International Battery Metals Ltd.

Consolidated Financial Statements
For the Years Ended March 31, 2024 and 2023
(Expressed in United States Dollars)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
International Battery Metals Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of International Battery Metals Ltd. (the "Company") as of March 31, 2024 and 2023, the related consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for each of the two years in the period ended March 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024 and 2023, and the results of its operations and its cash flows for each of the two years in the period ended March 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Marcum LLP
Marcum LLP

We have served as the Company's auditor since 2024.

Houston, Texas
August 1, 2024

International Battery Metals Ltd.

Consolidated Balance Sheets
As of March 31, 2024 and 2023
(In thousands)

	As of March 31,	
	2024	**2023**
ASSETS		
Curent assets		
Cash	$ 1,026	$ 301
Accounts receivable	121	45
Other current assets	336	275
Total current assets	1,483	621
Plant and Equipment, net	28,793	25,858
Intangible assets, net	4,341	5,417
Right of use asset	67	162
Prepaid expenses	-	204
Total assets	**$ 34,684**	**$ 32,262**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 1,263	$ 1,052
Accrued liabilities	593	296
Accounts payable, related party	710	710
Lease obligation, current	67	95
Total current liabilities	2,633	2,153
Warrant liability	4,368	517
Lease obligation, long-term	-	67
Total liabilities	7,001	2,737
Commitments and contingencies		
Shareholders' equity		
Share capital, no par, 211,381 and 195,436 common shares issued and outstanding, respectively	63,733	57,065
Retained earnings deficit	(36,050)	(27,540)
Total shareholders' equity	27,683	29,525
Total liabilities and shareholders'equity	**$ 34,684**	**$ 32,262**

Approved by the Board of Directors and authorized for issue on August 1, 2024.

"William Webster"
Director

"Tony Colletti"
Director

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

International Battery Metals Ltd.

Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended March 31, 2024 and 2023
(In thousands, except per share amounts)

	Year Ended March 31,	
	2024	**2023**
REVENUE	**$ -**	**$ -**
OPERATING COSTS AND EXPENSES		
Selling, general and administrative expenses, excluding depreciation	9,513	7,496
Amortization of intangible assets	1,076	1,076
Depreciation	3	1
Operating loss	(10,592)	(8,573)
Change in fair value of warrant liability	2,082	4,823
Net loss before income tax provision	(8,510)	(3,750)
Provision for income taxes	-	-
Net loss and comprehensive loss	**$ (8,510)**	**$ (3,750)**
Net loss per share, basic and diluted	**$ (0.04)**	**$ (0.03)**
Weighted average shares outstanding, basic and diluted	**204,216**	**142,101**

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

International Battery Metals Ltd.

Consolidated Statements of Cash Flows
For the Years Ended March 31, 2024 and 2023
(In thousands)

	Year Ended March 31,	
	2024	**2023**
CASH USED IN OPERATING ACTIVITIES		
Net loss	**$ (8,510)**	**$ (3,750)**
Adjustments to reconcile net loss to cash used in operating activities		
Share-based compensation	2,894	2,263
Shares issued for services	681	-
Amortization of intangible assets	1,076	1,076
Depreciation	3	1
Change in fair value of warrant liabilities	(2,082)	(4,823)
Changes in assets and liabilities:		
Accounts receivable	(76)	(27)
Prepaid expenses	143	(421)
Trade payables and other liabilities	(36)	(528)
Net cash used in operating activities	**(5,907)**	**(6,209)**
CASH USED IN INVESTING ACTIVITIES		
Purchase of equipment	(2,617)	(3,217)
Net cash used in investing activities	**(2,617)**	**(3,217)**
CASH PROVIDED BY FINANCING ACTIVITIES		
Proceeds from private placement of shares	9,256	1,523
Share issuance costs	(300)	5
Proceeds from exercise of warrants	181	-
Proceeds from exercise of options	112	930
Net cash provided by financing activities	**9,249**	**2,458**
Net change in cash	725	(6,968)
Beginning cash balance	301	7,269
Ending cash balance	**$ 1,026**	**$ 301**
Supplemental disclosures of non-cash transactions:		
Equipment purchases included in trade payables	322	373
Value of common shares issued as milestone payments	908	-
Value of common shares issued as vendor payments	-	4,339
Value of common shares issued for equipment acquisition	-	15,978

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

International Battery Metals Ltd.

Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended March 31, 2024 and 2023
(In thousands)

	Common Shares	Share Capital	Accumulated Deficit	Total Shareholders' Equity
Balance as of March 31, 2022	**136,273**	**$ 32,027**	**$ (23,790)**	**$ 8,237**
Shares issued for exercise of stock options	3,350	930	-	930
Private placement of shares	6,662	1,528	-	1,528
Shares issued as milestone payments	15,073	4,339	-	4,339
Private placement for acquisition of equipment	34,078	15,978	-	15,978
Share-based compensation	-	2,263	-	2,263
Net loss for the period	-	-	(3,750)	(3,750)
Balance as of March 31, 2023	**195,436**	**57,065**	**(27,540)**	**29,525**
Private placements of shares	13,424	2,603	-	2,603
Shares issued for exercise of stock options	800	112	-	112
Shares issued for exercise of warrants	422	378	-	378
Shares issued for employee bonuses	379	246	-	246
Shares issued to vendors for services	908	681	-	681
Shares issued for restrictive stock unit	12	11	-	11
Share-based compensation	-	2,637	-	2,637
Net loss for the period	-	-	(8,510)	(8,510)
Balance as of March 31, 2024	**211,381**	**$ 63,733**	**$ (36,050)**	**$ 27,683**

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

1. Organization and Description of the Business

International Battery Metals Ltd. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on July 29, 2010. The Company trades on the Canadian Securities Exchange under the stock symbol "IBAT". The Company also trades on the Over-The-Counter Markets ("OTC") under the stock symbol "IBATF". The Company's registered and records office is located at Royal Centre, Suite 1750 – 1055 W Georgia Street, Vancouver, BC V6E 3P3.

