



Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

Expressed in Canadian Dollars

BATTERY X METALS INC.
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(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Battery X Metals Inc.

Opinion

We have audited the consolidated financial statements of Battery X Metals Inc. and its subsidiaries (together, the "Company") which comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and 2024, and its consolidated financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the consolidated financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, the key audit matters to be communicated in our auditors' report is as follows:

Acquisition of Battery X Rebalancing Technologies Inc.

Description of the matter

During the year ended December 31, 2025, the Company completed the acquisition of the remaining 51% interest in Battery X Rebalancing Technologies Inc. ("Battery X Rebalancing"), resulting in the Company obtaining control and recognizing an intangible asset related to battery rebalancing technology (Note 4). The transaction was accounted for as an asset acquisition rather than a business combination under IFRS 3 *Business Combinations* as Battery X Rebalancing did not meet the definition of a business. The transaction was considered a related party transaction under IAS 24 *Related Party Disclosures*, as the Company and Battery X Rebalancing shared common directors at the date of the acquisition.

As the transaction was accounted for as an asset acquisition, the Company recognized the identifiable net assets acquired, primarily consisting of intangible asset related to EV battery rebalancing technology, based on the fair value of the consideration transferred and the carrying value of the previously held interest.

This transaction was significant due to:

- The judgment involved in assessing whether the acquired set of activities and assets met the definition of a business under IFRS 3;
- The estimation uncertainty in determining the fair value of the consideration transferred, which included equity instruments;
- The judgment involved in assessing whether the acquired technology met the recognition criteria for intangible assets under IAS 38 *Intangible Assets*, including whether the asset was available for use at the acquisition date;
- The estimation involved in determination of the useful life of the acquired intangible asset; and
- The overall magnitude of the transaction and its impact on the consolidated financial position, results of operations, and required disclosures in the consolidated financial statements.

Given the significance of the transaction and the level of judgment involved, this was determined to be a key audit matter.

How the matter was addressed in the audit

Our approach to addressing the matter included the following procedures:

- Evaluating management's assessment that the transaction was appropriately accounted for as an asset acquisition rather than a business combination under IFRS 3;
- Assessing the fair value of the consideration transferred, including the valuation of shares issued;
- Evaluating the accounting treatment of the previously held interest upon obtaining control;
- Assessing whether the acquired technology met the recognition criteria for intangible assets under IAS 38 including verifying that the asset was in the condition necessary to be available for use;
- Involving valuation specialists to assist in evaluating the reasonableness of management's estimate of the useful life of the acquired intangible asset; and
- Assessing the presentation and accuracy of the note disclosure (Note 4)

Other Information

Management is responsible for the other information. The other information comprises the Company's Management Discussion and Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Artem Valeev.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 30, 2026

BATTERY X METALS INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	December 31, 2025	December 31, 2024
		\$	\$
ASSETS			
Current			
Cash		37,874	608,825
Accounts receivable	12	33,054	-
Sales taxes receivable		73,125	27,636
Prepays and deposits	6,12	183,951	287,122
		328,004	923,583
Investment in associate	4,12	-	395,312
Intangible asset	4,12	913,211	-
Exploration and evaluation assets	5	1,868,791	2,255,330
Right-of-use assets	7,12	-	112,184
		3,110,006	3,686,409
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities	8,12	1,855,764	1,074,548
Loan payable	10	272,819	-
Current portion of lease liability	7,12	-	44,850
		2,128,583	1,119,398
Lease liability	7,12	-	72,662
		2,128,583	1,192,060
Equity			
Share capital	11	20,011,066	15,723,078
Reserves	11	1,494,129	2,319,888
Deficit		(20,523,772)	(15,548,617)
		981,423	2,494,349
		3,110,006	3,686,409

Nature of business and continuing operations (Note 1)

Contingencies (Note 9)

Subsequent events (Notes 5, 10,18)

Approved and authorized for issue on behalf of the Board on April 30, 2026.

"Massimo Bellini Bressi", Director "Howard Blank", Director

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

BATTERY X METALS INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Years Ended December 31,	
		2025	2024
		\$	\$
OPERATING EXPENSES			
Consulting fees	12	1,158,932	694,478
Amortization and depreciation	4,7,12	238,787	32,053
Financing charges		2,059	10,452
Foreign exchange loss		13,646	7,266
Investor relations		835,354	320,000
Interest expense	7,10	17,789	20,266
Management fees and salaries	12	408,500	289,500
Marketing		70,106	47,654
Office and administrative		149,218	189,665
Professional fees	16	672,897	349,894
Property investigation costs		21,745	180
Research and development		262,492	-
Share-based compensation	11,12	161,460	210,978
Transfer agent and filing fees		61,811	45,823
		(4,074,796)	(2,218,209)
Loss of equity investment		(4,597)	(32,188)
Write-off of exploration asset	5	(472,763)	-
Gain on sale of subsidiary		-	50,000
Write-off of accounts payable		-	25,000
Loss on convertible debt		-	(266,305)
Gain on lease termination	7	7,711	-
Other losses		(8,365)	-
Impairment of prepaid expenses	6	(206,304)	-
Loss on debt settlement	11,12	(575,355)	(1,300,872)
		(1,259,673)	(1,524,365)
Loss before income taxes		(5,334,469)	(3,742,574)
Deferred tax recovery		-	(17)
Net loss and comprehensive loss for the year		(5,334,469)	(3,742,557)
Loss per share - basic and diluted		\$ (1.78)	\$ (4.29)
Weighted average number of common shares outstanding		2,996,266	872,218

