MEGAWATT LITHIUM AND BATTERY METALS CORP.

Management's Discussion & Analysis

For the three months ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the condensed interim consolidated financial statements of MegaWatt Lithium and Battery Metals Corp. (the "Company" or "MegaWatt") and its subsidiaries as well as the notes thereto for the three months ended December 31, 2024 and 2023 (collectively referred to hereafter as the "Financial Statements"). The Financial Statements are prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee including International Accounting Standards ("IAS") 34 *Interim Financial Reporting*. All amounts are presented in Canadian dollars, the Company and its subsidiaries' presentation currency, unless otherwise stated. The functional currency of the Company and its subsidiaries is disclosed in the notes to the Financial Statements. References to US$ are to United States dollars. Other information contained in this document has been prepared by management and is consistent with the information contained in the Financial Statements.

The following MD&A of the financial condition and results of operations of the Company has been prepared by management and should be read in conjunction with Financial Statements of the Company. In addition, the MD&A should be read in conjunction with the audited consolidated financial statements for the years ended September 30, 2024 and 2023 (the "Annual Financial Statements"), as some disclosures from the Annual Financial Statements have been condensed or omitted. Additional information relating to the Company is available on the Company's website at https://megawattmetals.com/ and on SEDAR+ at www.sedarplus.ca under MegaWatt Lithium and Battery Metals Corp.

This MD&A is current as of February 28, 2025 (the "MD&A Date") and was approved and authorized by the Company's Board of Directors.

In this MD&A, the words "we", "us", or "our", collectively refer to MegaWatt. The first, second, third, and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively.

BUSINESS OVERVIEW

The Company was incorporated on December 11, 2017 under the laws of British Columbia. On July 20, 2019, the Company completed its initial public offering and listed on the Canadian Securities Exchange ("CSE") under the symbol "MEGA". On April 20, 2022, the Company's common shares commenced trading on the OTCQB under the symbol "WALRF". The head office and principal address of the Company is located at Suite 1500 - 1055 West Georgia Street, Vancouver BC, V6E 4N7. The Company's principal business activities include the acquisition and exploration of exploration and evaluation assets.

As at December 31, 2024, the Company had not yet determined whether the Company's exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition.

As at December 31, 2024, the Company had a working capital deficit of $1,166,931 (September 30, 2024 - $1,029,940), an accumulated deficit of $29,922,229 (September 30, 2024 - $29,788,901) and has not generated revenue to date. The Company's operations to date have been funded through the issuance of equity and debt. These factors represent a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

(Expressed in Canadian dollars, except where noted)

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance, or achievements to be materially different from any of its anticipated results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements.

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

ACQUISITION

Labrador

Labrador Mineral Resources Inc. ("Labrador") is a private company existing under the laws of British Columbia whose principal business is the exploration and development of the Benedict mountains uranium property (the "Benedict Mountains").

On April 1, 2024, the Company announced the acquisition of a 100% ownership of Labrador Mineral Resources Inc. pursuant to a share exchange agreement (the "Share Exchange Agreement") among the Company, Labrador and the shareholders of Labrador (the "Labrador Shareholders"). The acquisition was closed on May 7, 2024.

Pursuant to the terms and conditions of the Share Exchange Agreement and in consideration for all of the issued and outstanding shares in the capital of Labrador, the Company issued an aggregate of 16,275,001 common shares at a fair value of $0.18 per share, for a total fair value of $2,929,500, to the Labrador Shareholders.

Labrador had purchased a 100% interest, subject to a 1.5% net smelter return royalty ("NSR"), in the Benedict Mountains Property pursuant to a property purchase agreement dated effective February 8, 2024, between Labrador and the former registered and beneficial owner of the Benedicts Mountain Property (the "Property Purchase Agreement"). Pursuant to the Share Exchange Agreement, the Company has assumed all of the obligations of Labrador under the Property Purchase Agreement, including a cash payment of $25,000 to be settled on or before April 30, 2025.

The acquisition of Labrador has been accounted for by the Company as an asset acquisition. The acquisition did not qualify as a business combination under IFRS 3 *Business Combinations*, as the significant inputs, processes, and outputs, that together constitute a business, did not exist in Labrador at the time of acquisition. Accordingly, no goodwill was recorded with respect to the acquisition.

