interest calculated on the GICs (Note 3).

	September 30, 2023	March 31, 2023
	\$	\$
GST receivable	1,678,000	1,491,000
QST receivable	1,816,000	771,000
Quebec tax credit receivable	1,258,000	1,258,000
Interest receivable	65,000	20,000
Other receivable	-	351,000
Total	4,817,000	3,891,000

PATRIOT BATTERY METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
As at and for the three and six-month periods ended September 30, 2023 and 2022
(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION PROPERTIES

The Company's exploration and evaluation properties expenditures for the six-month period ended September 30, 2023 are as follows:

	Corvette Property <i>Quebec, Canada</i>	US Property <i>Idaho, USA</i>	Northwest Territories Property <i>NW Territories, Canada</i>	Other Quebec Properties <i>Quebec, Canada</i>	Total
	\$	\$	\$	\$	\$
Acquisition Costs					
Balance, March 31, 2023	5,746,000	880,000	177,000	2,008,000	8,811,000
Additions	109,000	-	-	14,000	123,000
Balance, September 30, 2023	5,855,000	880,000	177,000	2,022,000	8,934,000
Exploration and Evaluation Costs					
Balance, March 31, 2023	35,600,000	890,000	503,000	464,000	37,457,000
Additions					
Consulting	-	13,000	-	-	13,000
Assays and testing	387,000	-	-	-	387,000
Reports and admin	1,401,000	-	-	-	1,401,000
Geology salaries and expenditures	3,372,000	-	-	5,000	3,377,000
Drilling expenditures	6,935,000	-	-	-	6,935,000
Geophysics and remote sensing	21,000	-	-	-	21,000
Travel and accomodation	3,450,000	-	-	-	3,450,000
Transportation costs	5,212,000	-	-	-	5,212,000
Environmental Studies	1,071,000	-	-	-	1,071,000
Advances	(260,000)	-	-	-	(260,000)
Balance, September 30, 2023	57,189,000	903,000	503,000	469,000	59,064,000
Total, September 30, 2023	63,044,000	1,783,000	680,000	2,491,000	67,998,000

PATRIOT BATTERY METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
As at and for the three and six-month periods ended September 30, 2023 and 2022
(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

The Company's exploration and evaluation properties expenditures for the year ended March 31, 2023 are as follows:

	Corvette Property <i>Quebec, Canada</i>	US Property <i>Idaho, USA</i>	Northwest Territories Property <i>NW Territories, Canada</i>	Other Quebec Properties <i>Quebec, Canada</i>	Total
Acquisition Costs	\$	\$	\$	\$	\$
Balance, March 31, 2022	5,743,000	880,000	177,000	454,000	7,254,000
Additions	3,000	-	-	1,554,000	1,557,000
Balance, March 31, 2023	5,746,000	880,000	177,000	2,008,000	8,811,000
Exploration and Evaluation Costs					
Balance, March 31, 2022	5,525,000	844,000	551,000	238,000	7,158,000
Additions					
Consulting	134,000	32,000	-	3,000	169,000
Assays and testing	964,000	13,000	-	13,000	990,000
Reports and admin	1,830,000	1,000	-	36,000	1,867,000
Geology salaries and expenditures	3,877,000	-	-	47,000	3,924,000
Drilling expenditures	14,270,000	-	-	-	14,270,000
Geophysics and remote sensing	179,000	-	-	68,000	247,000
Travel and accomodation	3,438,000	-	-	19,000	3,457,000
Transportation costs	6,078,000	-	-	46,000	6,124,000
Environmental Studies	472,000	-	-	-	472,000
Advances (Refunds)	924,000	-	(48,000)	(6,000)	870,000
Exploration tax credit	(2,091,000)	-	-	-	(2,091,000)
Balance, March 31, 2023	35,600,000	890,000	503,000	464,000	37,457,000
Total, March 31, 2023	41,346,000	1,770,000	680,000	2,472,000	46,268,000

PATRIOT BATTERY METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
As at and for the three and six-month periods ended September 30, 2023 and 2022
(Expressed in Canadian dollars)