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

BATTERY X METALS INC.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of shares	Amount	Share subscriptions	Commitment to issue shares	Reserves	Convertible debenture equity	Deficit	Total
		\$	\$	\$	\$	\$	\$	\$
Balance at December 31, 2023	567,200	9,392,645	50,000	1,350,000	1,595,450	13,005	(11,957,290)	443,810
Units issued for cash	777,750	1,723,770	(50,000)	-	49,380	-	-	1,723,150
Shares issued for exploration and evaluation assets	125,758	1,648,500	-	(1,350,000)	-	-	-	298,500
Shares issued for debt settlements	703,152	1,806,265	-	-	1,054,776	-	-	2,861,041
Shares issued for investment in associate	68,182	427,500	-	-	-	-	-	427,500
Shares issued on exercise of warrants	31,818	490,179	-	-	(175,179)	-	-	315,000
Shares issued for finders' fees	838	6,638	-	-	-	-	-	6,638
Share issuance costs	-	(42,521)	-	-	5,815	-	-	(36,706)
Forfeited warrants	-	270,102	-	-	(270,102)	-	-	-
Forfeited share options	-	-	-	-	(151,230)	-	151,230	-
Share-based compensation	-	-	-	-	210,978	-	-	210,978
Convertible debenture equity	-	-	-	-	-	(13,005)	-	(13,005)
Net loss for the year	-	-	-	-	-	-	(3,742,557)	(3,742,557)
Balance at December 31, 2024	2,274,698	15,723,078	-	-	2,319,888	-	(15,548,617)	2,494,349
Shares issued for debt settlements	113,422	680,529	-	-	439,251	-	-	1,119,780
Shares issued for acquisition	151,515	666,665	-	-	-	-	-	666,665
Shares issued for services	28,896	135,811	-	-	-	-	-	135,811
Shares issued on exercise of warrants	900,514	2,505,763	-	-	(868,811)	-	-	1,636,952
Shares issued on exercise of options	50,438	178,125	-	-	(77,250)	-	-	100,875
Forfeited warrants	-	-	-	-	(75,825)	-	75,825	-
Cancelled share options	-	-	-	-	(283,489)	-	283,489	-
Vesting of RSU's	-	-	-	-	161,460	-	-	161,460
Shares vested for RSU's	67,275	121,095	-	-	(121,095)	-	-	-
Net loss for the year	-	-	-	-	-	-	(5,334,469)	(5,334,469)
Balance at December 31, 2025	3,586,758	20,011,066	-	-	1,494,129	-	(20,523,772)	981,423

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

BATTERY X METALS INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years Ended December 31,	
	2025	2024
	\$	\$
Cash flows used in operating activities		
Loss for the year	(5,334,469)	(3,742,556)
Items not affecting cash:		
Deferred tax recovery	-	(17)
Amortization and depreciation	238,787	32,053
Financing charges	-	10,471
Interest expense	17,789	20,266
Recovery from write-off of accounts payable	-	(25,000)
Share-based compensation	161,460	210,978
Share of loss of equity accounted investee	4,597	32,188
Other losses	8,365	-
Shares issued for finders' fees	-	6,638
Shares issued for services	135,811	-
Loss on debt settlement	575,355	1,567,177
Gain on lease termination	(7,711)	-
Write-off of exploration assets	472,763	-
Impairment of prepaid expenses	206,304	-
Gain on sale of subsidiary	-	(50,000)
Changes in non-cash working capital items:		
Sales taxes receivable	(43,560)	(25,407)
Accounts receivable	(33,054)	-
Prepays	96,867	(270,895)
Accounts payable and accrued liabilities	1,170,111	(174,108)
	(2,330,585)	(2,408,213)
Cash flows used in investing activities		
Exploration and evaluation asset expenditures	(82,224)	(50,760)
Cash acquired on acquisition	13,257	-
	(72,967)	(50,760)
Cash flows provided by financing activities		
Units issued for cash	-	2,602,747
Proceeds from exercise of warrants	1,636,952	490,179
Proceeds from exercise of options	100,875	-
Loan payable issued	270,000	-
Repayment of loans	(140,226)	-
Repayment of lease liabilities	(35,000)	-
Share issuance costs	-	(76,706)
	1,832,601	3,016,220
Change in cash during the year	(570,951)	557,248
Cash, beginning of year	608,825	51,577
Cash, end of year	37,874	608,825

Supplemental disclosures with respect to cash flows (Note 15)

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

BATTERY X METALS INC.

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

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Battery X Metals Inc. (the “Company”) was incorporated on August 22, 2017 under the laws of British Columbia. The address of the Company’s registered and records office is 2501 - 550 Burrard Street, Vancouver, BC V6C 2B5. The Company’s common shares trade on the Canadian Securities Exchange under the symbol BATX, on the OTCQB Exchange under the symbol “BATXF”, and on the Frankfurt Stock Exchange under the symbol “5YW0”

The Company’s principal business activities include the acquisition and exploration of mineral property assets and the development of proprietary lithium-ion battery rebalancing and recycling technology. As at December 31, 2025 the Company had not yet determined whether the Company’s mineral property assets contained ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets 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 the future profitable production from the property or realizing proceeds from its disposition.

During the year ended December 31, 2025, the Company incurred a loss of \$5,334,469. The Company had an accumulated deficit of \$20,523,772 as at December 31, 2025 (December 31, 2024 - \$15,548,617), which has been primarily funded by the issuance of equity, and a working capital deficiency of \$1,800,579 as at December 31, 2025 (December 31, 2024 - \$195,815). The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing, maintaining continued support from shareholders and creditors, and generating revenues sufficient to cover its operating costs.

Until sustainable revenues are achieved, the Company plans to fund its operations through additional equity and/or debt financings, potential proceeds from the exercise of outstanding warrants, and management of cash requirements through debt settlements, as appropriate.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. MATERIAL ACCOUNTING POLICIES

Statement of compliance and basis of presentation

These consolidated financial statements have been prepared using accounting policies in compliance with IFRS Accounting Standards (“IFRS”) issued by the International Accounting Standards Board and the interpretations of the International Financial Reporting Interpretations Committee.

These consolidated financial statements were approved by the Board of Directors of the Company and authorized for issuance on April 30, 2026.

Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company and its subsidiaries is the Canadian dollar.

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

BATTERY X METALS INC.

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

2. MATERIAL ACCOUNTING POLICIES (continued)

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

	Incorporation	Percentage owned	
		December 31, 2025	December 31, 2024
1379596 BC Ltd. ("1379596 BC")	Canada	100%	100%
Battery X Recycling Technologies Inc. ("Battery X Recycling")	Canada	100%	100%
YY Resources Inc. ("YY Resources")	Canada	100%	100%
1451917 B.C. Ltd ("1451917 BC")	Canada	100%	100%
Battery X Discoveries Inc. (Battery X Discoveries")	Canada	100%	-
Battery X Rebalancing Technologies Inc. ("Battery X Rebalancing")	Canada	100%	49%

On March 28, 2025, the Company acquired the remaining 51% of the shares of Battery X Rebalancing (Note 4), and as a result now owns 100%.