A summary of the fair values of assets acquired, liabilities assumed and the purchase price as at the May 7, 2024 acquisition date is as follows:

	$
Consideration	
Fair value of shares issued to the Labrador Shareholders (16,275,001 at $0.18)	2,929,500
Payable before April 30, 2025	25,000
Transaction costs	14,824
	2,969,324
Fair values of acquired assets and liabilities	
Cash	38,554
Exploration and evaluation assets	2,961,301
Accounts payable and accrued liabilities	(30,531)
	2,969,324

(Expressed in Canadian dollars, except where noted)

EXPLORATION AND EVALUATION ASSETS

A summary of the Company's exploration and evaluation assets is as follows:

	Benedict Mountains	Australian Silver Mines	Tyr Silver Project	Cobalt Hill	James Bay Lithium Project	New Age	Total
		$	$	$	$	$	$
Acquisition cost							
Balance, September 30, 2023	-	-	-	615,000	528,431	-	1,143,431
Additions	2,961,301	-	-	-	-	-	2,961,301
Impairment	-	-	-	(615,000)	-	-	(615,000)
Balance, September 30, 2024	2,961,301	-	-	-	528,431	-	3,489,732
Additions	-	6	172	-	827	1,164	2,169
Balance, December 31, 2024	**2,961,301**	**6**	**172**	**-**	**529,258**	**1,164**	**3,491,901**
Exploration and evaluation expenditures							
Balance, September 30, 2023	-	-	-	287,088	-	-	287,088
Additions	-	2,588	18,502	-	617,050	78,975	717,115
Impairment	-	(2,588)	(18,502)	(287,088)	-	-	(308,178)
Balance, September 30, 2024	-	-	-	-	617,050	78,975	696,025
Additions	-	-	747	-	-	747	1,494
Balance, December 31, 2025	**-**	**-**	**747**	**-**	**617,050**	**79,722**	**697,519**
Balance, September 30, 2024	2,961,301	-	-	-	1,145,481	78,975	4,185,757
Balance, December 31, 2024	**2,961,301**	**6**	**919**	**-**	**1,146,308**	**80,886**	**4,189,420**

Benedict Mountains

On May 7, 2024, pursuant to the terms of the Share Exchange Agreement, the Company acquired 100% of Labrador which owns a 100% interest (subject to a 1.5% NSR) in Benedict Mountains pursuant to the Property Purchase Agreement. Benedict Mountains consists of two mineral licenses covering an area of approximately 350 hectares in the Central Mineral Belt on the east coast of Labrador, Canada, approximately 200 kilometers northeast of Goose Bay.

Pursuant to the Share Exchange Agreement, the Company has assumed all of the obligations of Labrador under the Property Purchase Agreement as follows:

- Pay an additional $25,000 to the Vendor on or before February 8, 2025 (the "Labrador Payment") (included in accounts payable and accrued liabilities as at December 31, 2024). Subsequent to December 31, 2024, the Company and the Vendor agreed to extend the due date for the Labrador payment to April 30, 2025.
- Issue to the Vendor 1,500,000 common shares in the capital of the Company on the closing date May 7, 2024, upon the closing of the acquisition of Labrador (see the "Liquidity and Capital Resources - Share capital highlights" section)

Tyr Silver Project

On July 13, 2023, the Company completed the acquisition of 100% of the issued and outstanding securities of 1256714 B.C. Ltd. which owns a 100% interest (subject to a 2% NSR) in the Tyr Silver Project - a silver-zinc project in Australia.

During the year ended September 30, 2024, the Tyr Silver Project was fully impaired due to the Company's decision to focus on core projects instead. As a result, the Company recorded an amount of $18,502 as an impairment of exploration and evaluation assets.

During the three months ended December 31, 2024, the Company continued to settle fees to keep the property title in good standing.

Cobalt Hill

Pursuant to an option agreement dated February 5, 2018, amended on April 25, 2019 and July 3, 2020, the Company was granted an option to acquire a 100% undivided interest in certain Cobalt Hill mineral claims ("Cobalt Hill") located in the Trail Creek Mining Division in British Columbia.

The Company fulfilled the terms of the option agreement and acquired a 100% undivided interest in Cobalt Hill by making cumulative cash payments totaling $355,000 and issuing a cumulative total of 110,000 common shares of the Company. The optionor retained 1.5% NSR on Cobalt Hill.

