INTERNATIONAL BATTERY METALS LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended January 31, 2020

Dated June 24, 2020

INTERNATIONAL BATTERY METALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The preparation and presentation of the accompanying consolidated financial statements, Management Discussion and Analysis ("MD&A") and all financial information in the Annual Report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Financial statements, by nature, are not precise since they include certain amounts based upon estimates and judgements. When alternative methods exist, management has chosen those it deems to be the most appropriate in the circumstances.

Management, under the supervision of and the participation of the President and Chief Financial Officer, have a process in place to evaluate disclosure controls and procedures and internal control over financial reporting as required by Canadian securities regulations. We, as President and Chief Financial Officer, will certify our annual filings with the CSA as required in Canada by National Instrument 52-109.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the condensed consolidated interim financial statements. The Board carries out this responsibility principally through its Audit Committee which is independent from management.

The Audit Committee is appointed by the Board of Directors and reviews the consolidated financial statements and MD&A; considers the report of the external auditors; examines the fees and expense for audit services; and recommends to the Board the independent auditors for appointment by the shareholders. The independent auditors have full and free access to the Audit Committee and meet with the Audit Committee to discuss their audit work, the Company's internal control over financial reporting and financial reporting matters. The Audit Committee reports its findings to the Board for consideration when approving the condensed consolidated interim financial statements for issuance to the shareholders.

This Management's Discussion and Analysis ("**MD&A**") of the financial position and results of operations of International Battery Metals Ltd., (the "**Company**" or "**IBAT**") should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended January 31, 2020, and the related notes contained therein. 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 June 24, 2020.

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 an advanced technology company that is developing technologies for the extraction and processing of lithium from various sources. The objective of management is to maximize shareholder value by developing lithium extraction technologies as well as lithium resource properties and attempting to produce lithium in a cost-effective and ecologically sound manner. The Company's head office is located at 625 Howe Street, Suite 1140, Vancouver, British Columbia, V6C 2T6 and the Company's registered and records office is located at 595 Burrard Street, Suite 2600, Three Bentall Centre, Vancouver, British Columbia V6C 1A5.

The Company was incorporated under the Business Corporations Act (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 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 on the Canadian Securities Exchange under the symbol "IBAT".

On April 12, 2018, the Company closed an 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 acquired NAL's data, analysis and reports related to lithium extraction from oil field brines for petro-lithium extraction projects.

On June 11, 2018, the Company filed for patent protection at the U.S. Patent and Trademark Office (USPTO) for a novel process to produce high purity lithium products that do not rely on electrolysis. This patent application, along with previous applications will protect directly IBAT's extraction and production process in the United States as the Company also prepares to file the application internationally.

On August 20, 2018, the Company retained IMPACT Technology Development ("IMPACT") to help facilitate the engineering, design, and construction of its first proprietary mobile lithium extraction unit. By November 6, 2018, IMPACT had completed its Phase 2 of engineering study, design, and cost analysis, and on December 5, 2018, a successful live demonstration of the Company's lithium extraction technology was performed.

On November 8, 2018, the Company entered into a licensing agreement (the "Licensing Agreement") with Ensorcia Metals Corporation ("Ensorcia") and its wholly-owned subsidiary, Sorcia Minerals LLC ("Sorcia"), whereby the Company will license its novel lithium extraction technology to Sorcia for use in extracting Lithium Carbonate from lithium bearing brine sources in the country of Chile.

On November 20, 2018, the Company entered into a second licensing agreement with Ensorcia and its wholly-owned subsidiary, Ensorcia Argentina LLC ("EAL"), whereby the Company will license its lithium extraction technology to EAL for use in the extraction of lithium chloride from lithium bearing brine sources in the country of Argentina.

During the year ended January 31, 2020, the Company was actively working to finalize the engineering and was sourcing equipment and fabricators to build the initial mobile extraction unit. The Company continues to raise funds and explore various additional financing alternatives for the project. The Company continues to be engaged in patent applications for its lithium extraction intellectual property.

Overall Performance

The key factors pertaining to the Company's overall performance for the year ended January 31, 2020 are as follows:

The Company had a working capital deficit of $1,327,381 as at January 31, 2020, as compared to a working capital surplus of $57,895 as at January 31, 2019. The reason for this decrease in working capital is primarily due to the derivative liability of $1,087,855 that arose from warrants being issued with an exercise price in USD, an increase in trade payables and other liabilities of $132,879, and $238,032 paid for deferred asset acquisition costs.

The Company incurred a net comprehensive loss of $2,379,555 for the year ended January 31, 2020, as compared to a net comprehensive loss of $5,353,590 for the year ended January 31, 2019. The primary reasons for the decrease in net comprehensive loss was due to a decrease in general administrative costs from a reduction in activity during the year ended January 31, 2020, specifically relating to advertising and promotion, consulting fees and professional fees.