On April 3, 2025, the Company incorporated a wholly-owned subsidiary, Battery X Discoveries.

All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

Investment in Associate

Investments in associates are accounted for using the equity method. The investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of the associate's net assets.

Intangible Assets

Intangible assets are recognized when the asset is identifiable, the Company has control over the asset, future economic benefits are expected to flow to the Company, and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost, which for acquisitions involving the issuance of equity instruments represents the fair value of the consideration transferred, and for related-party transactions reflects the most reliable available measure of that consideration.

After the initial recognition, the intangible assets will be carried at cost, less any accumulated amortization and impairment losses if applicable. Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives. The amortization method and useful lives are reviewed at least annually and adjusted prospectively when appropriate. Intangible assets are assessed for indicators of impairment at each reporting year. If such indicators exist, the recoverable amount is estimated. Intangible assets not yet available for use and intangible assets with indefinite useful lives are tested for impairment annually, regardless of indicators.

Research and Development Expenditures

Research costs are expensed as incurred. Research activities are aimed at obtaining new scientific or technical knowledge and do not meet the criteria for capitalization under IAS 38, *Intangible Assets*.

BATTERY X METALS INC.

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

2. MATERIAL ACCOUNTING POLICIES (continued)

Exploration and evaluation assets

Pre-exploration costs are expensed as incurred. Costs directly related to the exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties as acquired or obtained. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition are determined by management to be insufficient to recover the carrying value of the property, the carrying value is written down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of the plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

BATTERY X METALS INC.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)

Share capital

Share capital issued for consideration other than cash is valued at the fair value of assets received or services rendered. If the fair value of assets received or services rendered cannot be reliably measured, shares issued for consideration will be valued at the quoted market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in capital stock and the related residual value is transferred from warrant reserve to capital stock.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. The comparative loss per share has been restated in these consolidated financial statements to reflect the 20:1 share consolidation on October 28, 2025.

Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve. The Company transfers the value of forfeited and expired unexercised vested stock options and compensatory warrants to deficit or share capital from reserves on the date of expiration based on the nature of the item.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting year for changes in the underlying share price.

Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

BATTERY X METALS INC.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)

Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company and its subsidiaries operate (“the functional currency”), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the consolidated statement of financial position date are recognized in the consolidated statement of loss and comprehensive loss.

Convertible Debenture

Convertible debentures are financial instruments which are accounted for separately depending on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement.

Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the consolidated statement of financial position date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the consolidated statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Financial instruments

Financial assets

On initial recognition, financial assets are classified as measured at (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); and (iii) fair value through profit and loss (“FVTPL”). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset.

BATTERY X METALS INC.

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

2. MATERIAL ACCOUNTING POLICIES (continued)

Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest method.

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest method. The Company does not have any assets classified at FVOCI.

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the consolidated statement of loss and comprehensive loss in the period in which it arises. The Company's cash is classified at FVTPL.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to the estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the year.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For the years presented, the Company did not record an expected credit loss.

Financial instruments (continued)

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs. Financial liabilities are classified as measured at FVTPL or amortized cost.

BATTERY X METALS INC.

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

2. MATERIAL ACCOUNTING POLICIES (continued)

A financial liability is classified at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not classify any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. The Company classifies its accounts payable at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Accounting standards adopted

The following amended standard was adopted as of January 1, 2024:

- *Presentation of Financial Statements (Amendments to IAS 1)* – the amendments provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments:
 - specify that the rights and conditions existing at the end of the reporting year are relevant in determining whether the Company has a right to defer settlement of a liability by at least 12 months;
 - provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of liability; and
 - clarify when a liability is considered settled.

The Company concludes that the effect of such amendment did not have a material impact and therefore did not record any adjustments to the consolidated financial statements.

New accounting standards issued and not yet effective

IFRS 18, Presentation and Disclosure in Financial Statements, which will replace IAS 1, Presentation of Financial Statements aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in the IAS 7, Statement of Cash Flows. IFRS 18 is effective from January 1, 2027, however, companies are permitted to apply IFRS 18 before that date.

The Company has not yet determined the impact of this amendment on its consolidated financial statements.

BATTERY X METALS INC.
Notes to the Consolidated Financial Statements
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3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting year. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Significant accounting estimates

- a) the measurement of deferred income tax assets and liabilities; and
- b) the inputs used in accounting for share-based payments.

Significant accounting judgments

- a) the determination of categories of financial assets and financial liabilities;
- b) step acquisitions and the determination as to whether the acquisition results in a business combination or an asset acquisition;
- c) the estimation of the useful life of intangible assets;
- d) the assessment of impairment indicators of intangible assets;
- e) the recognition of deferred income tax assets;
- f) the evaluation of the Company's ability to continue as a going concern; and
- g) the assessment of indications of impairment of the exploration and evaluation assets.

4. ACQUISITION

Battery X Rebalancing

In June 2024, the Company entered into a Share Exchange Agreement to acquire 49% ownership in Battery X Rebalancing Technologies Inc. Pursuant to the Share Exchange Agreement, on June 6, 2024, the Company issued 68,182 common shares of the Company to acquire a 49% interest in Battery X Rebalancing. The shares were valued at \$427,500 based on the trading price on June 6, 2024 of \$6.27. The acquisition was an arm's length transaction.

On March 28, 2025, the Company acquired the remaining 51% of the shares of Battery X Rebalancing by issuing 151,515 shares valued at \$666,665 based on the trading price on March 28, 2025 of \$4.40. The purchase did not meet the definition of a business combination under IFRS 3, *Business Combination* and was accounted for as an asset acquisition. The Company recognized an intangible asset comprising of the fair value of shares issued of \$666,665, the carrying amount of the previously held interest of \$383,252, and \$74,035 of assumed net liabilities of Battery X.

BATTERY X METALS INC.

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

4. ACQUISITION (continued)

Rebalancing at the time of purchase.

