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**PATRIOT BATTERY METALS INC.**  
**Interim Condensed Consolidated Financial Statements**  
**For the Three- and Nine-Month Periods Ending**

**December 31, 2022 and 2021**  
**(Expressed in Canadian dollars)**

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## Management's Responsibility for Financial Reporting

The accompanying unaudited interim condensed consolidated 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 unaudited interim condensed consolidated 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 unaudited interim condensed consolidated 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 unaudited interim condensed consolidated 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 unaudited interim condensed consolidated 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 interim condensed consolidated 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 consolidated 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

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### NOTICE TO READER

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim condensed consolidated financial statements for the three and nine months ended December 31, 2022 and 2021 have not been reviewed by the Company's auditors.

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

|   | Notes | December 31, 2022<br>(Unaudited) | March 31, 2022<br>(Audited) |
|---|-------|----------------------------------|-----------------------------|
| <b>ASSETS</b>                                     |       |                                  |                             |
| <b>Current assets</b>                             |       |                                  |                             |
| Cash and cash equivalents                         |       | \$ 19,346,011                    | \$ 11,697,720               |
| Receivables                                       | 3     | 1,489,638                        | 478,549                     |
| Prepaid expenses                                  |       | 154,932                          | 32,301                      |
|   |       | 20,990,581                       | 12,208,570                  |
| <b>Non-current assets</b>                         |       |                                  |                             |
| Exploration and evaluation assets                 | 4     | 33,052,565                       | 14,411,972                  |
| <b>Total assets</b>                               |       | <b>\$ 54,043,146</b>             | <b>\$ 26,620,542</b>        |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>       |       |                                  |                             |
| <b>Current liabilities</b>                        |       |                                  |                             |
| Accounts payable and accrued liabilities          | 5     | \$ 1,804,087                     | 894,450                     |
| Flow-through premium liability                    | 6     | 8,553,172                        | 1,862,874                   |
| <b>Total liabilities</b>                          |       | <b>10,357,259</b>                | <b>2,757,324</b>            |
| <b>Shareholders' equity</b>                       |       |                                  |                             |
| Share capital                                     | 7     | 51,616,090                       | 32,922,316                  |
| Shares to be issued                               |       | -                                | 251,730                     |
| Reserves  | 7     | 13,291,276                       | 3,458,811                   |
| Accumulated other comprehensive income            |       | 1,413                            | (49)                        |
| Deficit   |       | (21,222,892)                     | (12,769,590)                |
| <b>Total equity</b>                               |       | <b>43,685,887</b>                | <b>23,863,218</b>           |
| <b>Total shareholders' equity and liabilities</b> |       | <b>\$ 54,043,146</b>             | <b>\$ 26,620,542</b>        |

Corporate Information and Going Concern (Note 1) and Commitments (Note 12)

APPROVED ON BEHALF OF THE BOARD on February 14, 2023:

"Blair Way"

Director

"Brian Jennings"

Director

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



**PATRIOT BATTERY METALS INC.**

**Interim Condensed Consolidated Statements of Loss and Comprehensive Loss**

**(Unaudited)**

(Expressed in Canadian dollars)

|   |              | <b>Three months ended</b> |                       | <b>Nine months ended</b> |                       |
|---|--------------|---------------------------|-----------------------|--------------------------|-----------------------|
|   |              | <b>December 31,</b>       |                       | <b>December 31,</b>      |                       |
|   | <b>Notes</b> | <b>2022</b>               | <b>2021</b>           | <b>2022</b>              | <b>2021</b>           |
| <b>Expenses</b>   |              |                           |                       |                          |                       |
| Business development  |              | \$ 135,897                | \$ 53,258             | \$ 358,425               | \$ 158,182            |
| Consulting  | 10           | 77,935                    | 58,500                | 152,935                  | 194,960               |
| Investor communications   |              | 7,711                     | 642,675               | 32,138                   | 1,256,818             |
| Management and administration fees                                | 10           | 142,106                   | 82,325                | 723,762                  | 325,508               |
| Office and miscellaneous  |              | 20,615                    | 19,804                | 59,870                   | 51,391                |
| Professional fees   |              | 159,511                   | 57,078                | 450,594                  | 169,294               |
| Share-based payments  | 7, 10        | 36,839                    | 729,089               | 9,668,459                | 1,582,592             |
| Transfer agent and filing fees                                    |              | 182,092                   | 33,323                | 254,759                  | 74,803                |
| Travel  |              | 76,698                    | 2,952                 | 224,541                  | 10,375                |
|   |              | (839,404)                 | (1,679,004)           | (11,925,483)             | (3,823,923)           |
| <b>Other items</b>  |              |                           |                       |                          |                       |
| Flow-through premium income                                       | 6            | 1,650,368                 | 2,431                 | 3,513,242                | 5,161                 |
| Interest income (expense)   |              | 4,852                     | (398)                 | 2,600                    | (1,314)               |
| Flow-through taxes recovery (expense)                             |              | 599                       | -                     | (43,661)                 | -                     |
| <b>Net income (loss) for the period</b>                           |              | <b>816,415</b>            | <b>(1,676,971)</b>    | <b>(8,453,302)</b>       | <b>(3,820,076)</b>    |
| <b>Other Comprehensive Income</b>                                 |              |                           |                       |                          |                       |
| Foreign exchange (gain) loss on translation to reporting currency |              | (442)                     | (11)                  | 1,462                    | (11)                  |
| <b>Comprehensive income (loss) for the period</b>                 |              | <b>\$ 815,973</b>         | <b>\$ (1,676,982)</b> | <b>\$ (8,451,840)</b>    | <b>\$ (3,820,087)</b> |
| <b>Income (Loss) per common share</b>                             |              |                           |                       |                          |                       |
| Basic and diluted   |              | \$ 0.01                   | \$ (0.02)             | \$ (0.10)                | \$ (0.19)             |

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



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

|  | Number of<br>shares <sup>1</sup> | Share<br>capital     | Subscriptions<br>received | Reserves             | AOCI            | Deficit                | Total                |
|--|----------------------------------|----------------------|---------------------------|----------------------|-----------------|------------------------|----------------------|
| <b>Balances, March 31, 2021</b>                | 10,897,605                       | \$ 11,491,737        | \$ -                      | \$ 1,607,953         | \$ -            | \$ (8,887,751)         | \$ 4,211,939         |
| Shares issued for:                             |                                  |                      |                           |                      |                 |                        |                      |
| Cash   | 41,155,856                       | 12,711,151           | -                         | -                    | -               | -                      | 12,711,151           |
| Finder's shares                                | 977,778                          | (464,449)            | -                         | -                    | -               | -                      | (464,449)            |
| Warrants exercised                             | 6,997,671                        | 1,958,813            | -                         | -                    | -               | -                      | 1,958,813            |
| Options exercised                              | 49,833                           | 13,455               | -                         | -                    | -               | -                      | 13,455               |
| Fair value of warrants exercised               | -                                | 75,177               | -                         | (75,177)             | -               | -                      | -                    |
| Fair value of options exercised                | -                                | 13,348               | -                         | (13,348)             | -               | -                      | -                    |
| Share issuance costs – warrants                | -                                | (111,611)            | -                         | 111,611              | -               | -                      | -                    |
| Share issuance costs – cash                    | -                                | (75,412)             | -                         | -                    | -               | -                      | (75,412)             |
| Share-based payments                           | -                                | -                    | -                         | 1,582,592            | -               | -                      | 1,582,592            |
| Net loss and comprehensive loss for the period | -                                | -                    | -                         | -                    | (11)            | (3,820,076)            | (3,820,087)          |
| <b>Balances, December 31, 2021</b>             | <b>60,078,743</b>                | <b>\$ 25,612,209</b> | <b>\$ -</b>               | <b>\$ 3,213,631</b>  | <b>\$ (11)</b>  | <b>\$ (12,707,827)</b> | <b>\$ 16,118,002</b> |
| <b>Balance, March 31, 2022</b>                 | <b>78,548,991</b>                | <b>\$ 32,922,316</b> | <b>\$ 251,730</b>         | <b>\$ 3,458,811</b>  | <b>\$ (49)</b>  | <b>\$ (12,769,590)</b> | <b>\$ 23,863,218</b> |
| Shares issued for:                             |                                  |                      |                           |                      |                 |                        |                      |
| Cash   | 2,207,170                        | 13,617,765           | -                         | -                    | -               | -                      | 13,617,765           |
| Mineral properties                             | 220,000                          | 1,454,200            | -                         | -                    | -               | -                      | 1,454,200            |
| Warrants exercised                             | 9,761,448                        | 3,408,863            | -                         | -                    | -               | -                      | 3,408,863            |
| Options exercised                              | 2,052,630                        | 1,071,179            | -                         | -                    | -               | -                      | 1,071,179            |
| Fair value of warrants exercised               | -                                | 29,674               | -                         | (29,674)             | -               | -                      | -                    |
| Fair value of options exercised                | -                                | 807,194              | -                         | (807,194)            | -               | -                      | -                    |
| Share issuance costs – warrants                | -                                | (1,000,874)          | -                         | 1,000,874            | -               | -                      | -                    |
| Share issuance costs – cash                    | -                                | (694,227)            | -                         | -                    | -               | -                      | (694,227)            |
| Shares to be issued                            | -                                | -                    | (251,730)                 | -                    | -               | -                      | (251,730)            |
| Share-based payments                           | -                                | -                    | -                         | 9,668,459            | -               | -                      | 9,668,459            |
| Net loss and comprehensive loss for the period | -                                | -                    | -                         | -                    | 1,462           | (8,453,302)            | (8,451,840)          |
| <b>Balances, December 31, 2022</b>             | <b>92,790,239</b>                | <b>\$ 51,616,090</b> | <b>\$ -</b>               | <b>\$ 13,291,276</b> | <b>\$ 1,413</b> | <b>\$ (21,222,892)</b> | <b>\$ 43,685,887</b> |

<sup>1</sup>Number of shares are adjusted for the share consolidation of one post-consolidated share for every 3 pre-consolidated share on June 7, 2021.

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



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

|  | <b>Nine months ended December 31,</b> |                |
|--|---------------------------------------|----------------|
|  | <b>2022</b>                           | <b>2021</b>    |
| <b>OPERATING ACTIVITIES</b>                                      |                                       |                |
| Net loss for the period  | <b>\$ (8,453,302)</b>                 | \$ (3,820,076) |
| Adjustments for non-cash items:                                  |                                       |                |
| Interest income accruals   | <b>(3,891)</b>                        | (32)           |
| Flow-through premium income                                      | <b>(3,513,242)</b>                    | (1,513)        |
| Share-based payments   | <b>9,668,459</b>                      | 1,582,592      |
| Changes in non-cash working capital items:                       |                                       |                |
| Increase in accounts receivable                                  | <b>(1,007,198)</b>                    | (327,768)      |
| Increase (Decrease) in accounts payables and accrued liabilities | <b>(715,967)</b>                      | 258,926        |
| Increase in prepaid expenses                                     | <b>(122,631)</b>                      | (20,176)       |
| <b>Cash used by in operating activities</b>                      | <b>(4,147,772)</b>                    | (2,328,047)    |
| <b>INVESTING ACTIVITIES</b>                                      |                                       |                |
| Exploration and evaluation expenditures                          | <b>(15,560,789)</b>                   | (2,334,734)    |
| <b>Cash used in investing activities</b>                         | <b>(15,560,789)</b>                   | (2,334,734)    |
| <b>FINANCING ACTIVITIES</b>                                      |                                       |                |
| Proceeds from issuance of common shares                          | <b>23,821,305</b>                     | 14,709,121     |
| Payment of promissory note                                       | <b>-</b>                              | (40,000)       |
| Share issuance costs   | <b>(694,227)</b>                      | (75,412)       |
| Proceeds from exercise of options                                | <b>1,071,179</b>                      | 13,455         |
| Proceeds from exercise of warrants                               | <b>3,408,863</b>                      | 1,958,813      |
| Subscriptions received   | <b>(251,730)</b>                      | -              |
| <b>Cash provided by financing activities</b>                     | <b>27,355,390</b>                     | 16,565,977     |
| <b>Increase in cash and cash equivalents</b>                     | <b>7,646,829</b>                      | 11,903,196     |
| <b>Effect of exchange rate on cash</b>                           | <b>1,462</b>                          | (11)           |
| <b>Cash and cash equivalents, beginning of year</b>              | <b>11,697,720</b>                     | 149,554        |
| <b>Cash and cash equivalents, end of period</b>                  | <b>\$ 19,346,011</b>                  | \$ 12,052,739  |

**Supplemental cash flow information (Note 11)**

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

# **PATRIOT BATTERY METALS INC.**

## **Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)**

**As at and for the period ended December 31, 2022 and 2021**

(Expressed in Canadian dollars)

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### **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 and records office is Suite 700-838 W Hastings Street Vancouver, BC V6C 0A6 and the address of its registered and records office is Suite 1008, 550 Burrard Street, Vancouver, BC, V6C 2B5. The Company has mineral properties in British Columbia, Northwest Territories, Quebec, and Idaho, USA.

In order to meet exploration expenditure requirements and option payment and compliance obligations, the Company may need to seek additional sources of equity financing or debt financing. There is no assurance these activities will be successful. If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as described. These interim condensed consolidated financial statements (the "Financial Statements") do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying Financial Statements.

### **2. BASIS OF PREPARATION**

#### **2.1 Basis of presentation**

The Financial Statements include the accounts of the Company and Metals Nevada Corp. ("Metals Nevada"), the 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 explained in Note 9, 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. These Financial Statements are presented in Canadian dollars, which is the Company's functional currency.

#### **2.2 Statement of compliance**

The condensed interim consolidated 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, 2022.

These Financial Statements were approved and authorized for issue in accordance with a resolution from the Board of Directors on February 14, 2023.

**PATRIOT BATTERY METALS INC.****Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)****As at and for the period ended December 31, 2022 and 2021**(Expressed in Canadian dollars)

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**2.3 Adoption of new and revised standards and interpretation**

The accounting policies applied by the Company in these financial statements are the same as those applied by the Company in its audited consolidated financial statements for the year ended March 31, 2022.

