

# **QUANTUM BATTERY METALS CORP. (formerly Quantum Cobalt Corp.)**

## **Management Discussion and Analysis**

**For the year ended January 31, 2021**

The Management Discussion and Analysis (“MD&A”), prepared May 28, 2021 should be read in conjunction with the consolidated financial statements for the year ended January 31, 2021 and the notes thereto of Quantum Battery Metals Corp. (“Quantum” or the “Company”) which were prepared in accordance with International Financial Reporting Standards (“IFRS”). Unless otherwise noted, all currency amounts are in Canadian dollars.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events and include without limitation, statements regarding discussions of the Company’s business strategy, future plans, projections, objectives, estimates and forecasts and statements as to management’s expectations with respect to, among other things, the development of the Company’s project. These forward-looking statements involve numerous risks and uncertainties and actual results may vary. Important factors that may cause actual results to vary include without limitation, certain transactions, certain approvals, changes in commodity prices, risks inherent in exploration results, timing and success, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and mineral resources), delays in the receipt of government approvals, and changes in general economic conditions or conditions in the financial markets. In making the forward-looking statements in this MD&A, the Company has applied several material assumptions, including without limitation, the assumption that any additional financing needed will be available on reasonable terms.

Additional factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, among other factors: (1) the state of the global economy and economic and political events, including the deterioration of the global capital markets, affecting supply and demand and economic and political events affecting supply and demand; and (2) securing and the nature of regulatory permits and approvals and the costs of complying with environmental, health and safety laws and regulations.

The Company cannot assure you that any of these assumptions will prove to be correct.

The words “expect,” “anticipate,” “estimate,” “may,” “will,” “should,” “intend,” “believe,” “target,” “budget,” “plan,” “projection” and similar expressions are intended to identify forward-looking statements. Information concerning mineral reserve and mineral resource estimates also may be considered forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present during operations or if and when an undeveloped project is actually developed.

These factors should be considered carefully, and readers should not place undue reliance on the Company’s forward-looking statements. The Company believes that the expectations reflected in the forward-looking statements, including future-oriented financial information, contained in this MD&A and any documents incorporated by reference are reasonable, but no assurance can be given that these expectations will prove to be correct. In addition, although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, including future-oriented financial information, there may be other factors that cause actions, events, or results not to be as anticipated, estimated, or intended. The Company undertakes no obligation to disclose publicly any future revisions to forward-looking statements, including future-oriented financial information, to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events, except as expressly required by law.

Additionally, the forward-looking statements, including future-oriented financial information, contained herein are presented solely for the purpose of conveying our reasonable belief of the direction of the Company and may not be appropriate for other purposes.

The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

## DESCRIPTION OF BUSINESS

The Company was incorporated on August 6, 2010 under the British Columbia Business Corporations Act. On November 7, 2017, the Company changed its name to Quantum Cobalt Corp. from Bravura Ventures Corp. to better reflect its direction and cobalt resource properties and begun trading under the stock symbol “QBOT”. Subsequent to year ended January 31, 2021, the Company changed its name to Quantum Battery Metals Corp. to better reflect its direction and its cobalt and lithium resource properties and begun trading under the stock symbol “QBAT”. The Company is domiciled in Canada and is a reporting issuer with its common shares publicly traded on the Canadian Securities Exchange (“CSE”). The Company is currently in the process of identifying new business projects to pursue and develop further. The address of its head office is 400-837 West Hastings Street, Vancouver, British Columbia, Canada, V6C 3N6.

On January 29, 2021, the Company consolidated its issued and outstanding common shares on the basis of 1 post-consolidation common share for every 10 pre-consolidation common shares. All share figures have been retroactively adjusted to reflect the share consolidation.