The following details the relative fair values of net assets acquired:

Cash	13,257
Prepays and other receivables	201,929
Accounts payable and accrued liabilities	(81,582)
Advance to shareholders	(19,292)
Loans to external parties	(188,347)
Net Liabilities	(74,035)

The intangible asset acquired in this transaction consists of the knowledge base, technical development processes, intellectual property, and proprietary methods used to design and deliver solutions for rebalancing and extending the useful lifespan of electric vehicle (“EV”) batteries. Management has estimated the intangible asset will have a useful life of 4 years. The March 28, 2025 transaction is considered a related party transaction due to the companies sharing a common Director. (Note 12)

The following table is a summary of the investment in Battery X Rebalancing:

	\$
Consideration:	
Fair value of shares issued for 51% interest (151,515 @ \$4.40 per share)	666,665
Carrying amount of previously held 49 % interest	383,252
Total consideration:	1,049,917
Net liabilities acquired:	74,035
Cost of intangible asset	1,123,952
Amortization for the year ended December 31	(210,741)
Balance, December 31, 2025	913,211

5. EXPLORATION AND EVALUATION ASSETS

	Belanger Project	Leaf River Project	Reservoir-Dozois Project	Y Lithium Project	Total
Balance, December 31, 2023	121,884	-	-	1,784,186	1,906,070
Property acquisition	19,000	142,500	142,500	-	304,000
Equipment rental	12,204	-	-	-	12,204
Labour	33,056	-	-	-	33,056
Balance, December 31, 2024	186,144	142,500	142,500	1,784,186	2,255,330
Property acquisition	16,500	-	-	-	16,500
Geological consulting	119	-	-	69,605	69,724
Write-down of exploration assets	(187,763)	(142,500)	(142,500)	-	(472,763)
Balance, December 31, 2025	15,000	-	-	1,853,791	1,868,791

BATTERY X METALS INC.

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

5. EXPLORATION AND EVALUATION ASSETS (continued)

Belanger Project

Pursuant to an option agreement dated June 1, 2020 with Bounty Gold Corp. (“Belanger Project Optionor”), the Company was granted an option to acquire a 100% undivided interest in certain unpatented mining claims comprising the RLX North, RLX South, and Belanger properties (collectively, the “Belanger Project”) located in the District of Red Lake, Ontario, Canada.

In accordance with the option agreement, the Company can acquire 100% interest in the project by: (i) making cash payments in the aggregate amount of \$150,000; and (ii) issuing common shares in the capital of the Company (the “Consideration Shares”) having an aggregate cash value of \$300,000 to the Belanger Project Optionor as follows:

	Consideration Shares		Cash
	#	\$	\$
Upon execution of the option agreement on June 1, 2020 (issued and paid respectively)	1,515	30,000	25,000
On or before the 1 st anniversary on June 1, 2021 (issued 1,748 and paid respectively)	-	30,000	25,000
On or before the 2 nd anniversary on June 1, 2022 (issued 5,050 shares and paid respectively)	-	100,000	50,000
On or before the 3 rd anniversary on June 1, 2023*	-	140,000	50,000
	1,515	300,000	150,000

**In November 2023, the Company and the Belanger Project Optionor agreed to a final payment of \$25,000 in cash and 4,545 common shares (“November 2023 Agreement”). See below for the terms of the final payment.*

On November 27, 2024, the Company entered into an Addendum Agreement (the “November 2024 Agreement”) with the Belanger Project Optionor to acquire 100% of the Belanger Project. The November 2024 Agreement is an addendum to the November 2023 Agreement. As set out in the November 2024 Agreement, the Company had paid \$7,000 of the \$25,000 cash obligation under the November 2023 Agreement and has subsequently issued the 4,545 common shares originally required to be issued under the November 2023

Agreement. In accordance with the terms of the November 2024 Agreement, the Company has agreed to pay the remaining balance of \$18,000 to the Belanger Project Optionor as follows:

- \$1,500 upon execution of the November 2024 Agreement (paid subsequently);
- \$5,500 on or before February 28, 2025 (paid);
- \$5,500 on or before April 30, 2025 (paid); and
- \$5,500 on or before June 30, 2025 (paid).

The Company made the final payment of \$5,500 (the “Final Payment”) under the November 2024 Agreement to the Optionor on July 2, 2025. With the completion of the Final Payment, the Company has satisfied all payment obligations under the Belanger Addendum Agreement and has earned a 100% interest in the Belanger Project, subject to a 3% net smelter returns royalty. The Company retains the right to purchase the first 1% of the NSR for \$750,000 and the remaining 2% for \$2,000,000 at any time prior to the commencement of commercial production.

On July 4, 2025, the Company relinquished four single-cell mining claims at its Belanger Project.

BATTERY X METALS INC.

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

5. EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended December 31, 2025, management identified indicators of impairment in accordance with IFRS 6, Exploration for and Evaluation of Mineral Resources, recording a write-down of the carry value of the Belanger Project to an estimated recoverable amount of \$15,000.

Subsequent to the year ended December 31, 2025, the Company disposed of its 100% interest in the Belanger Project to Renegade Gold Inc., an arm's length corporation listed on the TSX Venture Exchange, for aggregate consideration of \$15,000, comprised of \$10,000 in cash and common shares with a fair value of \$5,000, as determined based on the share price on the date of the agreement (Note 18).

Y Lithium Project

In October 2023, the Company acquired 100% ownership of the Y Lithium Project located in Northern Saskatchewan's Bailey Lake region through the acquisition of YY Resources.

Leaf River Project

On June 6, 2024, the Company acquired 100% of the outstanding shares of 1451917 BC which held 100% ownership of the Nunavik, Quebec Leaf River Project. On acquisition, the Company allocated \$142,500 of the purchase price to this project.

During the year ended December 31, 2025, the Company determined it would no longer pursue further exploration activities on the property. Accordingly, the Company recognized an impairment charge of \$142,500, reducing the carrying value of the project to \$nil.

Reservoir-Dozois Project

On June 6, 2024, the Company acquired 100% of the outstanding shares of 1451917 BC which held 100% ownership of the Abitibi, Quebec Reservoir-Dozois Project. On acquisition, the Company allocated \$142,500 of the purchase price to this project.

During the year ended December 31, 2025, the Company determined it would no longer pursue further exploration activities on the property. Accordingly, the Company recognized an impairment charge of \$142,500, reducing the carrying value of the project to \$nil.