**3. AMOUNTS RECEIVABLE**

The Company's amounts receivable arises from Goods and Services Tax ("GST") and Quebec Sales Tax ("QST") due from the government taxation authorities and accrued interest calculated on the Guaranteed Investment Certificate ("GIC").

|                                 | <b>December 31, 2022</b> | <b>March 31, 2022</b> |
|---------------------------------|--------------------------|-----------------------|
| GST receivable                  | <b>\$ 397,718</b>        | \$ 223,880            |
| QST receivable                  | <b>347,411</b>           | 254,632               |
| Interest receivable             | <b>3,891</b>             | 37                    |
| Other receivable <sup>(1)</sup> | <b>740,618</b>           | -                     |
| <b>Total</b>                    | <b>\$ 1,489,638</b>      | <b>\$ 478,549</b>     |

<sup>(1)</sup> FY 2022 income tax resource tax credits refund was received subsequently on January 9, 2023



# PATRIOT BATTERY METALS INC.

## Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)

As at and for the period ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

### 4. EXPLORATION AND EVALUATION PROPERTIES

The Company's exploration and evaluation properties expenditures for the nine months ended December 31, 2022 are as follows:

|   | Corvette<br>Property<br><i>Quebec,<br/>Canada</i> | Freeman Creek<br>Property<br><i>Idaho,<br/>USA</i> | Pontois<br>Property<br><i>Quebec,<br/>Canada</i> | Hidden Lake<br>Property<br><i>NW Territories,<br/>Canada</i> | Pontax<br>Property<br><i>Quebec,<br/>Canada</i> | Lac Du Beryl<br>Property<br><i>Quebec,<br/>Canada</i> | Eastmain<br>Property<br><i>Quebec,<br/>Canada</i> | Total                |
|---|---|--|--|--|---|---|---|----------------------|
| <b>ACQUISITION COSTS</b>                |   |  |  |  |   |   |   |                      |
| Balance March 31, 2022                  | \$ 5,742,908                                      | \$ 879,991   | \$ -   | \$ 177,223   | \$ 423,012                                      | \$ 15,000   | \$ 15,000   | \$ 7,253,134         |
| Additions                               | 3,200   | -  | 1,554,200  | -  | -   | -   | -   | 1,557,400            |
| <b>Balance, December 31, 2022</b>       | <b>\$ 5,746,108</b>                               | <b>\$ 879,991</b>                                  | <b>\$ 1,554,200</b>                              | <b>\$ 177,223</b>  | <b>\$ 423,012</b>                               | <b>\$ 15,000</b>                                      | <b>\$ 15,000</b>                                  | <b>\$ 8,810,534</b>  |
| <b>EXPLORATION AND EVALUATION COSTS</b> |   |  |  |  |   |   |   |                      |
| Balance March 31, 2022                  | \$ 5,524,836                                      | \$ 844,894   | \$ -   | \$ 551,474   | \$ 209,637                                      | \$ 21,074   | \$ 6,923  | \$ 7,158,838         |
| Additions                               |   |  |  |  |   |   |   |                      |
| Consulting                              | -   | 32,447   | 3,362  | -  | -   | -   | -   | 35,809               |
| Assays and Testing                      | 579,527   | 12,996   | 840  | -  | 14,007  | 1,944   | 1,629   | 610,943              |
| Reports and admin                       | 855,370   | 182  | 5,876  | -  | -   | 3,670   | 3,508   | 868,606              |
| Geology salary and expenditures         | 1,612,707   | -  | -  | -  | 95,100  | 8,141   | 5,942   | 1,721,890            |
| Drilling expenditures                   | 7,116,225   | -  | -  | -  | -   | -   | -   | 7,116,225            |
| Geophysics and Remote Sensing           | 60,171  | -  | -  | -  | -   | -   | -   | 60,171               |
| Travel and Accommodation                | 1,809,049   | -  | 2,989  | -  | 11,366  | 3,276   | 2,239   | 1,828,919            |
| Transportation cost                     | 4,384,349   | -  | 3,213  | -  | 26,401  | 11,265  | 6,136   | 4,431,364            |
| Advances / (Refund)                     | 1,197,979   | -  | -  | (48,000)   | -   | -   | -   | 1,149,979            |
| Exploration tax credits received        | (740,394)   | -  | -  | -  | (225)   | -   | (94)  | (740,713)            |
| <b>Balance, December 31, 2022</b>       | <b>\$ 22,399,819</b>                              | <b>\$ 890,519</b>                                  | <b>\$ 16,280</b>                                 | <b>\$ 503,474</b>  | <b>\$ 356,286</b>                               | <b>\$ 49,370</b>                                      | <b>\$ 26,283</b>                                  | <b>\$ 24,242,031</b> |
| <b>Total, December 31, 2022</b>         | <b>\$ 28,145,927</b>                              | <b>\$ 1,770,510</b>                                | <b>\$ 1,570,480</b>                              | <b>\$ 680,697</b>  | <b>\$ 779,298</b>                               | <b>\$ 64,370</b>                                      | <b>\$ 41,283</b>                                  | <b>\$ 33,052,565</b> |

# PATRIOT BATTERY METALS INC.

## Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)

As at and for the period ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

### 4. EXPLORATION AND EVALUATION PROPERTIES (continued)

The Company's exploration and evaluation properties expenditures for the year ended March 31, 2022 are as follows:

|   | Corvette<br>Property<br><br><i>Quebec,<br/>Canada</i> | Freeman<br>Creek<br>Property<br><br><i>Idaho,<br/>USA</i> | Hidden Lake<br>Property<br><br><i>NW<br/>Territories,<br/>Canada</i> | Pontax<br>Property<br><br><i>Quebec,<br/>Canada</i> | Lac Du<br>Beryl<br>Property<br><br><i>Quebec,<br/>Canada</i> | Eastmain<br>Property<br><br><i>Quebec,<br/>Canada</i> | Golden<br>Silica<br>Property<br><br><i>BC, Canada</i> | Silver<br>Sands<br><br><i>BC, Canada</i> | Total                |
|---|---|---|--|---|--|---|---|--|----------------------|
| <b>ACQUISITION COSTS</b>                |   |   |  |   |  |   |   |  |                      |
| Balance March 31, 2021                  | \$ 251,580  | \$ 869,409  | \$ 177,223   | \$ 417,500  | \$ 15,000  | \$ 15,000   | \$ 150,000  | \$ 12,643                                | \$ 1,908,355         |
| Additions                               | 5,491,328   | 10,582  | -  | 5,512   | -  | -   | -   | -  | 5,507,422            |
| Impairment                              | -   | -   | -  | -   | -  | -   | (150,000)   | (12,643)                                 | (162,643)            |
| <b>Balance, March 31, 2022</b>          | <b>\$ 5,742,908</b>                                   | <b>\$ 879,991</b>   | <b>\$ 177,223</b>  | <b>\$ 423,012</b>                                   | <b>\$ 15,000</b>   | <b>\$ 15,000</b>                                      | <b>\$ -</b>   | <b>\$ -</b>                              | <b>\$ 7,253,134</b>  |
| <b>EXPLORATION AND EVALUATION COSTS</b> |   |   |  |   |  |   |   |  |                      |
| Balance March 31, 2021                  | \$ 691,967  | \$ 670,420  | \$ 551,474   | \$ 188,365  | \$ 21,074  | \$ 6,923  | \$ 165,364  | \$ 2,133                                 | \$ 2,297,720         |
| Additions                               |   |   |  |   |  |   |   |  |                      |
| Consulting                              | 467,510   | 103,062   | -  | 5,542   | -  | -   | -   | -  | 576,114              |
| Assays and Testing                      | 252,876   | 30,201  | -  | -   | -  | -   | -   | -  | 283,077              |
| Reports and admin                       | 184,232   | 8,260   | -  | 9,730   | -  | -   | -   | -  | 202,222              |
| Geology salary and expenditures         | 1,638,066   | 14,356  | -  | -   | -  | -   | -   | -  | 1,654,422            |
| Drilling expenditures                   | 1,084,639   | -   | -  | -   | -  | -   | -   | -  | 1,084,639            |
| Travel and Accommodation                | 50,741  | -   | -  | -   | -  | -   | -   | -  | 50,741               |
| Transportation cost                     | 54,380  | -   | -  | -   | -  | -   | -   | -  | 54,380               |
| Advances                                | 1,100,425   | 18,595  | -  | 6,000   | -  | -   | -   | -  | 1,125,020            |
| Impairment                              | -   | -   | -  | -   | -  | -   | (165,364)   | (2,133)                                  | (167,497)            |
| <b>Balance, March 31, 2022</b>          | <b>\$ 5,524,836</b>                                   | <b>\$ 844,894</b>   | <b>\$ 551,474</b>  | <b>\$ 209,637</b>                                   | <b>\$ 21,074</b>   | <b>\$ 6,923</b>                                       | <b>\$ -</b>   | <b>\$ -</b>                              | <b>\$ 7,158,838</b>  |
| <b>Total, March 31, 2022</b>            | <b>\$ 11,267,744</b>                                  | <b>\$ 1,724,885</b>                                       | <b>\$ 728,697</b>  | <b>\$ 632,649</b>                                   | <b>\$ 36,074</b>   | <b>\$ 21,923</b>                                      | <b>\$ -</b>   | <b>\$ -</b>                              | <b>\$ 14,411,972</b> |

The technical information in this disclosure has been reviewed by Darren L. Smith, M.Sc., P.Geo., Vice President of Exploration for the Company, a Permit holder with the Ordre des Géologues du Québec and Qualified Person as defined by National Instrument 43-101.

## **PATRIOT BATTERY METALS INC.**

### **Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)**

**As at and for the period ended December 31, 2022 and 2021**

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#### **4.1 Corvette Property – Lithium – James Bay Region, Quebec, Canada**

The Corvette Property is currently comprised of 417 CDC mineral claims that cover an area of approximately 21,357 hectares in the James Bay Region, Quebec, Canada. The Corvette Property is further divided into claim blocks, which reflect the various claim acquisitions by the Company – Corvette Main (172 claims), Corvette East (83 claims), FCI East (28 claims), FCI West (83 claims), Deca-Goose (31 claims), and Felix (20 claims) – and collectively form one contiguous land package, apart from four (4) claims of the Felix block located approximately one (1) km west of the main land package. Patriot Battery Metals Inc. is recorded as the registered title holder for all 417 claims and holds 100% interest in each.

The Corvette Property is subject to various royalty obligations pursuant to the claim acquisition agreement for each respective claim block that comprises the Corvette Property. Of the 417 claims that comprise the Corvette Property, 237 are subject to a Net Smelter Return (“NSR”) royalty.

**Corvette Main block** – The Corvette Property Main block consists of 172 mineral claims on the Eastmain Property, the Lac Du Beryl Property and the original Corvette claim block. 76 of the 172 mineral claims are subject to a 2% NSR royalty held by DG Resource Management Ltd, a private company. There is no buy-back provision.

**FCI East and FCI West claim blocks** (“FCI Claims”) – all 111 claims are subject to a 1.5% to 3.5% sliding scale NSR royalty (held by Osisko Gold Royalties Ltd.) which is dependent on commodity type and level of production. The royalty is primarily based on amount of production with 1.5% on the first 1M oz, 2.5% on the next 1M oz and 3.0% on the next 1M oz of and above. The remaining 0.5% royalty is based on the spot gold price starting at US\$1,000 / oz and reaches the maximum at \$2,000 / oz.

A 2.0% NSR royalty (held by Osisko Gold Royalties Ltd.) is present on all other products; provided however that if there is an existing royalty applicable on any portion of the property, then the percentages noted above (i.e., the sliding scale NSR) shall, as applicable, be adjusted so that the aggregate maximum royalty percentage on such portion shall not exceed and be capped to 3.5% at any time. There is no buy-back provision for the NSR royalty on the FCI East and FCI West claim blocks.

On February 15, 2022, the Company consolidated its land position at Corvette Property through multiple acquisitions as well as direct staking. Specifically, the Company signed a Purchase Agreement with O3 Mining Inc. to achieve 100% ownership of the FCI Claims in consideration of an additional cash payment of \$3,000,000 and issuance of a total of 1,800,000 common shares (issued at \$0.64 per share) of the Company to O3 Mining. The existing Net Smelter Royalty, as outlined above remained unchanged.

**Deca-Goose and Felix claim blocks** – On February 17, 2022 the Company also purchased a 100% interest in the Deca-Goose and Felix claim blocks for a \$150,000 cash payment and issuance of 1,800,000 common shares (issued \$0.64 per share) to Canadian Mining House (“CMH”), a private Quebec based company. 50 of 51 claims are subject to a 2% NSR royalty held by CMH, of which the Company retains the option of buying back one-half (50%) of the NSR royalty for \$2,000,000.

## **PATRIOT BATTERY METALS INC.**

### **Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)**

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#### **4.2 Freeman Creek Property – Gold – Idaho, USA**

During the year ended March 31, 2021, the Company acquired 100% interest in Freeman Creek Property consisting of 76 claims covering approximately 635.4 hectares located in Idaho, USA. The Company paid a total of \$90,000 in cash and issued 1,333,334 common shares and 666,667 options in consideration. The Company's subsidiary, Metals Nevada Corporation in Idaho, USA, currently holds the title to the property.

In the event that a gold equivalent resource of more than 1 million ounces is outlined within a NI 43-101 Resource Estimate on the Property, the Company shall pay \$1,000,000, payable in shares or cash or a combination of both, at the Company's discretion. In the case of a share issuance, the shares shall be issued at a price using the average market price of the previous 30 trading days preceding the share issuance.

The vendors shall retain a 2.5% Net Smelter Return royalty on the Property, of which Metals Nevada shall have the right at any time to purchase half (1.25%) for \$1,500,000.

The Company subsequently staked additional claims with the Property now currently comprised of 106 claims totaling 886.2 hectares.

#### **4.3 Pontois Property – Lithium and Gold - James Bay Region, Quebec, Canada**

On September 7, 2022, the Company entered into an acquisition agreement with Les Explorations Carat Inc, (among others) to acquire a 100% interest in the Pontois Property, a block of 31 contiguous claims (1,587.2 hectares) located on a geological trend to the west of the Corvette Property in the James Bay Region, Quebec, Canada. The Company paid \$100,000 in cash and issued 220,000 common shares of the Company at a deemed price of \$6.61 per common share (totaling \$1,454,200), for a total consideration of \$1,554,200.

Pursuant to the Property Acquisition Agreement dated September 7, 2022, the property is subject to a 2% NSR royalty which has a 50% buyback option by the Company for \$1,000,000.

#### **4.4 Hidden Lake Property – Lithium – Northwest Territories, Canada**

The Hidden Lake Property is located 45 km east of Yellowknife, in the Northwest Territories, Canada, proximal to Highway 4, and consists of 5 contiguous claims totaling 1,660 hectares. In March 2018, the Property was optioned to Far Resources Ltd. ("Far"), which subsequently restructured as Foremost Lithium Resources & Technology Ltd. The Company currently maintains a 40% interest in the Property as Far earned 60%. To establish a formal 60/40 Joint Venture Agreement ("JV"), Far is responsible for financing the JV's initial \$1M expenditures.

The Hidden Lake Property is subject to 2% Net Smelter Royalty with respect to the production of all material from the property with no buyback provision.

#### **4.5 Pontax Property - Lithium and Gold – James Bay Region, Quebec, Canada**

The Company owns 100% interest in the Pontax lithium-gold property, which is located near Eastmain, Quebec. The property consists of 80 claims totaling 4,257.2 hectares over several non-contiguous claim blocks. All claims are registered to Patriot Battery Metals Inc.

Pursuant to the Property Purchase Agreement ("Pontax Agreement") dated July 25, 2016, the Pontax Property is subject to a 3% Net Smelter Royalty ("NSR").

## **PATRIOT BATTERY METALS INC.**

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#### **4.6 Lac du Beryl Property – Lithium and Gold – James Bay Region, Quebec, Canada**

The Lac du Beryl Property is comprised of the original 18 claim blocks totalling 952.9 hectares in the James Bay Region, Quebec, Canada.