The Company is an advanced technology and manufacturing focused on environmentally responsible methods of extracting lithium compounds from brine. The Company provides its technology and equipment to holders of resource properties such as oilfield brines, subsurface brine aquifers and industrial customers who have lithium rich brine by products from their operations. The Company's proprietary extraction process is environmentally friendly, low cost and able to produce high-quality commercial grade lithium products.

The Company's current operations consist of the development of a modular direct lithium extraction plant ("MDLE Plant") which can be rapidly deployed and assembled onsite at a customers' property. The MDLE Plant is designed to process brine solutions to extract lithium chloride which can be further processed into lithium carbonate and used for industrial purposes or as a battery component. The Company constructed the first MDLE Plant in Lake Charles, Louisiana where it performed feasibility testing and was made available for demonstration to potential customers. The Company is developing a second generation MDLE Plant which will provide customers with the option to greatly increase the scale of the MDLE Plant's capacity to process brine solutions and increase lithium chloride production.

On May 1, 2024, the Company entered into a lease agreement with US Magnesium LLC ("US Magnesium"), a producer of metals and minerals including the production of lithium carbonate (the, "US Magnesium Lease"). Pursuant to the US Magnesium lease, the Company mobilized the first MDLE Plant to US Magnesium's facility in Salt Lake City, Utah and completed the integration of the MDLE Plant with US Magnesium's facilities. The MDLE Plant will be used to process a solution produced from the lithium containing waste salts derived from prior magnesium production generating a lithium chloride eluent. The lithium chloride eluent will be further processed in US Magnesium's onsite facilities to produce a high-purity lithium carbonate. In June 2024, the Company completed commission of the MDLE Plant and US Magnesium assumed operational control of the MDLE Plant.

The US Magnesium Lease has an initial term of two-years and automatically renews for successive one-year terms subject to a 180-day cancelation notice. The US Magnesium Lease also establishes the cost sharing percentages for the mobilization, commissioning and optimization of the plant. Under the terms of the US Magnesium Lease, once defined production targets are achieved, the Company will be entitled to rents and royalties based on the quantities of lithium carbonate produced and the prices that are realized in the market. Rents for the MDLE Plant, based on the level of production achieved, range from $200,000 per month to $400,000 per month and the royalties range from 3% to 5% of total product sales, depending upon the level of production achieved and the prices realized in the market. US Magnesium also has a purchase option for the MDLE Plant.

2. Basis of Presentation

Basis of Presentation and Principles of Consolidation

The Company's consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ("GAAP") on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The consolidated financial statements include the results of the Company and its subsidiaries. A subsidiary is consolidated from the date upon which control is acquired by the Company and all intercompany transactions and balances have been eliminated.

Functional Currency

The Company has determined that the U.S. dollar is the functional currency for all the Company's operations since the Company conducts the significant majority of its operations through its U.S subsidiary, IBAT USA, Inc., compensates all of it corporate officers and the board of directors in U.S. dollars and historically the majority of its expenditures are also denominated in U.S. dollars. The Company has maintained limited amounts of Canadian dollars to cover administration expenses associated with the Company's registration in Canada. The Company has limited exposure currency to exchange rate fluctuations, and for the years ended March 31, 2024, and 2023, the Company recognized a net loss of $6,000, and a net loss of approximately $64,000, respectively, related to currency exchange rates.

Liquidity and Capital Resources

As of March 31, 2024, the Company's had an accumulated deficit of approximately $36.1 million and a working capital deficit of approximately $1.1 million. On May 1, 2024, the Company entered the US Magnesium Lease to operate the MDLE Plant at US Magnesium's facilities in Utah. The US Magnesium Lease is anticipated to provide the Company with its first commercial revenues and operating cash flows. After year end, the Company raised additional cash in two private placements totalling approximately $16.8 million. The commencement of revenue generating operations and the cash from the private placements is anticipated to support the Company's operation for the next 12 months and beyond.

3. Summary of Significant Accounting Policies

Cash

Cash consists of deposits with financial institutions.

Plant and Equipment

Equipment is recorded at cost less accumulated depreciation and impairment losses. The Company provides for depreciation over the expected useful life of the assets. No depreciation is recorded on assets prior to their initial commencement of operations. Costs include expenditures to acquire or construct an asset, including the preparation of an asset to commence operations, installation, commissioning, and certification costs. Subsequent costs are capitalized, either to the asset's carrying amount or recognized as a separate asset when it is probable that the Company will derive future economic benefits, generally from extending the assets life or enhancing its' productive capacity. The estimated useful lives of assets are reviewed by management and adjusted if necessary. Repair and maintenance costs are charged to profit or loss during the period they are incurred.