The Company is the beneficial owner of the properties contained in the Y Lithium, Leaf River, and Reservoir-Dozois Projects that are held in trust under a bare trust arrangement. The trustee holds legal title to the property, but all risks, rewards, and benefits of ownership remain with the Company.

6. PREPAIDS AND DEPOSITS

	December 31, 2025	December 31, 2024
	\$	\$
Prepays	164,434	273,605
Deposits	19,517	13,517
	183,951	287,122

During the year ended December 31, 2025, the Company recorded an impairment charge of \$206,304 (2024 - \$nil) in connection with undelivered marketing services.

BATTERY X METALS INC.

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

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

In May 2024, the Company entered into an office lease in Vancouver, Canada incurring fixed payments of \$5,000 per month. The initial 1-year agreement was extended for an additional 2 years, for a total of 3 years (Note 12). As at August 1, 2025, the lease was terminated, and the related right-of-use asset and lease liability were extinguished. The Company recognized a gain on lease termination of \$7,711.

Right-of-Use Assets

	Office Lease
Cost:	\$
Balance, December 31, 2023	-
Additions	144,237
Balance, December 31, 2024	144,237
Derecognition on lease termination	(144,237)
Balance, December 31, 2025	-
Accumulated depreciation:	
Balance, December 31, 2023	-
Charge for the year	32,053
Balance, December 31, 2024	32,053
Charge for the year	28,046
Derecognition on lease termination	(60,099)
At December 31, 2025	-
Net book value:	
December 31, 2024	112,184
December 31, 2025	-

Depreciation of right-of-use assets is calculated using the straight-line method over the remaining lease term.

	December 31, 2025
	\$
Balance, December 31, 2023	-
Additions	144,237
Lease payments	(40,000)
Interest Expense	13,275
Balance, December 31, 2024	117,512
Lease payments	(35,000)
Interest expense	9,337
Derecognition on lease termination	(91,849)
Balance, December 31, 2025	-

The lease liabilities were discounted at a discount rate of 15%.

Depreciation expense for the year ended December 31, 2025 consists of \$210,741 (2024 – NIL) related to the intangible asset and \$28,046 (2024 - \$32,053) related to the ROU asset.

BATTERY X METALS INC.

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

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2025	December 31, 2024
	\$	\$
Accounts payable	1,407,609	797,437
Accrued liabilities	448,155	277,111
	1,855,764	1,074,548

9. CONTINGENCIES

In April 2025, an alleged wrongful dismissal claim was brought against Battery X Rebalancing by a former independent consultant, seeking damages of up to approximately \$195,000. The claim pertains to alleged events that occurred prior to the Company's acquisition of the remaining 51% interest in Battery X Rebalancing, which closed on March 28, 2025. The Company disputes the allegations and intends to vigorously defend itself. As the outcome remains uncertain, no provision has been recorded in the consolidated financial statements at this time.

10. LOANS PAYABLE

The Company's loans payable consists of three unsecured loans, two loans of \$125,000 each received in November 2025, and a loan of \$20,000 received in December 2025, with interest accruing at 10% per annum and maturing one year from issuance. During the year ended December 31, 2025, the Company recorded interest expense of \$2,819 on these loans.

The Company also received and repaid loan principal of \$186,000 and accrued interest of \$7,981 during the year.

The loans outstanding as at December 31, 2025 are summarized below:

Loan Dates	Principal & Interest Amount	Maturity Date	Interest Rate
November 20, 2025	\$126,404	November 20, 2026	10% per annum
November 20, 2025	\$126,404	November 20, 2026	10% per annum
December 29, 2025	\$20,011	December 29, 2026	10% per annum
	\$272,819		

Subsequent to year ended December 31, 2025, the Company repaid all outstanding loan amounts in full, including all accrued interest.

11. SHARE CAPITAL AND RESERVES

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

As at December 31, 2025, the Company had issued and outstanding common shares of 3,586,758 (December 31, 2024 – 2,274,698).

Issued and outstanding common shares

During the year ended December 31, 2025, the Company had the following share capital transactions:

BATTERY X METALS INC.

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

11. SHARE CAPITAL AND RESERVES (continued)

- a) On March 20, 2025, the Company exercised its call right to acquire the remaining 51% of the common shares of Battery X Rebalancing from the Battery X Rebalancing shareholders in consideration for 151,515 common shares of the Company (Note 4). The acquisition was completed effective March 28, 2025.
- b) On August 1, 2025, the Company completed a debt settlement to settle accounts payable and current liabilities totaling \$544,425 through the issuance of 93,042 units, plus 20,379 common shares. The common shares had a fair value of \$680,529 on the debt settlement date. Each unit consists of one common share and one warrant exercisable at \$6.30 for a period of two years. The warrants were valued at \$439,251 and were calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free rate of 2.69%, forfeiture rate of 0%, no annual dividends, expected volatility of 176%, and a market price of the share at grant date of \$6.00. The Company recorded a loss of \$575,355 related to the debt settlement. Related parties participated in the transaction, settling debt of \$49,075 and receiving 10,224 units (Note 12).
- c) On October 30, 2025, the Company issued 28,896 common shares for value of \$135,811 in exchange for consulting services rendered.
- d) During the year ended December 31, 2025, 900,514 share purchase warrants were exercised for proceeds of \$1,636,952. The Company issued 900,514 common shares from the exercises.
- e) During the year ended December 31, 2025, options of 50,438 were exercised for proceeds of \$100,875. The Company issued 50,438 common shares from the exercises.