6. PROPERTY AND EQUIPMENT

As at September 30, 2023, the Company had property and equipment with a net book value of \$13,871,000 (March 31, 2023 - \$588,000), as follows:

	Machinery and Equipment	Construction in progress	Office Lease	Vehicle	Software	Total
Cost	\$	\$	\$	\$	\$	\$
Balance, March 31, 2023	609,000	-	-	-	-	609,000
Additions	542,000	12,303,000	409,000	60,000	38,000	13,352,000
Balance, September 30, 2023	1,151,000	12,303,000	409,000	60,000	38,000	13,961,000
Accumulated Depreciation						
Balance, March 31, 2023	21,000	-	-	-	-	21,000
Depreciation	37,000	-	29,000	3,000	-	69,000
Balance, September 30, 2023	58,000	-	29,000	3,000	-	90,000
Net book value						
At September 30, 2023	1,093,000	12,303,000	380,000	57,000	38,000	13,871,000

7. LEASES

The Company's right-of-use assets are included in Property and Equipment. The imputed financing costs on the liability were determined based on the Company's incremental borrowing rate and similar finance leases to mining companies, which has been estimated at 9.45%. Lease liabilities recognized at September 30, 2023 and March 31, 2023 are as follows:

	September 30, 2023 \$	March 31, 2023 \$
Lease liability		
Balance, beginning of the period	-	-
Additions	409,000	-
Repayment of lease obligation	-	-
Interest expense	16,000	-
Balance, end of period	425,000	-
Less: Current portion	(75,000)	-
Non-current portion of lease liability	350,000	-

PATRIOT BATTERY METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
As at and for the three and six-month periods ended September 30, 2023 and 2022
(Expressed in Canadian dollars)

8. FLOW-THROUGH PREMIUM LIABILITY

On October 6, 2022, the Company closed a private placement for 1,507,170 flow-through common shares at \$13.27 per common share for gross proceeds of \$20,000,000 ("FT#22 Offering"). The fair value of the common shares was \$6.50 per common share, resulting in the recognition of a flow-through premium liability of \$6.77 per common share for a total of \$10,203,000. As at September 30, 2023, the Company has incurred all of the required flow-through expenditures (March 31, 2023 - \$16,812,000) in flow-through eligible expenditures, extinguishing the flow-through premium liability (March 31, 2023 - \$1,627,000).

On March 20, 2023, the Company closed a private placement for 2,215,134 flow-through common shares at \$22.57 per common share for gross proceeds of \$50,000,000 ("FT#23 Offering"). The fair value of the common shares was \$10.05 per common share, resulting in the recognition of a flow-through premium liability of \$12.52 per common share for a total of \$27,738,000. As at September 30, 2023, the Company incurred \$13,638,000 in flow-through eligible expenditures (March 31, 2023 - \$nil), reducing the flow-through premium liability from \$27,738,000 at March 31, 2023 to \$20,172,000 at September 30, 2023.

The flow-through premium liability from the FT#22 and FT#23 offerings is amortized over the periods in which the funds are spent on qualifying expenditures.

	September 30, 2023 \$	March 31, 2023 \$
Opening Balance	29,506,000	1,863,000
Flow-through share premium issuance:		
FT#22 Offering	-	10,203,000
FT#23 Offering	-	27,738,000
Flow-through premium income	(9,334,000)	(10,298,000)
Ending Balance	20,172,000	29,506,000

PATRIOT BATTERY METALS INC.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
As at and for the three and six-month periods ended September 30, 2023 and 2022
(Expressed in Canadian dollars)

9. SHARE CAPITAL

The Company has authorized an unlimited number of common shares with no par value.

