

GLOBAL BATTERY METALS LTD

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2020 and 2019

(Expressed in Canadian Dollars, unless otherwise noted)



Independent auditor's report

To the Shareholders of Global Battery Metals Ltd.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Global Battery Metals Ltd. and its subsidiaries (together, the Company) as at April 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at April 30, 2020 and 2019;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of 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, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's 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 audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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, 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, 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.



The engagement partner on the audit resulting in this independent auditor's report is Leonard Wadsworth.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
August 28, 2020

GLOBAL BATTERY METALS LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
As at

	Note	April 30, 2020 \$	April 30, 2019 \$
Assets			
Current			
Cash		753,905	748,243
Receivables		42,816	5,118
Prepaid expenses and advances		12,373	76,123
		809,094	829,484
Mineral property interests	6	5,786,481	5,647,752
		6,595,575	6,477,236
Liabilities			
Current			
Accounts payable and accrued liabilities	8	98,252	180,613
Equity			
Share capital	7	11,591,454	10,591,979
Contributed surplus	7	1,948,441	1,948,441
Shares to be issued	7	-	246,000
Accumulated other comprehensive income		193,761	144,751
Deficit		(9,795,921)	(9,103,072)
Equity attributable to shareholders		3,937,735	3,828,099
Non-controlling interest		2,559,588	2,468,524
		6,497,323	6,296,623
		6,595,575	6,477,236

Contingencies (Note 13)
Subsequent event (Note 15)

On behalf of the Board:

“Alan Matthews” Director

“Michael Murphy” Director

GLOBAL BATTERY METALS LTD.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
For the years ended April 30,

	Note	2020 \$	2019 \$
Business investigation costs		31,433	43,367
Consulting fees	10	31,869	16,411
Exploration costs	10	249,216	357,156
Investor relations		16,340	163,308
Management salaries and benefits	10	153,998	153,625
Office administration		116,934	153,897
Professional fees		86,644	107,187
Share-based payments	8	-	173,092
Shareholders' information		68,524	30,857
Loss from operations for the year		(754,958)	(1,198,900)
Interest income		13,790	16,620
Write-off of mineral property	7	-	(256,808)
Loss for the year		(741,168)	(1,439,088)
Other comprehensive income (OCI)			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translating foreign operation		90,250	139,531
Total comprehensive income (loss) for the year		(650,918)	(1,299,557)
Loss for the year attributable to:			
Shareholders of the Company		(692,849)	(1,359,545)
Non-controlling interest (NCI)		(48,319)	(79,543)
		(741,168)	(1,439,088)
Comprehensive income (loss) for the year attributable to:			
Shareholders of the Company		(643,839)	(1,281,661)
Non-controlling interest (NCI)		(7,079)	(17,896)
		(650,918)	(1,299,557)
Loss per share			
Basic and diluted		(0.02)	(0.05)
Weighted average number of common shares outstanding			
Basic and diluted		32,297,765	25,750,292

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

GLOBAL BATTERY METALS LTD.**Consolidated Statements of Equity***(Expressed in Canadian dollars)*

For the years ended April 30,

	Common Shares	Share Capital	Contributed Surplus	Shares to be issued	AOCI	Deficit	NCI	Total
	#	\$	\$	\$	\$	\$	\$	\$
Balance, April 30, 2018	25,600,339	10,550,585	1,778,421	-	66,867	(7,743,527)	2,417,962	7,070,308
Shares issued pursuant to:								
Warrant exercise	19,200	6,144	(3,072)	-	-	-	-	3,072
Property acquisition	250,000	35,250	-	-	-	-	-	35,250
Share-based payments	-	-	173,092	-	-	-	-	173,092
Shares to be issued	-	-	-	246,000	-	-	-	246,000
Contributions by NCI	-	-	-	-	-	-	68,458	68,458
Net loss for the period	-	-	-	-	-	(1,359,545)	(79,543)	(1,439,088)
OCI for the period	-	-	-	-	77,884	-	61,647	139,531
Balance, April 30, 2019	25,869,539	10,591,979	1,948,441	246,000	144,751	(9,103,072)	2,468,524	6,296,623
Shares issued pursuant to:								
Private placement	6,431,300	1,029,008	-	(246,000)	-	-	-	783,008
Share issue costs	-	(29,533)	-	-	-	-	-	(29,533)
Contributions by NCI	-	-	-	-	-	-	98,143	98,143
Net loss for the period	-	-	-	-	-	(692,849)	(48,319)	(741,168)
OCI for the period	-	-	-	-	49,010	-	41,240	90,250
Balance, April 30, 2020	32,300,839	11,591,454	1,948,441	-	193,761	(9,795,921)	2,559,588	6,497,323