During the year ended December 31, 2024, the Company had the following share capital transactions:

- a) In January 2024, the Company issued 64,720 units at a price of \$6.60 per unit for gross proceeds of \$427,150 upon closing a private placement. Each unit consists of one common share and one common share purchase warrant. Each Warrant is exercisable into one common share at an exercise price of \$13.20 for a period of two years and no value was allocated to the warrants. In connection with the private placement, the Company incurred \$6,732 in finders' fees and issued a total of 838 finders' units ("Finder Units"). Each Finder Unit comprises one common share in the capital of the Company and one transferable common share purchase warrant of the Company. Each warrant is exercisable to acquire an additional common share of the Company at a price of \$13.20 per warrant for a period of two years. The common shares issued in the Finders Units were valued at \$6,638 based on the trading price on the date of closing of \$7.92 per share while the warrants issued in the Finders Units were valued at \$5,815 calculated using the Black-Scholes option pricing model. Insiders received 4,545 units (one common share plus one warrant) for proceeds of \$30,000.
- b) In February 2024, the Company issued 17,758 units at a price of \$6.60 per unit for gross proceeds of \$117,200 upon closing a private placement. Each unit consists of one common share and one common share purchase warrant with each warrant being exercisable into one common share at an exercise price of \$13.20 for a period of two years. In connection with the private placement, the Company incurred \$444 in finders' fees. Using the residual value method, the value attributed to the warrants was determined to be \$nil.
- c) In June 2024, the Company issued 68,182 common shares with a fair value of \$427,500 to the shareholders of Battery X Rebalancing in accordance with the Share Exchange Agreement (Note 4).
- d) In June 2024, the Company issued 45,455 common shares with a fair value of \$285,000 to the shareholders of 1451917 BC in accordance with the Share Exchange Agreement.
- e) In June 2024, the Company issued 90,880 common shares in connection with the settlement of \$597,305 of accounts payable and \$2,500 for services rendered. Of the total shares issued, 49,508 common shares were issued to related parties in settlement of \$326,750 of debt.

BATTERY X METALS INC.

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

11. SHARE CAPITAL AND RESERVES (continued)

- f) In June 2024, the Company issued 75,758 common shares with a fair value of \$1,350,000 to the shareholders of 1379596 BC in accordance with the Share Exchange Agreement which was included in the commitment to issue shares as at December 31, 2023.
- g) In July 2024, the Company issued 74,818 units at a price of \$6.60 per unit for gross proceeds of \$493,800 upon closing a private placement. Each unit consists of one common share and one common share purchase warrant with each warrant being exercisable into one share at an exercise price of \$6.60 until July 29, 2026. The Company allocated \$49,380 to reserves representing the value of the warrants issued.
- h) In September 2024, the Company issued 20,455 units of the Company at a price of \$6.60 per unit for aggregate gross proceeds of \$135,000 upon closing a private placement. Each unit consists of one common share and one common share purchase warrant with each warrant being exercisable into one share at an exercise price of \$6.60 until September 3, 2026. Using the residual value method, the value attributed to the warrants was determined to be \$nil.
- i) In September 2024, the Company issued 21,970 common shares valued at \$217,500 for the exercise of 439,394 share purchase warrants with an exercise price of \$9.90.
- j) On October 11, 2024 the Company issued 9,849 common shares valued at \$97,500 for the exercise of 196,970 warrants with an exercise price of \$9.90.
- k) On November 29, 2024, the Company issued 12,273 common shares to settle accounts payable of \$81,000 owed by the Company to certain insiders and creditors of the Company. Massimo Bellini Bressi, the CEO of the Company had debt settled in the amount of \$42,000 and was issued 6,364 shares.
- l) On November 29, 2024, the Company consolidated all of its issued and outstanding common shares on a 3.3:1 basis, with every three and one-third pre-consolidated shares being converted into one post-consolidated share.
- m) On December 24, 2024, the Company issued 600,000 units of the Company at a price of \$1.00 per unit for aggregate gross proceeds of \$600,000 upon closing a private placement. Each unit consists of one common share and one common share purchase warrant with each warrant being exercisable into one share at an exercise price of \$1.50 until December 24, 2026. Using the residual value method, the value attributed to the warrants was determined to be \$nil.
- n) On December 24, 2024, the Company issued 600,000 units of the Company to settle accounts payable of \$600,000 owed to creditors of the Company. Each unit consists of one common share and one common share purchase warrant with each warrant being exercisable into one share at an exercise price of \$1.50 until December 24, 2026. Of these, 65,525 units were issued in settlement of \$65,525 of debt owed to directors, officers and related parties to officers of the Company. The warrants were valued at \$1,054,776 and were calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free rate of 3.03%, forfeiture rate of 0%, no annual dividends, expected volatility of 206%, and a market price of the share at grant date of \$2.00.
- o) During the fiscal year the Company incurred losses of \$1,580,236 related to debt settlements with vendors.

BATTERY X METALS INC.

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

11. SHARE CAPITAL AND RESERVES (continued)

Warrants

For the year ended December 31, 2025, a total of 145,277 common shares purchase warrants exercisable at \$9.90 expired unexercised. The expired warrants had exercise prices ranging between \$5.00 and \$9.90.

For the year ended December 31, 2025, a total of 900,514 common share purchase warrants were exercised for proceeds of \$1,636,952.

On October 2, 2025, the Company repriced 119,697 common share purchase warrants to a revised expiry date of October 16, 2026, and a revised exercise price of \$5.00 per warrant.

On August 1, 2025, the Company granted 93,042 common share purchase warrants in connection with the August 2025 debt settlement.

On January 7, 2025, the Company repriced a total of 177,751 warrants with prices between \$6.60 and \$13.20 to have a revised exercise price of \$5.00. Subsequently, on January 24, 2025 the warrant expiry dates were accelerated to expire on March 2, 2025.

During January 2024, the Company granted a total of 64,720 share purchase warrants in connection with the January 2024 private placement. Additionally, the Company granted 838 share purchase warrants to Finders in connection with the January 2024 private placement. The Finders' warrants are exercisable at \$13.20 per share, expire January 24, 2026, and have an estimated fair value of \$5,185, calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free rate of 4.02%, forfeiture rate of 0%, no annual dividends, expected volatility of 232%, and a market price of the share at grant date of \$7.92.

During February 2024, the Company granted a total of 17,758 share purchase warrants in connection with the February 2024 private placement.

During July 2024, the Company granted a total of 74,818 share purchase warrants in connection with the July 2024 private placement. The Company allocated \$49,380 to reserves representing the value of the warrants issued.

During September 2024, the Company granted a total of 20,455 share purchase warrants in connection with the September 2024 private placement.

On December 24, 2024, the Company granted 600,000 share purchase warrants in connection with the December 2024 private placement.

On December 24, 2024, the Company granted 600,000 share purchase warrants in connection with the December 2024 debt settlement.