9.1 Share issuances

During the six-month periods ended September 30, 2023, and 2022, the Company issued the following shares:

	Shares #	Proceeds \$	Fair Value \$
Balance, March 31, 2022	78,548,991		
Shares issued for mineral properties	220,000	1,454,000	1,454,000
Shares issued for warrants exercised	9,023,926	3,085,000	30,000
Shares issued for options exercised	1,937,630	885,000	685,000
Balance, September 30, 2022	89,730,547		
Balance, March 31, 2023	99,357,207		
Shares issued for cash ¹	7,128,341	108,992,000	108,992,000
Shares issued for warrants exercised	4,701,775	1,869,000	122,000
Shares issued for options exercised	240,333	212,000	159,000
Balance, September 30, 2023	111,427,656		

¹ On August 3, 2023, the Company completed a private placement with Albemarle Inc. of 7,128,341 common shares at a price of \$15.29 per common share for aggregate gross proceeds of \$109 million. In connection with this private placement, the Company incurred \$3,733,000 in financing fees.

9.2 Share purchase warrants

A summary of changes in the Company's share purchase warrants outstanding as at September 30, 2023 and 2022 is as follows:

	September 30, 2023		September 30, 2022	
	Number of warrants ¹	Weighted average exercise price (\$)	Number of warrants ¹	Weighted average exercise price (\$)
Outstanding, beginning of period	30,754,010	0.68	39,627,038	0.59
Granted	-	-	4,313,726	0.60
Exercised	(4,701,775)	0.40	(9,023,926)	0.65
Expired	(875)	0.25	-	-
Outstanding, end of period	26,051,360	0.73	34,916,838	0.58

¹ Warrants were adjusted to reflect the share consolidation on June 7, 2021 and the broker units associated to the broker's warrants.

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9.2 Share purchase warrants (continued)

During the six-month period ended September 30, 2023:

The Company issued a total of 4,701,775 shares for warrants exercised, for net proceeds of \$1,869,000.

During the six-month period ended September 30, 2022:

The Company issued a total of 9,023,926 shares for warrants exercised, for net proceeds of \$3,085,000.

The Company issued 2,156,863 broker warrant units in connection with the private placement that was completed on December 21, 2021. The broker's warrants entitle the holders to purchase a unit of the Company (a "Broker Unit") at a price of \$0.45 until December 21, 2023. A Broker Unit consists of one common share of the Company and one common share purchase warrant, exercisable at \$0.75 until December 21, 2023. The fair value of the brokers' warrants was estimated at \$685,000.

The warrant units' fair value of \$0.32 per warrant was estimated using the Black-Scholes Pricing Model, based on the following assumptions.

	September 30, 2022 \$
Share price at grant date (\$)	0.48
Risk free interest rate (%)	1.05%
Expected life (years)	3.94
Expected volatility (%)	307%
Expected dividend per share	-
Fair market value of the warrant on grant date (\$)	0.32

As at September 30, 2023, there are 26,051,360 share purchase warrants outstanding, with a weighted average exercise price of \$0.73 and a weighted average of 0.51 year to expiry, as follows:

Date issued	Number of warrants ¹	Exercise price (\$)	Expiry date
March 23, 2021	166,666	0.30	March 23, 2024
December 21, 2021	16,706,301	0.75	December 21, 2023
December 21, 2021	2,156,863	0.45	December 21, 2023
March 21, 2022	5,510,000	0.75	March 21, 2025
March 21, 2022	720,000	0.50	March 21, 2024
March 21, 2022	720,000	0.75	March 21, 2024
October 6, 2022	71,530	6.35	October 6, 2024
Outstanding, end of period	26,051,360		

¹ Warrants were adjusted to reflect the share consolidation on June 7, 2021 and the broker units

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9.3 Stock options

On January 20, 2023, the Company adopted the Omnibus Incentive Plan (the "Omnibus Plan") which was later approved by the Shareholders on March 3, 2023. The Omnibus Plan replaced the Company's Stock Option Plan (the "Plan") and the stock options which had been granted thereunder are now governed by the Omnibus Plan. On September 19, 2023, the Shareholders approved an amended Omnibus Equity Incentive Plan (the "Amended Omnibus Plan"). The objective of the Amended Omnibus incentive plan is to enhance the Company's ability to attract and retain talented employees and to provide alignment of interests between such employees and the shareholders of the Company.