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

GLOBAL BATTERY METALS LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
For the years ended April 30,

	2020	2019
	\$	\$
Cash flows from operating activities		
Net loss for the year	(741,168)	(1,439,088)
Adjustments for:		
Interest income	(13,790)	(16,620)
Share-based payments	-	173,092
Write-off of mineral property	-	256,808
Changes in non-cash working capital items:		
Receivables	(37,698)	3,087
Prepaid expenses and advances	63,750	(11,165)
Accounts payable and accrued liabilities	(82,361)	15,118
Net cash used in operating activities	(811,267)	(1,018,768)
Cash flows from investing activities		
Interest received	13,790	16,620
Mineral property acquisition costs	(47,621)	(113,224)
Net cash from (used in) investing activities	(33,831)	(96,604)
Cash flows from financing activities		
Issuance of common shares	783,008	3,072
Shares to be issued	-	246,000
Share issuance costs	(29,533)	-
Contribution by non-controlling shareholder	98,143	68,458
Net cash from financing activities	851,618	317,530
Foreign exchange on cash	(858)	828
Change in cash for the year	5,662	(797,014)
Cash, beginning of year	748,243	1,545,257
Cash, end of year	753,905	748,243

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

GLOBAL BATTERY METALS LTD.
Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars)
For the years ended April 30, 2020 and 2019

1. Nature of operations

The principal business activities of Global Battery Metals Ltd. (the “Company”) include the acquisition and exploration of mineral properties. The Company’s corporate head office is located at 1430-800 W Pender Street, Vancouver, British Columbia, Canada. The Company’s common shares are listed on the TSX Venture Exchange under the symbol GBML and the OTCQB under the symbol REZZF.

2. Basis of presentation

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) with interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The consolidated financial statements have been prepared under the historical cost convention.

These consolidated financial statements were approved by the board of directors on August 28, 2020.

3. Significant accounting policies

Basis of consolidation

These consolidated financial statements include the results of the Company and its subsidiaries. The results of each subsidiary are included in the consolidated financial statements of the Company until the date that the Company’s control over the subsidiary ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity.

The consolidated financial statements include the results of the Company and its subsidiaries. Details of the Company’s subsidiaries are as follows:

Name	Country of incorporation	Percentage owned April 30,	
		2020	2019
Compania Minera Oyamel, S.A de C.V	Mexico	100%	100%
Minas Dixon S.A (“Minas Dixon” or “Minas”)	Peru	55%	55%
Arizona Lithium Resources Ltd.	USA	100%	100%

Intercompany balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Recognition of Financial Instruments

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

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

Derecognition of financial assets and liabilities

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Foreign currencies

The financial statements for the Company and each of its subsidiaries are prepared using their functional currencies. The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent company, Global Battery Metals Ltd., is the Canadian dollar; the functional currency of the Company's subsidiary Compania Minera Oyamel, S.A de C.V is the Mexican Peso, the functional currency of the Company's 100% owned subsidiary Arizona Lithium Resources Ltd. is the US dollar and the functional currency of the Company's subsidiary Minas Dixon S.A is the Peruvian Nuevo Sol. The presentation currency of the consolidated financial statements is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated into the functional currency at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was

determined. All gains and losses on translation of these foreign currency transactions are charged to the statement of loss.