The Company substantially completed the construction of its first MDLE Plant in November 2021. As the MDLE Plant did not commence commercial operations, the Company did not initiate the recognition of depreciation on the MDLE Plant until June 19, 2024. Since the substantial completion of the MDLE Plant, the Company utilized the MDLE Plant to perform feasibility studies and as a demonstration plant for potential customers. During these feasibility studies and demonstrations, based on the results, the Company continued to make enhancements to the MDLE Plant and capitalize the associated costs. The US Magnesium Lease requires the Company to make additions to the MDLE Plant to increase the MDLE Plant's operating capacity by adding additional equipment modules. The Company will capitalize the cost of the additional equipment modules. Pursuant to the US Magnesium Lease, US Magnesium has a purchase option to acquire the MDLE Plant which is subject to a schedule that reduces overtime. While there is no certainty that US Magnesium will exercise the purchase option, the Company will consider this in estimating the recoverable costs associated with the MDLE Plant and adjust the depreciable life of the MDLE Plant. Based on our initial assessment, the MDLE Plant will be depreciated using the straight-line method over 6 years.

Computer and office equipment is depreciated using the straight-line method over 5 years.

Intangible Assets

Intangible assets include patented technology acquired by the Company and have finite useful lives measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred. Amortization is recorded using the straight-line method and is intended to amortize the cost of the assets over their estimated useful lives as follow:

· Patents	20 years
· Intellectual property	10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

Fair Value of Financial Instruments

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

- 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.

The fair value of financial assets and financial liabilities at amortized cost is determined 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 consolidated financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments. Cash is measured using level 1 of the fair value hierarchy. Financial assets do not include amounts due from a government agency as it is a statutory (not contractual) obligation.

Leases

The Company assesses at the inception of a contract whether it contains a lease. A contract is classified as a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any indirect costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined using the same criteria as those for property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses and adjusted for certain remeasurements of the lease liability, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or changes in assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Research and Development

Research costs are expensed in the period in which they are incurred. Development costs are expensed in the period in which they are incurred unless certain criteria, including technical feasibility, commercial feasibility, intent and ability to develop and use the technology, are met for capitalization and amortization.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average number of common shares outstanding is adjusted for the number of shares that are potentially issuable in connection with stock options and warrants (if dilutive). The Company assumes that outstanding dilutive stock options and warrants were exercised and that the proceeds from such exercises (after adjustment of any unvested portion of stock options) were used to acquire common stock at the average market price during the reporting periods.

Shareholders' Equity

Share issuance costs are recorded as a reduction of share capital when the related shares are issued. When shares and warrants are issued together as units the proceeds are allocated between common share and share purchase warrants on a pro-rata basis based on relative fair values at the date of issuance. The fair value of common shares is based on the market closing price on the date the units are issued and the fair value of share purchase warrants is determined using the Black-Scholes Option Pricing Model as of the date of issuance. When compensation options are issued to agents who refer investors to the Company, their fair value is determined using the Black-Scholes Option Pricing Model as of the date of issuance. The fair value of compensation options is recorded as a reduction of share capital as share issuance costs. When a warrant is exercised, forfeited or expires, the initial value recorded is reversed from reserves and credited to share capital.

Share-Based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of 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 fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the estimated number of equity instruments that will eventually vest. Over the vesting period, share-based payments are recorded as an operating expense and additional paid-in capital. When options are exercised, the consideration received is recorded as additional paid-in capital.

The Company grants restricted share unit's ("RSUs") to eligible directors, officers, employees, and consultants of the Company. The fair value of the estimated number of RSUs that will eventually vest, determined at the date of grant, is recognized as share-based payments expense over the vesting period, with a corresponding amount recorded as equity since the Company expects to settle the RSUs with common shares. The fair value of the RSUs is estimated using the market value of the underlying shares as well as assumptions related to the market and non-market conditions at the grant date.

Warrants

The Company determines the accounting classification of warrants it issues as either liability or equity classified by first assessing whether the warrants meet liability classification. Warrants are considered liability classified if the warrants are mandatorily redeemable, obligate the Company to settle the warrants or the underlying shares by paying cash or other assets, or warrants that must or may require settlement by issuing variable number of shares. Warrants that require or may require the settlement in cash are accounted for as liabilities, irrespective of the likelihood of the transaction occurring that triggers the cash settlement feature. Liability classified warrants require fair value accounting at issuance and subsequent to initial issuance with all changes in fair value after the issuance date recorded in the statements of operations. Equity classified warrants only require fair value accounting at issuance with no changes recognized subsequent to the issuance date.

Income Taxes

Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period, adjusted for amendments if any, to tax payable from previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established, where appropriate, on the basis of amounts expected to be paid to tax authorities. Deferred tax is calculated based on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

Impairment of Long-lived Assets

The Company assesses the carrying value of its long-lived assets, consisting primarily of plant and equipment and lease right-of-use assets, annually or when there is evidence that events or changes in circumstances indicate that the carrying value of an asset or group of assets may not be recoverable. Such events or changes in circumstances may include a significant decrease in the market price of a long-lived asset, a significant change in the extent or manner in which an asset is used, a significant change in legal factors or in the business climate, a significant deterioration in the amount of revenue or cash flows expected to be generated from a group of assets, a current expectation that, more likely than not a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life, or any other significant adverse change that would indicate that the carrying value of an asset or group of assets may not be recoverable. The Company performs impairment testing at the asset group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. If events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable and the expected undiscounted future cash flows attributable to the asset group are less than the carrying amount of the asset group, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded. To date, the Company has not recorded any impairment losses on long-lived assets.

Related Party 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. Parties are also considered to be related if they are subject to common control. 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. The Company had an outstanding payable to EVL Holdings, LLC ("EVL"), a greater than 10% shareholder of the Company, for approximately $710,000 as of March 31, 2024 and 2023 related to the construction of the Company's MDLE Plant. The outstanding payable to EVL was paid in cash subsequent to March 31, 2024.

