

INTERNATIONAL BATTERY METALS LTD.

(Formerly Rheingold Exploration Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six-month period ended July 31, 2018

Dated October 1, 2018

INTERNATIONAL BATTERY METALS LTD.
(Formerly Rheingold Exploration Corp.)
MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This Management's Discussion and Analysis ("**MD&A**") of the consolidated financial position and results of operations of International Battery Metals Ltd., Formerly Rheingold Exploration Corp., (the "**Company**" or "**IBAT**") should be read in conjunction with the unaudited condensed interim financial statements of the Company for the three and six month period ended July 31, 2018 and the related notes contained therein. The financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("**IAS 34**"). All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company and its activities can be found on SEDAR at www.sedar.com.

This MD&A is current as of October 1, 2018.

Forward Looking Statements and Forward-Looking Information

The information provided in this MD&A may contain forward-looking statements and forward-looking information about IBAT within the meaning of applicable securities laws. In addition, IBAT may make or approve certain statements or information in future filings with Canadian securities regulatory authorities, in news releases, or in oral or written presentations by representatives of IBAT that are not statements of historical fact and may also constitute forward-looking statements or forward-looking information. All statements and information, other than statements of historical fact, made by IBAT that address activities, events, or developments that IBAT expect or anticipate will or may occur in the future are forward-looking statements and information, including, but not limited to, statements and information preceded by, followed by, or that include words such as "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intends", "plan", "forecast", "budget", "schedule", "project", "estimate", "outlook", or the negative of those words or other similar or comparable words.

Forward-looking statements and information involve significant risks, assumptions, uncertainties and other factors that may cause actual future performance, achievement or other realities to differ materially from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance, achievement or realities.

Actual performance, achievement or other realities could differ materially from those expressed in, or implied by, any forward-looking statements or information in this MD&A and, accordingly, investors should not place undue reliance on any such forward-looking statements or information. Further, any forward-looking statement or information speaks only as of the date on which such statement is made, and IBAT does not undertake any obligation to update any forward-looking statements or information to reflect information, events, results, circumstances, realities or otherwise after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by law, including securities laws. All forward-looking statements and information contained in this MD&A and other documents of IBAT are qualified by such cautionary statements. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the

impact of each such factor on IBAT's business or the extent to which any factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking statements.

In addition, forward-looking statements and information herein, including financial information, is based on certain assumptions relating to the business and operations of IBAT. Although IBAT has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and forward-looking information in this MD&A, and the documents incorporated by reference herein, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There is no assurance that such statements and information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information contained in this MD&A.

The Company

International Battery Metals Ltd. is a resource exploration and technology company that is exploring for lithium resources and developing technologies for the extraction and processing of lithium from various sources. The objective of management is to maximize shareholder value by developing or acquiring lithium extraction technologies as well as lithium resource properties and attempting to produce lithium in a cost-effective and technically sound manner. The Company's head office is located at Suite 510 744 West Hastings Street, Vancouver, British Columbia, V6C 1A5 and the Company's registered and records office is located at 725 Granville Street, Pacific Centre, Suite 400, Vancouver, BC V7Y 1G5.

The Company was incorporated in the Province of British Columbia on July 29, 2010. The fiscal year end of the Company is January 31. The Company changed its name from Rheingold Exploration Corp. to International Battery Metals. Ltd. on August 23, 2017.

On February 25, 2015, the Company voluntarily delisted its common shares from the TSX Venture Exchange, and on February 26, 2015, the Company's common shares commenced trading on the Canadian Securities Exchange under the symbol "RGE".

On August 23, 2017 the Company changed its name to International Battery Metals Ltd and commenced trading under the symbol "IBAT".

Overall Performance

The key factors pertaining to the Company's overall performance for the six-month period ended July 31, 2018 are as follows:

- The Company had a working capital surplus of \$1,661,999 as at July 31, 2018, as compared to a working capital surplus of \$82,573 as at January 31, 2018. The reason for this increase in working capital is primarily due to the Company raising equity financings for the period ended July 31, 2018.
- The Company incurred a net loss of \$2,634,726 for the six-month period ended July 31, 2018, as compared to a net loss of \$808,220 for the six-month period ended July 31, 2017. The primary reason for this increased net loss was due to increases in advertising and promotion, loan interest

accretion, and share-based payments and management fees for the second quarter versus the same period the year prior.