## MINERAL PROPERTIES

	<b>Rabbit Cobalt Property</b>	<b>Kahuna Cobalt Property</b>	<b>Nipissing Lorain Property</b>	<b>Albanel Lithium Property</b>	<b>Kelso Lithium Property</b>	<b>Total</b>
Balance, January 31, 2019	\$ 2,436,067	\$ 1,022,567	\$ 9,700,000	\$ -	\$ -	\$ 13,158,634
Property acquisition	-	-	-	350,000	350,000	700,000
Write-off	(2,436,067)	(1,022,567)	(9,700,000)	-	-	(13,158,634)
Balance, January 31, 2020	-	-	-	350,000	350,000	700,000
Exploration expenditures	-	-	-	978	357	1,335
Balance, January 31, 2021	\$ -	\$ -	\$ -	\$ 350,978	\$ 350,357	\$ 701,335

### Musgrove Creek Property

On September 14, 2016, the Company entered into an agreement with Soleil Gold Corp. (“Soleil”) to acquire an undivided 100% interest in and to certain mineral property leases, together with the surface rights, mineral rights, personal property and permits associated therewith (“Musgrove Creek Property”), located in Lemhi County, Idaho.

During the year ended January 31, 2019, the Company was not able to renew the mining claims. As a result, a write-off of \$629,139 was recorded to the consolidated statement of loss and comprehensive loss.

During the year ended January 31, 2020, the Company was served with a notice of civil claim (the “Claim”) filed with the Second Judicial District Court of the State of Nevada for failure to pay the United States Bureau of Land Management federal annual mining claim maintenance fees on the Musgrove Creek Property. On May 3, 2019, the claim was dismissed as a result of the settlement whereby the Company agreed to make a settlement payment of \$210,000 (USD \$150,000). The Company recorded an expense of \$210,000 in relation to this settlement.

## Rabbit Cobalt Property

On August 16, 2017, the Company closed its acquisition of 10336602 Canada Inc. (“10336602”) pursuant to a share exchange agreement, dated July 28, 2017, among the Company, 10336602 and the shareholders of the target. 10336602 holds the approximately 1,000-hectares of a gold-nickel-silver property located 55 kilometers south of Cobalt, Ontario.

Pursuant to the share exchange agreement, the Company made a cash payment of \$350,000 and issued a total of 400,000 common shares in the capital of the Company, to the shareholders of 10336602 in exchange for 100,000 Class A common shares in the capital of 10336602. A finder’s fee in the amount of \$35,000 was paid in connection with the acquisition.

As at January 31, 2020, substantive expenditure on further exploration for and evaluation of the Rabbit Cobalt Property has not been planned and will be evaluated pending the Company obtaining further funding. As a result, a write-off of \$2,436,067 was recorded to the consolidated statement of loss and comprehensive loss.

## Kahuna Cobalt Property

On October 5, 2017, the Company closed and signed the definitive agreement with Caprock Ventures Corp. dated August 10, 2017 to acquire 100% of the approximately 1,200-hectare Kahuna cobalt-silver property, located 37 kilometers south of Cobalt, Ontario. Pursuant to the share exchange agreement, the Company made a cash payment of \$300,000 and issued a total of 100,000 common shares in the capital of the Company. A finder’s fee in the amount of \$31,500 was paid in connection with the acquisition. The properties are subject to a 0.5% net smelter return royalty on cobalt-gold production, which includes advance royalty payments of \$25,000 annually on December 31, beginning in 2020. The Company has the option at any time to purchase 0.5% of the royalty on payment of \$500,000. The original vendors of the property will retain a 1% NSR on the properties. The Company will have the right to purchase the 1% for \$1,000,000.

The Company received the approval for Kahuna Cobalt Property exploration on June 26, 2018 and completed the first phase of exploration on August 2, 2018. The first phase of exploration was completed over a 24-day period and included extensive soil sampling, prospecting and trenching. Soil sampling covered the length of the project area, targeting the Nipissing Lorrain diabase for cobalt mineralization within calcite veins.