The Company has negative operating cash flow and its level of operations has been determined by the availability of capital resources. Cash used in operating activity for the year ended January 31, 2020 was $1,367,347 compared to cash used in operating activity for the year ended January 31, 2019 of $3,613,162. The reason for the decrease in cash used in operating activities during the period relates primarily to the decrease in net loss due to a reduction in operational activity for the year ended January 31, 2020.

Going Concern

As at January 31, 2020, the Company had net working capital deficit of $1,327,381. The accompanying financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for the accompanying financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material. There is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds will be required to enable the Company to pursue such an initiative, and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. Should the Company be unable to complete these plans to obtain additional financing and be unable to continue as a going concern, the Company may be forced to cease operations.

Acquisition

On April 12, 2018, the Company closed an 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 acquired (i) NAL's data, analysis and reports related to lithium extraction from oilfield brines for petro-lithium extraction projects for consideration of US$875,000 cash and (ii) 100% of the outstanding shares of SAL, which holds intellectual property for consideration of up to 25,309,488 common shares of the Company (the "Acquisition"). As part of the exchange, 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 and salars.

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 sulphate 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 pre-treatment and exceedingly low chemical consumption. The unique equipment design also allows rapid implementation, minimizing traditional lag time for bringing resources on line.

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

The 25,309,488 in share-based consideration for the acquisition is in the form of 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 12, 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 (issued on November 7, 2018)	5,536,496

During the year ended January 31, 2019, the company applied deferred acquisition costs of $703,277, inclusive of an initial cash payment of US$575,000, to the asset purchase and the balance of the US$875,000 consideration for the Acquisition being $459,025 (US $350,000) was paid. The Company issued 4,700,000 common shares with a fair value of $2,256,000 on the date of closing the acquisition.

The remaining shares are contingently issuable, and their fair value was estimated using a probability-weighted analysis based on the probability of achieving the Milestones. The resulting valuation was recorded as obligation to issue shares of $3,201,185. On November 7, 2018, the Company issued 5,536,496 Milestone shares and transferred $2,657,734 from obligation to issue shares to share capital.

The Company incurred an additional $50,000 in costs associated with the closing of the Acquisition and is required to issue a finder's fee of 100,000 common shares, valued at $48,000. As at January 31, 2020, the Company has yet to issue these shares and has recorded an obligation to issue shares of $48,000.

On April 12, 2018, upon completion of the Acquisition, the Company acquired certain intellectual property (the "Intellectual Property"), from the shareholders of SAL. The acquisition of SAL was considered an acquisition of assets for accounting purposes and the Intellectual Property acquired was recorded at $6,717,487. The total cost capitalized for the intellectual property asset acquisition is as follows:

		Total
Purchase price:		
Performance shares	$	2,256,000
Shares contingently issuable on achieving milestones		3,201,185
Finder's fee		98,000
Transaction costs		1,162,302
Total cost capitalized to intangible assets	$	6,717,487

During the year ended January 31, 2020, the Company recorded amortization of $671,747 based on an estimated useful life of 10 years. As of January 31, 2020, the Intellectual Property had a net book value of $5,502,820. A continuity of the Company's intangible assets is as follows:

		Intellectual Property		Total
Cost				
Balance, January 31, 2018	**$**	-	**$**	-
Additions		6,717,487		6,717,487
Balance, January 31, 2019 and January 31, 2020	**$**	6,717,487	**$**	6,717,487
Accumulated Amortization				
Balance, January 31, 2018	$	-	$	-
Amortization		542,920		542,920
Balance, January 31, 2019		542,920		542,920
Amortization		671,747		671,747
Balance, January 31, 2020	**$**	**1,214,667**	**$**	**1,214,667**
Net Book Value				
At January 31, 2019	**$**	**6,174,567**	**$**	**6,174,567**
At January 31, 2020	**$**	**5,502,820**	**$**	**5,502,820**

Lithium Extraction Technology Development

Licensing Agreement with Ensorcia Metals Corporation

On November 8, 2018, the Company entered into a licensing agreement with Ensorcia Metals Corporation ("Ensorcia") and its wholly-owned subsidiary, Sorcia Minerals LLC ("Sorcia"), whereby the Company will license its novel lithium extraction technology to Sorcia for use in extracting Lithium Carbonate from lithium bearing brine sources in the country of Chile (the "Territory").

In addition, the Licensing Agreement appoints the Company as the exclusive provider to Sorcia and its Affiliates of technology, systems and equipment for the extraction of lithium salts from brine within the Territory as well as all design, installation, operation and maintenance services within the Territory with respect to systems and equipment for the extraction of lithium salts from brine. The economic viability and technical feasibility regarding any of the Chilean projects has not been established at this time. The counterparties of the license agreement are not related parties.

As consideration for entering into the Licensing Agreement the Company will receive a six percent royalty (6%) on the netback sales price of all products produced and sold using the Licensed Technology and has been granted a ten percent (10%) common membership interest in Sorcia. The Company issued to Ensorcia 1,000,000 common share purchase warrants (the "Warrants") exercisable for two years from January 1, 2019 at an exercise price of $0.163 per Warrant share.