- All direct costs related to the acquisition of resource property interests have been capitalized. The Company has no operating cash flow and its level of operations has been determined by the availability of capital resources. Cash used in operating activity for the quarter ended July 31, 2018 was \$2,187,637 compared to cash used in operating activity for the quarter ended July 31, 2017 of \$238,873. The reason for the increased use of cash during the first quarter of 2018 versus the same period in 2017 was due to the Company's efforts in completing the acquisition.

Acquisition

On April 13, 2018, the Company closed the asset purchase agreement with North American Lithium Inc. ("NAL") and Selective Adsorption Lithium ("SAL") a company controlled by shareholders of NAL pursuant to which the Company will acquire NAL's data, analysis and reports related to lithium extraction from oil field brines for petro-lithium extraction projects for USD\$875,000 and will acquire 100% of SAL which holds intellectual property for 25,309,488 common shares of the Company (the "Acquisition"). The Company granted a 5% gross profits royalty to NAL. The Acquisition is subject to approval by the Canadian Securities Exchange, all necessary regulatory approvals and approvals of the shareholders.

NAL is a California corporation that has developed unique technology that allows direct extraction of lithium from complex brines such as those found in oil fields.

The technology involves processes that are highly selective for lithium and an extraction system that allows lithium extraction from complex brines with only minimal pretreatment. There is no need to pretreat the brine to remove divalent cations such as calcium or magnesium. The process also inherently rejects troublesome anions such as sulfate and borate. Rather, brine flows into the process. Lithium chloride is removed and the brine is injected back into the ground through an environmentally permitted well.

The output of these patent pending processes is a clean lithium salt solution that is suitable for further processing to desired products. Additionally, the patent pending process and equipment are specifically designed to be compatible with the demands of remote oilfield operations.

NAL's technology provides significant advantages including significant cost savings due to minimal brine pretreatment and exceedingly low chemical consumption. The unique equipment design also allows rapid implementation, minimizing traditional lag time for bringing resources on line.

NAL is led by Dr. John Burba who has 40 years' experience with Dow Chemical, FMC, and Simbol Minerals in the lithium extraction industry.

During the year ended January 31, 2018, deferred acquisition costs of \$703,277 related to cash paid to the acquisition. During the six month period ended July 31, 2018, additional acquisition costs of \$3,149,025 were incurred.

The consideration for the acquisition, Performance Shares will be issued upon SAL achieving certain milestones (the “Milestones”) as follows:

Milestone	Number of Performance Shares to be issued
Shares on Closing Date (issued on April 13, 2018)	4,700,000
Shares on SAL and the Company filing three US or foreign patent applications with respect to intellectual property	4,000,000
Shares on SAL the Company filling three additional patents with respect to intellectual property	5,536,496
Shares on SAL the Company filling three additional patents with respect to intellectual property	5,536,496
Shares upon the Company completing either of the following: one or more private placements financing(s) resulting in the issuance of an aggregate of no less than 5,000,000 common shares in the Company; or completing a laboratory – scale pilot plant for the processing of lithium or lithium concentrates	5,536,496

As further consideration for the acquisition, during the six month period ended July 31, 2018, the company paid \$459,025 (US \$350,000) in cash. The 4,700,000 common shares had a fair value of \$2,585,000 at a value of \$0.55 per common share.

The Company incurred \$50,000 in costs associated with the closing of the Transaction and is required to issue 100,000 common shares of the Company with an estimated fair value of \$55,000 in finder’s fees on closing of the acquisition. As at July 31, 2018, the Company recorded an obligation to issue shares of \$55,000 for the finder's shares to be issued upon successful completion of the milestone.

The Company determined that at the time of acquisition SAL did not qualify as a business, therefore the Transaction was considered an acquisition of the net assets of SAL and accounted for using the acquisition method, whereby the purchase consideration was allocated to the estimated fair values of the identifiable assets and liabilities acquired at the date of the Transaction.

The purchase price was allocated to the net assets acquired in the acquisition as follows:

	Total
Purchase price:	
Performance shares	\$ 2,585,000
Finder’s fee	105,000
Transaction costs	1,162,302
	\$ 3,852,302
Net assets acquired:	
Intellectual property	\$ 3,852,302
	\$ 3,852,302

The Intellectual Property was recorded at \$3,852,302 and is estimated to have a useful life of 10 years and is being amortized on a straight-line basis.

Selected Annual Information

The following table sets forth summary financial information for the Company for the financial years ended January 31, 2016, January 31, 2017 and January 31, 2018. This information has been summarized from the Company's audited financial statements for the same periods. This summary of financial information should only be read in conjunction with the Company's financial statements, including the notes thereto.