*Table 1: Rock sample results from the 2018 program*

Sample ID	Easting	Northing	Type	Cu_PPM	Ag_g/t	Ni_%	Co_%	BI_PPM
3216776	605644	5219487	Rock	281.50	1.90	0.37	>0.4	1032.60
3216777	605644	5219487	Rock	125.20	3.40	1.07	>0.4	1159.10
3216778	605644	5219487	Rock	155.10	0.80	0.16	>0.4	899.10
3216779	605644	5219487	Rock	352.60	1.70	0.20	>0.4	192.60
3216780	605644	5219487	Rock	241.60	4.00	0.19	>0.4	1426.80
3216781	605644	5219487	Rock	148.40	1.60	0.17	>0.4	225.10
3216782	605644	5219487	Rock	190.80	2.00	0.26	>0.4	316.30
3216783	605644	5219487	Rock	98.00	2.10	0.13	>0.4	4000.00
3216784	605644	5219487	Rock	183.40	2.30	0.12	>0.4	412.20
3216785	605644	5219487	Rock	449.70	5.40	0.44	>0.4	1175.80
3216786	605644	5219487	Rock	433.90	7.90	1.08	>0.4	1394.20
3216787	605236	5220045	Rock	62.00	0.05	0.00	0.02	3.40
3216788	605236	5220045	Rock	71.60	0.05	0.01	0.01	1.40

Preliminary review of results from the soil sampling identified multiple anomalous soil areas, along trend from historic workings and associated with localised structures. Peak values of up to 1185.2 ppm Co, 150.6 ppm Ni, 2136.12 ppm Cu and 1.293 ppm Ag were detected in soils across the property. The anomalies

indicate the potential for further mineralisation on the Kahuna property and will help vector Quantum's exploration going forward. The current exploration permit provisions for IP geophysics, as well as additional trenching and in-fill soil sampling.