Pursuant to the Property Purchase Agreement dated September 18, 2017, the Company acquired from third-party Vendors 100% interest in the Minerals Claims which included mineral claims on the Eastmain Property, the Lac Du Beryl Property, and the original Corvette claim block (76 claims).

Pursuant to this Property Purchase Agreement, the Lac du Beryl Property is subject to a 2% Net Smelter Return with respect to the production of all materials from the property.

#### **4.7 Eastmain Property – Lithium – James Bay Region, Quebec, Canada**

The Eastmain Property consists of two claims blocks, totaling 13 claims and 686.5 hectares in the James Bay Region, Quebec, Canada.

Pursuant to the Property Purchase Agreement dated September 18, 2017, the Company acquired from third-party Vendors 100% interest in the Minerals Claims which included mineral claims on the Eastmain Property, the Lac Du Beryl Property and the original Corvette claim block (76 claims).

The Eastmain Property is subject to a 2% Net Smelter Return with respect to the production of all materials from the property.

#### **4.8 Golden Silica Property – Silica – British Columbia, Canada (formerly referred to as “ZimFrac” or “Golden Frac Sand”)**

During the year ended March 31, 2022, the Company recognized an impairment loss of \$315,364 relating to this Property.

#### **4.9 Silver Sands Vanadium Property – British Columbia, Canada**

During the year ended March 31, 2022, the Company recognized an impairment loss of \$14,776 relating to this property.

### **5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The Company's accounts payable and accrued liabilities are principally comprised of amounts outstanding for trade purchases relating to administrative activities as well as expenditures relating to exploration and evaluation activities. The usual credit period taken for trade purchases is between 30 to 90 days. As at December 31, 2022, the Company had \$1,680,413 (March 31, 2022 – \$862,200) in accounts payable, \$80,013 (March 31, 2022 – \$32,250) in accrued liabilities and flow-through taxes payable \$46,661 (March 31, 2022 - \$Nil) relating to the following:

|                                       | <b>December 31, 2022</b> | <b>March 31, 2022</b> |
|---------------------------------------|--------------------------|-----------------------|
| Exploration and evaluation activities | <b>\$ 1,625,604</b>      | \$ 831,809            |
| Flow-through taxes payable            | <b>43,661</b>            | -                     |
| Others                                | <b>134,822</b>           | 62,641                |
| <b>Total</b>                          | <b>\$ 1,804,087</b>      | <b>\$ 894,450</b>     |

## **PATRIOT BATTERY METALS INC.**

### **Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)**

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#### **5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)**

As at December 31, 2022, the Company has \$Nil (March 31, 2022 – \$3,253) due to related parties reported as part of accounts payable and accrued liabilities (Note 10).

#### **6. FLOW-THROUGH PREMIUM LIABILITY**

On October 6, 2022, the Company closed a private placement for 1,507,170 flow-through units at \$13.27 per unit for gross proceeds of \$20,000,146 (FT#22 Offering). The fair value of the units was \$6.50 per unit, resulting in the recognition of a flow-through premium liability of \$6.77 per unit for a total of \$10,203,541. The flow-through premium liability is non-cash and is amortized over the periods in which the funds are spent on qualifying expenditures.

On December 21, 2021, the Company closed a private placement for 17,973,856 flow-through units at \$0.612 per unit for gross proceeds of \$11,000,000 (FT#21 Offering). The fair value of the units was \$0.475 per unit, resulting in the recognition of a flow-through premium liability of \$0.137 per unit for a total of \$2,462,418. The flow-through premium liability from this financing is amortized over the periods in which the funds are spent on qualifying expenditures. At December 31, 2022, the Company had incurred all of the \$11,000,000 in required flow-through eligible expenditures

During the nine months ended December 31, 2022, the Company recognized flow-through income of \$3,513,242 (2021 - \$Nil).

|  | December 31, 2022 | March 31, 2022   |
|--|-------------------|------------------|
| Opening Balance, March 31, 2021          | \$ 1,862,874      | \$ -             |
| Flow-through share premium issuance:     |                   |                  |
| FT#21 Offering                           | -                 | 2,462,418        |
| FT#22 Offering                           | 10,203,541        |                  |
| Amortization                             | (3,513,242)       | (599,544)        |
| <b>Ending Balance, December 31, 2022</b> | <b>8,553,173</b>  | <b>1,862,874</b> |

#### **7. SHARE CAPITAL**

As at December 31, 2022, there were 92,790,239 issued and fully paid common shares (March 31, 2022 – 78,548,991) outstanding.

##### **7.1 Authorized share capital**

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

## **PATRIOT BATTERY METALS INC.**

### **Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)**

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#### **7.2 Share issuances**

*During the nine month period ended December 31, 2022, the Company issued common shares as follows:*

During the nine month period ended December 31, 2022, the Company issued a total of 9,761,448 shares for warrants exercised: 1,181,763 exercised at \$0.36 per share, 237,000 exercised at \$0.30 per share, 6,366,500 exercised at \$0.25 per share, 1,000,000 exercised at \$0.54 per share, 926,187 exercised at \$0.60 per share and 49,998 exercised at \$4.50 per share. The fair value of warrants exercised amounted to \$29,674.

During the nine month period ended December 31, 2022, the Company issued a total of 2,052,630 shares for options exercised: 850,000 at \$0.39 per share, 66,666 exercised at \$0.30 per share, 180,799 exercised at \$0.42 per share, 116,832 exercised at \$0.27 per share, 700,000 exercised at \$0.53 per share, 130,000 exercised at \$1.74 per share and 8,333 exercised at \$1.80 per share. The fair value of options exercised amounted to \$807,194.

On November 29, 2022, the Company issued 700,000 common shares in connection with the initial public offering on the Australian Securities Exchange ("ASX") of 7,000,000 CHESS Depository Interests ("CDI") at a price of AUD\$0.60 per CDI for gross proceeds of AUD\$4,200,000 (CAD\$3,821,160). The CDIs are eligible for conversion to common shares on a 10:1 basis, resulting in an issue price per underlying common share of AUD\$6.00.

On October 6, 2022, the Company issued 1,507,170 common shares in connection with a private placement of charity flow-through shares ("FT#22 Shares") at a price of \$13.27 per FT#22 Share for aggregate gross proceeds of \$20,000,145 (FT#22 Offering). In connection with the FT#22 Offering, the Company paid broker fees of \$454,217 in cash and issued 71,530 broker warrants entitling the holder to obtain one common share in the Company at a price of \$6.35 for a period of two years from the date of the closing of the FT#22 Offering.

On September 7, 2022, the Company issued 220,000 common shares at a deemed price of \$6.61 per share for the acquisition of Pontois Property (Note 4.3).

*During the nine month period ended December 31, 2021, the Company issued common shares as follows:*

During the nine month period ended December 31, 2021, the Company issued a total of 6,997,670 shares for warrants exercised: 344,998 exercised at \$0.45 per share, 1,277,994 exercised at \$0.36 per share and 5,374,678 exercised at \$0.25 per share. The fair value of warrants exercised amounted to \$75,177.

During the nine month period ended December 31, 2021, the Company issued a total of 49,833 shares for options exercised at \$0.27 per share. The fair value of options exercised amounted to \$13,348.

On December 21, 2021, the Company closed private placement through the issuance of 17,973,856 units at a price of \$0.612 per unit for aggregate gross proceeds of \$11,000,000. Part of the proceeds were recognized as Flow-through ("FT") premium liability amounting to \$2,462,418 (Note 6) and shall be recognized as income over a period of 12 months from closing date. Each unit consists of one flow-through common share and one non-flow through common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.75 per share for two years. Finder's fees of 977,778 compensation shares were paid.



## PATRIOT BATTERY METALS INC.

### Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)

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#### 7.2 Share issuances (continued)

On June 30, 2021, the Company completed a private placement for gross proceeds of \$3,709,120. The Company issued 23,182,000 units (post share-consolidation) at a price of \$0.16 per unit. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.25 for a period of 24 months from the closing date. The Company paid \$75,412 in cash finders' fees and issued 471,328 warrants valued at \$111,611.

On June 7, 2021, the Company completed a share consolidation on one (1) post-consolidated share for every three (3) pre-consolidated shares. At June 7, 2021, the Company had 10,897,605 common shares issued and outstanding post consolidation. The number of shares, warrants and stock options shown in these consolidated financial statements are on a post-consolidation basis.

#### 7.3 Share purchase warrants

A summary of changes in the Company's share purchase warrants outstanding as at December 31, 2022 and December 31, 2021 is as follows:

|                                   | December 31, 2022               |                                 | December 31, 2021               |                                 |
|-----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                   | Number of warrants <sup>1</sup> | Weighted average exercise price | Number of warrants <sup>1</sup> | Weighted average exercise price |
| Outstanding, beginning of period  | 38,907,055                      | \$ 0.59                         | 5,972,484                       | \$ 0.54                         |
| Granted                           | 2,228,393                       | 0.93                            | 41,627,184                      | 0.75                            |
| Exercised                         | (9,761,448)                     | 0.63                            | (6,997,678)                     | 0.28                            |
| Expired                           | -                               | -                               | (234,694)                       | 1.00                            |
| <b>Outstanding, end of period</b> | <b>31,374,000</b>               | <b>\$ 0.68</b>                  | <b>40,367,296</b>               | <b>\$ 0.50</b>                  |

<sup>1</sup> Warrants were adjusted to reflect the share consolidation on June 7, 2021.

*During the nine months ended December 31, 2022:*

In connection with the FT#22 Offering, the Company paid broker fees of \$454,217 in cash and issued 71,530 broker warrants entitling the holder to obtain one common share in the Company at a price of \$6.35 for a period of two years from the date of the closing of the FT#22 Offering. The fair value of warrants issued amounting to \$315,746 was estimated using the Black-Scholes pricing model with a stock price of \$6.50, volatility of 135.40%, risk-free rate of 3.99%, dividend yield of 0% and expected life of 2 years.

The Company issued 2,156,863 broker warrants in connection with the private placement that was completed on December 21, 2021. The fair value of warrants issued amounting to \$685,133 was estimated using the Black-Scholes pricing model with a stock price of \$0.475, volatility of 156.22%, risk-free rate of 1.05%, dividend yield of 0% and expected life of 2 years.

A total of 9,761,448 warrants were exercised for total proceeds of \$3,408,863.

*During the nine months ended December 31, 2021:*

On December 21, 2021, the Company issued 17,973,856 non-FT warrants in connection with a private placement.



## PATRIOT BATTERY METALS INC.

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#### 7.3 Share purchase warrants (continued)

On June 30, 2021, the Company issued 23,182,000 warrants in connection with a private placement and 471,328 to finders. The finders' warrants fair value of \$ 111,611 was estimated using the Black-Scholes pricing model with a stock price of 0.310, volatility of 157.68%, risk free rate of 0.45%, dividend yield of 0%, and expected life of 2 years.

A total of 6,997,678 warrants were exercised and a total of 234,693 warrants expired unexercised.

The following table summarizes information regarding share purchase warrants outstanding as at December 31, 2022:

| Date issued       | Number of warrants* | Exercise price (\$) | Expiry date       | Weighted average remaining life |
|-------------------|---------------------|---------------------|-------------------|---------------------------------|
| August 12, 2020   | 166,667             | 0.30                | August 12, 2023   | 0.00                            |
| August 26, 2020   | 80,000              | 0.54                | August 26, 2023   | 0.00                            |
| March 23, 2021    | 166,667             | 0.30                | March 3, 2024     | 0.01                            |
| June 30, 2021     | 4,038,409           | 0.25                | June 30, 2023     | 0.06                            |
| December 21, 2021 | 20,130,727          | 0.75                | December 21, 2023 | 0.62                            |
| March 21, 2022    | 6,000,000           | 0.75                | March 21, 2025    | 0.43                            |
| March 21, 2022    | 720,000             | 0.75                | March 21, 2024    | 0.03                            |
| October 6, 2022   | 71,530              | 6.35                | October 6, 2024   | 0.00                            |
|                   | <b>31,374,000</b>   | <b>\$ 0.68</b>      |                   | <b>1.15</b>                     |

\*Warrants were adjusted to reflect the share consolidation on June 7, 2021

The weighted average grant date fair value of the warrants granted during the nine months ended December 31, 2022, was \$2.37 (December 31, 2021 – \$0.24) per warrant using the Black-Scholes Option Pricing Model. The weighted average assumptions used for the calculation were:

|   | December 31, 2022 | December 31, 2021 |
|---|-------------------|-------------------|
| Share price at grant date (\$)                      | <b>\$3.49</b>     | \$0.31            |
| Risk free interest rate (%)                         | <b>2.52%</b>      | 0.45%             |
| Expected life (years)                               | <b>2.00</b>       | 2.00              |
| Expected volatility (%)                             | <b>146%</b>       | 158%              |
| Expected dividend per share                         | -                 | -                 |
| Fair market value of the warrant on grant date (\$) | <b>\$2.37</b>     | \$0.24            |

#### 7.4 Stock options

The Company has an incentive share option plan for granting options to directors, employees, and consultants, under which the total outstanding options are limited 10% of the outstanding common shares at the time of each grant. Options granted may not exceed a term of ten years. All options vest when granted unless otherwise specified by the Board of Directors.

A summary of changes in the Company's stock options outstanding as at December 31, 2022 and December 31, 2021 is as follows:

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#### 7.4 Stock options (continued)

|                                   | December 31, 2022  |                                 | December 31, 2021  |                                 |
|-----------------------------------|--------------------|---------------------------------|--------------------|---------------------------------|
|                                   | Number of options* | Weighted average exercise price | Number of options* | Weighted average exercise price |
| Outstanding, beginning of period  | 5,069,300          | \$ 0.45                         | 890,800            | \$ 0.37                         |
| Granted                           | 5,275,000          | 4.54                            | 4,700,000          | 0.46                            |
| Exercised                         | (2,052,630)        | 0.52                            | (49,833)           | 0.27                            |
| Expired/Cancelled                 | (45,000)           | 0.36                            | (21,667)           | 0.15                            |
| Forfeited                         | -                  | -                               | -                  | -                               |
| <b>Outstanding, end of period</b> | <b>8,246,670</b>   | <b>\$ 3.07</b>                  | <b>5,519,300</b>   | <b>\$ 0.44</b>                  |

\*Options were adjusted to reflect the share consolidation on June 7, 2021

*During the nine month period ended December 31, 2022:*

On July 27, 2022, a total of 33,335 of stock options exercisable at \$0.42 per share expired unexercised.

On May 2, 2022, a total of 11,667 stock options exercisable at \$1.80 per share expired unexercised.

A total of 2,052,630 stock options were exercised for total proceeds of \$1,071,179.

On April 5, 2022, the Company granted a total of 2,525,000 incentive stock options to officers, directors and consultants of the Company. The options are exercisable at \$1.74 per share within a period of three years from the date of grant. 2,385,000 of the options vested immediately on issue ("April Options") with 70,000 vesting twelve months from date of grant and the remaining 70,000 vesting 24 months from date of grant. In accordance with IFRS 2 Share-based Payment, the value of options is expensed over the vesting period.