	Year Ended January 31, 2016 (audited)	Year Ended January 31, 2017 (audited)	Year Ended January 31, 2018 (audited)
Exploration and evaluation properties	\$0	\$0	\$0
Total assets	\$9,849	\$253,607	\$983,126
Total revenues	\$0	\$0	\$0
Long-term debt	\$0	\$0	\$0
General and administrative expenses	\$150,639	\$104,515	\$1,910,930
Net loss	\$153,139	\$106,015	\$2,969,969
Basic and diluted loss per share ⁽¹⁾	\$0.01	\$0.01	\$0.14

(1) Based on weighted average number of common shares issued and outstanding for the period.

Discussion of Operations

The net loss for the year ended January 31, 2018 was \$2,969,969, as compared to the net loss of \$106,015 for January 31, 2017. The primary reasons for this increased net loss was due to an impairment write-down of \$400,374 during the year ended January 31, 2018 versus an impairment write-down of \$1,500 during the year ended January 31, 2017 and share based payments of \$1,093,737 during the year ended January 31, 2018, compared to share-based payments of \$nil during the year ended January 31, 2017. Total expenses for the year ended January 31, 2018 were \$1,910,930, as compared to the total expenses of \$104,515 for January 31, 2017. Total expenses for the year ended January 31, 2018 consisted of advertising and promotion fees of \$591,793 (2017 - \$nil), and general and administrative fees of \$1,910,930 (2017 - \$104,515) comprised of the following amounts:

- Consulting fees of \$524,662 (2017 - \$nil).
- Management fees, salaries and benefits of \$30,000 (2017 - \$31,400). The Company maintained CEO management fees payments of \$6,000 per month from November 1, 2016 until January 31, 2017.
- Professional fees of \$153,993 (2017 - \$45,040). Professional fees consist of legal, accounting and audit fees.

- Office and miscellaneous of \$2,246 (2017 - \$4,635). The primary reason for this decrease was due to decreased office and administration expenses associated with daily operations of the business for the year ended January 31, 2018.
- Share-based payments of \$1,093,737 (2017 - \$0). During the year ended January 31, 2018, the Company granted 2,100,000 stock options to directors, employees and consultants. No stock options were granted during the year ended January 31, 2017.
- Investor relations expense of \$nil (2017 - \$3,000) and filing fees of \$34,960 (2017 - \$16,972). The reason for the increase in filing fees was due to the share issuances and name change during the year ended January 31, 2018. The decreased investor relations expense was due to the company not changing exchanges in the most recent year end. These are considered one-time expenses.
- Travel of \$8,551 (2017 - \$64). The primary reason for this increase was due to the management traveling to Ontario several times in 2018 to work on a business combination transaction.

Summary of Quarterly Results

The following financial data was derived from the Company's financial statements for each of the nine most recently completed financial quarters:

	October 31, 2017	January 31, 2018	April 30, 2018	July 31, 2018
Net Gain (Loss) before other income/expenses	(\$1,432,273)	(\$328,631)	(\$1,024,982)	(\$1,609,744)
Other Items: Loss of disposition of exploration and evaluation properties	\$(233,505)	\$(166,869)	\$0	\$0
Net Gain (Loss) after other income/expenses	(\$1,665,778)	(\$495,500)	(\$1,024,982)	(\$1,609,744)
Net Loss per share - basic and diluted	(00.07)	(\$0.02)	(\$0.03)	(0.04)
Weighted average number of shares outstanding	24,109,427	20,766,575	32,396,457	44,090,166

	October 31, 2016	January 31, 2017	April 30, 2017	July 31, 2017
Net Gain (Loss) before other income/expenses	(\$28,310)	(\$36,866)	(\$45,107)	(\$768,584)
Other Non recurring Items: Loss on disposition of E and E properties/Gain on debt settlement	\$Nil	(\$1,500)	\$5,000	\$0
Net Gain (Loss) after other income/expenses	(\$28,310)	(\$38,366)	(\$40,107)	(\$768,584)
Net Loss per share - basic and diluted	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.04)
Weighted average number of shares outstanding	13,346,260	13,883,783	16,879,645	18,515,694

The Company earned no revenue due to the nature of current operations.