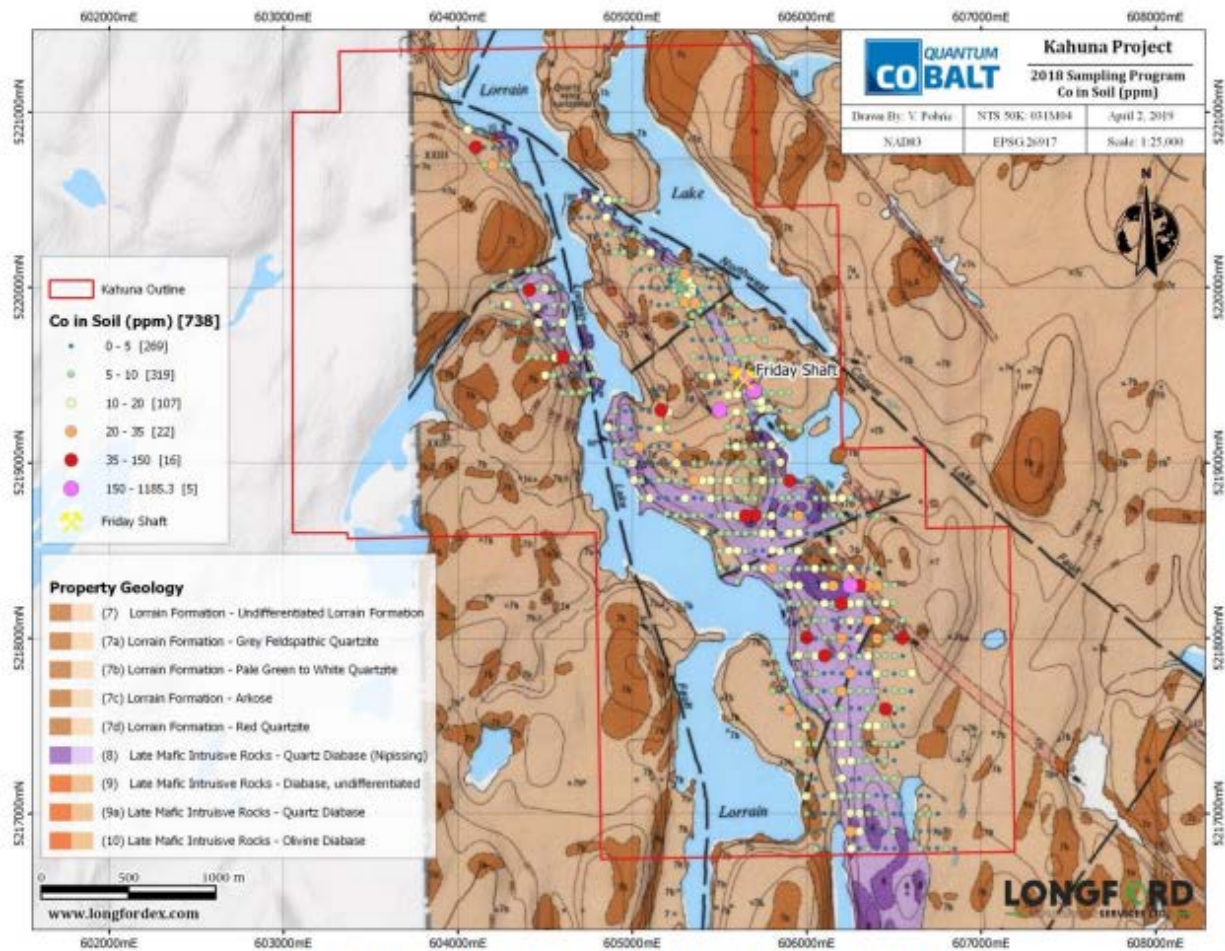


Figure 1: Co in soils from the 2018 soil sampling program

Rock and soil sample locations were recorded in field notebooks, assay sample tag books and waypoints on a Garmin 64s GPS unit. Rock samples were collected into individual 18" x 12" poly bags labeled with a unique 7-character sample ID. A tear-out tag with the barcode and unique sample ID was inserted in the bag, and the bag sealed with a cable tie in the field. Soil samples were collected from 30 to 60 cm depth using hand-held geo-tools and soil augers. The lower B and upper C horizon was targeted for sampling, with the depth, soil horizon, and colour recorded in field books. Each ~200g soil sample was placed into individually labelled Kraft paper bag with the sample tag and the sample number was written across the bottom. For the soil program every 20th sample was taken as a field duplicate for QA/QC control.

*Table 2: 2018 programs rock and soil sample analysis methods*

Number of Samples	Media	Method Code	Description
775	Soil	DY060	Dry at 60C
775	Soil	SS80	Dry at 60C sieve 100g to -80 mesh
775	Soil	SVRJT	Save all or part of Soil Reject
775	Soil	AQ250	1:1:1 Aqua Regia digestion Ultratrace ICP-MS analysis
13	Rock	PRP-250	Crush 1 kg to ≥70% passing 2mm - Pulverization 250 g ≥85% 75µm
13	Rock	MA200	Multi acid – ICP/MS

As at January 31, 2020, substantive expenditure on further exploration for and evaluation of the Kahuna Cobalt Property has not yet been planned and will be evaluated pending the Company obtaining further funding. As a result, a write-off of \$1,022,567 was recorded to the consolidated statement of loss and comprehensive loss.

### **Nipissing Lorain Property**

On November 29, 2017, the Company closed the acquisition of 1142674 B.C. Ltd. (“1142674”) pursuant to a share exchange agreement, among the Company, 1142674 and the shareholders of 1142674. The Nipissing Lorain cobalt project is located 26 kilometers southeast of Cobalt, Ont. The property consists of two separate claims. Six separate underground workings have been historically mined for cobalt, silver and nickel.

Pursuant to the share exchange agreement, the Company will pay an aggregate amount of \$1,000,000 over a six-month period from date of close of the share exchange agreement, with an initial cash payment of \$500,000 (paid on closing) and \$250,000 subsequently every three months. As at January 31, 2020, the Company has recorded a liability of \$500,000 (2019 - \$500,000) on the consolidated statement of financial position relating to the required subsequent payments. A total of 500,000 common shares in the capital of the Company were also issued on closing to the shareholders of 1142674 in exchange for one Class A common share in the capital of 1142674.

As at January 31, 2020, substantive expenditure on further exploration for and evaluation of the Nipissing Lorain Property has not yet been planned and will be evaluated pending the Company obtaining further funding. In addition, the Company has not made all of the required payments under its November 29, 2017 share exchange agreement. As a result, a write-off of \$9,700,000 was recorded to the consolidated statement of loss and comprehensive loss.

### **Albanel Quebec Lithium Property**

On October 3, 2019, the Company entered into a binding acquisition agreement with 1225768 B.C. Ltd. to acquire 100% interest in, and to, certain mineral properties, together with surface right, mineral rights, personal property and permits associated there with, located in the Albanel Quebec lithium property. The Albanel property is a lithium prospect with an approximate area of 2,751 hectares in a mining-friendly jurisdiction of Quebec. Pursuant to the acquisition agreement, the Company issued a total of 1,000,000 common shares in the capital of the Company with a fair value of \$350,000.