On November 20, 2018, the Company entered into its second licensing agreement (the "Licensing Agreement") with Ensorcia Metals Corporation ("Ensorcia") and its wholly-owned subsidiary, Ensorcia Argentina LLC ("EAL"), whereby the Company will license its lithium extraction technology to EAL for use in the extraction of lithium chloride from lithium bearing brine sources in the country of Argentina (the "Territory"). The resulting lithium chloride will be converted to lithium carbonate and or lithium hydroxide. It may also be exported as a feed stock.

In addition, the Licensing Agreement appoints the Company as the exclusive provider to EAL and its Affiliates of technology, systems and equipment for the extraction of lithium salts from brine within the Territory as well as all design, installation, operation and maintenance services within the Territory with respect to systems and equipment for the extraction of lithium salts from brine.

The economic viability and technical feasibility regarding any of the Argentinian projects has not been established at this time. As consideration for entering into the Licensing Agreement the Company will receive a six percent royalty (6%) on the netback sales price of all products produced and sold using the Licensed technology and has also been granted a ten percent (10%) common membership interest in EAL.

Chile has some of the world's richest lithium bearing salars, and this alliance with Sorcia in the heart of the "Lithium Triangle" is a huge advantage. One of the Company’s goals is to produce commercially viable technology with the smallest environmental footprint possible. That technology is designed to extract lithium without the use of traditional evaporation ponds and our process does not add anything to the source brine, so it can be returned to the salar aquifer after the extraction of the lithium. This feature is believed to be essential in order to sustain delicate salar environments, to have minimal impact on both salar ecology and local indigenous people.

The Company’s approach to lithium extraction will utilize portable extraction units designed to be deployed faster, cheaper and with far fewer environmental impacts than more traditional techniques for lithium production.

Mobile Lithium Extraction Unit

On August 20, 2018, the Company retained IMPACT Technology Development ("IMPACT") to help facilitate the engineering, design, and construction of its first proprietary mobile lithium extraction unit.

IMPACT has a qualified team of chemical engineers and chemists who specialize in developing, scaling-up, and commercializing chemical process technologies. Their services range from research and lab pilot testing in their R&D facility in Devens, MA through to a full commercial scale engineering design package ready for engineering procurement and construction implementation. Their unique "one-stop-shop" of process development & engineering services has helped over 250 clients in the last 20 years launch their new process technologies worldwide.

On November 6, 2018 IMPACT had completed its Phase 2 Engineering Report covering engineering study, design, and cost analysis, and on December 5, 2018, a successful live demonstration of the Company's lithium extraction technology was performed.

This system will provide enough capacity to produce commercial quantities of high purity 40% LiCl and provides significant environmental advantages:

1. Unlike evaporative processes that can damage sensitive salars, such as those found in South America, IBAT's process does not evaporate water from the brine. Instead, it extracts lithium from the brine and returns it back to the resource. This maintains the resource water balance and protects delicate ecosystems.

2. IBAT's process does not utilize any solvents or foreign chemicals that will alter the brine chemistry. This feature is important to the protection of resource ecology. Returning brine to the resource could be questionable if the return brine is contaminated with organic solvents or other chemicals that are not native to the ecosystem.

3. IBAT's process is designed to recycle approximately 95% of its process water. IBAT's water recovery system will be particularly important in desert areas such as South American Salars, and areas where potable ground water is in short supply.

Management is very pleased with the Engineering Report that IMPACT has provided. The work was timely and thorough, and the engineering refinements to the Company's design will create additional value to the Company and the industry.

Live Demonstration of Lithium Extraction Technology

On December 5, 2018, in conjunction with its South American partner, Sorcia Metals Corp, the Company performed successful live demonstration of its lithium extraction technology to Chilean and Argentinean stake holders. The demonstration was conducted at the labs of Impact Technology Development in Devens, Massachusetts and livestreamed to South American partners.

The results of the test demonstrated greater than 90% extraction of lithium from a generic brine that is typical of commercial South American resources. The lithium chloride ("LiCl") produced during the demonstration showed greater than 90% rejection of all brine impurities, including sodium, magnesium, and potassium. The test also demonstrated that the post extraction composition of the source brine was essentially unchanged, except for the removal of the lithium.

During the Company's extraction process, trace impurities are removed from the intermediate solution and the lithium is concentrated to 40% LiCl. No chemicals are utilized in this process and greater than 95% of the process water is recycled. The water recovery system will be particularly useful in desert areas such as South American Salars, and areas where potable ground water is in short supply. Unlike conventional processes that are employed in Chile and Argentina, this process does not evaporate water from the brine. Instead, it extracts the lithium from the brine which is returned to the resource. This feature helps to maintain the resource water balance and help protects solar ecosystems.