The statement of financial position of each subsidiary is translated into the Canadian dollar presentation currency using the exchange rate at the statement of financial position date and the statement of operations is translated into Canadian dollars using the average exchange rate for the period. All gains and losses on translation from the functional currency to the presentation currency are recorded in other comprehensive income.

Mineral properties

The Company is in the exploration stage and all exploration and evaluation expenditures related to property acquisition costs are capitalized as mineral property interests. This includes payments relating to properties acquired under an option or joint venture agreement. The costs are capitalized until such time as the properties are put into commercial production, impaired, sold or abandoned. Mineral property option proceeds, if received, are credited against the capitalized mineral property interest for the property or properties being optioned. Under this method, the amounts shown as mineral property interests represent acquisition costs incurred to date less amounts recovered and/or written off, and do not necessarily represent present or future values.

Exploration and evaluation costs that are not acquisition costs but are attributable to a specific property are charged to operations as mineral property exploration costs. Exploration costs incurred prior to the Company acquiring the legal rights to a property are also charged to operations.

Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular mineral property interest has been determined, expenditures are reclassified to development properties. Exploration and evaluation assets are tested for impairment immediately prior to this reclassification. If the properties are put into production, the expenditures will be depleted using the unit of production basis. If the properties are impaired, sold or abandoned, the expenditures will be charged to operations in the respective period.

The recovery of mineral property interest acquisition costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and future profitable production or proceeds from disposition of such properties.

The Company's mineral properties are reviewed for indications of impairment at each reporting period. If indication of impairment exists, the asset's recoverable amount is estimated. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. Impairment tests are performed on a cash generating unit basis. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount and recognized in the consolidated statements of operations.

Restoration, rehabilitation and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property. Such costs arising from the exploration or development work, decommissioning of 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 facts such as the life and nature of the asset and any exploration or operating license conditions.

Discount rates using a pre-tax rate that reflects the time value of money and the risks specific to the liability 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 the unit-of production 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.

GLOBAL BATTERY METALS LTD.
Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars)
For the years ended April 30, 2020 and 2019

The operations of the Company 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 or environmental obligation as project site disturbance to date is minimal.

Share-based payments

The Company has established a stock option plan for the benefit of employees, officers, directors and consultants of the Company.

The grant date fair value of all stock options granted is recorded as a charge to operations and a credit to contributed surplus under the graded attribution method. The fair value, as adjusted for the expected level of vesting of the options, is recorded over the vesting period. Any consideration received on the exercise of stock options together with the related portion of contributed surplus is credited to share capital. The fair value of stock options is estimated using the Black-Scholes option pricing model.

Income tax

Income tax on the income or loss for the periods presented comprises current and deferred tax. Income tax is recognized in income or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years. Deferred tax is recorded using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to investments in subsidiaries, associates, and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The Company has not recognized any deferred tax assets.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

For the unit offerings, the proceeds from the issuance of units are allocated between common shares and common share purchase warrants using the residual method, allocating fair value first to the common shares and then to the share purchase warrants.

Earnings (loss) per share

Basic earnings or loss per share represents the profit or loss for the period, divided by the weighted average number of common shares in issue during the period. Diluted earnings or loss per share represents the profit or loss for the period, divided by the weighted average number of common shares in issue during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive.

4. Adoption of new accounting standards

The following new accounting standard was adopted by the Company during the year ended April 30, 2020.

IFRS 16 Leases

IFRS 16 specifies how an issuer will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has an insignificant value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The adoption of IFRS 16 did not have a significant impact on its financial statements as the Company does not have any leases.

5. Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires estimates and assumptions that affect the amounts reported in these consolidated financial statements. Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

Impairment

Management assesses mineral property interests for impairment when facts and circumstances suggest that the carrying amount of any such assets may exceed their recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company shall measure, present and disclose any resulting impairment. In making its assessment, management considers both internal and external information, exploration results to date and future exploration plans. In addition, capitalized costs related to relinquished property rights are written off in the period of relinquishment. Capitalized costs may not be recoverable and there is a risk that these costs may be written down in future periods.