On July 18, 2022, the Company granted 500,000 incentive stock options ("July Options") to a newly appointed director of the Company. The options are exercisable at \$2.58 per share within a period of three years from the date of grant. The July Options vested immediately.

On August 22, 2022, the Company granted 2,000,000 incentive stock options ("August Options") to newly appointed Non-Executive Chairman and director of the Company, with 1,000,000 options being exercisable at \$7.00 per share, and the remaining 1,000,000 options exercisable at \$9.20 per share within a period of four years from the date of grant. The August Options vested immediately.

On September 12, 2022, the Company granted 250,000 stock options ("September Options") to a member of the newly formed project steering group. The options are exercisable at \$9.00 per share within a period of four years from the date of grant. The September Options vested immediately.

The fair value of stock options granted in share-based payments is estimated using the Black-Scholes pricing model with the following inputs on date of issuance: share listed price on grant date, exercise price, expected volatility (%), risk-free rate (%), expected dividend yield (%), and expected life of stock options granted as set out below.

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### **7.4 Stock options (continued)**

|                                 | <b>April<br/>Options</b>             | <b>July<br/>Options</b> | <b>August<br/>Options</b> | <b>August<br/>Options</b> | <b>September<br/>Options</b> |
|---------------------------------|--------------------------------------|-------------------------|---------------------------|---------------------------|------------------------------|
| Grant Date                      | 2022-04-05                           | 2022-07-18              | 2022-08-22                | 2022-08-22                | 2022-09-12                   |
| Expiry Date                     | 2025-04-05                           | 2025-07-18              | 2026-08-22                | 2026-08-22                | 2026-09-22                   |
| Contractual Life                | 3 years                              | 3 years                 | 4 years                   | 4 years                   | 4 years                      |
| Vesting                         | Immediately<br>and Graded<br>Vesting | Immediately             | Immediately               | Immediately               | Immediately                  |
| Input Variables:                |                                      |                         |                           |                           |                              |
| Number of options               | 2,525,000                            | 500,000                 | 1,000,000                 | 1,000,000                 | 250,000                      |
| Stock price at valuation date   | \$1.75                               | \$2.58                  | \$4.35                    | \$4.35                    | \$6.80                       |
| Exercise price                  | \$1.74                               | \$2.58                  | \$7.00                    | \$9.20                    | \$9.00                       |
| 'Expected' life of options      | 2 years                              | 2 years                 | 2 years                   | 2 years                   | 2 years                      |
| Expected volatility             | 129.57%                              | 138.34%                 | 135.50%                   | 133.50%                   | 136.25%                      |
| Annual Rate quarterly dividends | 0%                                   | 0%                      | 0%                        | 0%                        | 0%                           |
| Risk-free rate                  | 2.37%                                | 3.22%                   | 3.48%                     | 3.48%                     | 3.61%                        |
| Fair value per option           | \$1.14                               | \$1.76                  | \$2.57                    | \$2.35                    | \$4.27                       |
| Total share-based payments      | \$2,871,686 <sup>(1)</sup>           | \$880,322               | \$2,565,752               | \$2,349,520               | \$1,069,106                  |

(1) \$2,800,759 was expensed over 9 months ending December 31, 2022 per vesting schedule.

All options were granted under and are governed by the terms of the Company's incentive stock option plan.

*During the nine month period ended December 31, 2021:*

A total of 499,833 options were exercised. 21,667 options expired unexercised.

On December 23, 2021, the Company granted 2,200,000 incentive stock options to officers, directors and consultants of the Company. The options are exercisable at \$0.53 per share for a period of three years from the date of grant. The options were granted under and are governed by the terms of the Company's incentive stock option plan.

On August 6, 2021, the Company granted 2,500,000 incentive stock options to officers, directors, and consultants of the Company. The options are exercisable at \$0.39 per share for a period of three years from the date of grant. The options were granted under and are governed by the terms of the Company's incentive stock option plan.

On July 11, 2021, 16,667 stock options expired unexercised.

On May 4, 2021, a total of 5,000 stock options expired unexercised.

# PATRIOT BATTERY METALS INC.

## Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)

As at and for the period ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

### 7.4 Stock options (continued)

The following table summarizes information regarding stock options outstanding and exercisable as at December 31, 2022:

| Exercise price                                   | Number of options outstanding* | Expiration date    | Weighted-average remaining contractual life (years) | Weighted average exercise price \$ |
|--|--------------------------------|--------------------|---|------------------------------------|
| \$0.27   | 58,334                         | January 14, 2023   | 0.00  | 0.00                               |
| \$0.27   | 26,667                         | February 3, 2023   | 0.00  | 0.00                               |
| \$0.30   | 216,669                        | November 19, 2023  | 0.02  | 0.01                               |
| \$0.39   | 1,300,000                      | August 6, 2024     | 0.25  | 0.06                               |
| \$0.53   | 1,500,000                      | December 23, 2024  | 0.36  | 0.10                               |
| \$1.74   | 2,395,000                      | April 5, 2025      | 0.66  | 0.51                               |
| \$2.58   | 500,000                        | July 18, 2025      | 0.15  | 0.16                               |
| \$7.00   | 1,000,000                      | August 22, 2026    | 0.44  | 0.85                               |
| \$9.00   | 250,000                        | September 12, 2026 | 0.11  | 0.27                               |
| \$9.20   | 1,000,000                      | August 22, 2026    | 0.44  | 1.12                               |
| <b>Total options outstanding and exercisable</b> | <b>8,246,670</b>               |                    | <b>2.43</b>   | <b>\$ 3.08</b>                     |

\*Options were adjusted to reflect the share consolidation on June 7, 2021

The weighted average grant date fair value of the options granted during the nine months ended December 31, 2022, was \$2.42 (2022 – \$0.34) per option using the Black-Scholes Option Pricing Model. The weighted average assumptions used for the calculation were:

|  | December 31, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Share price at grant date (\$)                     | <b>\$3.97</b>     | \$0.41            |
| Risk free interest rate (%)                        | <b>3.23%</b>      | 0.81%             |
| Expected life (years)                              | <b>2.00</b>       | 3.00              |
| Expected volatility (%)                            | <b>135%</b>       | 157%              |
| Fair market value of the option on grant date (\$) | <b>\$2.42</b>     | \$0.34            |

## PATRIOT BATTERY METALS INC.

### Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)

As at and for the period ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

#### 8. LOSS PER SHARE

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

|  | Three months ended |                   | Nine months ended |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | December 31, 2022  | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| Net loss for the period  | \$ 816,415         | \$ (1,676,971)    | \$ (8,453,302)    | \$ (3,820,087)    |
| Weighted average number of shares – basic and diluted <sup>1</sup> | 91,872,303         | 80,887,120        | 87,666,647        | 19,880,123        |
| <b>Loss per share, basic and diluted</b>                           | <b>\$ 0.01</b>     | <b>\$ (0.02)</b>  | <b>\$ (0.10)</b>  | <b>\$ (0.19)</b>  |

<sup>1</sup>Shares were adjusted to reflect the share consolidation on June 7, 2021.

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. 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 year, if dilutive. All of the stock options and the share purchase warrants were anti-dilutive for the nine months ended December 31, 2022 and 2021 as the Company incurred losses during these periods.

#### 9. FINANCIAL INSTRUMENTS

##### 9.1 Categories of financial instruments

| As at                                       | December 31, 2022<br>\$ | March 31, 2022<br>\$ |
|---|-------------------------|----------------------|
| <b>FINANCIAL ASSETS</b>                     |                         |                      |
| <b>At fair value through profit or loss</b> |                         |                      |
| Cash and cash equivalents (Level 1)         | 19,346,011              | 11,697,720           |
| <b>Total financial assets</b>               | <b>19,346,011</b>       | <b>11,697,720</b>    |
| <b>FINANCIAL LIABILITIES</b>                |                         |                      |
| <b>At amortized cost</b>                    |                         |                      |
| Accounts payable (Level 1)                  | 1,680,413               | 863,384              |
| <b>Total financial liabilities</b>          | <b>1,680,413</b>        | <b>863,384</b>       |

##### 9.2 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.

## PATRIOT BATTERY METALS INC.

### Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)

As at and for the period ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

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#### 9.2 Fair value (continued)

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at March 31, 2022 and 2021, the Company does not have any Level 3 financial instruments.

There were no transfers between Level 1, 2 and 3 in the nine months ended December 31, 2022 and 2021.

#### 10. RELATED PARTY TRANSACTIONS

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.

Related party transactions to key management personnel are as follows:

| Nine months ended                                    | December 31,<br>2022 | December 31,<br>2021 |
|--|----------------------|----------------------|
| Management and administration fees <sup>(1)(2)</sup> | \$ 754,762           | \$ 373,008           |
| Share-based payments                                 | 7,948,094            | 1,227,662            |
| <b>Total key management personnel compensation</b>   | <b>\$ 8,702,856</b>  | <b>\$ 1,600,670</b>  |

(1) Included \$240,000 separation settlement payment to the former CEO.

(2) Included a total of \$110,000 of bonus payments paid to former CEO, CFO and President and CEO.

As at December 31, 2022, the Company had \$Nil (March 31, 2022 – \$3,253) due to the related parties which was reported as part of accounts payable and accrued liabilities (Note 5) which are unsecured, non-interest bearing and have no specific terms for repayment.

## PATRIOT BATTERY METALS INC.

### Notes to the Interim Condensed Consolidated Financial Statements – (Unaudited)

As at and for the period ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

#### 11. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred the following non-cash investing and financing transactions during the nine months ended December 31, 2022 and 2021:

| Nine months ended   | December 31,<br>2022 | December 31,<br>2021 |
|---|----------------------|----------------------|
| <b>Supplemental cash flow information</b>                                     |                      |                      |
| Non-cash financing activities:  |                      |                      |
| Finders' warrants   | \$ 1,000,874         | \$ 464,449           |
| Fair value of warrants exercised  | 29,674               | 75,177               |
| Fair value of options exercised   | 807,194              | 13,348               |
| 14Exploration and evaluation assets included in accounts payable and accruals | 1,625,604            | -                    |
| Shares issued for mineral properties  | 1,454,000            | -                    |
| Income taxes paid   | \$ -                 | \$ -                 |
| Interest paid   | -                    | -                    |

#### 12. COMMITMENTS

The Company has certain commitments related to key management compensation for \$57,000 per month with no specific expiry of terms.

The Company has certain commitments in connection with its mineral properties (Note 4).

#### 13. 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         |
|---|---------------|--------------|---------------|
| <b>Balance, as at December 31, 2022</b> |               |              |               |
| Exploration and evaluation assets       | \$ 31,282,055 | \$ 1,770,510 | \$ 33,052,565 |
| <b>Balance, as at March 31, 2022</b>    |               |              |               |
| Exploration and evaluation assets       | \$ 12,687,087 | \$ 1,724,885 | \$ 14,411,973 |

#### 14. EVENTS AFTER THE REPORTING PERIOD

Subsequent to December 31, 2022, the Company issued:

- 2,545,188 common shares for warrants exercised for total proceeds of \$1,551,003; and
- 854,999 common shares for options exercised for total proceeds of \$1,362,750.

On January 25, 2023, the Company granted to officers of the Company a total of 750,000 stock options exercisable at \$12.50 with 250,000 vested immediately, 250,000 vesting on January 25, 2024 and 250,000 vesting on January 25, 2025.



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# **PATRIOT BATTERY METALS INC.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Three and Nine-Month Periods Ended December 31, 2022**

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TSXV: PMET – ASX: PMT - OTCQX: PMETF





## **OVERVIEW**

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The following is a Management's Discussion and Analysis ("MD&A") of Patriot Battery Metals Inc. (the "Company"), prepared as of February 14, 2023.

This MD&A is intended to supplement the condensed interim consolidated financial statements for the three and nine-month periods ended December 31, 2022, and related notes thereto ("Financial Statements"), which have been prepared in accordance with AASB 134/IAS 34, Interim Financial Reporting, and should be read in conjunction with the Company's audited consolidated financial statements and MD&A for the year ended March 31, 2022, copies of which are filed on the SEDAR website: [www.sedar.com](http://www.sedar.com)

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

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This MD&A contains statements with "forward-looking information" ("forward-looking statements") within the meaning of applicable securities laws. All statements, other than statements of historical fact included in this MD&A, regarding the Company's strategy, future operations, financial position, prospects, plans and objectives of managements are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimated", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Statements concerning mineral resource and mineral reserve estimates may also be deemed to constitute forward-looking information to the extent that such statements involve estimates of the mineralization that may be encountered if a property is developed. In particular and without limitation, this MD&A contains forward-looking statements pertaining to the following:

- the Company's intentions with respect to its business and operations;
- the Company's expectations regarding its ability to raise capital and grow its business;
- the Company's expectations with regard to its marketing and promotional programs;
- the Company's growth strategy and opportunities; and
- anticipated trends and challenges in the Company's business and the industry in which it operates.

Forward-looking information is based on reasonable assumptions, expectations, estimates, analysis and opinions of the Company's management in light of its experience and its perception of trends, expected developments, current conditions, as well as other factors that the Company's management believes to be relevant and reasonable in the circumstances at the date of this MD&A, but which may prove to be incorrect. The Company believes that the expectations and assumptions reflected in such forward-looking information are reasonable. Key assumptions upon which the Company's forward-looking information is based include:

- the Company's ability to raise additional financing when needed and on reasonable terms;
- the Company's ability to achieve current exploration, development and other objectives concerning the Company's properties;



- the Company's expectation that the current price and demand for lithium and other commodities will be sustained or will improve;
- the Company's ability to obtain requisite licences and necessary governmental approvals;
- the Company's ability to attract and retain key personnel;
- general business and economic conditions;
- conditions, including competitive conditions, in the market in which the Company operates;
- the Company's use of marketing and promotional materials; and
- the impact of the continued COVID-19 outbreak on the Company's operations.

Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Forward-looking statements are also subject to risks and uncertainties facing the Company's business, any of which could have a material adverse effect on the Company's business, financial condition, results of operations and growth prospects.

Some of the risks the Company faces and the uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements include:

- the continued COVID-19 outbreak and its effect on the Company's business;
- the Russia-Ukraine conflict and its effect on the global economy and political landscape;
- the Company's requirement for additional financing, which may be dilutive to existing shareholders;
- planned expenditures and budgets and the execution thereof, including the ability of the Company to discharge its liabilities as they become due;
- the Company's ability to implement and finance its strategic plan and to maintain and manage growth effectively;
- changes in assumptions and analysis underlying mineral reserve estimates and plans for mineral resource exploration and development;
- timing, costs and potential success of future activities on the Company's properties;
- potential results of future exploration and development;
- the Company's dependence on management, key personnel and consultants;
- price volatility of publicly traded securities, including the Company's Common Shares;
- the impact of environmental and safety laws and health regulations and its effect on the Company's business;
- changes in global economic, political and social conditions and financial markets;
- inflation levels, particularly the recent rise to historically high levels, and government efforts to reduce inflation, including increased interest rates;
- changes in lithium and commodity prices;
- there is no assurance the Company will reach profitability;
- there is competition in the Company's industry; and
- the Company's directors may have conflicts of interest.