Selected Annual Information

The following table sets forth summary financial information for the Company for the years ended January 31, 2018, 2019, and 2020. This information has been summarized from the Company's audited consolidated financial statements for the same periods. This summary of financial information should only be read in conjunction with the Company's consolidated interim financial statements, including the notes thereto.

		Year ended January 31, 2020 (audited)	Year ended January 31, 2019 (audited)	Year ended January 31, 2018 (audited)
Total assets	$	6,152,628	6,740,010	983,126
Total revenues		-	-	-
Long-term debt		-	-	-
General and administrative expenses		1,644,013	3,693,707	1,910,930
Net loss		2,374,599	5,346,297	2,969,969
Basic and diluted loss per share (1)	$	0.04	0.13	0.14

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

Results of Operations for the years ended January 31, 2020 and 2019

Expenses

Year ended		**January 31, 2020**		**January 31, 2019**	**Change $**	**Change %**
General and administrative:						
Amortization of property, plant and equipment	$	63,645	$	-	63,645	100%
Bank charges and interest		6,422		4,312	2,110	49%
Consulting fees		546,502		920,281	(373,779)	(41%)
Filing fees		32,280		58,552	(26,272)	(45%)
Foreign exchange loss		7,928		18,970	(11,042)	(58%)
Management fees, salaries and benefits		677,258		732,436	(55,178)	(8%)
Meals and entertainment		3,556		10,638	(7,082)	(67%)
Office and miscellaneous		28,966		58,862	(29,896)	(51%)
Professional fees		255,688		907,642	(651,594)	(72%)
Rent		21,768		86,810	(65,042)	(75%)
Share-based payments		-		826,048	(826,048)	(100%)
Travel		-		69,156	(69,156)	(100%)
Total general and administrative expense		1,644,013		3,693,707	(2,049,694)	(55%)
Advertising and promotion expense		158,308		970,798	(812,490)	(84%)
Amortization of intangible asset		671,747		542,920	128,827	24%

Loan interest	-	4,077	(4,077)	(100%)
Finance costs	4,042	134,795	(130,753)	(97%)
Change in fair value of derivative liability	(59,318)	-	59,318	100%
Other income	(44,193)	-	44,193	100%
Net loss	$ 2,374,599	$ 5,346,297	(2,971,698)	(56%)

The net loss for the year ended January 31, 2020 was $2,374,599 as compared to the net loss of $5,346,297 for the year ended January 31, 2019. The primary reasons for this decrease in net loss was due to less consulting, professional fees, and advertising and promotion expenses incurred during the year. Furthermore, there were no stock options granted during the year ended January 31, 2020. During the year ended January 31, 2019 the Company incurred higher finance costs due to a loan with Mackie which was fully accreted as of January 31, 2019. The decrease in net loss was partially off-set by an increase in amortization of intangible assets due to the intangible asset being amortized for a full year.

Changes from period to period can be explained primarily by the following factors:

- Consulting fees decreased by $373,779 during the year ended January 31, 2020 primarily due to a decrease in technical consultant costs to facilitate the development of lithium extraction technologies.

- The Company's management fees, salaries, and benefits during the year ended January 31, 2020 were $677,258 (2019 – $732,436). Management fees, salaries, and benefits decreased as during the year ended January 31, 2019 also included severance payments of $105,414 to two previous members of management. David Scott and John Ashburn resigned during the year ended January 31, 2020, resulting in less management fees paid.

- Professional fees consist of legal, accounting and audit fees. Professional fees decreased by $651,954 primarily due to a decrease in legal fees incurred for the year ended January 31, 2020.

- Rent decreased by $65,042 due to the adoption of IFRS 16. Lease payments for office space were re-classified against the addition of a lease liability on the balance sheet as of February 1, 2019 compared to the prior period. The right-of-use asset was depreciated by $63,645. Furthermore, the company earned rent revenue (included in other income) of $44,193 for the sub-lease of office space during the year ended January 31, 2020.

- There were no stock options granted during the year ended January 31, 2020 and a as a result, stock-based compensation expense decreased by $826,048.

- Advertising and promotion expense decreased by $812,490 during the year ended January 31, 2020 due to a decrease in promotional activity to attract investment from capital markets and promoting the Company's new lithium extraction technology.

- Amortization of intangible assets increased by $128,827 during the year ended January 31, 2020 due to the intangible asset being acquired during the year ended January 31, 2019 and being amortized for a full year in the current year compared to a partial year in the prior year.

- Finance costs decreased by $130,753 during the year ended January 31, 2020 due to a loan with Mackie which was fully accreted as of January 31, 2019.