Highlights of the project:

- Road accessible;
- 10 kilometers north of the Rose lithium-tantalum mine;
- 3 pegmatite occurrences mapped by government geologists; and
- Centrally located in a lithium-rich geologic subprovince.



## Kelso Quebec Lithium Property

On October 3, 2019, the Company entered into a binding acquisition agreement with 1225768 B.C. Ltd. to acquire 100% interest in, and to, certain mineral properties, together with surface right, mineral rights, personal property and permits associated there with, located in the Kelso Quebec lithium property. The Kelso property is a lithium prospect with an approximate area of 2,592 hectares in a mining-friendly jurisdiction of Quebec. Pursuant to the acquisition agreement, the Company issued a total of 1,000,000 common shares in the capital of the Company with a fair value of \$350,000.

Highlights of the project:

- 12 kilometers northwest of the Rose lithium-tantalum mine;
- 2 pegmatite showings mapped regionally by government geologists; and
- Centrally located in a lithium-rich geologic subprovince.

## SELECTED ANNUAL FINANCIAL RESULTS

The following selected financial data with respect to the Company's financial condition and results of operations have been derived from the audited consolidated financial statements of the Company for the years ended January 31, 2021, 2020, and 2019. The selected financial data should be read in conjunction with those consolidated financial statements and the notes thereto. In \$000's except per share amounts:

	2021	2020	2019
	\$	\$	\$
Total revenue	Nil	Nil	Nil
Net loss	(248)	(13,662)	(1,892)
Basic and diluted loss per share	(0.04)	(2.91)	(0.47)
Total assets	734	734	13,278
Total long-term liabilities	Nil	Nil	Nil
Cash dividends declared per share for each class of share	Nil	Nil	Nil

## OPERATIONS

### Three months ended January 31, 2021 compared with the three months ended January 31, 2020

During the three months ended January 31, 2021, the Company reported a net loss of \$304,048 compared to a net loss of \$13,327,738 during the three months ended January 31, 2020, representing a decrease in net loss of \$13,023,690.

The decrease in net loss was mainly attributable to the write-off of mineral properties of \$13,158,634 during the same period of the previous year. Consulting fees decreased to \$Nil from \$30,588 during the same period of the previous year due and professional fees decreased to \$11,547 from \$11,741 during the same period of the previous year due to lower professional fees incurred during the current period. Transfer agent and filing fees decreased to \$3,419 from \$5,087 during the same period of the previous year due to decreased activity and regulatory periodic filing fees incurred during the current period. Office and miscellaneous expenses decreased to \$2,981 from \$10,226 during the same period of the previous year due to decreased business activities during the current period. These decreases were partially offset by the increase of interest expense to \$7,245 from \$6,942 during the same period of the previous year mainly due to the higher accruals of interest on loans during the current period. Management fees increased to \$272,149 from \$23,500 during the same period of the previous year due to higher management fees incurred during the current period.

**Twelve months ended January 31, 2021 compared with the twelve months ended January 31, 2020**

During the twelve months ended January 31, 2021, the Company reported a net loss of \$247,981 compared to a net loss of \$13,662,159 during the twelve months ended January 31, 2020, representing a decrease in net loss of \$13,414,178.

The lower net loss during the current year was mainly attributable to the gain from write-off of loan payable of \$210,000 (2020 - \$Nil), write-off of accounts payable of \$5,284 (2020 - \$Nil), and \$Nil (2020 - \$13,158,634) incurred in write-off of mineral property during the current year. Interest expense decreased to \$28,419 from \$48,108 during the previous year mainly due to the lower accruals of interest on loans during the current year. Transfer agent and filing fees decreased to \$18,250 from \$27,929 during previous year due to decreased activity and regulatory periodic filing fees incurred during the current year. Office and miscellaneous expenses decreased to \$12,744 from \$26,426 during the previous year due to decreased business activities during the current year. Consulting fees decreased to \$Nil from \$30,588 during the previous year and professional fees decreased to \$64,855 from \$74,729 during the previous year due to lower fees incurred during the current year. These decreases were partially offset by the increase of management fees to \$326,649 from \$82,000 during the previous year due to higher management fees incurred during the current year.