These risks are not exhaustive. If any of these risks or uncertainties materialize or assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those anticipated in those forward-looking statements. New risk factors emerge from time to time, and it is not possible for the Company's management to predict all risk factors nor can the Company assess the effects of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in, or implied by, any forward-looking statements. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, readers should not place undue reliance on forward-looking statements. The assumptions referred to above and described in greater detail in the "Risks and Uncertainties" section in this MD&A should be considered carefully by readers.

The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by



applicable law. The Company qualifies all of its forward-looking statements by these cautionary statements.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via [www.sedar.com](http://www.sedar.com) or the Company's website at [www.patriotbatterymetals.com](http://www.patriotbatterymetals.com) and readers are urged to review these materials, including the technical report filed concerning the Company's mineral properties.

## **CONFLICTS OF INTEREST**

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Certain directors and officers of the Company are also directors, officers and/or shareholders of other companies similarly engaged in acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time. If a conflict of interest arises at a board of directors meeting, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s).

## **NATURE OF BUSINESS**

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The Company was incorporated on May 10, 2007, under the British Columbia *Business Corporations Act*. Subsequent to this, there were several name changes, and on October 17, 2019, the Company changed its name to Gaia Metals Corp. On the same date, the shares of the Company commenced trading on the TSX Venture Exchange ("TSXV") on a consolidated basis under the stock symbol "GMC".

On June 7, 2021, the Company's common shares were consolidated on a three-old for-one new share basis, and the Company's name was changed from Gaia Metals corp. to Patriot Battery Metals Inc. On June 10, 2021, the shares of the Company commenced trading on Canadian Securities Exchange ("CSE") on a consolidated basis under the stock symbol "PMET".

On July 14, 2022, shares of the Company commenced trading on the TSXV under the current stock symbol "PMET" and were delisted from the CSE after market close on July 13, 2022.

On December 7, 2022, shares of the Company commenced trading on the Australian Securities Exchange ("ASX") under the stock symbol "PMT".

The Company is domiciled in Canada and is a reporting issuer in British Columbia, Alberta and Ontario. See the section on *Liquidity and Capital Resources*. The address of its head office is Suite 700-838 W Hastings Street, Vancouver, BC V6C 0A6 and the address of its registered and records office is Suite 1008, 550 Burrard Street, Vancouver, BC, V6C 2B5.

The Company's principal business is the identification, evaluation, acquisition, and exploration of mineral properties located in British Columbia, Northwest Territories, Quebec, and Idaho, USA. At December 31, 2022, the Company had not yet determined whether any properties contained ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and mineral 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.

## **THIRD QUARTER HIGHLIGHTS AND SUBSEQUENT EVENTS**

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- Completion of the 2022 drill program at the Corvette Property for a total of 26,598 m over 90 holes (CV22-015 through CV22-104), including 4,345 m over 20 holes (winter/spring) and 22,253 m over 70 holes (summer/fall). This includes 76 holes (23,951 m) at the CV5 Pegmatite and 14 holes (2,647 m) at the CV13 Pegmatite.

Drilling Highlights:

The following also includes drilling results obtained by the Company following the completion of the third quarter for drilling performed in the calendar year 2022:

- 156.9 m at 2.12% Li<sub>2</sub>O (176.4 m to 333.4 m), including 25.0 m at 5.04% Li<sub>2</sub>O or 5.0 m at 6.36% Li<sub>2</sub>O (CV22-083)
- 52.2 m at 3.34% Li<sub>2</sub>O (219.1 m to 271.2 m), including 15.0 m at 5.10% Li<sub>2</sub>O (CV22-093).
- 159.7 m at 1.65% Li<sub>2</sub>O, including 9.0 m at 4.12% Li<sub>2</sub>O (CV22-042)
- 131.2 m at 1.96% Li<sub>2</sub>O (250.8 m to 382.0 m), including 57.0 m at 2.97% Li<sub>2</sub>O (CV22-100)
- 113.4 m at 1.61% Li<sub>2</sub>O (162.1 m to 275.5 m), including 38.0 m at 2.17% Li<sub>2</sub>O (CV22-066)
- 152.8 m at 1.22% Li<sub>2</sub>O, including 66.0 m at 1.51% Li<sub>2</sub>O (CV22-030)
- 86.2 m at 2.13% Li<sub>2</sub>O, including 18.0 m at 3.07% Li<sub>2</sub>O (CV22-044)
- 100.0 m at 1.22% Li<sub>2</sub>O, including 27.0 m at 2.53% Li<sub>2</sub>O (CV22-035)
- 100.9 m at 1.24% Li<sub>2</sub>O, including 9.0 m at 3.62% Li<sub>2</sub>O (CV22-028)
- 73.0 m at 2.14% Li<sub>2</sub>O, including 40.7 m at 3.01% Li<sub>2</sub>O (CV22-017)
- 60.0 m at 1.52% Li<sub>2</sub>O (25.3 m to 85.3 m), including 18.0 m at 2.16% Li<sub>2</sub>O (CV22-062)
- 119.1 m at 0.89% Li<sub>2</sub>O (57.3 m to 176.4 m), including 19.0 m at 2.05% Li<sub>2</sub>O, (CV22-059)
- 104.5 m at 0.97% Li<sub>2</sub>O, including 51.9 m at 1.52% Li<sub>2</sub>O (CV22-052)
- Strong tantalum grades have also been intersected over numerous holes from the 2022 drill campaign, including 18.0 m at 316 ppm Ta<sub>2</sub>O<sub>5</sub> (and 2.16% Li<sub>2</sub>O) (CV22-062) and 42.2 m at 300 ppm Ta<sub>2</sub>O<sub>5</sub> (and 1.52% Li<sub>2</sub>O) (CV22-064)

The 2022 drill campaign at Corvette significantly expanded lithium mineralization at the CV5 Pegmatite. The drilling through 2022 has largely been completed at approximately 100 m spacing (down to ~50 m in some places) with the principal spodumene pegmatite body (CV5), flanked by several secondary lenses, traced by drilling over a distance of at least 2.2 km (CV22-074 to CV22-093), remaining open along strike at both ends and to depth along most of its length.

Please refer to the Company's continuous disclosure, including news releases disclosing drilling data subsequent to the end of the third quarter, available at [www.sedar.com](http://www.sedar.com) and [www.asx.com.au](http://www.asx.com.au) for more information.



Corvette Project Development Progress:

- Successful completion of a Dense Media Separation ("DMS") and magnetic separation test on material from the CV5 Pegmatite. The test produced a spodumene concentrate of 5.8% Li<sub>2</sub>O at 79% recovery and an Fe<sub>2</sub>O<sub>3</sub> grade of 0.60%. The results affirm the results of the previous Heavy Liquid Separation ("HLS") tests and indicate a strong potential for a DMS driven flowsheet without the need of flotation.
- Selection of BBA Inc. ("BBA"), a multi-disciplinary engineering and project development group, to complete an inaugural mineral resource estimate at the CV5 Pegmatite as well as carry-out development studies at the Property.

**Financing and Securities**

- Completion of a private placement of 1,507,170 charity flow-through common shares (the "FT#22 Shares") at a price of \$13.27 per FT Share for aggregate gross proceeds of \$20,000,145.90 (the "FT#22 Offering"). The FT#22 Shares are subject to a statutory hold period of four months and one day from the date of issuance.
- Initial public offering on the ASX of 7,000,000 CHESS Depository Interests ("CDI") at a price per CDI of A\$0.60 for gross proceeds of A\$4,200,000. Each 10 CDIs represents one fully paid common share for a total of 700,000 underlying common shares, resulting in an issue price per common share of A\$6.00.
- On December 8, 2022, the Company's shares upgraded to the OTCQX from the OTCQB Venture Market under the stock symbol "PMTF".
- On December 7, 2022, shares of the Company commenced trading on the ASX under the stock symbol "PMT".

**Corporate**

- In January 2023, the Company appointed:
  - Melissa Desrochers to the Board of Directors, while Jon Christian Evensen resigned as Director;
  - Natacha Garoute, LLB, CPA to the position of CFO, while Dusan Berka resigned as CFO while remaining on the Board of Directors; and
  - Alix Drapack, P.Eng., MBA, ICD.D in the role of Vice President Environment, Social and Governance (ESG).
- On January 25, 2023, the Company announced the adoption of a new omnibus equity incentive plan (the "Omnibus Plan"), which, if approved by the Company's shareholders at the Company's annual general meeting on March 3, 2023, will replace the Company's current stock option plan.



## **OUTLOOK**

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- Calendar Q1-2023: Commencement of the 2023 Drilling Program:
  - The objective of the 2023 Drilling Campaign is to extend the 2.2 km strike length of the CV5 Pegmatite system to the east and west and to continue delineation of the recent CV13 discovery, situated ~4.3 km along geological trend to the west-southwest;
  - A minimum of 20,000 m over the January to April period (the 'winter program') is targeted ahead of summer drilling and surface exploration. Three (3) drill rigs remain at the site and are now utilized for the winter/spring program which commenced in early January 2023, and an additional two (2) drill rigs are to mobilize in later in February;
- Calendar Q2-2023: Inaugural mineral resource estimate at the CV5 Pegmatite
- Calendar Q4-2023: Advancement of Prefeasibility Study – subject to drilling progress through winter and summer drill program



## MINERAL PROPERTY INTERESTS

The Company's exploration and evaluation properties expenditures for the six months ended December 31, 2022, are as follows:

|   | <b>Corvette<br/>Property</b><br><i>Quebec,<br/>Canada</i> | <b>Freeman Creek<br/>Property</b><br><i>Idaho,<br/>USA</i> | <b>Pontois<br/>Property</b><br><i>Quebec,<br/>Canada</i> | <b>Hidden Lake<br/>Property</b><br><i>NW Territories,<br/>Canada</i> | <b>Pontax<br/>Property</b><br><i>Quebec,<br/>Canada</i> | <b>Lac Du Beryl<br/>Property</b><br><i>Quebec,<br/>Canada</i> | <b>Eastmain<br/>Property</b><br><i>Quebec,<br/>Canada</i> | <b>Total</b>         |
|---|---|--|--|--|---|---|---|----------------------|
| <b>ACQUISITION COSTS</b>                |   |  |  |  |   |   |   |                      |
| Balance March 31, 2022                  | \$ 5,742,908  | \$ 879,991   | \$ -   | \$ 177,223   | \$ 423,012  | \$ 15,000   | \$ 15,000   | \$ 7,253,134         |
| Additions                               | 3,200   | -  | 1,554,200  | -  | -   | -   | -   | 1,557,400            |
| <b>Balance, December 31, 2022</b>       | <b>\$ 5,746,108</b>                                       | <b>\$ 879,991</b>  | <b>\$ 1,554,200</b>                                      | <b>\$ 177,223</b>  | <b>\$ 423,012</b>                                       | <b>\$ 15,000</b>  | <b>\$ 15,000</b>  | <b>\$ 8,810,534</b>  |
| <b>EXPLORATION AND EVALUATION COSTS</b> |   |  |  |  |   |   |   |                      |
| Balance March 31, 2022                  | \$ 5,524,836  | \$ 844,894   | \$ -   | \$ 551,474   | \$ 209,637  | \$ 21,074   | \$ 6,923  | \$ 7,158,838         |
| Additions                               |   |  |  |  |   |   |   |                      |
| Consulting                              | -   | 32,447   | 3,362  | -  | -   | -   | -   | 35,809               |
| Assays and Testing                      | 579,527   | 12,996   | 840  | -  | 14,007  | 1,944   | 1,629   | 610,943              |
| Reports and admin                       | 855,370   | 182  | 5,876  | -  | -   | 3,670   | 3,508   | 868,606              |
| Geology salary and expenditures         | 1,612,707   | -  | -  | -  | 95,100  | 8,141   | 5,942   | 1,721,890            |
| Drilling expenditures                   | 7,116,225   | -  | -  | -  | -   | -   | -   | 7,116,225            |
| Geophysics and Remote Sensing           | 60,171  | -  | -  | -  | -   | -   | -   | 60,171               |
| Travel                                  | 1,809,049   | -  | 2,989  | -  | 11,366  | 3,276   | 2,239   | 1,828,919            |
| Transportation cost                     | 4,384,349   | -  | 3,213  | -  | 26,401  | 11,265  | 6,136   | 4,431,364            |
| Advances / (Refund)                     | 1,197,979   | -  | -  | (48,000)   | -   | -   | -   | 1,149,979            |
| Exploration tax credits received        | (740,394)   | -  | -  | -  | (225)   | -   | (94)  | (740,713)            |
| <b>Balance, December 31, 2022</b>       | <b>\$ 22,399,819</b>                                      | <b>\$ 890,519</b>  | <b>\$ 16,280</b>   | <b>\$ 503,474</b>  | <b>\$ 356,286</b>                                       | <b>\$ 49,370</b>  | <b>\$ 26,283</b>  | <b>\$ 24,242,031</b> |
| <b>Total, December 31, 2022</b>         | <b>\$ 28,145,927</b>                                      | <b>\$ 1,770,510</b>  | <b>\$ 1,570,480</b>                                      | <b>\$ 680,697</b>  | <b>\$ 779,298</b>                                       | <b>\$ 64,370</b>  | <b>\$ 41,283</b>  | <b>\$ 33,052,565</b> |





