INTERNATIONAL BATTERY METALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended September 30, 2023

Dated November 16, 2023

INTERNATIONAL BATTERY METALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The preparation and presentation of the accompanying condensed interim 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 condensed interim 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 Chief Executive Officer 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 Chief Executive Officer 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 interim consolidated 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 condensed interim 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 interim consolidated 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 fourteen months ended March 31, 2023, the condensed interim consolidated financial statements for the three and six months ended September 30, 2023, 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 at https://thecse.com/en/listings/mining/international-battery-metals-ltd or on SEDAR at www.sedar.com. The Company's website is www.ibatterymetals.com.

This MD&A is current as of November 16, 2023.

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 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 and registered and records office is located at Royal Centre, Suite 1750 – 1055 W Georgia Street, Vancouver, BC V6E 3P3.

The Company was incorporated under the Business Corporations Act (British Columbia) on July 29, 2010.

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 28, 2017, the Company changed its name from Rheingold Exploration Corp. 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. The Company has also filed applications internationally in Chile, Europe, Canada, Australia, Hong Kong, and Argentina; Publication dates have been received for each of the foregoing Patent applications.

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 lithium extraction technology to Sorcia for use in the extraction of lithium salts from lithium bearing raw 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 salts from lithium bearing raw brine sources in the country of Argentina.

On January 24, 2022, the Company filed for patent protection at the USPTO for a Modular Extraction Apparatus. On March 23, 2022, the Company applied for patent protection at the USPTO for a Renewable Energy powered Modular Extraction System. On May 2, 2023, the Company applied for patent protection at the USPTO for a System and Method for producing Lithium Carbonate and Lithium Hydroxide.

During the fourteen months ended March 31, 2023, the Company completed the assembly of the initial mobile lithium extraction unit. The unit has completed preliminary systems and safety testing in the United States and the Company is in discussions with several brine resource holders in advance of operational deployment.

The Company has been issued the following patents for its lithium extraction intellectual property:

US Patent 11,498,031 Mobile Extraction Array with Brine Constituent Separation, Purification and Concentration, Nov 15, 2022.
US Patent 11,229,880 Modular Extraction Apparatus, January 25, 2022.
Chilean Patent 66652, Mobile Extraction Array with Brine Constituent Separation, Purification and Concentration, April 20, 2023.

On January 11, 2023, the Company announced that it has appointed Crowe MacKay LLP, as independent auditor of the Company, effective as of November 30, 2022. The successor auditor was appointed following the receipt by the Company on December 20, 2022, of a formal resignation of Davidson and Company LLP effective June 15, 2022.

On January 12, 2023, the Company's board of directors approved a change of year end from January 31 to March 31 at the request of the Company's auditor due to the auditor's resource constraints.

Overall Performance

The key factors pertaining to the Company's overall performance for the three and six months ended September 30, 2023, are as follows:

The Company had a working capital deficiency of $411,306 as at September 30, 2023, as compared to a working capital deficiency of $2,073,393 as at March 31, 2023. The reason for this increase in working capital is due to an increase in cash from $406,860 to $1,602,507 and increase in prepaid expenses from $372,702 to $1,087,703, partially offset by an increase in trade payables and other liabilities from $2,785,163 to $2,981,760.

The Company recorded a net and comprehensive loss of $2,733,766 for the three months ended September 30, 2023, as compared to net and comprehensive loss of $5,413,940 for the three months ended October 31, 2022. The primary reason for the decrease in net and comprehensive loss was due to a decrease in general and administrative expenses from $4,897,977 to $2,291,916, and an increase of foreign currency translation adjustments from negative $182,826 to negative $105,575. This is partially offset by a decrease in the gain on write-off of accounts payable from $3,139 to $Nil.

The Company recorded a net and comprehensive loss of $7,132,023 for the six months ended September 30, 2023, as compared to net and comprehensive loss of $7,747,629 for the six months ended October 31, 2022. The primary reason for the decrease in net and comprehensive loss was due to a decrease in general and administrative expenses from $6,996,702 to $6,472,663, along with an increase in foreign currency translation adjustments from negative $171,943 to negative $22,638, and an increase in gain on write-off of accounts payable from $17,019 to $35,828. This is partially offset by a decrease in the gain on debt settlement from $76,548 to $Nil.

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 activities for the six months ended September 30, 2023, was $4,224,674 compared to cash used in operating activities for the six months ended October 31, 2022, of $3,483,206. The increase in cash used in operating activities primarily relates a decrease in unrealized foreign exchange loss of $1,234,323, a decrease in trade payables and other liabilities related to operating activities of $1,121,872, and an increase in prepaid expenses relating to operating activities of $306,894, which is partially offset by a decrease in net loss of $466,301, an increase in share-based payments of $786,279, an increase in share issued for services of $484,000, and a decrease in accounts receivable of $68,143.

Going Concern

As at September 30, 2023, the Company had net working capital deficit of $411,306. The accompanying condensed interim consolidated 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 condensed interim consolidated financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material. 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 significant 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.