During the year ended December 31, 2024, 10,006 warrants with exercise prices ranging from \$39.60 to \$51.48 expired unexercised. As a result, \$270,102 was transferred from reserves to share capital.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
		\$
Balance, December 31, 2023	210,815	22.40
Issued	1,378,588	2.60
Exercised	(31,818)	(10.00)
Expired	(10,006)	(40.20)
Balance, December 31, 2024	1,547,579	3.40

BATTERY X METALS INC.

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11. SHARE CAPITAL AND RESERVES (continued)**Warrants (continued)**

	Number of Warrants	Weighted Average Exercise Price \$
Balance, December 31, 2024	1,547,579	3.40
Issued	93,042	6.30
Exercised	(900,514)	(1.82)
Expired	(145,277)	(6.66)
Balance, December 31, 2025	594,830	2.97

As at December 31, 2025, the Company had the following outstanding warrants:

Number of Warrants	Exercise Price \$	Expiry date
119,697	5.00	October 16, 2026
838	13.20	January 24, 2026
381,253	1.50	December 24, 2026
93,042	6.30	August 1, 2027
594,830		

The weighted average remaining life of the outstanding warrants at December 31, 2025 was 1.04 years.

Share options

For the year ended December 31, 2025, 50,438 share options were exercised for proceeds of \$100,875.

For the year ended December 31, 2025, 23,030 share options were cancelled.

During the year ended December 31, 2024, 10,101 share options with exercise prices between \$2.40 and \$5.00 expired. As a result, \$151,230 was reclassified from reserves to deficit.

On December 30, 2024, the Company granted a total of 137,750 share options to certain directors, officers and consultants of the Company. The share options are exercisable at \$2.00 per share, expire December 30, 2026, and vested immediately upon grant. The estimated fair value, \$210,978 was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free rate of 2.96%, forfeiture rate of 0%, no annual dividends, expected volatility of 206%, and a market price of share at grant date \$1.80.

Share option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price \$
Balance, December 31, 2023	33,131	17.80
Granted	137,750	2.00
Cancelled	(10,101)	(20.80)
Balance, December 31, 2024	160,780	4.00
Exercised	(50,438)	(2.00)
Cancelled	(23,030)	(16.43)
Balance, December 31, 2025	87,312	2.00

BATTERY X METALS INC.

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11. SHARE CAPITAL AND RESERVES (continued)

As at December 31, 2025, the Company had the following outstanding share options:

Number of Share Options	Exercise Price	Expiry date
	\$	
87,312	2.00	December 30, 2026

The weighted average remaining life of the outstanding share options at December 31, 2025 was 1.00 years.

Restricted Share Units (RSUs)

During the year ended December 31, 2025, the Company had the following RSU transactions:

- On January 1, 2025, the Company granted a total of 89,700 restricted share units (RSUs) to certain directors, officers, and consultants. The RSUs will vest in four equal tranches over 12 months.
- For the year ended December 31, 2025, 67,275 common shares were issued related to vested RSU's which were awarded to management and key consultants.

As at December 31, 2025 the following RSUs were outstanding.

Number of RSUs	Vesting Schedule
22,425	January 1, 2026

12. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

On January 14, 2025, the Company entered into a promissory note agreement with a company with common directors and an officer to the Company (the "Related Company"). The Company transferred all its rights and obligations to the Related Company for its marketing service agreement with Atkiencheck.de AG for the sum of \$73,890. The Related Company agreed to reimburse the Company in fifteen (15) equal monthly installments of \$4,926 each, commencing on January 14, 2025 until the amount is paid in full. No interest shall accrue on unpaid principal amounts. For the year ended December 31, 2025 the remaining balance owed to the Company was \$33,054.

On March 28, 2025, the Company acquired the remaining 51% of the common shares of Battery X Rebalancing from the Battery X Rebalancing shareholders in consideration for 151,515 common shares of the Company (Note 4). This transaction is identified as a related party transaction due to Battery X Rebalancing and the Company having a common director.

On July 4, 2025, the Related Company assigned to the Company its rights to unused translation services from IR-WORLD.com Finanzkommunikation GmbH with a fair value of \$4,086. The assignment was applied as a debt settlement agreement which reduced the current accounts receivable due to the Company from the Related Company.

On August 1, 2025, and as part of a larger debt settlement transaction, the Company settled accounts payable of \$49,075 with related parties by issuing 10,224 units, each unit consisting of one common share and one common share purchase warrant.

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12. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

A loss on debt settlement of \$60,536 was recorded for this related party transaction (Note 8).

Certain directors of the Company, also serve as directors of the parent company of the entity with which the Company has entered into an office lease agreement. In addition, the Chief Financial Officer of the Company, serves as an officer of that parent company. This lease agreement was terminated in August 2025. (Note 6).

In November 2025 the Company entered into a short-term rental agreement for shared office space, where there are common directors between both parties. Rental expenses incurred for the year ended December 31, 2025 amount to \$4,000 (2024 - \$nil).

The Company incurred the following key management personnel costs from related parties:

	For the year ended December 31,	
	2025	2024
	\$	\$
Management, professional, consulting fees and salaries	508,500	289,500
Share-based compensation	11,700	52,471
	520,200	341,971

As at December 31, 2025, the Company owed \$219,048 (December 31, 2024 - \$4,064) to directors of the Company, companies controlled by directors of the Company for expense reimbursements and unpaid management fees. The amounts payable in relation to these transactions are non-interest bearing, unsecured and due on demand.

As at December 31, 2025, the Company had accounts receivable of \$33,054 (December 31, 2024 - \$NIL) due from a related party with common directors.

As at December 31, 2025, the Company had prepaid amounts of \$20,586 (December 31, 2024 - \$137,500) recorded for payments to related parties, comprising \$10,500 paid to the CEO, and \$10,086 paid to a company with common directors. These amounts were for prepaid services and deposits.

For the year ended December 31, 2025, \$11,700 (2024 - \$NIL) was recorded as an expense to the Company in relation to RSU's vested to related parties.

13. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource properties. The Company is not subject to any externally imposed capital restrictions.

The Company considers the aggregate of its share capital, share subscriptions received, reserves, and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

BATTERY X METALS INC.

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14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash and accounts payable. The fair value of accounts receivable and accounts payable approximates their carrying values. Cash is measured at fair value using level 1 inputs on a recurring basis.