During the year ended September 30, 2024, the Cobalt Hill Project was fully impaired due to the Company's decision to focus on core projects instead. As a result, the Company recorded an amount of $902,088 as an impairment of exploration and evaluation assets.

James Bay Lithium Project

In January 2021, the Company completed the acquisition of a 100% interest in and to the Route 381 Lithium, comprised of 40 mineral claims located in James Bay Territory in Quebec. In consideration for the acquisition, the Company paid the vendors an aggregate of $60,000 in cash and issued 400,000 common shares of the Company with a fair value of $1,720,000. In addition, the Company is subject to grant vendors a 2% NSR.

In December 2021, the Company acquired, by way of staking, 229 mineral exploration claims prospective for lithium in the James Bay region of Quebec, Canada ("Mitsumis").

During the year ended September 30, 2023, the James Bay Lithium Project was fully impaired as the Company determined that the recoverable amount of the property was $nil as a result of its assessment that the fair value of all the proceeds expected from the option agreement were also $nil upon Cygnus Gold Limited failing make the required option payments as they became due. As a result, the Company recorded $443,503 on September 30, 2023 as an impairment of exploration and evaluation assets. Following the termination of the Property Option Agreement, the Company resumed exploration activities.

New Age Co Properties

On April 14, 2021, the Company announced that it had completed the acquisition of all issued and outstanding securities of New Age Co.

<u>Rare Earth Elements ("REE") (Northern Territory) - Arctic Fox and Isbjorn</u>

Located in Australia's Northern Territory, both properties are in the exploration stage. Arctic Fox is contiguous with the Nolans Bore REE project and the Isbjorn asset is contiguous to the Charley Creek REE project.

<u>Nickel-cobalt-scandium-HPA (New South Wales) - Chinook, Kodiak & Caribou</u>

The three nickel-cobalt-scandium-HPA properties - Chinook, Kodiak and Caribou are located in Australia's central New South Wales, which is considered by management to be a highly prospective region of exploration. During the year ended September 30, 2023, the New Age Co Properties were fully impaired due to the Company's decision upon noting indicators of impairment. During the year ended September 30, 2024, the Company resumed exploration activities.

(Expressed in Canadian dollars, except where noted)

During the three months ended December 31, 2024, the Company capitalized $747 (2023 - $140,319) of exploration and evaluation expenditures on the property.

Option on the James Bay Lithium Project

Effective September 27, 2022, the Company entered into an option agreement (the "Property Option Agreement") with Cygnus Gold Limited ("Cygnus"), whereby the Company granted Cygnus the option to acquire up to an 80% interest in Route 381 and Mitsumis. Option consideration from Cygnus is recorded as a reduction of the properties' capitalized exploration and evaluation assets reflecting a recovery of past costs incurred. On August 1, 2024, Cygnus terminated the Property Option Agreement with the Company, as a result, all the remaining commitments under the first and second options were abandoned.

SUMMARY OF QUARTERLY RESULTS

A summary of selected information from the Company's financial statements for the past eight quarters is as follows:

	Q1 2025	Q4 2024	Q3 2024	Q2 2024
	$	$	$	$
Net loss and comprehensive loss	**133,328**	987,253	436,111	453,165
Total assets	**4,250,991**	4,280,429	4,496,144	2,325,056
Working capital surplus (deficit)	**(1,166,931)**	(1,029,940)	(317,842)	155,567
Total liabilities	**1,228,502**	1,124,612	486,824	646,375
Net loss and comprehensive loss per share - basic and diluted	**0.00**	0.03	0.02	0.04

	Q1 2024	Q4 2023	Q3 2023	Q2 2023
	$	$	$	$
Net loss and comprehensive loss	107,732	601,072	97,980	213,267
Total assets	1,725,617	1,637,473	2,007,624	2,062,691
Working capital surplus (deficit)	(520,414)	(270,107)	(139,035)	(41,055)
Current liabilities	672,937	477,061	341,140	298,227
Net loss and comprehensive loss per share - basic and diluted	0.01	0.06	0.01	0.02

All of the Company's exploration and evaluation assets are in the exploration stage. The Company has not had revenue from inception and does not expect to have revenue in the near future.