Summary of Quarterly Results

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

	April 30, 2019	July 31, 2019	October 31, 2019	January 31, 2020
Revenue	-	-	-	-
Loss for the period	($515,865)	($524,562)	($722,158)	($612,014)
Loss per share - basic and diluted	($0.01)	($0.01)	($0.01)	($0.01)
Weighted average number of shares outstanding	50,441,879	50,441,879	54,515,377	59,338,914

	April 30, 2018	July 31, 2018	October 31, 2018	January 31, 2019
Revenue	-	-	-	-
Loss for the period	($1,024,982)	($1,609,744)	($1,238,767)	($1,472,804)
Loss per share - basic and diluted	($0.03)	($0.04)	(0.03)	($0.03)
Weighted average number of shares outstanding	32,396,457	44,090,166	44,905,383	50,020,624

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 loss of $612,014 for the quarter ended January 31, 2020, as compared to a loss of $1,472,804 for the quarter ended January 31, 2019. The decrease in loss was due to lower general and administrative expenses, particularly professional fees, consulting fees, and share-based payments.

- The Company incurred a loss of $722,158 for the quarter ended October 31, 2019, as compared to a loss of $1,238,767 for the quarter ended October 31, 2018. The decrease in loss was due to decreases in share-based payments, consulting fees and costs for advertising and promotion.

- The Company incurred a loss of $524,562 for the quarter ended July 31, 2019, as compared to a loss of $1,609,744 for the quarter ended July 31, 2018. The decrease in loss was due to decreases in share-based payments, consulting fees and costs for advertising and promotion.

- The Company incurred a loss of $515,865 for the quarter ended April 30, 2019, as compared to a loss of $1,024,982 for the quarter ended April 30, 2018. The decrease in loss was due to decreases in share-based payments, consulting fees and costs for advertising and promotion.

- The Company incurred a loss of $1,472,804 for the quarter ended January 31, 2019, as compared to a loss of $495,500 for quarter ended January 31, 2018. The primary reason for this increased loss was due to increased costs including advertising and promotion costs, consulting, management fees, salaries and benefits and the amortization of newly acquired intangible assets not incurred in the prior year's quarter.

- The Company incurred a loss of $1,238,767 for the quarter ended October 31, 2018, as compared to a loss of $1,665,808 for quarter ended October 31, 2017. The primary reason for this increased loss was due to increased costs including advertising and promotion costs, consulting, salaries and benefits, and management fees for the quarter versus the same period the year prior.

- The Company incurred a loss of $1,609,744 for the three-month period ended July 31, 2018 compared to a loss of $768,584 for the three-month period ended July 31, 2017. The primary reasons for the increase was an increase to consulting fees and severance costs for two members of management paid during the quarter versus the same period the year prior.

Transactions between Related Parties

The Company has identified its directors and certain officers as its key management personnel. Current directors and officers of the Company are as follows:

John Burba, Chief Executive Officer and Director
Logan Anderson, Chief Financial Officer and Director
David Ryan, Director
Rodger Cree, Director

On March 29, 2019 and April 18, 2019, the Company announced the resignation of David Ryan and Scott Young from the Board of Directors and as a result 200,000 stock options were forfeited.

On May 28, 2019, Rodger Cree and John F. Ashburn Jr. were appointed as directors of the Company.

On August 23, 2019, the Company announced the resignation of John Ashburn as Chief Legal Officer and a director, and, as a result, 800,000 stock options expired in November 2019.

On August 23, 2019, David Ryan was re-appointed as a director of the Company.

On October 29, 2019, David Scott did not stand for re-election as a director and ceased to be a director.

The remuneration of directors and other members of key management for the year ended January 31, 2020 and 2019 are as follows:

	For the year ended January 31, 2020	**For the year ended January 31, 2019**
Management fees, salaries and benefits [1]	$ 562,526	$ 546,342
Directors' fees [1]	55,000	51,000
Severance [1]	12,140	105,414
Retirement compensation [2]	-	40,000
Share-based payments	-	722,536
	$ 629,666	$ 1,465,292

[1] Included in management fees, salaries and benefits under general and administrative expense.
[2] Included in consulting fees under general and administrative expense.

The Company entered into the following related party transactions during the year ended January 31, 2020:

a) The Company paid or accrued management fees of $180,000 (2019 - $180,000) to Amteck Financial Corp., a company controlled by Logan Anderson, the Chief Financial Officer ("CFO") and director of the Company and directors' fees of $12,000 (2019 - $12,000) to Logan Anderson;
b) The Company paid or accrued salaries of $245,549 (2019 - $195,379) and directors' fees of to $12,000 (2019 - $10,000) to John Burba, the Chief Executive Officer ("CEO") and director of the Company;
c) The Company paid salaries of $136,977 (2019 - $170,964), severance of $12,140, and directors' fees of $3,000 (2019 - $Nil) to John Ashburn, the former Chief Legal Officer and director of the Company;
d) Included in advertising and promotion is $30,000 (2019 - $124,500) charged or incurred by Tuscanoro Marketing, a company controlled by David Scott, a former director of the Company;
e) Included in consulting fees is $Nil (2019 – $14,200) charged or incurred by David Scott, a former director of the Company;
f) The Company paid or accrued directors' fees of $9,000 (2019 - $9,000) to David Scott, a former director of the Company;
g) The Company paid or accrued directors' fees of $8,000 (2019 - $Nil) to Rodger Cree, a director of the Company;
h) The Company paid or accrued directors' fees of $8,000 (2019 - $6,000) to David Ryan, a director of the Company;
i) The Company paid or accrued directors' fees of $3,000 (2019 - $6,000) to Scott Young, a former director of the Company;
j) The Company paid directors' fees of $Nil (2019 - $7,000) to Jeremy Ross, a former director of the Company;
k) Included in consulting fees is $Nil (2019 – $1,800) charged or incurred by EduTerra Consulting, a company controlled by Fred Bonner, a former director of the Company and directors' fees of $Nil (2019 - $1,000);