On March 31, 2025, the Company received 10,926,136 shares related to the Premier Silver debt settlement. The shares received were estimated to have a fair value of \$nil as the primary project for Premier Silver has ceased operations. The investment in Premier Silver is based on available public information from press releases and management's historical knowledge of the Company's operations (level 3).

The Company is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives for growth and stakeholder returns. The principal risks to which the Company is exposed, and the actions taken to manage them, are described below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

The risks associated with the Company's financial instruments and the policies on how to mitigate these risks are set out below.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's corporate office is based in Canada and all of the Company's assets and expenses are denominated in Canadian dollars. The Company does not have any significant foreign currency denominated monetary liabilities.

b) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The convertible debentures are subject to a fixed interest rate. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

c) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's cash is held in a large Canadian financial institution. The Company maintains certain cash deposits, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses on its cash deposits and believes it is not exposed to any significant credit risk on these deposits. The Company's sales tax receivable is due from the Government of Canada; therefore, the credit risk exposure is low.

d) Liquidity risk

In the management of the liquidity risk of the Company, the Company maintains a balance between continuity of funding and flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at December 31, 2025, the Company had a cash balance of \$37,874 to settle current liabilities of \$2,128,583 in the next 12 months. The Company requires additional cash financing to meet its current obligations and fund ongoing operations.

BATTERY X METALS INC.

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15. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	For the year ended December 31,	
	2025	2024
	\$	\$
Supplemental non-cash disclosures		
Shares issued pursuant to acquisition of exploration and evaluation assets	-	1,648,500
Shares issued for debt settlements	680,529	1,806,265
Shares issued for services rendered	135,811	-
Shares issued for acquisition of investment	666,665	427,500
Shares issued for share issuance costs	-	6,638
Warrants issued for share issuance costs	-	5,815
Reallocation of value of warrants included in units issued	439,451	125,799
Reallocation of value of options included in units issued	77,250	-
Reallocation of value of options on forfeiture	283,489	-
Reallocation of value of warrants on expiry	75,825	270,102
Restricted share units	121,095	-
Setup of ROU asset and lease liability	-	144,237

16. PROFESSIONAL FEES

	For the year ended December 31,	
	2025	2024
	\$	\$
Professional fee expenses:		
Accounting	125,195	82,050
Audit	235,760	97,520
Legal	311,942	170,324
	672,897	349,894

17. INCOME TAXES

The Company has losses carried forward of approximately \$8,787,762 available to reduce income taxes in future years which expire from 2039 to 2045.

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	2025	2024
	\$	\$
Loss for the year	(5,334,469)	(3,742,556)
Canadian statutory income tax rate	27.00%	27.00%
Expected income tax recovery at statutory rate	(1,440,000)	(1,010,000)

BATTERY X METALS INC.

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

17. INCOME TAXES (continued)

	2025	2024
	\$	\$
Tax effect of:		
Permanent differences and others	581,000	486,000
Change in unrecognized deferred income tax assets	859,000	524,000
Income tax recovery	-	-

The temporary differences that give rise to significant portions of the unrecognized deferred income tax assets are presented below:

	2025	2024
	\$	\$
Non-capital loss carry forwards	2,373,000	1,602,000
Capital losses	369,000	369,000
Intangibles and goodwill	57,000	9,000
Share issuance cost	-	11,000
Mineral properties	1,001,000	950,000
Unrecognized deferred tax assets	(3,800,000)	(2,941,000)
	-	-

18. SUBSEQUENT EVENTS

- a) On January 1, 2026, 22,423 vested RSUs were issued to management and key consultants.
- b) On January 6, 2026, and February 10, 2026 the Company increased the budget with bullVestor Medien GmbH ("bullVestor") by €80,000 each, bringing the total engagement cost payable to €310,000 (approximately CAD \$503,000). The total engagement cost is inclusive of a €150,000 initial fee. On March 26, 2026, the Company entered into a separate corporate awareness and marketing services engagement with bullVestor, for a one-month term commencing April 1, 2026. In consideration, the Company paid a total fee of €165,000 (approximately CAD \$263,000).
- c) On January 16, 2026, the Company issued 946,075 units pursuant to a private placement for gross proceeds of \$2,412,491. Each unit consists of one common share and one common share purchase warrant, with each warrant exercisable at \$3.00 per common share until January 16, 2028. Of these, 68,628 units were issued to related parties.
- d) On January 16, 2026, the Company issued 90,727 common shares pursuant to a debt settlement totaling \$408,272. Of these, 21,915 common shares were issued to related parties.
- e) On January 24, 2026, 838 share purchase warrants exercisable at \$13.20 per common share expired unexercised.
- f) In January 2026, 159,642 share purchase warrants were exercised for proceeds of \$239,463.
- g) On March 12, 2026, the Company granted a total of 197,500 stock options to directors, officers, and consultants of the Company, at an exercise price of \$2.10 per share. The stock options vest immediately on the grant date and have a two-year term expiring on March 12, 2028.

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18. SUBSEQUENT EVENTS (continued)

- h) On March 12, 2026, the Company granted a total of 151,500 RSUs to directors, officers, and consultants of the Company, with 25% vesting on July 13, 2026, 25% vesting on September 12, 2026, 25% vesting on December 12, 2026, and the remaining 25% vesting on March 12, 2027.
- i) On March 20, 2026, the Company completed the sale of its 100% interest in the Belanger Project pursuant to the terms of a definitive mineral property purchase agreement dated February 5, 2026, to Renegade Gold Inc., an arm's length corporation, for a total consideration of \$15,000, consisting of \$10,000 in cash and common shares of Renegade Gold Inc. with a fair value of \$5,000.
- j) On March 26, 2026, the Company entered into a digital marketing and investor awareness agreement with i2i Marketing Group, LLC ("i2i Marketing"). Pursuant to the agreement, i2i Marketing will provide marketing services to the Company for an initial three-month term commencing April 1, 2026. In consideration, the Company will pay US\$300,000 (approximately CAD \$413,000), including a US\$50,000 non-refundable fee.
- k) In April 2026, 96,150 share purchase warrants were exercised for proceeds of \$144,225.
- l) Subsequent to year-end, the Company elected not to renew the mineral claims comprising the Reservoir-Dozois Project (Abitibi, Québec), with expiries on March 31 and April 9, 2026, and the Leaf River Project (Nunavik, Québec), with expiry on April 13, 2026.