**SUMMARY OF QUARTERLY RESULTS**

(\$000's except earnings per share)

	<b>January 31, 2021</b>	<b>October 31, 2020</b>	<b>July 31, 2020</b>	<b>April 30, 2020</b>
	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil
Net Income (Loss)	(304)	(41)	(76)	173
Basic and Diluted				
Income (Loss) per share	(0.05)	(0.01)	(0.01)	0.03
	<b>January 31, 2020</b>	<b>October 31, 2019</b>	<b>July 31, 2019</b>	<b>April 30, 2019</b>
	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil
Net Income (Loss)	(13,328)	(93)	(279)	38
Basic and Diluted				
Income (Loss) per share	(2.83)	(0.02)	(0.07)	0.01

During the fourth quarter of 2021, the Company had a net loss of \$304,048 compared to a net loss of \$13,327,738 in the fourth quarter of 2020. The significant change is due to write-off of mineral properties of \$13,158,634 in the same period of the previous year.

During the third quarter of 2021, the Company had a net loss of \$41,215 compared to a net loss of \$93,437 in the third quarter of 2020. The significant change is mainly due to lower professional fees and office and miscellaneous incurred during the current period.

During the second quarter of 2021, the Company had a net loss of \$75,530 compared to a net loss of \$278,703 in the second quarter of 2020. The significant change is mainly due to settlement of mineral property claims of \$210,000 in the same period of the previous year.

During the first quarter of 2021, the Company had a net income of \$172,812 compared to a net income of \$37,719 in the first quarter of 2020. The significant change is mainly due to write-off of loan payable of \$210,000 during the current period.

## LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2021, the Company had a cash balance of \$4,165 and working capital deficiency of \$2,232,608 compared to \$23,857 and \$1,983,292, respectively, as at January 31, 2020.

During the year ended January 31, 2021, net cash used in operating activities was \$58,357 (2020 - \$266,741) comprising a loss of \$247,981 (2020 - \$13,662,159), accrued interest of \$28,419 (2020 - \$48,108), write-off of receivables of \$Nil (2020 - \$430), write-off of loan payable of \$210,000 (2020 - \$Nil), write-off of accounts payable of \$5,284 (2020 - \$Nil), write-off of mineral property of \$Nil (2020 - \$13,158,634), an increase in tax recoverable of \$11,420 (2020 - decrease of \$103,006), an increase in prepaid expenses of \$7,824 (2020 - decrease of \$2,489) and an increase in accounts payable and accrued liabilities of \$395,733 (2020 - \$82,751).

Cash provided by financing activities for the year ended January 31, 2021 was \$40,000 (2020 - \$286,800), which was primarily related to the proceeds from loans.

Cash used in investing activity for the year ended January 31, 2021 was \$1,335 (2020 - \$Nil), which was related to the mineral property exploration costs.

## OFF-BALANCE SHEET ARRANGEMENTS

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

## TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties have occurred in the normal course of operations. Key management is comprised of directors and executive officers. The following compensation was paid to key management or companies controlled by key management during the years ended January 31, 2021 and 2020:

	2021	2020
Management fees	\$ 326,649	\$ 76,000
Management fees – former director	-	6,000
	\$ 326,649	\$ 82,000

As at January 31, 2021, the Company has included in accounts payable and accrued liabilities a total of \$222,363 (2020 - \$199,213), which are payable to former directors, former officers, and companies controlled by former officer.

As at January 31, 2021, the Company has included in accounts payable and accrued liabilities a total of \$591,324 (2020 - \$246,353), which are payable to directors, officers, and companies controlled by directors.

During the year ended January 31, 2021, the Company received a loan of \$20,000 from a company controlled by a director. The loan bears interest at 3% per annum, unsecured, and due on demand.

During the year ended January 31, 2020, the Company obtained loans for a total of \$232,050 from companies controlled by directors and former directors of the Company. The Company repaid \$22,050 of these loans. These loans are unsecured, non-interest bearing and due on demand.