Contingencies

Contingencies are assessed on an ongoing basis to evaluate the appropriateness of liabilities and disclosures for such contingencies. Liabilities for estimated loss contingencies when management believes a loss is probable and the amount of the probable loss can be reasonably estimated. Once established, the liabilities are adjusted to the carrying amount of a contingent liability upon the occurrence of a recognizable event when facts and circumstances change, altering previous assumptions with respect to the likelihood or amount of loss. Corresponding assets are recognized for those loss contingencies that are probable of being recovered through insurance. Legal costs are expensed as they are incurred, and with a corresponding asset for such legal costs expected to be recovered through insurance.

New Accounting Standards Issued but Not Yet Effective

In December 2023, the Financial Accounting Standard Board ("FASB") issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This ASU enhances existing income tax disclosures to better assess how an entity's operation and related tax risks, tax planning, and operational opportunities affect its tax rate and prospects for future cash flows. The ASU is effective for annual periods beginning after December 15, 2024. We are currently evaluating the effect the guidance will have on our consolidated financial statements.

In August 2020, the FASB issued ASU No. 2020-06, *Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging- Contracts in Entity's Own Equity (Subtopic 815-40).* The objective of the amendments in this ASU is to address issues identified as a result of the complexity associated with applying GAAP for certain financial instruments with characteristics of liabilities and equity. The amendments in this ASU reduce the number of accounting models for convertible debt instruments and redeemable convertible preference shares. For convertible instruments with conversion features that are not required to be accounted for as derivatives under Topic 815, Derivatives and Hedging, or that do not result in substantial premiums accounted for as paid-in capital, the embedded conversion features no longer are separated from the host contract. The amendments in the ASU are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. We are currently evaluating the effect the guidance will have on our consolidated financial statements.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Judgement, estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods are outlined below:

- The Company has determined that intangible asset costs incurred which were capitalized have future economic benefits and will be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life. The amortization expense related to intangible assets is determined using estimates relating to the useful life of the intangible asset.

- The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment. The Company has determined that its functional currency is the United States dollar.

- The evaluation of the fair value of financial instruments, including the Company's warrants and options to purchase common shares requires judgement in selecting the appropriate methodologies and models, and evaluating the ranges of assumptions and financial inputs to calculate estimates of fair value.

- These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

5. Accounts Receivable

The Company’s accounts receivables as of March 31, 2024 and 2023 are as follows (in thousands):

	As of March 31,	
	2024	2023
Accounts receivable	$ 105	$ -
Sales tax refunds	16	17
Vendor refunds	-	28
	$ 121	$ 45

6. Other Assets

The Company’s other assets as of March 31, 2024 and 2023 are as follows (in thousands):

	As of March 31,	
	2024	2023
Prepaid patent services	$ 174	$ -
Prepayments on equipment	-	401
Prepaid insurance	65	50
Prepaid engineering services	50	-
Rental deposit	16	16
Technology licenses	11	-
Other	20	12
Total other assets	336	479
Less: non-current	-	204
Other current assets	$ 336	$ 275

7. Plant and Equipment

The Company’s equipment as of March 31, 2024 and 2023 are as follows (in thousands):

	As of March 31,	
	2024	2023
MDLE Plant	$ 28,591	$ 25,854
Equipment	183	-
Office equipment	23	5
	28,797	25,859
Less: accumulated depreciation	4	1
	$ 28,793	$ 25,858

The MDLE Plant has been mobilized to a customer site and as of March 31, 2024, was preparing for its initial commencement of operations. Since the MDLE Plant was not operational for the years ended March 31, 2024, and 2023, no depreciation has been recorded.

8. Lithium Extraction Technology Asset Purchase and Intangible Assets

On April 12, 2018, the Company closed an asset purchase agreement with North American Lithium, Inc. (“NAL”) and Selective Adsorption Lithium, Inc. (“SAL”), a company formerly controlled by shareholders of NAL, pursuant to which the Company acquired NAL’s data, analysis and reports related to lithium extraction from oilfield brines and all the outstanding shares of SAL, which held certain intellectual property (the “Acquisition”). The consideration for the Acquisition consisted of $875,000 cash, a 5% royalty on future product income, as defined, 4,700,000 common shares at closing and 20,609,488 common shares (“Milestone Shares”) based on the Company achieving certain milestones related to the filing of additional patents and raising additional financing. The total value of the Acquisition, including the Milestone Shares, was valued at approximately $9.1 million and recorded as intellectual property (the, “Intellectual Property”).

Additionally, the Company has filed additional patents to expand its intellectual property for the development of lithium extraction technologies. The Company’s intangible assets as of March 31, 2024, are as follows (in thousands):

	Gross Assets	Accumulated Amortization	Net Assets	Weighted Average Remaining Life (Years)
Intellectual property	$ 9,276	$ (4,945)	$ 4,331	4.5
Patents	11	(1)	10	17.5
	$ 9,287	$ (4,946)	$ 4,341	

The Company’s intangible assets as of March 31, 2023, are as follows (in thousands):

	Gross Assets	Accumulated Amortization	Net Assets	Weighted Average Remaining Life (Years)
Intellectual property	$ 9,276	$ (3,869)	$ 5,407	5.5
Patents	11	(1)	10	18.5
	$ 9,287	$ (3,870)	$ 5,417	