During the last eight quarters, the Company's loss has ranged from $97,980 to $987,253. The high net loss and comprehensive loss in Q4 2024 of $987,253 was primarily the result of the full impairment of the Cobalt Hill Project and the Tyr South Project. Q2 2024 and Q3 2024 also had higher-than-typical net loss and comprehensive loss of $453,165 and $436,111, respectively which was due to higher expenditures on marketing campaigns and consulting fees to support capital raising activities and the acquisition of Labrador. These services related to sourcing new projects and properties, strategic planning, and business development. The increased net loss and comprehensive loss in Q4 2023 was primarily the result of the full impairment of the Tyr Silver Project and the partial impairment of the James Bay Lithium Project.

(Expressed in Canadian dollars, except where noted)

PERFORMANCE

A summary of the Company's results of operations is as follows:

	Q1 2025	Q1 2024
	$	$
Operating expenses (recovery)		
General and administrative expense	**7,482**	7,247
Management and consulting	**95,729**	77,350
Marketing and shareholder communication (recovery)	**(7,482)**	900
Professional fees	**26,176**	10,715
Regulatory and filing fees	**8,212**	11,520
Total operating expenses	**130,117**	107,732
Other expense		
Interest expense	**(3,211)**	-
Net loss and comprehensive loss	**(133,328)**	(107,732)

Q1 2025 compared to Q1 2024:

Net loss and comprehensive loss increased to $133,328 from $107,732 in the prior year comparable period. The primary divers of the increase in net loss and comprehensive loss were:

- Management and consulting increased to $95,729 from $77,350 in the prior year comparable period due to higher fees from additional services provided by a consultant of the Company.
- Professional fees increased to $26,176 from $10,715 in the prior year comparable period due to timing differences in the accrual of each years' audit fees.

Partially offsetting the increase in net loss and comprehensive loss was a decrease in marketing and shareholder communication to a recovery of $7,482 from an expense of $900 in the prior year comparable period due to a credit received from a vendor against outstanding payables.

LIQUIDITY AND CAPITAL RESOURCES

A summary of the Company's cash flows are as follows:

	Q1 2025	Q1 2024
	$	$
Cash used in operating activities	**(25,814)**	(100,661)
Cash used in investing activities	**(1,305)**	-
Cash provided by financing activities	**-**	75,000
Net change in cash	**(27,119)**	(25,661)
Cash, beginning of period	**46,431**	36,715
Cash, end of period	**19,312**	11,054

Cash used in operating activities was $25,814 compared to $100,661 in the prior year comparable period due to lower expenditures on marketing campaigns and consulting fees.

Cash used in investing activities of $1,305 in the current period related to exploration and evaluation expenditures on the Company's projects.

Cash provided by financing activities was $nil compared to $75,000 in the prior year comparable period resulting from proceeds from a note payable.

Share capital highlights

During the three months ended December 31, 2024, the Company had no share capital transactions.

During the year ended September 30, 2024, the Company had the following non-cash share capital transactions:

- On January 17, 2024, the Company issued 900,000 common shares with a fair value of $81,000 for settlement of accounts payable and accrued liabilities in the amount of $90,000. As a result of the debt settlement, the Company recorded a gain on debt settlement of $9,000 on the statement of loss and comprehensive loss.
- On May 7, 2024, the Company issued 16,275,001 common shares pursuant to the Share Exchange Agreement to acquire Labrador at $0.18 per common share for a total fair value of $2,929,500.

During the year ended September 30, 2024, the Company generated cash proceeds from the following share capital transactions:

- On March 8, 2024, the Company issued 4,290,000 common shares pursuant to a private placement at $0.10 per common share (the "LIFE Offering") for gross proceeds of $429,000. Share issuance costs on the LIFE Offering consisted of cash commissions paid to finders of $6,178, brokers fees of $3,600 and legal fees of $12,518.
- On March 8, 2024, the Company issued 4,460,000 common shares pursuant to a private placement and closed its first tranche of a concurrent $0.10 share financing (the "Concurrent PP"), for gross proceeds of $446,000. Share issuance costs on the first tranche of the Concurrent PP consisted of cash commissions paid to finders of $6,422, brokers fees of $2,100 and legal fees of $13,014.
- On March 15, 2024, the Company issued 1,300,000 common shares and closed its second tranche of the Concurrent PP for gross proceeds of $130,000. Share issuance cost on the second tranche of the Concurrent PP consisted of cash commissions paid to finders of $3,850 and legal fees of $3,794.