**PATRIOT BATTERY METALS INC.**  
**Management's Discussion and Analysis**

The Company's exploration and evaluation properties expenditures for the year ended March 31, 2022, are as follows:

|   | <b>Corvette<br/>Property</b><br><i>Quebec,<br/>Canada</i> | <b>Freeman<br/>Creek<br/>Property</b><br><i>Idaho,<br/>USA</i> | <b>Hidden Lake<br/>Property</b><br><i>NW<br/>Territories,<br/>Canada</i> | <b>Pontax<br/>Property</b><br><i>Quebec,<br/>Canada</i> | <b>Lac Du<br/>Beryl<br/>Property</b><br><i>Quebec,<br/>Canada</i> | <b>Eastmain<br/>Property</b><br><i>Quebec,<br/>Canada</i> | <b>Golden<br/>Silica<br/>Property</b><br><i>BC, Canada</i> | <b>Silver<br/>Sands</b><br><i>BC, Canada</i> | <b>Total</b>         |
|---|---|--|--|---|---|---|--|--|----------------------|
| <b>ACQUISITION COSTS</b>                |   |  |  |   |   |   |  |  |                      |
| Balance March 31, 2021                  | \$ 251,580  | \$ 869,409   | \$ 177,223   | \$ 417,500  | \$ 15,000   | \$ 15,000   | \$ 150,000   | \$ 12,643                                    | \$ 1,908,355         |
| Additions                               | 5,491,328   | 10,582   | -  | 5,512   | -   | -   | -  | -  | 5,507,422            |
| Impairment                              | -   | -  | -  | -   | -   | -   | (150,000)  | (12,643)                                     | (162,643)            |
| <b>Balance, March 31, 2022</b>          | <b>\$ 5,742,908</b>                                       | <b>\$ 879,991</b>  | <b>\$ 177,223</b>  | <b>\$ 423,012</b>                                       | <b>\$ 15,000</b>  | <b>\$ 15,000</b>  | <b>\$ -</b>  | <b>\$ -</b>                                  | <b>\$ 7,253,134</b>  |
| <b>EXPLORATION AND EVALUATION COSTS</b> |   |  |  |   |   |   |  |  |                      |
| Balance March 31, 2021                  | \$ 691,967  | \$ 670,420   | \$ 551,474   | \$ 188,365  | \$ 21,074   | \$ 6,923  | \$ 165,364   | \$ 2,133                                     | \$ 2,297,720         |
| Additions                               |   |  |  |   |   |   |  |  |                      |
| Consulting                              | 467,510   | 103,062  | -  | 5,542   | -   | -   | -  | -  | 576,114              |
| Assays and Testing                      | 252,876   | 30,201   | -  | -   | -   | -   | -  | -  | 283,077              |
| Reports and admin                       | 184,232   | 8,260  | -  | 9,730   | -   | -   | -  | -  | 202,222              |
| Geology salary and expenditures         | 1,638,066   | 14,356   | -  | -   | -   | -   | -  | -  | 1,654,422            |
| Drilling expenses                       | 1,084,639   | -  | -  | -   | -   | -   | -  | -  | 1,084,639            |
| Travel                                  | 50,741  | -  | -  | -   | -   | -   | -  | -  | 50,741               |
| Transportation cost                     | 54,380  | -  | -  | -   | -   | -   | -  | -  | 54,380               |
| Advances                                | 1,100,425   | 18,595   | -  | 6,000   | -   | -   | -  | -  | 1,125,020            |
| Impairment                              | -   | -  | -  | -   | -   | -   | (165,364)  | (2,133)                                      | (167,497)            |
| <b>Balance, March 31, 2022</b>          | <b>\$ 5,524,836</b>                                       | <b>\$ 844,894</b>  | <b>\$ 551,474</b>  | <b>\$ 209,637</b>                                       | <b>\$ 21,074</b>  | <b>\$ 6,923</b>   | <b>\$ -</b>  | <b>\$ -</b>                                  | <b>\$ 7,158,838</b>  |
| <b>Total, March 31, 2022</b>            | <b>\$ 11,267,744</b>                                      | <b>\$ 1,724,885</b>  | <b>\$ 728,697</b>  | <b>\$ 632,649</b>                                       | <b>\$ 36,074</b>  | <b>\$ 21,923</b>  | <b>\$ -</b>  | <b>\$ -</b>                                  | <b>\$ 14,411,972</b> |

The technical information in this disclosure has been reviewed by Darren L. Smith, M.Sc., P.Geo., Vice President of Exploration for the Company, a Permit holder with the Ordre des Géologues du Québec and Qualified Person as defined by National Instrument 43-101.





### **Corvette Property (Lithium, Tantalum) – James Bay Region, Quebec, Canada**

The Corvette Property is currently comprised of 417 CDC mineral claims that cover an area of approximately 21,357 hectares. The Property is further divided into claim blocks, which reflect the various claim acquisitions by the Company – Corvette Main (172 claims), Corvette East (83 claims), FCI East (28 claims), FCI West (83 claims), Deca-Goose (31 claims), and Felix (20 claims) – and collectively form one contiguous land package, apart from four (4) claims of the Felix block located approximately one (1) km west of the mainland package. Patriot Battery Metals Inc. is recorded as the registered title holder for all 417 claims and holds 100% interest in each.

### **Acquisitions and Royalty Obligations**

The Corvette Property is subject to various royalty obligations pursuant to the claim acquisition agreement for each respective claim block that comprises the Property. Of the 417 claims that comprise the Corvette Property, 237 are subject to a Net Smelter Return ("NSR") royalty.

**Corvette Main block** – The Corvette Property Main block consists of 172 mineral claims on the Eastmain Property, the Lac Du Beryl Property, and the original Corvette claim block. 76 of the 172 mineral claims are subject to a 2% NSR royalty held by DG Resource Management Ltd, a private company. There is no buy-back provision.

**FCI East and FCI West claim blocks** ("FCI Claims") – The FCI Claims are comprised of two neighboring claim blocks (FCI East and FCI West) for a combined total of 111 claims, totaling 5,688 hectares, which are situated contiguous to the Company's wholly-owned Corvette claim block, located in the James Bay Region of Quebec, proximal to regional hydro-electric and road infrastructure.

All 111 claims are subject to a 1.5% to 3.5% sliding scale NSR royalty (held by Osisko Gold Royalties Ltd.) which is dependent on commodity type and level of production. The royalty is primarily based on the amount of production with 1.5% on the first 1M oz, 2.5% on the next 1M oz and 3.0% on the next 1M oz of and above. The remaining 0.5% royalty is based on the spot gold price starting at US\$1,000 / oz and reaches the maximum at \$2,000 / oz.

A 2.0% NSR royalty (held by Osisko Gold Royalties Ltd.) is present on all other products; provided however that if there is an existing royalty applicable on any portion of the Property, then the percentages noted above (i.e., the sliding scale NSR) shall, as applicable, be adjusted so that the aggregate maximum royalty percentage on such portion shall not exceed and be capped to 3.5% at any time. There is no buy-back provision for the NSR royalty on the FCI East and FCI West claim blocks.

On February 15, 2022, the Company consolidated its land position at Corvette Property through multiple acquisitions as well as direct staking. Specifically, the Company signed a Purchase Agreement with O3 Mining Inc. to achieve 100% ownership of the FCI Claims in consideration of an additional cash payment of \$3,000,000 and issuance of a total of 1,800,000 common shares (issued at \$0.64 per share) of the Company to O3 Mining. The existing Net Smelter Royalty (the "NSR"), as outlined above, remained unchanged.

**Deca-Goose and Felix claim blocks** – On February 17, 2022, the Company also purchased a 100% interest in the Deca-Goose and Felix claim blocks, totaling 2,562 hectares situated contiguous to the Company's Corvette Property, for a \$150,000 cash payment and issuance of a total of 1,800,000 common shares (issued \$0.64 per share) to Canadian Mining House ("CMH"), a private Quebec based company. 50 of 51 claims are subject to a 2% NSR royalty held by CMH, of which the Company retains the option of buying back one-half (50%) of the NSR royalty for \$2,000,000.



## **EXPLORATION ACTIVITIES**

### Corvette Property

On December 13, 2022, the Company announced core assay results for twelve (12) holes (CV22-046, 055, and 057 through 066) from the 2022 summer drill program. Highlights include 113.4 m of 1.61% Li<sub>2</sub>O (CV22-066), 60.0 m at 1.52% Li<sub>2</sub>O (CV22-062), 119.1 m at 0.89% Li<sub>2</sub>O (CV22-059), and 42.2 m at 1.52% Li<sub>2</sub>O (CV322-064). Continued strong tantalum grades continued to be intersected including 18.0 m at 316 ppm Ta<sub>2</sub>O<sub>5</sub> (and 2.16% Li<sub>2</sub>O) (CV22-062) and 42.2 m at 300 ppm Ta<sub>2</sub>O<sub>5</sub> (and 1.52% Li<sub>2</sub>O) (CV22-064)

On November 2, 2022, the Company announced the final hole of the 2022 drill program at the Corvette property had been completed, for a total of 26,598 m over 90 holes (CV22-015 through CV22-104), including 4,345 m over 20 holes (winter/spring), and 22,253 m over 70 holes (summer/fall). The three (3) drill rigs remain at the site and will be utilized for the upcoming winter/spring program planned to commence in early January 2023, and an additional two (2) drill rigs to mobilize in early February.

On October 12, 2022, the Company announced core assay results for twelve (12) drill holes (CV22-040, -041, -045 and -047 through -054 and -056). Highlights include 0.97% Li<sub>2</sub>O over 104.5 m (CV22-052), and 1.42% Li<sub>2</sub>O over 61.9 m (CV22-040). The drilling further extended the CV5 Pegmatite along strike to 2,200 m, remaining open at both ends. Additionally, drilling outlined several secondary and subparallel trending pegmatite lenses, the largest of which was first discovered in drill hole CV22-040 (at the west end of the drill area) with an unexpected intersection of 1.01 % Li<sub>2</sub>O over 52 m (311.0 m 363 m). It has been traced for approximately 700 m in strike length and remains open, pinching and swelling laterally and to depth, ranging in width from less than 5 m to approximately 68 m (core length)

On September 19, 2022, the Company announced that its first drill hole to test the CV13 pegmatite cluster (CV22-077) collared in spodumene pegmatite to a depth of 25.5 m. A preliminary core review indicated a similar mineralization style to the CV5 Pegmatite. Additionally, drilling at the CV5 Pegmatite corridor further extended the strike of the mineralized body to 2,100 m, remaining open at both ends, and a 1.8 m spodumene crystal was intersected in drill hole CV22-066.

On August 31, 2022, the Company announced the best drill intercept to date at Corvette at 1.65% Li<sub>2</sub>O and 193 ppm Ta<sub>2</sub>O<sub>5</sub> over 159.7 m (drill hole CV22-043). The drilling also extended the strike length of the CV5 Pegmatite to at least 2,000 m, spanning laterally from drill hole CF21-004 through CV22-063/CV22-066.

On August 10, 2022, the Company announced the discovery of a new spodumene-bearing pegmatite cluster (CV13) located approximately 4.3 km along the geological trend of the CV5-1 Pegmatite cluster and approximately 1.9 km along the geological trend of the CV8 pegmatites. The CV13 cluster is characterized by a total of thirty-one (31) spodumene-bearing pegmatite outcrops extending over two (2) contiguous trends, totaling approximately 2.3 km in combined strike length. The average lithium grade over thirty-two (32) pegmatite grab/chip samples analyzed to date is 0.98% Li<sub>2</sub>O, to a maximum of 3.73% Li<sub>2</sub>O.

On August 4, 2022, the Company announced preliminary metallurgical results on a 225 kg drill core composite sample collected from the CV5 spodumene pegmatite (CF21-001 and 002). Preliminary Heavy Liquid Separation ("HLS") at two different crush sizes supports a potential flowsheet using Dense Media Separation ("DMS") process followed by magnetic separation to produce a 6+% Li<sub>2</sub>O spodumene concentrate. A DMS process test run is underway to confirm the applicability of DMS to the flowsheet and is targeted to produce over 10 kg of marketable spodumene concentrate.

On July 28, 2022, the Company announced results from the first two drill holes of its summer program. Results included 1.25% Li<sub>2</sub>O and 118 ppm Ta<sub>2</sub>O<sub>5</sub> over 96.9 m, including 2.53% Li<sub>2</sub>O and 130 ppm Ta<sub>2</sub>O<sub>5</sub> over 27.0 m (CV22-035), and 1.38% Li<sub>2</sub>O and 99 ppm Ta<sub>2</sub>O<sub>5</sub> over 27.0 m, and 2.00% Li<sub>2</sub>O and



167 ppm Ta<sub>2</sub>O<sub>5</sub> over 7.3 m (CV22-036). Additionally, the Company announced that the main pegmatite body had now been traced through drilling over a distance of approximately 1.9 km and remains open.

On June 29, 2022, the Company announced that it had completed nine (9) drill holes to date from its 2022 summer drill program. Drill holes CV22-036, 038, 040 and 043 targeted the interpreted pegmatite extension between the CV5 and CV6 pegmatite outcrops with each intersecting spodumene-bearing pegmatite. Drill holes CV22-035, 037, 039, 041 and 042 targeted the eastern portion of the drill area, proximal to the CV1 pegmatite outcrop and drill hole CV22-017, each intersecting varying intervals of spodumene pegmatite. Also announced was the discovery of several spodumene outcrops proximal to the CV5 Pegmatite outcrop and the CV3 pegmatite outcrop.

On June 7, 2022, the Company announced that preliminary mineralogy on coarse core analytical reject material indicates that spodumene is the dominant lithium bearing mineral encountered in the drilled pegmatite to date. Additionally, tantalite has been identified as the dominant tantalum bearing minerals. The Company also announced that a preliminary mineral processing program has been initiated at SGS Canada in Lakefield, ON. The primary objective is to develop preliminary flowsheet to produce spodumene concentrate – grading >6% Li<sub>2</sub>O – at high recovery.

On June 2, 2022, the Company announced the commencement of the summer phase of its 2022 drill campaign. The summer/fall phase of drilling is anticipated to include at least 15,000 m of additional coring and will focus on continued land-based infill and step-out holes at the CV5 Pegmatite cluster, as well as testing new regional targets. The Company will add a third drill rig to the program, expected to arrive by mid-July, as well as a lake barge, which will allow continued focus on delineating the main pegmatite body beneath the shallow glacial lake between the CV5 and CV1 pegmatites outcrops.

On May 24, June 13, and June 23 the Company announced all remaining core assay results from drill holes completed during the 2022 winter drill program. Results included 1.22% Li<sub>2</sub>O and 138 ppm Ta<sub>2</sub>O<sub>5</sub> over 152.8 m, including 1.51% Li<sub>2</sub>O and 100 ppm Ta<sub>2</sub>O<sub>5</sub> over 66.0 m (CV22-030), 2.22% Li<sub>2</sub>O and 147 ppm Ta<sub>2</sub>O<sub>5</sub> over 70.1 m, including 3.02% Li<sub>2</sub>O and 160 ppm Ta<sub>2</sub>O<sub>5</sub> over 40.7 m (CV22-017), 1.45% Li<sub>2</sub>O and 177 ppm Ta<sub>2</sub>O<sub>5</sub> over 84.0 m, including 3.62% Li<sub>2</sub>O and 200 ppm Ta<sub>2</sub>O<sub>5</sub> over 9.0 m (CV22-028), 1.17% Li<sub>2</sub>O and 156 ppm Ta<sub>2</sub>O<sub>5</sub> over 61.3 m (CV22-025), and 1.39% Li<sub>2</sub>O and 125 ppm Ta<sub>2</sub>O<sub>5</sub> over 26.6 m (CV22-027). Following the 2022 winter drill program, the main spodumene pegmatite body had been traced by drilling over a strike length of at least 1.4 km.

On May 17, 2022, the Company announced core assay results for the first series of holes (CV22-015, 016, 018, and 019) completed as part of its winter/spring drill program. All four holes were collared over lake ice at an orientation of 158°/45°, with end-of-hole depths ranging from 149.9 m to 252.1 m, and each returning strong grades of lithium and tantalum. Drill intercepts included 1.01% Li<sub>2</sub>O and 100 ppm Ta<sub>2</sub>O<sub>5</sub> over 25.8 m (CV22-018), 0.91% Li<sub>2</sub>O over 29.0 m within a wider zone of 0.85% Li<sub>2</sub>O over 56.6 m (CV22-016), and 1.17% Li<sub>2</sub>O over 33.8 m within a wider zone of 0.80% Li<sub>2</sub>O over 95.8 m (CV22-019).

On March 22, 30, April 7, 21, and 28, the Company provided updates to the market regarding the status and progress of the winter/spring drill program, including pegmatite intersections. A total of twenty (20) NQ size diamond drill holes (4,345 m) were completed during the winter/spring phase and included seventeen (17) holes collared over ice, and three (3) holes collared over land. The geological 3D modeling of the drill holes completed to date indicates that pegmatite continues across the lake from the CV5 pegmatite outcrop towards the CV1 pegmatite outcrop – a strike length of at least 1,400 m – and that the pegmatite body is widening at depth. Pegmatite drill intersections > 2 m are noted in the following table.