9. Operating Lease

The Company entered into a sub-lease agreement for office space in Houston, Texas, commencing July 1, 2022, for a term of twenty-nine months at a monthly lease payment of $8,495. The lease liability is calculated using an incremental borrowing rate of 5.65%. Lease costs for the years ended March 31, 2024 and 2023 are as follows (in thousands):

	For the Year Ended March 31,	
	2024	2023
Operating lease costs	$ 101	$ 80
Variable lease costs	91	68
Short-term lease costs	38	22
	$ 230	$ 170

The Company has elected not to recognize a lease liability for leases with an expected term of 12 months or less. Additionally, certain variable lease payments are not permitted to be recognized as lease liabilities and are recognized in profit and loss as incurred. Lease balance sheet information as March 31, 2024 and 2023 is as follows (in thousands):

	As of March 31,	
	2024	**2023**
Assets:		
Operating Lease right-of-use asset	$ 67	$ 162
Liabilities:		
Operating lease liabilities, current	67	95
Operating lease liabilities, long-term	-	67
Total operating lease liabilities	$ 67	$ 162

10. Fair Value Measurements

The following table summarizes the Company's assets and liabilities that are measured at fair value on a recurring basis, by level, with the fair value hierarchy as of March 31, 2024 and 2023 (in thousands):

	March 31, 2024			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Liability				
Warrant liability	4,368	-	4,368	-

	March 31, 2023			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Liability				
Warrant liability	517	-	517	-

11. Shareholders Equity

Authorized

Authorized share capital: an unlimited number of common shares with no par value.

Issued and Outstanding

On February 11, 2024, the Company entered into a letter agreement (the, "Letter Agreement"), as amended, with EV Metals VI LLC ("EV Metals") agreeing the principal terms and conditions upon which EV Metals, directly or through one or more of its subsidiaries or affiliates, could complete one or more transactions to purchase up to $20.0 million of units (the, "Offering"), which each unit consisting of one common shares of stock and one warrant to purchase a common share through June 10, 2024. The pricing established for the first closing (the, "Initial Closing") was CAD $1.00 per unit and the exercise price for the warrants, with a two-year duration, as CAD $1.25 per common share. The Letter Agreement requires the Company to submit a price reservation with the Canadian Stock Exchange ("CSE") to protect the pricing as permitted by CSE and to file for subsequent price reservations as such price reservations expire. Upon the occurrence of the Initial Closing, EV Metals shall have the right to appoint an individual to the Board of Directors of the Company and for as long as EV Metals maintains at least 5% of the issued and outstanding common shares, to nominate a potential director at subsequent shareholder meetings where directors are being considered. In additional to customary terms and conditions of such a private placement, the Letter Agreement provides EV Metals with registration rights upon EV Metals having subscribed an aggregate of $4.0 million pursuant to the Offering and maintaining beneficial ownership or control over 5% or more of all outstanding shares. On February 29, 2024, the Company completed the Initial Closing, issuing 2,704,400 units for proceed of approximately $2.0 million. EV Metals appointed Jacob Warnock to the Board of Directors. Subsequent to year end, the Company and EV Metals completed two additional closings pursuant to the terms of the Letter Agreement, as amended, as more fully described in footnote 17. Subsequent Events.

On December 29, 2023, the Company completed a private placement financing of 2,694,804 units for gross proceeds of approximately $1.4 million. Each unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period of two years from the date of issuance at an exercise price of CAD $0.82 per share.

In December 2023, the Company issued 228,708 common shares as a signing bonus to the Co-Chief Executive Officer pursuant to an executive employment agreement, 150,000 for an officer's performance bonus and 123,841 common shares to members of the Board of Directors in lieu of cash board fees. Additionally, the Company issued 307,947 shares to a law firm in lieu of payment for amounts owing for services rendered to the Company. The total value of these shares was approximately $500,000.

On December 8, 2023, the Company completed a private placement financing of 1,629,838 units for gross proceeds of approximately $840,000. Each unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period of two years from the date of issuance at an exercise price of CAD $0.82 per share.

On September 21, 2023, the Company issued 400,000 common shares valued at approximately $359,000 to a law firm as a retainer for professional services to be provided to the Company. Approximately $210,000 of the retainer was amortized to expense during the year ended March 31, 2024 and approximately $149,000 remains in other current assets as of March 31, 2024.

On April 21, 2023, the Company completed a private placement financing ("April 2023 Placement") with Encompass Capital Advisors LLC ("Encompass") issuing 6,396,999 units for gross proceeds of $5.0 million. Each unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period of two years from the date of issuance at an exercise price of CAD $1.21 per share. In connection with the offering, the Company paid an advisory fee of approximately $300,000. In connection with the closing of the April 2023 Placement, the Company agreed to amend the exercise price of 3,333,333 warrants ("Existing Warrants") held by Encompass to $1.21 from the initial exercise price of $3.83. The Existing Warrants were allowed to expire in February 2024. The April 2023 Placement provided the Encompass with customary anti-dilution protection for a period of six months from closing and provided pre-emptive rights on future Company proposed issuances of equity, debt or other securities convertible into equity or with equity attached thereto, for a period of twenty-four months from the date of closing.