LIQUIDITY OUTLOOK

The Company has no cash inflow from operations. Its significant sources of funds since incorporation have been the sale of its common share and the proceeds from loans

The Company's ability to continue as a going concern is dependent upon the Company's ability to fund any additional losses it may incur. As at December 31, 2024, the Company had a working capital deficiency of $1,166,931 (September 30, 2024 - $1,029,940). There is no certainty that additional financing at terms that are acceptable to the Company will be available, and an inability to obtain financing would have a direct impact on the Company's ability to continue as a going concern. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Company's Financial Statements were prepared on a going concern basis, which implies that the Company will realize its assets and discharge its liabilities in the normal course of business. The Financial Statements do not reflect adjustments to the carrying value of assets and liabilities that would be necessary if the Company is unable to achieve and maintain profitable operations. Management intends to finance operating costs with the proceeds from equity financings.

MATERIAL ACCOUTING POLICIES, SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The Company's material accounting policies are described in Note 3 of the Annual Financial Statements. Significant accounting judgments and sources of estimation uncertainty are described in Note 4 of the Annual Financial Statements.

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. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer.

(Expressed in Canadian dollars, except where noted)

A summary of the Company's related party transactions and key management compensation is as follows:

	Q1 2025	Q1 2024
	$	$
Management and consulting	**72,000**	33,000

As at December 31, 2024, the Company had $127,210 (September 30, 2024 - $90,785) due to key management personnel and management entities and is included in accounts payable and accrued liabilities on the consolidated statements of financial position. The amounts payable are unsecured, non-interest bearing and due on demand.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as at December 31, 2024 or the MD&A Date.

PROPOSED TRANSACTIONS

The Company had no proposed transactions as at December 31, 2024 or the MD&A Date.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK

The Company's financial instruments consist of cash, accounts payable and accrued liabilities and a note payable which are classified as and measured at amortized cost. The carrying value of these financial instruments approximate their respective fair values due to their short-term nature.

The financial instruments expose the Company to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The Company is exposed to credit risk through its cash and the Company reduces its credit risk on cash by placing these instruments with financial institutions of high credit worthiness. As at December 31, 2024, the Company is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed through its accounts payable and note payable. As at December 31, 2024, the Company has a working capital deficit of $1,166,931 (September 30, 2024 - $1,029,940) and the Company will need to raise additional funding in order to continue to fund its exploration and evaluation activities. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company endeavors to ensure that sufficient funds are raised from equity offerings to meet its operating requirements, after taking into account existing cash. Management has concluded that liquidity risk is high.

Market risk

Market or foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. As at December 31, 2024, the Company is not exposed to significant foreign currency risk. A 10% change in the foreign exchange rate with the Australian Dollar would result in an impact of approximately $200 (September 30, 2024 - $419) to the Company's net loss.

(Expressed in Canadian dollars, except where noted)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2024, the Company has assessed the interest rate risk as minimal.

SUBSEQUENT EVENT

On January 25, 2025, the Company entered into a promissory note agreement with an arm's length lender. Pursuant to this agreement, the Company promises to pay the lender a principal sum of $55,000 with an annual interest rate of 15%. The principal sum and all outstanding interest that may accrue will be payable on demand.

On February 20, 2025, the Company issued 766,667 common shares pursuant to a debt settlement agreement with an arm's length creditor in the amount of $11,500 to settle outstanding accounts payable for market making services provided to the Company by the creditor.

OUTSTANDING SHARE DATA

A summary of the Company's issued and outstanding securities is as follows:

	December 31, 2024	MD&A Date
	#	#
Common shares issued and outstanding	36,483,733	37,250,400
Stock options	285,000	285,000

RISKS AND UNCERTAINTIES

For a detailed listing of the risks and uncertainties faced by the Company, please refer to the Company's MD&A for the years ended September 30, 2024 and 2023.

ADDITIONAL INFORMATION

Additional information about the Company is available on the Company's website at https://megawattmetals.com/ and SEDAR+ at http://www.sedarplus.ca.