Critical accounting estimates and assumptions have been made with regard to the assessment of recoverable amount of the Lara property due to its subsequent agreement (Note 15). The Company made estimates with regards to the timing of the milestone payments, estimated future foreign exchange rate and the discounting rate of return. At every reporting period, management assesses the potential changes to these estimates. Any changes in the assumptions used could impact the carrying value of the Lara property with a corresponding adjustment to the consolidated statement of loss and comprehensive loss.

COVID-19

Significant declines in the stock market have occurred for various reasons linked to the COVID-19 pandemic. This has resulted in social and economic disruption and had a resultant impact on the mining and exploration industries. The impacts to the Company are not determinable at this date, however, could have a material impact on the Company's financial position, results of operations and cash flows as the access to the capital markets is limited.

GLOBAL BATTERY METALS LTD.
Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars)
For the years ended April 30, 2020 and 2019

6. Mineral property interests

Mineral property interests at April 30, 2020 and 2019, and the changes for the years then ended, are as follows:

	Lara	NWL Property	Lucky Mica Claim Group	Wells Vanadium project	Total
	\$	\$	\$	\$	\$
Balance, April 30, 2018	5,375,404	-	203,558	-	5,578,962
Acquisition costs	-	133,645	21,000	24,250	178,895
Additional staking	-	-	-	8,000	8,000
Foreign exchange on mineral property	138,703	-	-	-	138,703
Write-off of mineral property	-	-	(224,558)	(32,250)	(256,808)
Balance, April 30, 2019	5,514,107	133,645	-	-	5,647,752
Acquisition costs	-	47,621	-	-	47,621
Foreign exchange on mineral property	91,108	-	-	-	91,108
Balance, April 30, 2020	5,605,215	181,266	-	-	5,786,481

Lara Property

On February 4, 2013, the Company completed the requirements of the Lara option agreement with Lara Exploration Ltd. (“Lara Exploration”) and acquired 55% of Minas Dixon, the registered owner of the Lara property in southern Peru. Under the option agreement, a Joint Venture agreement was entered into with the 45% owner, Lara Exploration. The Lara property is subject to a payment of \$500,000 to a past owner at the start of commercial production.

Subsequent to April 30, 2020 the Company, together with Lara Exploration, through the Minas Dixon subsidiary, entered into an Option and Royalty Agreement (“the Agreement”) for the sale of the Lara Property (Note 15).

North West Leinster Lithium Property

On April 21, 2020, the Company entered into an amended Letter of Intent (the “LOI”) with LRH Resources Ltd (LRHR), an arms length private company. The LOI re-defines the option agreement as previously announced on October 28, 2018, in which the Company has the option to acquire up to 90% of the North West Leinster Lithium Property in the Republic of Ireland. The Company now has the right to exercise the following options:

- By spending €85,000 on exploration expenditures and up to €6,500 in license charges, fees and rents to keep the property in good standing by October 12th, 2022 an initial 17.5% interest can be acquired.
- The Company can exercise the second option by spending €500,000 on expenditures within two years following receipt by LRHR of the 1st Option Notice and paying LRHR €50,000 in either cash or a combination of cash and common shares of the Company, at the option of the Company, with at least €5,000 is payable in cash. Upon the above, a further 37.5% interest can be acquired.
- The Company can exercise the third option upon spending a further €1,000,000 on expenditures on the Project within two years following receipt by LRHR of the 2nd Option Notice and paying LRHR €200,000 in either cash or a combination of cash and commons shares of the Company, at the option of the Company, of which at least €20,000 is payable in cash. Upon this, an additional 35% interest can be acquired by the Company.

Pursuant to the original agreement with LRHR the Company made a cash payment of €10,000 (Paid – CAD \$15,438) and incurred €106,654 (CAD - \$165,828) of exploration expenses. This completed the due diligence required to enter into the LOI above.