During the year ended January 31, 2019, other related party transactions consisted of the following:

- $50,000 in cash finder's fees paid to and $48,000 obligation to issue shares to Amteck Financial Corp., a corporation controlled by Logan Anderson, the CFO of the Company, for the acquisition of SAL, capitalized to intangible assets as finder's fees;
- $105,414 in severance fees was paid upon termination of the employment contacts of two previous management members;
- Included in consulting fees is $40,000 in retirement compensation paid to Greywood Partners, a company controlled by Paul Pedersen, the former CEO of the Company.

Related Party Balances

At January 31, 2020, $18,000 (2019 - $6,607) was due to Logan Anderson, CFO and $7,875 (2019 - $Nil) was due to Amteck Financial Corp. and is included in trade payables and accrued liabilities for unpaid directors' and management fees. The amounts were unsecured, non-interest bearing and due on demand.

At January 31, 2020, $14,617 (2019 - $10,000) was due to John Burba, CEO and is included in trade payables and accrued liabilities for unpaid directors' fees and expense reimbursements. The amounts were unsecured, non-interest bearing and due on demand.

At January 31, 2020, $8,000 (2019 - $Nil) was due to Rodger Cree, Director, and is included in trade payables and accrued liabilities for unpaid directors' fees. The amounts were unsecured, non-interest bearing and due on demand.

At January 31, 2020, $Nil (2019 - $3,000) was due to David Ryan, Director, and is included in trade payables and accrued liabilities for unpaid directors' fees. The amounts were unsecured, non-interest bearing and due on demand.

At January 31, 2020, $Nil (2019 - $6,000) was due to David Scott, former Director, and is included in trade payables and accrued liabilities for unpaid directors' fees. The amounts were unsecured, non-interest bearing and due on demand.

At January 31, 2020, $Nil (2019 - $3,000) was due to Scott Young, former Director, and is included in trade payables and accrued liabilities for unpaid directors' fees. The amounts were unsecured, non-interest bearing and due on demand.

At January 31, 2020, the Company has an obligation to issue 100,000 shares valued at $48,000 (2019 – $48,000) to an entity controlled by Logan Anderson, CFO, as part of the closing bonus related to the acquisition of SAL.

Liquidity and Capital Resources

At January 31, 2020, the Company had cash of $393,224 (January 31, 2019 - $410,835) and net working capital deficiency of $1,327,381 (January 31, 2019 – working capital surplus $57,895). 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 during fiscal 2021.

The Company's cash is highly liquid and held at major financial institutions.

Increase (decrease) in cash for the years ended,				
		January 31, 2020		**January 31, 2019**
Operating activities	$	(1,367,347)	$	(3,613,162)
Investing activities		(238,428)		(509,025)
Financing activities		1,593,121		4,308,969
Total change in cash		(12,654)		186,782
Effect of foreign exchange rate changes on cash		(4,957)		(7,293)
Cash, beginning of the period		410,835		231,346
Cash, end of the period	$	393,224	$	410,835

Operating Activities

Cash used in operating activities primarily consist of general and administrative expenditures. The $2,245,815 decrease in the use of cash for operating activities is mainly attributable to the decrease in advertising and promotion and employee related costs such as salaries and benefits during the year ended January 31, 2020.

Investing Activities

Cash used in investing activities for the year ended January 31, 2020 was $238,428 for a deposit paid for reverse osmosis equipment. Prior period investing activities was attributable to the intellectual property acquisition.

Financing Activities

Cash of $1,593,121 provided by financing activities for the year ended January 31, 2020 was attributable to proceeds from private placements, offset by share issuance costs and monthly lease payments against the Company's lease liability. Proceeds from the financings will be used to file additional patent applications related to the Company's extraction process, and to pay outstanding accounts payable balances. Cash of $4,308,969 from financing activities for the year ended January 31, 2019 was attributable to the completion of several private placements for a total net proceeds of $4,508,969. Partial proceeds of $200,000 were used to pay off a loan acquired to complete the purchase of the intellectual property during the period ended January 31, 2019.

Additional Disclosure for Venture Issuers without Significant Revenue

During the year ended January 31, 2020 and 2019, the Company incurred the following expenses:

		2020		2019
Capitalized acquisition costs	$	-	$	6,174,567
Operating loss		2,474,068		5,207,425
	$	2,474,068	$	11,381,992

Please refer to Notes 6 and 7 of the consolidated financial statements for the year ended January 31, 2020 for a detailed description of the capitalized acquisition costs during the year ended January 31, 2019.