On March 21, 2023, closed a private placement of 17,250,000 units of the Company at a price per unit of CAD $0.58 to Sorcia and EVL. Each unit consists of one common share and one common share purchase warrant entitling the holder thereof to acquire one common share of the Company at a price per common share of CAD$0.58 until April 19, 2023. Upon closing of the private placement, Sorcia and EVL acquired 8,202,502 and 8,625,000 of common shares by exercising the respective number of the warrants. In lieu of receiving cash proceeds for the issuance of 34,077,502 common shares, the Company settled $7.1 million of its balance owing to Sorcia and $7.3 million of its balance owing to EVL. The balances owed to Sorcia and EVL were for reimbursements of costs associated with constructing the Company's MDLE Plant.

On February 7, 2023, the Company issued 15,072,992 shares to the former shareholders of SAL including an officer and director of the Company as the final transfer of Milestone Shares in relation to the Company obligations in connection with the acquisition of SAL.

On January 30, 2023, issued 6,662,324 common shares for CAD$0.305 per share for gross proceeds of CAD$2,032,009 following the exercise of the pre-emptive rights by Sorcia and one other investors under the terms of a private placement closed in August 2019 ("August 2019 Placement"). The $0.305 per share price was determined based on the 30-day volume-weighted average price on January 6, 2021, when notice was required to be provided pursuant to the terms of the August 2019 Placement. During the year ended March 31, 2023, the Company determined that Sorcia and the one other investor were not provided proper notice and cured the deficiency by informing each of the investors that their pre-emptive rights provided the opportunity to acquire an additional 3,331,162 common shares at $0.305 per share.

Weighted-average Common Shares Outstanding

(in thousands, except per share amounts)	For the Year Ended March 31, 2024	2023
Weighted average number of shares:		
Issued common shares at beginning of period	195,436	136,273
Effect of common shares issued during period	8,780	5,828
	204,216	142,101
Net loss, basic and diluted	(8,510)	(3,750)
Net loss per share, basic and diluted	$ (0.04)	$ (0.03)

Anti-dilutive common share equivalents excluded from the computation of diluted net loss per share for the years ended March 31, 2024 and 2023 are as follows (in thousands):

	For the Year Ended March 31, 2024	2023
Warrants to purchase common shares	13,424	3,756
Options to purchase common shares	10,569	8,219
	23,993	11,975

Stock Options

The Company has a stock option plan (the "Plan") which provides eligible directors, officers, employees and consultants of the Company with the opportunity to acquire an ownership interest in the Company and is the basis for the Company's long-term incentive scheme. The Plan is administered by the Board of Directors (the, "Board"), or if appointed, by a special committee of directors appointed from time to time by the Board. The maximum number of common shares issuable under the Plan shall not exceed 10% of the number of common shares of the Company issued and outstanding as of each award date, inclusive of all common shares reserved for issuance pursuant to previously granted stock options. The exercise price of options granted under the Plan will not be less than the closing market price of the Company's common shares on the exchange. The options have a maximum term of ten years from date of issue and vesting is determined by the Board.

On June 7, 2023, the Company amended the exercise price of 1,800,000 stock options previously granted to officers, directors and employees of the Company with exercise prices ranging from CAD$3.50 to CAD$4.37 per share. To amend the exercise price of the 1,800,000 stock options, the Company cancelled 1,800,000 stock options on June 7, 2023, and issued replacement options on July 7, 2023, following a thirty-day grace period at the amended exercise price of CAD$1.41 per share, which was the trading price of the Company's common shares on the date of grant.

The Company's has historically issued options utilizing Canadian dollars (CAD$) for the strike price as the Company's principle public listing of common shares is reported on the Canadian Securities Exchange utilizing CAD$. The following table summarizes information regarding the options including the historical CAD$ strike prices during the years ended March 31, 2024 and 2023:

	Options Oustanding	Weighted-Average Exercise Price	Weighted-Average Exercise Life (years)
	(thousands)	(CAD$)	
Balance as of March 31, 2022	10,769	$ 0.83	
Granted	800	3.65	
Exercised	(3,350)	0.38	
Balance as of March 31, 2023	8,219	1.28	2.9
Granted	3,570	1.20	
Exercised	(800)	0.19	
Cancelled June 7, 2023	(1,800)	4.05	
Granted July 7, 2023	1,800	1.41	
Cancelled	(420)	2.57	
Balance as of March 31, 2024	10,569	$ 1.09	2.7

The weighted-average grant date fair value of the options granted during fiscal years 2024 and 2023 was $0.62 (CAD$0.84) and $2.48 (CAD$3.20) per share, respectively. The share-based compensation expense for fiscal years 2024 and 2023 was approximately $2.6 million and $2.3 million, respectively and is included in general and expenses in the consolidated financial statements. The total proceeds for option exercises during fiscal years 2024 and 2023 were approximately $112,000 and $930,000, respectively, and the intrinsic value per share on date of exercise was approximately $0.73 (CAD$0.99) and $2.45 (CAD$3.33), respectively. As of March 31, 2024, unrecognized compensation expense associated with unvested options granted and outstanding was approximately $368,000 to be recognized over the remaining period of 1.7 years.

The fair value of the options was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the Year Ended March 31,	
	2024	2023
Risk-free interest rate	3.3%	3.0%
Expected volatility	126%	134%
Expected life (years)	4.4	5.0
Expected dividend yield	0.0%	0.0%

The expected volatility assumptions have been developed taking into consideration historical volatility of the Company's share price.