GLOBAL BATTERY METALS LTD.
Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars)
For the years ended April 30, 2020 and 2019

Fortner and Boyd Lithium Property (Lucky Mica Claim Group)

On August 2, 2016 the Company entered into a binding letter agreement (the “original Agreement”) for the grant to the Company of an option to acquire up to a 100% interest in the Fortner and Boyd Lithium Property (“Lucky Mica Claim Group” or the “Property”) located in north central Maricopa County, Arizona. A related party held a 50% interest in the Property at the time the original Agreement was negotiated. On July 27, 2017 the Company entered into a new option agreement (the “Amended Agreement”). Under the terms of the Amended Agreement the Company could earn a 100% interest in the property, subject to a 0.667% NSR, by paying cash and issuing common shares of the Company. On May 25, 2018 the Company fulfilled its obligations as per the Amended Agreement and exercised its option to acquire a 100% interest in the property.

The Company completed a drilling campaign during the quarter ended July 31, 2019. As a result, management decided not to continue with further exploration of the Property and did not renew the claims, hence losing title to the claims. Due to the decision to not continue with the property, the Company wrote-off the \$224,558 of acquisition costs related to the Lucky Mica Claim Group capitalized as at April 30, 2019.

Wells Vanadium project

On November 21, 2018 the Company entered into a purchase agreement to acquire a 100% interest in the Turks Nose and Popes Nose Claims (the “Nose Claims”) located near Wells, British Columbia Canada. Pursuant to the agreement the Company could have acquired a 100% interest in the Nose Claims by completing cash payments and common share issuances.

At April 30, 2019 the Company wrote-off \$32,250 of acquisition costs related to the Wells Vanadium project as management had decided to not incur any exploration or further acquisition payments on the project.

Exploration expenditures

During the year ended April 30, 2020, the Company incurred the following exploration and expenditures, which were expensed as incurred:

	Lucky Mica	Lara	Total
	\$	\$	\$
Field work	146,405	38,862	185,267
Geological consulting	38,653	22,605	61,258
Environmental and community	-	2,691	2,691
Total	185,058	64,158	249,216

During the year ended April 30, 2019, the Company incurred the following exploration and expenditures, which were expensed as incurred:

	Lucky Mica	Lara	Total
	\$	\$	\$
Environmental and community	-	36,612	36,612
Field work	125,923	15,040	140,963
Geological consulting	9,578	18,492	28,070
Mining title permit payments	96,056	55,455	151,511
Total	231,557	125,599	357,156

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7. Share Capital

a) Authorized and issued

Unlimited common shares, without par value – As at April 30, 2020 -- 32,300,839

Unlimited preferred shares, issuable in series – As at April 30, 2020 -- Nil

On May 1, 2019, the Company closed a non-brokered private placement of 6,431,300 units at \$0.16 per unit, for gross proceeds of \$1,029,008. Each unit was comprised of one common share of the Company and one-half of one share purchase warrant, with each whole warrant entitling the holder to acquire one additional common share at an exercise price of \$0.24 for a period of two years. The Company applied the residual attribution approach and allocated a value of \$nil to the warrants. The Company incurred cash share issuance costs of \$29,533. A total of \$246,000 of the gross proceeds had been received prior to April 30, 2019.

During the year ended April 30, 2019 the Company received proceeds of \$3,072 pursuant to the exercise of 19,200 broker warrants.

b) Stock options

The balance of options outstanding and exercisable as at April 30, 2020 and April 30, 2019 and the changes for the periods then ended is as follows:

	Number of options	Weighted average exercise price	Weighted average remaining life (years)
Balance April 30, 2018	1,556,000	\$0.14	3.69
Granted	1,015,000	\$0.20	
Balance April 30, 2019	2,571,000	\$0.16	3.25
Balance April 30, 2020	2,571,000	\$0.16	2.24

At April 30, 2020, the Company had the following stock options outstanding:

Expiry Date	Exercise Price	Weighted average remaining life (years)	Number of options outstanding and exercisable
October 13, 2020	\$0.10	0.45	272,000
April 4, 2021	\$0.10	0.93	234,000
August 9, 2021	\$0.20	1.28	150,000
February 24, 2022	\$0.18	1.82	300,000
November 30, 2022	\$0.14	2.59	600,000
May 30, 2023	\$0.20	3.08	1,000,000
November 26, 2023	\$0.09	3.58	15,000
		2.24	2,571,000

During the year ended April 30, 2020 the Company granted nil (April 30, 2019 - 1,015,000) stock options. The Company recorded share-based payments expense of \$nil (April 30, 2019 - \$173,092) The fair value of the 2019 grant was determined using the Black-Scholes option pricing model using the following assumptions: Risk free rate – 2.11%; expected life – 5 years; expected volatility – 148%; expected forfeiture and dividends – nil.

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c) Warrants

The balance of warrants outstanding at April 30, 2020 and April 30, 2019 and the changes for the periods then ended is as follows:

	Number of warrants	Exercise price	Weighted average remaining life (years)
Balance, April 30, 2018	10,021,958	\$0.20	2.05
Exercised	(19,200)	\$0.16	
Issued	9,600	\$0.24	
Balance, April 30, 2019	10,012,358	\$0.20	1.05
Expired	(6,619,025)	\$0.23	
Issued	3,215,650	\$0.24	
Balance, April 30, 2020	6,608,983	\$0.19	1.09

At April 30, 2020 the Company had the following warrants outstanding:

Expiry Date	Exercise Price	Weighted average remaining life (years)	Number of warrants outstanding
May 1, 2021	\$0.24	1.00	3,215,650
June 29, 2021	\$0.15	1.16	3,393,333
	\$0.19	1.09	6,608,983

8. Income taxes

The provision for income taxes reported differs from the amounts computed by applying the cumulative federal and provincial income tax rates to the net loss before tax provision due to the following:

	2020	2019
Statutory tax rate	27%	27%
Loss for the year	(741,167)	(1,439,088)
Expected income tax-recovery	(200,000)	(389,000)
Change in tax rate	-	-
Difference in foreign tax rate	1,000	(2,000)
Non-deductible items and expiry of losses	97,000	111,000
Change in unrecognized deductible temporary differences	102,000	280,000
Income tax expense	-	-

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Unrecognized deferred tax assets

Deferred tax assets have not been recognized for the following deductible temporary differences:

	2020	2019
	\$	\$
Share issuance costs	80,000	85,000
Non-Capital losses	6,939,000	7,152,000
Other assets	273,000	273,000
	<u>7,292,000</u>	<u>7,510,000</u>

The Company has available for deduction against future taxable income Canadian non-capital losses of approximately \$6,390,000. These losses, if not utilized, will expire between 2026 and 2040. The Company has available for deduction against future taxable income Peruvian tax losses of approximately \$547,000. These losses, if not utilized, will expire in various years between 2020 and 2023. The Company has US tax losses of approximately \$2,000, these losses carry forward indefinitely. The deduction of US net operating losses is limited to 80% of taxable income per year.. The potential benefits of these carry-forward non-capital losses and deductible temporary differences has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit in the same entity will allow the deferred tax asset to be recovered.

9. Related Party Transactions

Compensation paid or payable to Directors, the Chief Executive Officer and the Chief Financial Officer, for services provided during the years ended April 30, 2020 and 2019 was as follows:

	2020	2019
	\$	\$
Management salaries and benefits	150,000	150,000
Business investigation	21,513	36,600
Consulting fees	31,925	16,303
Mineral property acquisition costs	5,750	-
Exploration expenses	-	5,700
Share-based payments	-	130,630
	<u>209,188</u>	<u>339,233</u>

Included in accounts payable and accrued liabilities at April 30, 2020 is \$nil (April 30, 2019 - \$1,050). The amount owing is non-interest bearing and due on demand.