Use of Judgments, Estimates and Assumptions

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

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods are outlined below.

- Areas requiring a significant degree of estimation relate to the fair value measurements for financial instruments and share-based payments, the valuation of all liability and equity instruments including stock options, the recoverability and value of intangible assets and derivative liability, and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

Judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements are outlined below.

- The Company made critical judgements to determine the accounting treatment of the acquisition of SAL as an asset acquisition. The benefit of the Company acquiring SAL was the acquisition of its intellectual property. Management concluded that because SAL did not possess the necessary inputs and processes capable of producing outputs it did not meet the definition of a business as defined by IFRS. Accordingly, the transaction was accounted for as an acquisition of assets and the fair value of the consideration aid was allocated to the fair value of the assets acquired.

- Critical judgment is involved in determining whether there are any indications of impairment for the intangible assets and may require significant measurement uncertainty.

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

- Significant judgment is involved in evaluating whether milestone performance share payments in the acquisition of SAL were probable of being achieved at the time of acquisition and how to account for them in an asset acquisition. The Company recognizes the fair value of contingently issuable shares and has classified it as equity. Contingently issuable shares are measured at fair value based on management's best estimate of the probability of the attainment of specified milestones. Changes in management's estimate of the probability of achieving the specified milestones could have a material impact on the valuation of the contingently issuable shares.

- Management has accounted for the warrants issued in relation to its royalty agreement as a signing incentive and has recorded their value as a share-based compensation expense due to uncertainty of future royalty revenues.

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

Critical accounting policies are disclosed in the Company's annual audited consolidated financial statements for the year ended January 31, 2020.

Off-Balance Sheet Arrangements

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

Financial Instruments and Other Instruments

The carrying values of cash, amounts receivable, derivative liability, trade payables and other liabilities, and lease liability 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 amounts receivable. The Company manages its credit risk relating to cash by dealing only with high-rated financial institutions as determined by rating agencies. As at January 31, 2020, amounts receivable of $8,511 (2019 - $77,640) are due from a government agency. As a result, credit risk is considered insignificant. The Company does not consider any of its financial assets to be impaired.

Liquidity risk

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

As at January 31, 2020 the Company had working capital deficiency of $1,327,381 (January 31, 2019 – working capital surplus $57,895).

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and the U.S. dollar will affect the Company's operations and financial results. The operating results and financial position of the Company are reported in Canadian dollars.

As at January 31, 2020, if the value of the Canadian dollar had strengthened or weakened by 5% against the U.S. dollar, with all other variables held constant, comprehensive loss would have been approximately $2,000 lower or higher respectively.

Other risks

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

Risks

The material risk factors involved with the Company include, but are not limited to, the following:

Dependence on Key Personnel and Consultants

The success of the Company will be largely dependent upon the performance of its management and key employees. Failure by the Company to retain or to attract and retain additional key employees with necessary skills could have a materially adverse impact upon the Company's growth and profitability. These individuals, and the contributions they will make, are important to the future operations and success of the

Company. The unexpected loss or departure of any of the key officers, employees or consultants of the Company could be detrimental to the Company's future operations. The Company's success will depend in part on its ability to attract and retain qualified personnel, as they are needed. The competition for highly skilled technical, management, sales and other employees is high in the Company's industry and the cost of hiring and retaining such personnel has been increasing. There can be no assurance that the Company will be able to engage the services of such personnel or retain the Company's current personnel.

Changes in Industry Standards or Technology

The industry in which the Company will operate is subject to constant changes in industry standards and technology, frequent new product introductions, and evolving technical standards. Technological developments, or a substantial change in industry standards, may reduce the competitiveness of the Company's technology and require unbudgeted expenditures that could be expensive. The Company may be unable to develop and introduce new technology that satisfies requirements and achieves market acceptance in a timely manner or at all, the technologies where it has focused its research and development expenditures may not become commercially successful, and it may be unable to anticipate new industry standards and technological changes. The Company also may not be able to respond successfully to new product and service announcements and introductions by competitors. If it fails to adapt successfully to technological changes or fails to obtain access to important new technologies, the Company may be unable to retain customers, attract new customers or sell new products to its existing customers

Limited Operating History

The Company has had a limited history of operations and is in the early stage of development and must be considered a start-up. As such, the Company will be subject to many risks common to such enterprises, including start-up losses, lack and uncertainty of revenues, markets and profitability, under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources. The Company has a limited history of earnings and its limited operating history makes it difficult to predict how its business will develop and its future operating results. There is no assurance that any future products will generate earnings, operate profitably or provide a return on investment in the future and the likelihood of success and any potential return on a shareholder's investment must be considered in light of the Company's early stage of operations. The Company has no intention of paying any dividends in the foreseeable future.