Under the Amended Omnibus Plan, the Company grants stock options, restricted share units ("RSU"), performance share units ("PSU") and deferred share units ("DSU").

A summary of changes in the Company's stock options outstanding as at September 30, 2023 and 2022 is as follows:

	September 30, 2023		September 30, 2022	
	Number of options ¹	Weighted average exercise price (\$)	Number of options ¹	Weighted average exercise price (\$)
Outstanding, opening balance	8,141,671	4.09	5,069,300	0.45
Granted	-	-	5,275,000	4.54
Exercised	(240,333)	0.88	(1,937,630)	0.45
Expired/Cancelled	(5)	-	(45,000)	0.36
Outstanding, ending balance	7,901,333	4.19	8,361,670	3.05

¹ Options were adjusted to reflect the share consolidation on June 7, 2021.

All stock options presented above vest immediately upon grant, other than the following:

- 2,525,000 options granted on April 5, 2022: 2,385,000 vested upon grant, with 70,000 vesting 12 months from date of grant and the remaining 70,000 vesting 24 months from date of grant;
- 750,000 options granted on January 25, 2023: 250,000 vested upon grant, with 250,000 vesting 12 months from date of grant and the remaining 250,000 vesting 24 months from date of grant.

In accordance with IFRS 2 Share-based Payment, the value of stock options with graded vesting is expensed over the vesting period. During the six-month periods ended September 30, 2023 and 2022, the Company recognized a share-based compensation expense related to the vesting of stock options of \$1,606,000 and \$9,631,000, respectively.

During the six-month period ended September 30, 2023:

The Company issued a total of 240,333 shares for options exercised, for net proceeds of \$212,000.

During the six-month period ended September 30, 2022:

The Company issued a total of 1,937,630 shares for options exercised, for net proceeds of \$885,000.

The Company granted through different grants a total of 5,275,000 stock options to officers, directors and consultants of the Company.

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9.3 Stock options (continued)

The weighted average grant date fair value of the options granted during the six-month period ended September 30, 2022 was estimated at \$1.85 per option using the Black-Scholes Option Pricing Model. Where relevant, the expected life has been adjusted based on management's best estimate for the effects of historical forfeitures and behavioral considerations. Expected volatility is based on the historical share price volatility.

The weighted average assumptions used for the calculation were:

	September 30, 2022
Share price at grant date	\$3.05
Risk free interest rate	2.93%
Expected life (years)	2
Expected volatility	132.97%
Fair market value of the option on grant date	\$1.85

The following table summarizes information regarding the Company's outstanding and exercisable stock options as at September 30, 2023:

	Options outstanding			Options exercisable		
Range of exercise price per share (\$)	Weighted-average remaining years of contractual life	Number of stocks options outstanding	Weighted average exercise price (\$)	Weighted-average remaining years of contractual life	Number of stocks options exercisable	Weighted average exercise price (\$)
0.30 to 0.53	1.00	2,858,333	0.45	1.00	2,858,333	0.45
1.74 to 2.58	1.58	2,043,000	1.95	1.59	1,973,000	1.95
7.00 to 9.20	2.90	2,250,000	8.20	2.90	2,250,000	8.20
12.50	2.32	750,000	12.50	2.32	250,000	12.50
0.30 to 12.50	1.82	7,901,333	4.19	1.79	7,331,333	3.65

9.4 Performance share units and restricted share units

On June 29, 2023, the Company granted an aggregate of 48,002 restricted share units (the "RSUs") and 48,002 performance share units (the "PSUs") to employees and consultants of the Company. All were granted in accordance with the Company's Omnibus Equity Incentive Plan.

100% of the RSUs will vest on the date which is three years from their date of grant. Up to 72,003 common shares are issuable pursuant to the vesting of the PSUs upon the achievement of certain performance milestones by the Company.

During the six-month period ended September 30, 2023, the Company recognized a share-based compensation expense related to the vesting of PSUs and RSUs of \$133,000 (2022 - \$nil).