## **Project Update**

The Company successfully completed a dense media separation ("DMS") and magnetic separation test on material from the CV5 Pegmatite. The test produced a spodumene concentrate of 5.8%  $\text{Li}_2\text{O}$  at 79% recovery and an  $\text{Fe}_2\text{O}_3$  grade of 0.60%. The results affirm the results of the previous Heavy Liquid Separation ("HLS") tests and indicate a strong potential for a DMS driven flowsheet without the need of flotation.

In addition, the Company announced that BBA Inc. ("BBA"), a multi-disciplinary engineering and project development group, has been retained to complete an inaugural mineral resource estimate at the CV5 Pegmatite, as well as carry-out development studies at the Property.

### **Freeman Creek Property (Gold) – Idaho, USA**

The Freeman Creek Property is located approximately 15 km northeast of Salmon, Idaho, USA and is accessible via paved highway and a network of gravel roads and trails. The Property hosts two major advanced targets; the Gold Dyke Prospect, with a historical drill intercept of 1.5 g/t Au and 12.1 g/t Ag over 44.2 m, and the Carmen Creek Prospect, with a historical outcrop sample assay of 14.15 g/t Au, 63 g/t Ag, and 1.2% Cu.

During the year ended March 31, 2021, the Company acquired 100% interest in Freeman Creek Property, consisting of 76 claims covering approximately 635.4 hectares located in Idaho, USA. The Company paid a total of \$90,000 in cash and issued 1,333,334 common shares and 666,667 options in consideration. The Company's subsidiary, Metals Nevada, currently holds the title to the Property.

In the event that a gold equivalent resource of more than 1 million ounces is outlined within a NI 43-101 Resource Estimate on the Property, the Company shall pay \$1,000,000, payable in shares or cash or a combination of both, at the Company's discretion. In the case of a share issuance, the shares shall be issued at a price using the average market price of the previous 30 trading days preceding the share issuance.

The vendors shall retain a 2.5% Net Smelter Return royalty on the Property, of which the Company shall have the right to purchase at any time half (1.25%) for \$1,500,000.

The Company subsequently staked additional claims with the Property now currently comprised of 106 claims totaling 886.2 hectares.

Mineral expenditures of \$1,770,510 primarily related to permitting were incurred during the period ending December 31, 2022.

### **Pontois Property (Lithium, Gold) – James Bay Region, Quebec, Canada**

The Company increased its land position in the La Grande Greenstone Belt through the acquisition of a 100-percent interest in the Pontois Property, a block of 31 contiguous claims (1,587.2 hectares). The Property is located approximately 10.5 km directly west of the Company's Corvette Property and adds an additional 8.3 km of highly prospective lithium pegmatite trend, which is host to the same regional rock suite as the CV lithium trend on the Corvette Property.

On September 7, 2022, the Company entered into an acquisition agreement with Les Explorations Carat Inc (among others) to acquire a 100% interest in the Pontois Property. The Company paid \$100,000 in cash and issued 220,000 common shares of the Company at a deemed price of \$6.61 per common share (totaling \$1,454,200) for a total consideration of \$1,554,200.

Pursuant to the Property Acquisition Agreement dated September 7, 2022, the Property is subject to a 2% NSR royalty which has a 50% buy-back option by the Company for \$1,000,000.



### **Hidden Lake Property (Lithium) – Northwest Territories, Canada**

The Hidden Lake Property is located 45 km east of Yellowknife, in the Northwest Territories, proximal to Highway 4, and consists of 5 contiguous claims totaling 1,660 hectares. The Property covers portions of the Yellowknife Lithium Pegmatite Belt and is host to numerous spodumene-bearing pegmatite occurrences. In March 2018, the Property was optioned to Far Resources Ltd. ("Far"), which subsequently restructured as Foremost Lithium Resources & Technology Ltd. The Company currently maintains a 40% interest in the Property as Far earned 60%. To establish a formal 60/40 Joint Venture Agreement ("JV") Far is responsible for financing the JV's initial \$1M expenditures.

The Hidden Lake Property is subject to a 2% Net Smelter Royalty with respect to the production of all material from the Property with no buy-back provision.

No field exploration was completed at Hidden Lake in 2020 and 2021, primarily due to restrictions as a result of COVID-19. The Hidden Lake claims are in good standing until 2026.

### **Pontax Property (Lithium, Gold) – James Bay Region, Quebec, Canada**

The Company owns 100% interest in the Pontax Property, which is located near Eastmain, Quebec. The Property currently consists of 80 claims totaling 4,257.2 hectares over several non-contiguous claim blocks. All claims are registered to Patriot Battery Metals Inc.

Pursuant to the Property Purchase Agreement ("Pontax Agreement") dated July 25, 2016, the Pontax Property is subject to a 3% Net Smelter Royalty ("NSR").

Regulatory approval for the Pontax Agreement was obtained on September 20, 2016. The Company can purchase up to 50% of the NSR within 5 years of regulatory approval by paying \$2,000,000 to an arm's length party. The Company did not enter into this purchase transaction.

### **Lac du Beryl Property (Lithium, Gold) – James Bay Region, Quebec, Canada**

The Lac du Beryl Property was preliminarily assessed in 2017/2018 by the Company using a surface prospecting reconnaissance approach with pegmatite confirmed present on the Property, although not spodumene bearing. Areas of the Property remain to be assessed for the presence of spodumene pegmatite. The Lac du Beryl Property is currently comprised of the original 18 claim blocks totaling 952.9 hectares.

Pursuant to the Property Purchase Agreement dated September 18, 2017, the Company acquired from third-party Vendors 100% interest in the Minerals Claims which included mineral claims on the Eastmain Property, the Lac Du Beryl Property, and the original Corvette claim block (76 claims). The Lac du Beryl Property is subject to a 2% Net Smelter Return with respect to the production of all materials from the Property.

### **Eastmain Property (Lithium) – James Bay Region, Quebec, Canada**

The Eastmain Property was preliminarily assessed in 2017/2018 by the Company using a surface prospecting reconnaissance approach with pegmatite confirmed present on the Property, although not spodumene bearing. Areas of the Property remain to be assessed for the presence of spodumene pegmatite. The Eastmain Property currently consists of two claims blocks, totaling 13 claims and 686.5 hectares.

Pursuant to the Property Purchase Agreement dated September 18, 2017, the Company acquired from third-party Vendors 100% interest in the Minerals Claims which included mineral claims on the Eastmain Property, the Lac Du Beryl Property, and the original Corvette claim block (76 claims). The





Eastmain Property is subject to a 2% Net Smelter Return with respect to the production of all materials from the Property.

**Golden Silica Property – British Columbia, Canada**  
**(formerly referred to as “ZimFrac” or “Golden Frac Sand”)**

Due to expenditure requirements, the Golden Silica Property in British Columbia was let lapse in late 2021 as exploration spending was focused on the Company's flagship asset, the Corvette Property. A portion of the Property was re-staked in January 2022, although the higher potential areas were not able to be reacquired.

During the year ended March 31, 2022, the Company decided to focus on other Lithium projects. The Company then recognized an impairment loss of \$315,364 relating to this Property (2021 - \$Nil).

**Silver Sands Vanadium Property – British Columbia, Canada**

The Company had 100% interest in the Silver Sands Property (the “Silver Sands”), located in the Pine Pass area of eastern British Columbia. Silver Sands covers 3,735 hectares directly east of the Pine Pass Vanadium Property held by Ethos Gold Corp., which is located about 200 km north of Prince George, British Columbia.

Pending advice from the Government, the Company was set to forego this Property subject to the BC government compensation schedule. Hence, during the year ended March 31, 2022, the Company recognized an impairment loss of \$14,776 relating to this Property.

**Competent person statement (ASX Listing Rule 5.22)**

The information in this MD&A which relates to previously announced exploration results for the Corvette Property were first released by the Company in its prospectus for its ASX listing dated November 9, 2022 and released to the ASX platform on December 5, 2022 (**Prospectus**) and in ASX announcements released on December 14, 2022, December 20, 2022, January 19, 2023, January 30, 2023 and February 6, 2023. The Company confirms it is not aware of any new information or data that materially affects the exploration results included in the Prospectus or the relevant ASX announcements.



## RESULTS OF OPERATIONS

The following table sets forth financial information for the Company which has been summarized from and should be read in conjunction with the Company's interim condensed consolidated financial statements for the three and nine-month periods ended December 31, 2022, and 2021, including the notes thereto.

|   | Three months ended |                       | Nine months ended     |                       |
|---|--------------------|-----------------------|-----------------------|-----------------------|
|   | December 31,       |                       | December 31,          |                       |
|   | 2022               | 2021                  | 2022                  | 2021                  |
| <b>Expenses</b>   |                    |                       |                       |                       |
| Business development  | \$ 135,897         | \$ 53,258             | \$ 358,425            | \$ 158,182            |
| Consulting  | 77,935             | 58,500                | 152,935               | 194,960               |
| Investor communications   | 7,711              | 642,675               | 32,138                | 1,256,818             |
| Management and administration                                     | 142,106            | 82,325                | 723,762               | 325,508               |
| Office and miscellaneous  | 20,615             | 19,804                | 59,870                | 51,391                |
| Professional fees   | 159,511            | 57,078                | 450,594               | 169,294               |
| Share-based payment   | 36,839             | 729,089               | 9,668,459             | 1,582,592             |
| Transfer agent and filing fees                                    | 182,092            | 33,323                | 254,759               | 74,803                |
| Travel  | 76,698             | 2,952                 | 224,541               | 10,375                |
|   | (839,404)          | (1,679,004)           | (11,925,483)          | (3,823,923)           |
| <b>Other items</b>  |                    |                       |                       |                       |
| Flow-Through Premium Income                                       | 1,650,368          | 2,431                 | 3,513,242             | 5,161                 |
| Interest income (expense)   | 4,852              | (398)                 | 2,600                 | (1,314)               |
| Income Taxes recovery (expenses)                                  | 599                | -                     | (43,661)              | -                     |
| <b>Net loss for the period</b>                                    | <b>816,415</b>     | <b>(1,676,971)</b>    | <b>(8,453,302)</b>    | <b>(3,820,076)</b>    |
| <b>Other Comprehensive Income</b>                                 |                    |                       |                       |                       |
| Foreign exchange (gain) loss on translation to reporting currency | (442)              | (11)                  | 1,462                 | (11)                  |
| <b>Comprehensive loss for the period</b>                          | <b>\$ 815,973</b>  | <b>\$ (1,676,982)</b> | <b>\$ (8,451,840)</b> | <b>\$ (3,820,087)</b> |
| <b>Loss per common share</b>                                      |                    |                       |                       |                       |
| Basic and diluted   | \$ 0.01            | \$ (0.02)             | \$ (0.10)             | \$ (0.19)             |

### Three-month period ended December 31, 2022, and the comparative period

The Company generated a net income of \$816,415 for the three months ended December 31, 2022, as compared to a net loss of \$1,676,971 for the three months ended December 31, 2021. The variation was driven by the following:

- **Investor communication** expenses related to communication advisory fees. The variation results from costs associated with the multimedia marketing company hired in the comparative period to attract new investors;
- **Share-based payment** expenses are non-cash items and represent the fair value of options granted as compensation to the Company's directors, officers and consultants during the period (see also Related Party Transactions). No grant was issued during the three-month period that ended December 31, 2022, while a grant of 2,200,000 stock options was made in the same period of the prior year;



- **Flow Through Premium Income** associated with the amortization of the premium with respect to the Flow-Through shares financing FT#21 and FT#22;
- **Income Taxes** represent monthly interest expenses associated with unspent flow-through funds from FT financings. For the third quarter between October 1 to December 31, 2022, the prescribed interest rate for the calculation of Part X11.6 tax increased from 2% in the preceding quarter to 3%; and
- The remaining variations are associated with higher corporate activities to support the listing on the Australian Stock Exchange and the growth of the Company.

**Nine-month period ended December 31, 2022, and the comparative period**

The Company incurred a net loss of \$8,453,302 for the nine months ended December 31, 2022, as compared to \$3,820,076 for the nine months ended December 30, 2021. The higher net loss was driven by the following:

- **Business development** expenses increased when compared to the prior period resulting from intensive marketing activities further the investor communication strategy implemented in 2021;
- **Investor communication** charges decreased as a result of the costs incurred during the nine-month period that ended December 31, 2021, to raise awareness of the Company and its multifaceted exploration activities to attract new investors;
- **Management and administration** fees include compensation paid to key executives and directors. The increase in the period was primarily due to additional compensation paid to the former CEO as a separation settlement payment and annual bonus;
- **Professional fees** relate to accounting, legal and audit fees. The increase was mainly driven by the change in listing from CSE to TSXV, the dual listing process on the ASX, and capital-related transactions during the period;
- **Share-based payment** is a non-cash item, reflecting the fair value of options granted. The increase was primarily attributable to stock options granted to newly appointed directors and a member of the newly formed project steering group during the period;
- **Travel expenses** variation is due to increased attendance at mining industry-specific conventions and meeting up with potential investors to introduce the Company's objectives and status to the investing market;
- **Flow-Through Premium Income** of \$3,513,242 (2021 – \$5,161) increased mainly due to the recognition of Flow-through (FT) income from the realization of premium from FT#22 financing; and
- **Income Taxes** relate to the monthly interest charges payable as Part X11.6 tax on any unspent flow-through funds from the December 2021 FT financing and the October 2022 FT financing.

**CASH FLOW**

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**Nine-month period ended December 31, 2022, and the comparative period**

As the Company is an exploration company, it does not receive, nor does it anticipate receiving any revenue in the next fiscal year. The Company's interests do not currently generate cash flow from operations.

During the period, the Company experienced a net increase in its cash position of \$7,646,829 (2021 – increase of \$11,903,196).

Cash used in operating activities amounted to \$4,147,772 (2021 – \$2,328,047) essentially as a result of Flow Through premium income, changes in non-cash working capital, and non-cash items.

Cash used in investing activities amounted to \$15,560,789 (2021 – \$2,334,734), consisting of increases in spending on exploration and evaluation expenditures. The cash used in investing





activities increased primarily due to the ramping up of exploration activities at the Company's flagship asset - the Corvette Property. The acquisition of the Pontois Property in Quebec, Canada, was paid essentially with common shares of the Company (\$100,000 in cash and \$1,454,200 in shares). For the same period in the prior year, expenditures were mostly related to Freeman Creek Property and the Quebec Properties (see Mineral Property Interests).

Cash inflows consisted of funds provided by financing activities totaling \$27,355,390 (2021 – \$16,565,977). The cash inflow is primarily attributed to the closing of the Flow-Through financing #22 and the warrants and options exercised during the period (see Liquidity and Capital Resources). Last year, inflows for the same period were due to private placement proceeds received relating to the private placement closed on December 22, 2021.