Disruption of Services

The Company's engineering is done at third party facilities. It does not control the operations at the third-party facilities. All of these facilities are vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, terrorist attacks, power losses, telecommunications failures and similar events. They also could be subject to break-ins, computer viruses, denial of service attacks, sabotage, intentional acts of vandalism and other misconduct. The occurrence of a natural disaster or an act of terrorism, a decision to close the third-party facilities without adequate notice or other unanticipated problems could result in lengthy interruptions in the Company's services. Interruptions in the Company's ability to build the mobile Extraction System might harm its reputation, cause it to incur financial penalties, and subject it to potential liability.

Protection of Intellectual Property Rights

The industry in which the Company operates is characterized by vigorous protection and pursuit of intellectual property rights and positions, which may result in protracted and expensive litigation for many companies. The Company's commercial success depends, in part, upon the Company not infringing intellectual property rights owned by others. Some of the Company's competitors and other third parties may have been issued patents or filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Company in its products. Some of these patents may grant very broad protection to the owners of such patents. The Company cannot determine with certainty whether any existing third party patents, or the issuance of any third party patents, would require the Company to alter its technology, obtain licenses or cease certain activities.

Regardless of their merit, any lawsuits resulting from such allegations could subject the Company to significant liability for damages and invalidate the Company's proprietary rights; and any potential intellectual property litigation also could force it to do one or more of the following:

- stop selling products or using technologies that contain the allegedly infringing intellectual property;
- lose the opportunity to license the Company's technology to others or to collect royalty payments based upon successful protection and assertion of its intellectual property against others;
- incur significant legal expenses and spend time evaluating and defending any claims;
- divert management’s attention and focus away from the business;
- pay substantial damages to the party whose intellectual property rights the Company may be found to be infringing;
- expend significant resources to modify and redesign those products that contain the allegedly infringing intellectual property;
- cross-license the Company's technology to a competitor to resolve an infringement claim, which could weaken the Company's ability to compete with that competitor; or

Any significant impairment of the Company's intellectual property rights from any litigation the Company faces could harm the Company's business and its ability to compete. The Company may be prohibited from developing or commercializing certain technologies and products unless it obtains a license from a third party or pays costly royalties. There can be no assurance that the Company will be able to obtain any such license on commercially favourable terms, or at all. If the Company does not obtain such a license, its business, results of operations and financial condition could be materially adversely affected and the Company could be required to cease related business operations in some markets and to restructure its business to focus on operations in other markets.

Disclosure of Outstanding Securities Data

As at January 31, 2020, the Company had 63,371,166 common shares, 2,675,000 options, 20,895,364 warrants and 300,000 special units outstanding.

As at June 24, 2020, the Company had 63,371,166 common shares, 2,055,000 options and 13,579,287 warrants respectively.

Events After the Reporting Period

COVID-19

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company’s business activities. The extent to which the coronavirus may impact the Company’s business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

The Company has been delayed in finalizing the engineering and the sourcing of equipment and fabricators to build the initial mobile extraction unit for deployment in South America. As a result, the current proposed build of the first field unit is expected to be delayed. These delays resulted in the Company agreeing to extend the Ensorcia Licensing agreement until June 30, 2021 due to the various issues, delays, and problems created by the coronavirus. Outside of the delays in financing, engineering, and construction of the Company's first mobile unit caused by the coronavirus, there are no known specific trends likely to affect or impact the Company, including trends in the Company's market(s) or political/regulatory trends.

Proposed Transactions

Other than normal course review of monthly submittals, there are no other new acquisitions are 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 it's newly acquired intellectual property, and to generate revenue through licensing agreements for its intellectual property.

There are significant risks that might affect the Company's further development. These include but are not limited to 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 consolidated financial statements for the year ended January 1, 2020 and have been consistently followed in the preparation of the consolidated financial statement for the year ended January 31, 2020.

Accounting standards adopted effective February 1, 2019

IFRS 16 'Leases' ("IFRS 16")

Effective February 1, 2019, the Company adopted IFRS 16 which supersedes IAS 17 Leases ("IAS 17"). The Company has applied the new standard using the modified retrospective approach with no restatement of comparative periods. There were no adjustments to deficit as a result of adoption.

On adoption of IFRS 16, the Company recognized a lease liability in relation to a lease which had previously been classified as operating under IAS 17. The liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of February 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company applied the following practical expedients when adopting IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied the exemption not to recognize right-of-use assets and liabilities for leases where the lease term ends within 12 months of the date of initial application;
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight to determine the lease term where contracts contain options to extend or terminate the lease.

Under IFRS 16, the Company is required to assess the classification of a sublease with reference to the right-of-use asset, not the underlying asset. The Company has one sublease whereby the Company subleases a portion of its lease on a month-to-month basis. The sublease has been accounted for as an operating lease and rent payments are recognized as other income. On transition to IFRS 16, the Company did not recognize any lease assets or liabilities as its operating leases had a remaining term of less than 12 months from the date of initial application.

Accounting Standards and Amendments Issued but Not Yet Effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.