10. Segmented Information

The Company has one operating segment, which is mineral exploration and development. Geographic information related to the location of the Company's significant non-current assets as at April 30, 2020 and April 30, 2019 is as follows:

	April 30, 2020	April 30, 2019
	\$	\$
Mineral property interests		
Ireland	181,266	133,645
Peru	5,605,215	5,514,107
Total	<u>5,786,481</u>	<u>5,647,752</u>

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11. Non-controlling interest

The Company owns a 55% controlling interest in Minas Dixon S.A; the remaining 45% is held by Lara Exploration and accounted for as a non-controlling interest. Financial information related to Minas Dixon S.A is as follows:

	April 30, 2020	April 30, 2019
	\$	\$
Current assets	71,364	9,149
Long term assets	5,605,215	5,514,107
Current liabilities	(6,912)	(56,667)
Long term liabilities	(1,268,167)	(1,026,742)
	2020	2019
	\$	\$
Loss for the year	(107,371)	(176,762)
Other comprehensive income (loss) for the year	91,637	136,993
Comprehensive loss for the year	(15,734)	(39,769)
Cash flows for the year:		
Cash flows from (used in) operating activities	(157,136)	(174,569)
Cash flows from financing activities	180,625	153,793
Net decrease in cash	23,489	(20,776)
Cash, beginning of year	9,149	31,635
Effect of foreign exchange rates on cash	530	(1,710)
Cash, end of year	33,168	9,149

12. Financial Instruments

Classification of financial instruments

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The Company classifies its cash and accounts payable and accrued liabilities as amortized cost. The fair value of these instruments approximates their carrying amounts due to their short-term to maturity.

Discussions of risks associated with financial assets and liabilities are detailed below:

Foreign currency risk

A portion of the Company's financial assets and liabilities are denominated in foreign currencies giving rise to risks from changes in foreign exchange rates. The Company is exposed to currency exchange rate risks to the extent of its activities in Peru and Ireland. As at April 30, 2020, future changes in exchange rate would not have a material impact on the Company's financial instruments. The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Liquidity risk

The Company's liquidity requirements arise principally from the need to finance operating and exploration costs. The Company's approach to managing liquidity risk is to manage expenditures in a manner which ensures that it will have sufficient cash on hand to meet liabilities when due. The Company actively evaluates opportunities to minimize operating expenditures and plans its exploration activities to maintain liquidity. The Company's liabilities are all current and due in less than one year.

13. Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, as well as cash.

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 its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets. As at April 30, 2020, the Company has not entered into any debt financing.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any capital requirements imposed by a regulator.

14. Contingencies

The Company has approved a compensation package to the Chief Executive Officer. On the completion of a corporate acquisition or merger, bonuses of up to 500,000 stock options, restricted share units equal to 1% of the value of the transaction and cash in the amount equal to 0.25% of the value of the transaction would become payable. As at April 30, 2020 no corporate acquisition or merger has been entered into and therefore no accrual for the compensation package has been recorded.

15. Subsequent event

The Company entered into the Agreement, together with Lara Exploration through Minas Dixon, for the sale of the Lara Property to Minsur S.A and a 1.5% NSR royalty. Under the terms of the Agreement the Company and Lara Exploration have granted Minsur S.A an exclusive option to acquire a 100% interest in the Lara Property by making staged cash payments of US\$5,759,000, to Minas Dixon based on the satisfaction of the below milestones.

Milestone/Date	Option Payments (US\$)
Upon Registration of the Agreement before Public Notary (July 21, 2020)	59,000
One year from Registration of the Agreement	200,000
Approval of Environmental Study and Start of Work ("DIA-IA")	200,000
One year from approval of the DIA-IA	300,000
Approval of Semi-Detailed Environmental Study ("EIA-SD")	500,000
One year from approval of the EIA-SD	1,500,000
Upon transfer of Title	3,000,000
Total (US\$)	5,759,000