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10. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

	Three-Month Period Ended		Six-Month Period Ended	
	September 30, 2023 \$	September 30, 2022 \$	September 30, 2023 \$	September 30, 2022 \$
Net loss for the period	(280,000)	(5,403,000)	(468,000)	(9,268,000)
Weighted average number of shares - basic and diluted	109,719,252	88,045,779	104,724,095	85,635,565
Loss per share, basic and diluted	(0.00)	(0.06)	(0.00)	(0.11)

¹ On June 7, 2021, the Company completed a share consolidation based on one (1) post-consolidated share for every three (3) pre-consolidated shares.

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and the share purchase warrants were anti-dilutive for the six-month periods ended September 30, 2023 and 2022 as the Company incurred losses during these periods.

11. FINANCIAL INSTRUMENTS

11.1 Categories of financial instruments

	September 30, 2023 \$	March 31, 2023 \$
Financial assets		
At fair value through profit or loss		
Cash and cash equivalents (Level 1)	133,476,000	56,724,000
At amortized cost		
Receivables (Level 1)	-	351,000
Total financial assets	133,476,000	57,075,000
Financial liabilities		
At amortized cost		
Accounts payable and accrued liabilities (Level 1)	15,146,000	5,463,000
Total financial liabilities	15,146,000	5,463,000

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11.2 Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value in the fair value hierarchy.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Valuation techniques using input other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data.

As at September 30, 2023 and March 31, 2023, the carrying value of the Company's financial assets and liabilities approximate their fair values due to their nature and their short-term to maturity.

12. RELATED PARTY TRANSACTIONS

The Company's related parties include its subsidiary and key management personnel. Key management personnel are considered to be those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management includes senior officers and directors of the Company as at September 30, 2023 and 2022.

Related party transactions to key management personnel are as follows:

Six-Month Period Ended	September 30, 2023 \$	September 30, 2022 \$
Management and administration fees	1,170,000	532,000
Consulting fees	-	71,000
Management and consulting fees included in Exploration and Evaluation properties	500,000	45,000
Share-based compensation	1,056,000	8,306,000
Total key management compensation	2,726,000	8,954,000

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13. SUPPLEMENTAL CASH FLOW INFORMATION

Six-month periods ended	September 30, 2023 \$	September 30, 2022 \$
Supplemental cash flow information		
Non-cash financing activities:		
Fair value of warrants exercised	122,000	30,000
Fair value of options exercised	159,000	685,000
Share issuance costs - warrants	-	(685,000)
Included in Accounts payable and accrued liabilities:		
Share issuance costs-cash	3,733,000	-
Additions to Exploration and evaluation activities	6,802,000	1,926,000
Additions to Property and equipment	1,299,000	-

14. COMMITMENTS

The Company has an agreement with a vendor related to accommodation at its Corvette property. The agreement includes a \$2,400,000 commitment as at September 30, 2023 (March 31, 2023 - \$3,200,000) which has a maturity of less than a year.

15. SEGMENTED INFORMATION

The Company operates in one business segment, being the exploration and development of mineral properties. The Company's exploration and evaluation assets are broken down per geographical location as follows:

	Canada	US	Total
Balance, as at September 30, 2023			
Exploration and evaluation assets	\$66,215,000	\$1,783,000	\$67,998,000
Balance, as at March 31, 2023			
Exploration and evaluation assets	\$44,498,000	\$1,770,000	\$46,268,000

16. EVENTS AFTER THE REPORTING PERIOD

Subsequent to September 30, 2023, the Company issued 2,999,700 common shares for warrants exercised and 3,000 common shares for options exercised.

On October 31, 2023, the Company increased its land position at its Eastmain Project, located in the James Bay region, Quebec, through the acquisition of a 100% interest in two proximal claim blocks. The new claim blocks total 73 claims (3,851.5 ha) and are located immediately adjacent to Alkem Limited's James Bay Lithium Project, and on strike of the James Bay Lithium Deposit, within the prospective Eastmain Greenstone Belt. The Company paid an aggregate \$500,000 cash (CAD) and issued 120,000 common shares in the capital of the Company. There are no royalty rights associated with the acquisition.