Warrants

The Company has historically issued warrants utilizing CAD$ for the strike price as the Company's principle public listing of common shares is reported on the Canadian Securities Exchange utilizing CAD$. The following table summarizes information regarding the warrants including the historical CAD$ strike prices during the years ended March 31, 2024 and 2023:

	Warrants Outstanding	Weighted-Average Exercise Price	Weighted-Average Exercise Life (years)
	(thousands)	(CAD$)	
Balance as of March 31, 2022	3,333	$ 3.83	1.9
Granted	17,250	0.58	
Exercised	(16,827)	0.58	
Balance as of March 31, 2023	3,756	3.46	0.8
Granted	13,424	1.09	
Exercised	(423)	0.58	
Expired	(3,333)	3.83	
Balance as of March 31, 2024	13,424	$ 0.84	1.5

The 3,333,333 warrants outstanding as of March 31, 2022 were held by Encompass and these warrants, pursuant to the terms of the April 2023 Placement were amended to reduce purchase price of the underlying common shares from CAD$3.83 to CAD$1.21 per common share. All these warrants expired unexercised during the year ended March 31, 2024. The summary table was not adjusted to reflect this amendment as it did not impact any of the year end reported balances.

As the strike price of the warrants is stated in a currency, Canadian dollars, which is different than the Company's functional currency, the warrants are treated as a liability in the consolidated balance sheets. The outstanding warrant liability as of March 31, 2024 and 2023 was approximately $4.4 million and $517,000, respectively. During the years ended March 31, 2024 and 2023, the recognized a gain for the change in fair value of the warrants of approximately $2.1 million and $4.8 million respectively. The fair value of the options was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the Year Ended March 31,	
	2024	2023
Risk-free interest rate	3.9%	3.7%
Expected volatility	114%	39%
Expected life (years)	2	0.1
Expected dividend yield	0.0%	0.0%

Restricted Share Unit Plan

On November 25, 2020, as amended and restated December 15, 2023, the Company adopted a restricted share unit plan (the "RSU Plan") which allows for certain discretionary bonuses and similar awards, related to the achievement of long-term financial and strategic objectives of the Company, to be provided to eligible directors, officers, employees and consultants of the Company. The RSU Plan is administered by the Board, or if appointed, by a special committee of directors appointed from time to time by the Board. The maximum number of common shares issuable under the RSU Plan shall not exceed 10% of the number of common shares of the Company issued and outstanding as of each award date.

The Company granted 220,902 RSU's on July 1, 2022, which were subsequently cancelled and replaced with 220,902 stock options on September 29, 2023. On June 30, 2023, the Company granted 12,500 RSU's to an employee and concurrently issued the shares to settle the RSU's. The Company has no RSU's outstanding as of March 31, 2024.

12. Licensing Agreements with Related Parties

In November 2018, the Company entered into licensing agreements as amended with Ensorcia Metals Corporation ("Ensorcia") and its wholly-owned subsidiaries, Sorcia and Ensorcia Argentina LLC ("EAL") (collectively, "Ensorcia Group") whereby the Company issued lithium extraction technology licenses to Sorcia and EAL to use extraction systems manufactured by the Company in exchange for a six percent royalty (6%) on the gross sales price of all products produced and sold, less selling costs, using the licensed technology and a ten percent (10%) participation interest in each of Sorcia's and EAL's future resource projects or lithium extraction facilities where the Company's licensed rights are utilized. The definition of participation interest is to be agreed upon and calculated at the time any future resource projects are negotiated. Pursuant to the licensing agreements, as amended, Sorcia and EAL have a priority over construction of the Company's next extraction system on the Company's construction schedule. The Company can terminate the licensing agreements with Sorcia and EAL on or after December 31, 2028. Ensorcia, Sorcia and EAL are related parties of the Company by virtue of significant shareholdings. The controlling shareholder and Chairman of the Ensorcia Group is a director of the Company.

On March 30, 2023, the Company and Entec, an affiliate of the Ensorcia Group, entered into the Entec Licensing Agreement. Pursuant to the terms of the Entec Licensing Agreement, the Company will provide Entec with a non-exclusive, limited, world-wide (other than Chile and Argentina) license to access to all patents, trade secrets, and other proprietary rights for use by Entec within the territory solely for the use and operation of equipment and systems manufactured and sold in accordance with the Entec License Agreement for the extraction of lithium salts from lithium bearing raw brine. In consideration for entering the Entec Licensing Agreement, Entec has agreed to provide the Company with a royalty equal to 6% of the net sales with respect to the first resource project or lithium extraction facility utilizing the Company's licensed technology as well as an interest in the project equal to 10% of Entec's interest in the project (the "Entec Participation Interest"). With respect to additional resource projects, Entec has agreed to provide the Company with both royalty payments and the Entec Participation Interest equal to the last lithium production agreement entered into by the Company in the country where the project resides.

For the years ended March 31, 2024 and 2023, the Company has not received any revenue or incurred any expense associated with these licensing agreements with the related parties.

13. Income Taxes

Provision for Income Taxes

The provision for income tax (benefit) differs from the amount that would have resulted by applying the combined Canadian federal and provincial statutory tax rates. A reconciliation of the statutory versus effective rates are as follows (amounts in thousands):

	For the Year Ended March 31,					
	2024			2023		
Income (tax benefit) at statutory rate	$	(2,298)	(27)%	$	(1,012)	(27)%
Change in statutory, foreign exchange rates and other		703	8 %		2	- %
Permant differences		159	2 %		(689)	18 %
Share issuance costs		(142)	(2)%		-	- %
Adjustments to prior years' provision		1,578	19 %		(24)	1 %
Change in allowance reserved against tax benefit		-	- %		1,723	(46)%
Income tax benefit, net	$	-	- %	$	-	- %

The significant components of the Company's unrecorded deferred tax assets are as follows (in thousands):

	As of March 31,	
	2024	2023
Non-capital loss carryforward	$ 3,452	$ 4,100
Property and equipment	-	1
Exploration and evaluation properties	128	124
Intangible assets	812	244
Right-of-use asset	(14)	(39)
Lease liability	14	40
Allowable capital losses	1	1
Share issuance costs	202	123
	4,595	4,594
Valuation allowance	(4,595)	(4,594)
Net deferred tax assets	$ -	$ -

As of March 31, 2024, the Company had non-capital tax loss carryforwards in Canada of approximately $12.8 million which can be applied to reduce future Canadian taxable income and will expire between 2031 and 2044. Additionally, the Company had no net operating tax loss carryforwards in the United States.