## **SUMMARY OF QUARTERLY RESULTS**

The following is a summary of the Company's financial results for the eight most recent quarters:

| <b>Quarter Ended</b> | <b>Revenue</b> | <b>Comprehensive<br/>(Loss) Income for<br/>the period</b> | <b>Basic and diluted<br/>loss per share</b> |
|----------------------|----------------|---|---|
| March 31, 2021       | \$ -           | (211,768)   | \$ (0.00)                                   |
| June 30, 2021        | -              | (239,737)   | (0.02)                                      |
| September 30, 2021   | -              | (1,903,368)   | (0.16)                                      |
| December 31, 2021    | -              | (1,676,982)   | (0.02)                                      |
| March 31, 2022       | -              | (61,801)  | (0.00)                                      |
| June 30, 2022        | -              | (3,864,145)   | (0.05)                                      |
| September 30, 2022   | -              | (5,403,668)   | (0.11)                                      |
| December 31, 2022    | -              | (8,451,840)   | (0.10)                                      |

## **LIQUIDITY AND CAPITAL RESOURCES**

As at December 31, 2022, the Company had cash and cash equivalents of \$19,346,011 (March 31, 2022 - \$11,697,720) and working capital of \$10,633,322 (March 31, 2022 – \$9,451,246).

As at December 31, 2022, the Company had not advanced its exploration and evaluation properties to commercial production. The Company's continuation as a going concern is dependent upon successful results from exploration activities on its mineral properties and its ability to attain profitable operations and generate cash from its operations in the foreseeable future.

As at December 31, 2022, the Company has an accumulated deficit of \$21,222,892 since inception and is expected to incur further losses in the development of its business. The Company will have to rely on the issuance of shares or the exercise of options and warrants to fund ongoing operations and investment.

The Company believes it has sufficient cash resources and the ability to raise funds to meet its exploration and administrative overhead expenses and maintain its planned exploration activities for the next 12 months. The ability of the Company to raise capital will depend on market conditions, and it may not be possible for the Company to issue shares on acceptable terms or at all.



## **OUTSTANDING SHARE DATA**

As at December 31, 2022, and the date of this report, the Company has:

| As at                                       | December 31, 2022 | February 14 2023 |
|---|-------------------|------------------|
| Issued and outstanding common shares        | 92,790,239        | 96,190,426       |
| Warrants outstanding <sup>(1)</sup>         | 31,374,000        | 28,828,812       |
| Stock options outstanding <sup>(2)(3)</sup> | 8,246,670         | 8,141,670        |

Subsequent to the nine months ended December 31, 2022:

(1) A total of 2,545,188 warrants were exercised for total proceeds of \$1,551,003.

(2) A total of 854,999 stock options were exercised for total proceeds of \$1,362,750.

(3) A total of 750,000 stock options were granted exercisable at \$12.50 with 250,000 vested immediately on January 25, 2023, 250,000 vesting on January 25, 2024 and 250,000 vesting on January 25, 2025. After receiving shareholder approval of the Omnibus Plan during the Company's Annual General Meeting of Shareholders to be held on March 3, 2023, these options will be governed by the Omnibus Plan.

### Nine months ended December 31, 2022:

#### Shares and Warrants

During the nine months ended December 31, 2022, the Company issued a total of 9,761,448 shares for warrants exercised: 1,181,763 exercised at \$0.36 per share, 237,000 exercised at \$0.30 per share, 6,366,500 exercised at \$0.25 per share, 1,000,000 exercised at \$0.54 per share, 926,187 exercised at \$0.60 per share and 49,998 exercised at \$4.50 per share. The fair value of the warrants exercised amounted to \$29,674.

During the nine months ended December 31, 2022, the Company issued a total of 2,052,630 shares for options exercised: 850,000 at \$0.39 per share, 66,666 exercised at \$0.30 per share, 180,799 exercised at \$0.42 per share, 116,832 exercised at \$0.27 per share, 700,000 exercised at \$0.53 per share, 130,000 exercised at \$1.74 per share, and 8,333 exercised at \$1.80 per share. The fair value of the options exercised amounted to \$807,194.

On September 7, 2022, the Company issued 220,000 common shares in the capital of the Company at a deemed price of \$6.61 per share for the acquisition of Pontois Property.

The Company issued 2,156,863 broker warrant units in connection with the private placement that was completed on December 21, 2021. The warrant unit's fair value of \$685,133 was estimated using the Black-Scholes pricing model with a stock price of \$0.475, volatility of 156.22%, risk-free rate of 1.05%, dividend yield of 0% and expected life of 2 years.

#### Options

During the nine months ended December 31, 2022, a total of 2,052,630 options were exercised. 11,667 options exercisable at \$1.80 expired unexercised, and 33,335 options exercisable at \$0.42 expired unexercised.

On April 5, 2022, the Company granted 2,525,000 incentive stock options to officers, directors, and consultants of the Company. The options are exercisable at \$1.74 per share within a period of three years from the date of the grant. 2,385,000 of the options vested immediately on the issue ("April Options"), with 70,000 vesting twelve months from the date of grant and the remaining 70,000 vesting 24 months from the date of grant. In accordance with IFRS 2 Share-based Payment, the value of options is expensed over the vesting period.



**PATRIOT BATTERY METALS INC.**  
**Management's Discussion and Analysis**

On July 18, 2022, the Company granted 500,000 incentive stock options ("July Options") to a newly appointed director of the Company. The options are exercisable at \$2.58 per share within a period of three years from the date of the grant. The July Options vested immediately.

On August 22, 2022, the Company granted 2,000,000 incentive stock options ("August Options") to the newly appointed Non-Executive Chairman and director of the Company, with 1,000,000 options being exercisable at \$7.00 per share, and the remaining 1,000,000 options exercisable at \$9.20 per share within a period of four years from the date of grant. The August Options vested immediately.

On September 12, 2022, the Company granted 250,000 stock options ("September Options") to a member of the newly formed project steering group. The options are exercisable at \$9.00 per share within a period of four years from the date of the grant. The September Options vested immediately.

The fair value of stock options granted in share-based payments is estimated using the Black-Scholes pricing model with the following inputs on the date of issuance: share listed price on the grant date, exercise price, expected volatility (%), risk-free rate (%), expected dividend yield (%) and expected life of stock options granted.

The Company used the Black-Scholes option pricing model to estimate the fair value of the options granted using the period with the following inputs:

|                                 | <b>April Options</b>       | <b>July Options</b> | <b>August Options</b> | <b>August Options</b> | <b>September Options</b> |
|---------------------------------|----------------------------|---------------------|-----------------------|-----------------------|--------------------------|
| Grant Date                      | 2022-04-05                 | 2022-07-18          | 2022-08-22            | 2022-08-22            | 2022-09-12               |
| Expiry Date                     | 2025-04-05                 | 2025-07-18          | 2026-08-22            | 2026-08-22            | 2026-09-22               |
| Contractual Life                | 3 years                    | 3 years             | 4 years               | 4 years               | 4 years                  |
| Vesting                         | Graded                     | Immediately         | Immediately           | Immediately           | Immediately              |
| Input Variables:                |                            |                     |                       |                       |                          |
| Number of options               | 2,525,000                  | 500,000             | 1,000,000             | 1,000,000             | 250,000                  |
| Stock price at valuation date   | \$1.75                     | \$2.58              | \$4.35                | \$4.35                | \$6.80                   |
| Exercise price                  | \$1.74                     | \$2.58              | \$7.00                | \$9.20                | \$9.00                   |
| 'Expected' life of options      | 2 years                    | 2 years             | 2 years               | 2 years               | 2 years                  |
| Expected volatility             | 129.57%                    | 138.34%             | 135.50%               | 133.50%               | 136.25%                  |
| Annual Rate quarterly dividends | 0%                         | 0%                  | 0%                    | 0%                    | 0%                       |
| Risk-free rate                  | 2.37%                      | 3.22%               | 3.48%                 | 3.48%                 | 3.61%                    |
| Fair value per option           | \$1.14                     | \$1.76              | \$2.57                | \$2.35                | \$4.27                   |
| Total SBC                       | \$2,871,686 <sup>(1)</sup> | \$880,322           | \$2,565,752           | \$2,349,520           | \$1,069,106              |

(1) \$2,800,759 was expensed over 9 months ending December 30, 2022, per the vesting schedule.

Year Ended March 31, 2022:

Shares and Warrants

During the year ended March 31, 2022, the Company issued 344,998 shares for warrants exercised at \$0.45 per share 1,584,493 shares for warrants exercised at \$0.36 per share and 13,248,427 shares for warrants exercised at \$0.25 per share. The fair value of warrants exercised amounted to \$97,996.

During the year ended March 31, 2022, 49,833 shares were issued for options exercised at \$0.27 per share, 50,000 shares were issued for options exercised at \$0.30 per share, 350,000 shares were issued for options exercised at \$0.39 per share and 50,000 shares were issued for options exercised at \$0.42 per share. The fair value of the options exercised amounted to \$184,291.



On March 21, 2022, the Company completed a private placement of 6,000,000 units at a price of \$0.50 per unit for aggregate gross proceeds of \$3,000,000 (the "Offering"). Each unit is comprised of one common share and one transferable common share purchase warrant exercisable for three years at a price of \$0.75 (collectively, the "Units"). In addition to statutory four-month resale restrictions, the Units are subject to a contractual restriction on resale expiring 12 months from the completion of the Offering.

On December 22, 2021, the Company closed a private placement through the issuance of 17,973,856 units at a price of \$0.612 per unit for an aggregate gross proceeds of \$11,000,000. Part of the proceeds were recognized as Flow-through ("FT") premium liability amounting to \$2,462,418 (Note 15) and shall be recognized as income over a period of 12 months from closing date. Each unit consists of one flow-through common share and one non-flow-through common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.75 per share for two years. Finder's fees of 977,778 compensation shares were paid.

On June 30, 2021, the Company completed a private placement for gross proceeds of \$3,709,120. The Company issued 23,182,000 units (post-share-consolidation) at a price of \$0.16 per unit. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.25 for a period of 24 months from the closing date. The Company paid finders' fees of \$75,412 and issued 471,328 finders' warrants valued at \$111,611.

On June 7, 2021, the Company completed a share consolidation on one (1) post-consolidated share for every three (3) pre-consolidated shares. On March 31, 2021, the Company had 32,692,817 common shares issued and outstanding. Following the consolidation, the Company had 10,897,605 common shares issued and outstanding. The number of shares, warrants, and stock options shown in these consolidated financial statements were adjusted and presented on a post-consolidation basis.

### Options

A total of 499,833 options were exercised. 21,667 options expired unexercised.

On December 23, 2021, the Company granted 2,200,000 incentive stock options to officers, directors and consultants of the Company. The options are exercisable at \$0.53 per share for a period of three years from the date of the grant. The options were granted under and are governed by the terms of the Company's incentive stock option plan. After receiving shareholder approval of the Omnibus Plan during the Company's Annual General Meeting of Shareholders to be held on March 3, 2023, these options will be governed by the Omnibus Plan.

On August 6, 2021, the Company granted 2,500,000 incentive stock options to officers, directors and consultants of the Company. The Options are exercisable at \$0.39 per share for a period of three years from the date of the grant. The Options have been granted under and are governed by the terms of the Company's incentive stock option plan pending shareholder approval of the Omnibus Plan, following which the options will be governed by the Omnibus Plan.

On July 11, 2021, 16,667 stock options expired unexercised. On May 4, 2021, a total of 5,000 (pre-consolidation 15,000) stock options expired unexercised.



## **RELATED PARTY TRANSACTIONS**

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.

Related party transactions to key management personnel are as follows:

| <b>Nine months ended</b>                             | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|--|------------------------------|------------------------------|
| Management and administration fees <sup>(1)(2)</sup> | <b>\$ 754,762</b>            | \$ 373,008                   |
| Share-based payments                                 | <b>7,948,084</b>             | 1,227,662                    |
| <b>Total key management personnel compensation</b>   | <b>\$ 8,702,856</b>          | \$ 1,600,670                 |

(1) Included a \$240,000 separation settlement payment to the former CEO.

(2) Included a total of \$110,000 of bonus payments paid to the former CEO, CFO and President and CEO.

As at December 31, 2022, the Company had \$Nil (March 31, 2022 – \$3,253) due to the related parties which were reported as part of accounts payable and accrued liabilities which are unsecured, non-interest bearing and have no specific terms for repayment.

## **COMMITMENTS**

The Company has certain commitments related to key management compensation for \$57,000 per month with no specific expiry of terms.

The Company has certain commitments in connection with its mineral properties as described in Mineral Property Interests.

## **SEGMENTED INFORMATION**

The Company operates in one business segment, the exploration and development of mineral properties. Geographical information is as follows:

|                                   | <b>Canada</b> | <b>US</b>    | <b>Total</b>  |
|-----------------------------------|---------------|--------------|---------------|
| Balance, as at December 31, 2022  |               |              |               |
| Exploration and evaluation assets | \$ 31,282,055 | \$ 1,770,510 | \$ 33,052,565 |
| Balance, as at March 31, 2022     |               |              |               |
| Exploration and evaluation assets | \$ 12,687,087 | \$ 1,724,885 | \$ 14,411,973 |

## **CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES**

For a detailed summary of the Company's significant accounting policies, the readers are directed to Note 3 of the Notes to the audited consolidated financial statements for the year ended March 31, 2022, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any material off-balance sheet arrangements.

## **PROPOSED TRANSACTIONS**



The Company has no proposed transactions.

## **CAPITAL DISCLOSURE**

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The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to finance its growth using internally-generated cash flow and debt capacity; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and receivables.

## **FINANCIAL INSTRUMENTS**

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The nature and extent of risks arising from the Company's financial instruments are summarized in Note 11 to the audited annual financial statements for the year ended March 31, 2022, available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **RISKS AND UNCERTAINTIES**

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Refer to the Company's 2022 MD&A for the financial year ended March 31, 2022, available on SEDAR at [www.sedar.com](http://www.sedar.com) and to see the principal risk factors that apply to the Company and that may have a material adverse effect on its financial condition, results of operations or the trading price of the Company's shares, and for information about the Company's exposure to each of the described risks.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

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### **Disclosure controls and procedures**

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarized, and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

### **Internal controls over financial reporting**

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Management is also responsible for the design of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal controls over financial reporting include policies and procedures that: pertain to the maintenance of records that, in reasonable detail accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with the authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of





unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

As at December 31, 2022, there has not been any material change to internal controls over financial reporting for the period. Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting. As of December 31, 2022, the Chief Executive Officer and Chief Financial Officer have each concluded that the Company's internal controls over financial reporting, as defined in National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed. Because of their inherent limitations, internal controls over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. The control framework used to evaluate the effectiveness of the design and operation of the Company's internal controls over financial reporting is the 2013 Internal Control–Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission.

#### **ADDITIONAL INFORMATION**

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Additional information related to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **APPROVAL**

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The Audit Committee of the Company has approved the disclosure contained in this Management Discussion and Analysis. A copy will be provided to anyone who requests it.

This MD&A has been approved by the Board of Directors,

*"Blair Way"*

Blair Way  
President, CEO and Director

February 14, 2023