The factors that have caused variations in results over the quarters are:

- The Company incurred a comprehensive net loss of \$2,644,498 for the six-month period ended July 31, 2018, as compared to a comprehensive net loss of \$808,220 for the six-month period ended July 31, 2017. The primary reason for this increased net loss was due to the cost of share based payments of \$263,538, increased filing fees, management fees, rent, consulting fees and office expenses for the April 2018 quarter versus the same period the year prior.
- The Company incurred a net loss of \$495,500 for the quarter ended January 31, 2018, as compared to a net loss of \$38,366 for the quarter ended January 31, 2017. The net loss was due to the write-down of exploration and evaluation properties of \$171,869, share based payments and consulting fees.
- The Company incurred a net loss of \$1,665,778 for the three-month period ended October 31, 2017 compared to a net loss of \$28,310 for the three-month period ended October 31, 2016. The primary reasons for the increase was the cost of share based payments \$1,048,281 and consulting fees.
- The Company incurred a net loss of \$768,584 for the three-month period ended July 31, 2017 compared to a net loss of \$27,772 for the three-month period ended July 31, 2016. The primary reasons for the increase was the cost of share based payments (stock option issue) \$492,226, and consulting fees.

Transactions between Related Parties

Key management personnel compensation

The Company entered into the following related party transactions during the six-months ended July 31, 2018:

- a) Fees in the amount of \$259,845 for the six months ended July 31, 2018 (2017 - \$nil) were expensed and accrued. This amount is mostly comprised of management fees to Amteck Consulting a company controlled by a director for professional services that amount to \$90,000 and severance compensation expense that amounts to \$119,290, payable to Christina Borgese and Marc Privitera.
- b) Fees in the amount of \$40,000 (2017 – \$nil) were charged or accrued by Greywood Partners, a company controlled by a former director of the Company for professional services and \$67,574 expenses incurred by Directors of the company.
- c) Finder's fees in the amount of \$50,000 cash and 100,000 common shares were charged or accrued to Amteck Consulting, a company controlled by a director of the Company in relation to the closing of the SAL transaction. The shares were valued at \$55,000 based on a fair value of \$0.55 per common share. As at July 30, 2018 the shares to had not been issued.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Key management personnel include directors and officers of the Company. The remuneration of directors and other members of key management are as follows:

For the six months ended July, 31,	2018	2017
Share-based payments	\$ 263,538	\$ -
Consulting	107,574	-
Directors fees	30,000	-
Management fees, salaries and benefits	140,000	65,837
Severance	119,290	-
	\$ 660,402	\$ 65,837

Trade payables and accrued liabilities of the Company include the following amounts due to related parties:

	As at July 31, 2018	As at January 31, 2018
Officers of the Company	\$ 16,000	\$ 56,482
Total amount due from (to) related parties	\$ 16,000	\$ 56,482

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Liquidity and Capital Resources

At July 31, 2018, the Company had cash of \$1,834,323 (January 31, 2018 - \$231,346) and net working capital of \$1,661,999 (January 31, 2018 - \$82,573). The Company has not pledged any of its assets as security for loans, or otherwise is not subject to any debt covenants. Management has evaluated the Company's alternatives to enable it to pay its liabilities as they become due and payable in the next twelve-month period. The Company believes it will raise additional equity to provide liquidity for it to continue as a going concern throughout fiscal 2019.

During the six months period ended July 31, 2018, the Company:

- a) Closed the first tranche of a non-brokered private placement by issuing 3,193,554 units at a price of \$0.35 per unit for gross proceeds of \$1,117,744. Each unit consisted of one common share and one common share purchase warrant, with each warrant exercisable to purchase one additional common at an exercise price of \$0.70 per share for a period of two years and is subject to certain acceleration provisions. A finder's fee of \$59,899 was paid to two finders in connection with the closing of the private placement.
- b) Issued 605,000 common shares on the exercise of 605,000 options for proceeds of \$199,650.