On November 8, 2019, the Company commenced legal action against the former CEO, David Schmidt, for gross negligence that resulted in significant shareholder value loss. The claim alleged that while serving in the role of chief executive officer of the Company, Mr. Schmidt failed to act honestly and in good faith with a view to the best interests of the Company and failed to exercise the care, diligence and skill of a



reasonably prudent individual. Mr. Schmidt failed to make key property payments, which caused significant loss and damage, in particular:

- Payment to Idaho's Bureau of Land Management by September 1, 2018: The failure to make this payment resulted in the irrevocable forfeiture of the Company's Musgrove mining claims. Further, Mr. Schmidt failed to direct the Company to take any steps to restake the claims, which resulted in a third party acquiring the claims.
- Option payment due by December 31, 2018: The failure to respond to notices of payment for Grew Creek and the further failure to direct the company to cure the default resulted in Quantum losing its option on the Grew Creek property.

On March 20, 2020, the Company entered into a settlement agreement Mr. Schmidt. Pursuant to the settlement agreement, Mr. Schmidt forgave a loan of \$210,000 to the Company. The Company has provided Mr. Schmidt a full and final release.

## **CRITICAL ACCOUNTING POLICIES**

### **Financial Instruments**

#### **Fair Values**

The Company's financial instruments consist of cash, accounts payable, loans payable and other payables. The following table summarizes the carrying values of the Company's financial instruments as at January 31, 2021 and 2020:

	<b>January 31, 2021</b>		<b>January 31, 2020</b>
FVTPL (i)	4,165	\$	23,857
Amortized cost (ii)	1,820,096	\$	1,612,036

(i) Cash

(ii) Accounts payable, loans payable, and other payables

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market data.

Cash is measured at fair value using level one as the basis for measurement in the fair value hierarchy. The fair values of accounts payable, loans payable and other payables approximate their carrying values because of their current nature.

#### **Credit Risk**

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high-quality financial institution. The Company believes it has no significant credit risk.

## Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above. The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. The Company's accounts payable, loans payable, and other payables have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits. The Company is exposed to liquidity risk.

## Foreign Exchange Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not have significant foreign exchange risk as majority of its transactions are in Canadian dollars.

## Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company is not exposed to significant interest rate risk.

## SHARE CAPITAL

On January 29, 2021, the Company consolidated its issued and outstanding common shares on the basis of 1 post-consolidation common share for every 10 pre-consolidation common shares. All share figures have been retroactively adjusted to reflect the share consolidation.

### Issued

The Company has 6,042,519 shares issued and outstanding as at January 31, 2021 and 17,209,185 shares issued and outstanding as at May 28, 2021.

### Share Purchase Options

The Company has no stock options outstanding as at January 31, 2021 and as at May 28, 2021.

### Warrants

The Company has 5,250 share purchase warrants outstanding as at January 31, 2021 and 4,171,916 share purchase warrants outstanding as at May 28, 2021.

### Escrow Shares

The Company has no shares held in escrow as at January 31, 2021 and as at May 28, 2021.

## Listing on Canadian Stock Exchange

The Company began trading on the CSE on November 7, 2017 under the symbol "QBOT". Effective February 10, 2015, the common shares of the Company were delisted from the TSX Venture Exchange ("TSXV"). Subsequent to January 31, 2021, the Company changed its name to Quantum Battery Metals Corp. and began trading under the symbol of "QBAT".

## **Private placements**

As at January 31, 2019, the Company had \$306,500 share subscriptions receipts. On July 31, 2019, the Company converted \$300,000 share subscriptions receipts into a loan. As at January 31, 2021, the Company had \$1,500 share subscriptions receipts.

## **Shares issued for mineral property**

On October 3, 2019, the Company issued a total of 2,000,000 common shares with a fair value of \$700,000 pursuant to Albanel Quebec Lithium Property and Kelso Quebec Lithium Property acquisition.

## **Flow-through shares issued**

During fiscal 2018, the Company renounced \$471,500 of Canadian exploration expenditures to subscribers of the 2018 flow-through financing. As a result of the flow-through financing the Company recognized a liability relating to the premiums subscribers had paid for the flow-through feature.