As of March 31, 2024, the Company has unrecognized deferred tax liability of approximately $1.5 million due to the timing differences arising on the initial recognition of the acquisition of all the issued and outstanding shares of a subsidiary acquired in 2018.

14. Contingency

In April 2021, former Company employees and directors and a company which they control, filed a complaint in the United States District Court for the District of Colorado against the Company for alleged wrongful dismissal and breach of a share exchange agreement. The complaint alleges non-payment of wages and benefits, appropriation of property and interference in outside employment. The Company is objecting to the complaint, has retained counsel to address and filed a countersuit alleging the counterclaim defendants diverted Company work to themselves and interfered with contractual relations. The amounts and outcome of the complaint cannot be determined at this time and has not been accrued for in the financial statements for the years ended December 31, 2024, and 2023.

15. Risk Management

Concentration of Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash. The Company manages its credit risk relating to cash by dealing only with high-rated financial institutions as determined by rating agencies. As a result, credit risk is considered insignificant. The Company does not consider any of its financial assets to be impaired.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company is exposed to liquidity risk. The Company addresses its liquidity by raising capital through the issuance of equity. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and the U.S. dollar will affect the Company's operations and financial results. The operating results and financial position of the Company are reported in U.S. dollars. As of March 31, 2024, the Company held approximately $39,000 of Canadian cash and trade payables and other liabilities of $268,000 denominated in Canadian dollars.

Other risks

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate risk and commodity price risk arising from financial instruments.

16. Segment Information

The Company has a single reportable segment, the acquisition and development of advanced technology focused on lithium brine extraction. All non-current assets are domiciled in the United States.

17. Subsequent Events

On May 6, 2024, the Company completed a private placement (the, "May 2024 Placement") issuing a total of 18,642,134 units to EV Metals and Encompass for gross proceeds of approximately $10.4 million. Each unit consisted of one common share of the Company and one warrant to purchase a common share of the Company for CAD$0.9579 per common share. The May 2024 Placement included the second closing pursuant to the Letter Agreement with EV Metals, the Company issued 7,924,157 units to EV Metals for proceeds of approximately $4.4 million. The Company agreed to pay EV Metals a structuring fee of approximately $322,000 which was paid by issuing an additional 574,840 common shares.

As part of the May 2024 Placement, the Company issued 10,717,977 units to Encompass for proceeds of approximately $6.0 million. The Company agreed to cover certain expenses incurred by for the private placement by Encompas and issued an additional 80,385 shares as payment. The Company also agreed to amend the 6,396,999 warrants issued to Encompass in the April 2023 Placement to extend the expiration date to the two-year anniversary of the closing of the May 2024 Placement. The Company agreed to provide Encompass with a most favored nations provision providing Encompass with at least as favorable rights as any existing or future investors of the Company in respect of a private placement entered into or completed by the Company within six months of the May 2024 Placement. The Company agreed not to renew certain related party license agreements and use its best efforts to list the Company's share on certain stock exchanges. Additionally, the Company agreed to a registration rights agreement ("Registration Rights Agreement") with Encompass. The Company has determined that it will file a registration with the United States Securities and Exchange Commission ("SEC") and anticipates submitting its initial registration on Form 10 or Form S-1. The Registration Rights Agreement provides that following the filing of the Form 10, within 60 days (or 90 days in the event of a full review) the Company will file a registration statement on Form S-1 to register Encompass' shares. In the event that there are limitations on the number of shares that can be registered, the Registration Rights Agreement provides priority for Encompass' shares to be registered and requires the Company to continue to make subsequent registration filing until all of the Encompass' shares are properly registered.

On June 19, 2024, the Company completed a private placement ("June 2024 Placement") issuing 11,478,246 units for proceed of approximately $6.4 million. Each unit consisted of one common share of the Company and one warrant to purchase a common share of the Company for CAD$0.9579 per common share. Included in this private placement was the third closing pursuant to the Letter Agreement with EV Metals, representing 8,478,246 units for proceeds of approximately $4.8 million. In connection with the offering, the Company agreed to pay Jacob Warnock a structuring fee of approximately $238,000 which was paid by issuing an additional 423,912 common shares. In connection with the June 2024 Placement, EV Metals acknowledged and agrees that it will not exercise any warrants if doing so will result in EV Metals holding greater than 20% of the issued and outstanding common shares of the Company, unless prior approval from shareholders of the Company has been obtained in accordance with the policies of the Canadian Stock Exchange.

The June 2024 Placement also included issuing 3,000,000 units to Encompass for proceeds of approximately $1.6 million under the same terms and conditions as the May 2024 Placement.

The proceeds of the May 2024 Placement and June 2024 Placement are being used to pay the Company's portion of the cost to optimize the MDLE Plant to expand the production capacity and for general working capital purposes.