- c) Issued 2,319,300 common shares on the exercise of 2,319,300 warrants for proceeds of \$1,119,036. 2,219,300 common shares exercised were eligible for a warrant incentive program whereby the Company granted an additional warrant of \$0.75 per share for a period of two years from the date of issuance upon the exercise of certain outstanding warrants.
- d) Issued 4,700,000 common shares to acquire SAL's intellectual property related to the lithium extraction from oil field brines to NAL.
- e) Closed a brokered private placement by issuing 6,200,00 units at a price of \$0.35 per unit for gross proceeds of \$2,700,000. Each unit consisted of one common share and one half of one transferable share purchase warrant, with each warrant exercisable to purchase one additional common share at an exercise price of \$0.70 per share for a period of two years. As consideration for the services provided, Mackie received 100,000 common shares at a price of \$0.35 per unit, 620,000 compensation options and 300,000 special unit warrants. Each compensation options is exercisable to purchase one common share at an exercise price of \$0.35 per share for a period of two years.
- f) Closed second tranche of its previously announced non-brokered private placement by issuing 799,999 units at a price of \$0.35 per unit for gross proceeds of \$279,999.65. Each unit consists of one common share and one half of one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.70 per common share for a period of two years.
- g) The Company granted 1,719,300 additional incentive warrants exercisable for a period of two years at an exercise price of \$0.75 warrant. The issuance of incentive warrants is accounted for as a modification to share purchase warrants reserve and the Company determined the fair value of these incentive warrants to be \$554,645 using the Black-Scholes Pricing Model

Net proceeds from the share issuances are intended to be used for working capital purposes.

The Company's cash are highly liquid and held at a major Canadian financial institution.

	Increase (Decrease) in Cash for the Six Months Ended	
	July 31, 2018	July 31, 2017
Operating Activities	\$ (2,187,637)	\$ (238,873)
Investing Activity	(509,025)	(316,539)
Financing Activities	4,309,411	343,000
Total Change in Cash	1,612,749	(212,413)
Effect of foreign exchange rate changes on cash	(9,772)	-
Cash, Beginning of the Period	231,346	238,451
Cash, End of the Period	\$ 1,834,323	\$ 26,038

Operating Activities

Cash used in operating activities primarily consist of general and administrative expenditures. The \$1,069,214 increase in the use of cash for operating activities for the six months ended July 31, 2018 is mainly attributable to the increase in operations related to the acquisition of the intellectual property.

Investing Activity

\$509,025 cash used in investing activity for the six months ended July 31, 2018 was attributable to the intellectual property acquisition.

Financing Activities

Cash from financings activities for the six months ended July 31, 2018 was attributable to the completion of several private placements for a total net proceeds of \$4,509,411. Partial proceeds, \$200,000 were used to pay off a loan acquired to complete the purchase of the intellectual property.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements and does not contemplate having them in the foreseeable future.

Use of Judgments, Estimates and Assumptions

Preparing financial statements requires management to make estimates and assumptions that affect the reported results. The estimates are based on historical experience and other assumptions believed to be reasonable under the circumstances. Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the recoverability and measurement of deferred tax assets and liabilities and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

Critical accounting policies are disclosed in the Company's annual audited financial statements for the year ended January 31, 2018.

Financial Instruments and Other Instruments

The carrying values of cash and cash equivalents, amounts receivable and trade payables approximate their fair values because of the short-term maturity of these financial instruments. The Company has no exposure to asset backed commercial paper.

Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with high-related financial institutions as determined by rating agencies.

Liquidity risk

The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future. As at July 31, 2018 the Company had a working capital position of \$1,661,999 (January 31, 2018 – working capital surplus of \$82,573).

Other risks

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

Disclosure of Outstanding Security Data

As of July 31, 2018, the Company had 44,905,383 (January 31, 2018 – 26,987,530) common shares issued and outstanding and the total fully diluted shares outstanding was 62,798,037 shares.

As of the date of this MD&A, the Company has: common shares issued and outstanding; 44,905,383 stock, and 5,215,000 stock options and 15,477,654 share purchase warrants exercisable for one common share of the Company. The total fully diluted shares outstanding is 65,598,037.

Events After the Reporting Period

On August 28, 2018, the Company granted 2,800,000 stock options to directors and management. The options are exercisable at a price of \$0.19 per share for a period of five years.

The net proceeds from the private placements will be used for working capital purposes.

Proposed Transactions

Other than normal course review of monthly submittals, there are no other new acquisitions or proposed transactions contemplated as at the date of this report.

Outlook

For the coming year, the Company's priorities are to raise the capital necessary to meet its short term operating requirements, and to continue to develop its newly acquired intellectual property.

There are significant risks that might affect the Company's further development. These include but are not limited to: exploration programs that may not result in a commercial mining operation; negative cash flow from operations; the Company's ability to raise financing in the future for ongoing operations; market fluctuations in metal prices; government regulations; and other conditions that may be out of the Company's control.

Accounting Policies

A detailed summary of all of the Company's significant accounting policies is included in Note 3 to the audited financial statements for the financial year ended January 31, 2018. The Company, in consultation with its Auditor, periodically reviews accounting policy changes implemented within its industry.