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds received less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent on qualifying expenditures. At January 31, 2021, the amount of flow-through proceeds remaining to be spent on qualifying expenditures was \$311,000.

As a result of not incurring the qualified expenditures and not filing the forms with Canada Revenue Agency during the year ended January 31, 2021, the Company recognized an expense of \$8,154 (2020 - \$36,392) for late filing penalties and interest. As at January 31, 2021, accounts payable and accrued liabilities include \$51,213 (2020 - \$43,059) related to interest and penalties.

The Company agreed to indemnify the flow-through shareholders for certain costs they incurred as a result of not meeting its obligation to spend the flow-through share proceeds on qualifying Canadian exploration expenditures in compliance with the applicable tax rules and pursuant to the share subscription agreement entered into. During the year ended at January 31, 2021, the Company recognized an expense of \$10,234 (2020 - \$64,331) for the indemnification of flow-through shareholders. As at January 31, 2021, accounts payable and accrued liabilities include \$245,765 (2020 - \$235,531) related to these indemnification provision.

## **CHANGES IN ACCOUNTING POLICIES**

See Note 2 “Summary of Significant Accounting Policies” and Note 3 “Recent Accounting Pronouncements” of the consolidated financial statements for the year ended January 31, 2021.

## **SUBSEQUENT EVENTS**

On March 11, 2021, the Company closed a non-brokered private placement, comprising 4,166,666 units at a price of \$0.24 per unit for gross proceeds of \$1,000,000. Each unit will comprise one common share of the Company and one common share purchase warrant of the Company. Each warrant will be exercisable into a common share of the Company for a period of 12 months at an exercise price of \$0.31 during the 12 months.

On March 11, 2021, the Company appointed Quinn Field-Dyde as CFO of the Company following the resignation of Kenneth Tollstam.

On March 23, 2021, the Company changed its name and symbol to Quantum Battery Metals Corp. and “QBAT”, respectively.

On April 15, 2021, the Company has entered into a share exchange agreement with 1296991 B.C. Ltd. and the shareholders of 1296991 to acquire 100% of the outstanding shares of 1296991 by issuing 7,000,000 common shares to the vendors upon closing. 1296991 holds an option over the surface access rights, mineral rights, mineral exploration data and permits to 32 mining claims comprising the Rose West lithium project. On April 23, 2021, the transaction has been completed.

On April 23, 2021, the Company appointed Andrew Sostad to the board of directors and as CEO of the Company, in which David Greenway will be stepping down as CEO. Mr. Greenway remains as a director on the board.

## **Financing**

The Company will be arranging a non-brokered private placement comprising up to 446,428 flow-through (“FT”) units at a price of \$0.56 per FT unit for gross proceeds of \$250,000 with a 100% overallotment option.

Each FT unit will comprise one flow-through share of the Company and one common share purchase warrant of the Company. Each warrant will be exercisable into a common share of the Company for a period of 12 months at an exercise price of \$0.69 for 12 months from issuance. The proceeds of the private placement will be used for the mineral properties of the Company.

## **MANAGEMENT CHANGES**

On June 2, 2018, the Company appointed David Schmidt as the Company’s CEO and to the board of directors. Greg Burns has resigned from the board of directors and as the Company’s CEO.

On May 22, 2019, the Company appointed David Greenway as the Company’s CEO following a meeting between the directors and the resignation of David Schmidt as CEO. The Company also appointed Dino Minichiello to the board of directors.

On December 13, 2019, Dino Minichiello resigned from the board of directors and Dave Jenkins was appointed as a director of the Company.

On March 11, 2021, the Company appointed Quinn Field-Dyte as CFO of the Company following the resignation of Kenneth Tollstam.

On April 23, 2021, the Company appointed Andrew Sostad to the board of directors and as CEO of the Company, in which David Greenway will be stepping down as CEO. Mr. Greenway remains as a director on the board.

The Company’s board now consist of Von Torres, David Greenway, Quinn Field-Dyte, Andrew Sostad, and Dave Jenkins.

## **COVID-19**

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak might increase the difficulty in capital raising which may negatively impact the Company’s business and financial condition.