The Company's business financial condition and results of operations may be negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. In response to the military action by Russia, various countries, including Canada and the United States, issued broad-ranging economic sanctions against Russia. The ramifications of the hostilities and sanctions may not be limited to Russia and Ukraine and may spill over to and negatively impact other regional and global economic market and on various sectors, industries and markets for securities and commodities globally.

While the Company expects any direct impacts, of the war in the Ukraine, to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future. As a result, there always exists uncertainty that causes significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

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").

At the closing of the asset purchase transaction the Company issued 4,700,000 common shares to NAL with a fair market value of $2,256,000 as of the date of closing the asset purchase transaction. As part of the transaction, the Company also granted a 5% production income royalty to NAL on future product income.

NAL is a California corporation that 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. While there may be a need to pretreat the brine to remove suspended solids and processes employed to ensure residual levels of hydrocarbon are undetectable, there is no need to pretreat the brine to remove divalent cations such as calcium or magnesium. The process is lithium selective rejecting anions such as sulphate and borate, leaving them in the brine as it flows through the process. Lithium chloride is removed, and the remaining brine can be injected back into the ground through an environmentally permitted well.

The output of these patented processes is a clean lithium salt solution that is suitable for further processing to desired products. Additionally, the process and patented modular equipment is specifically designed to be compatible with the demands of remote oilfield, dedicated brine well and salar operations.

IBAT's technology provides significant advantages including significant cost savings due to minimal brine pre-treatment and very low chemical consumption. The unique equipment design also allows rapid implementation, minimizing traditional lag time for bringing resources online.

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 additional 20,609,488 in share-based consideration for the acquisition in the form of milestone shares ("Milestone Shares") was issued upon SAL achieving certain milestones (the "Milestones") as follows:

Milestone	**Number of Performance Milestone Shares to be issued**
i) Shares upon SAL and the Company filing three US or foreign patent applications with respect to intellectual property (filings completed)	4,000,000
ii) Shares upon SAL and the Company filling three additional patents with respect to intellectual property (filings completed)	5,536,496
iii) Shares upon SAL and the Company filling three additional patents with respect to intellectual property (filings completed)	5,536,496
iv) Shares upon the Company completing either of the following: one or more private placement 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 (Milestone Shares issued on November 7, 2018)	5,536,496

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

During the twelve months ended January 31, 2022, the Company satisfied all Milestones related to the original acquisition of assets. As a result, the fair value of the obligation of the Milestone Shares was re-valued to $5,426,022. The increase in the fair value of the Milestone Shares of $4,882,571 has also been reflected as an addition to the Company's Intellectual Property. On February 7, 2023, the balance of 15,072,992 Milestone Shares were issued to the shareholders of NAL and $5,426,022 was transferred from obligation to issue shares to share capital.

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 Company incurred an additional $50,000 in costs associated with the closing of the Acquisition and was required to issue a finder's fee of 100,000 common shares valued at $48,000. During the year ended January 31, 2021, the Company issued these shares and transferred $48,000 from obligation to issue shares to share capital.

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 twelve months ended January 31, 2022, the Company satisfied the remainder of the Milestones. As a result, the fair value of the obligation the remaining Milestone Shares was re-valued to be $5,426,022. During the three and six months ended September 30, 2023, the Company recorded amortization of $336,106 and $672,212 (October 31, 2022 - $336,107 and $672,213), respectively. As of September 30, 2023, the Intellectual Property had a net book value of $6,089,142 (March 31, 2023 - $6,761,354).

During the twelve months ended January 31, 2022, the Company was granted a patent for the Intellectual Property and capitalized $13,519 of cost incurred to obtain the patent. During the three and six months ended September 30, 2023, the Company recorded amortization of $169 and $338 (October 31, 2022 - $169 and $338) respectively, based on an estimated useful life of 20 years. As of September 30, 2023, the patent had a net book value of $12,314 (March 31, 2023 - $12,652).

A continuity of the Company's intangible assets is as follows:

Cost		Intellectual property – SAL		Patent		Total
Balance, January 31, 2022	$	11,600,058	$	13,519	$	11,613,577
Additions		-		-		-
Balance, March 31, 2023		11,600,058		13,519		11,613,577
Additions		-		-		-
Balance, September 30, 2023	**$**	**11,600,058**	**$**	**13,519**	**$**	**11,613,577**

Accumulated Amortization		Intellectual property – SAL		Patent		Total
Balance, January 31, 2022	$	3,270,210	$	78	$	3,270,288
Amortization		1,568,494		789		1,569,283
Balance, March 31, 2023		4,838,704		867		4,839,571
Amortization		672,212		338		672,550
Balance, September 30, 2023	**$**	**5,510,916**	**$**	**1,205**	**$**	**5,512,121**

Net Book Value		Intellectual property – SAL		Patent		Total
At March 31, 2023	$	6,761,354	$	12,652	$	6,774,006
At September 30, 2023	**$**	**6,089,142**	**$**	**12,314**	**$**	**6,101,456**

Lithium Extraction Technology Development

Licensing Agreements 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 salts from lithium bearing raw brine sources in the country of Chile.

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.

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 was 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 February 4, 2021, the Company exchanged its ten percent (10%) interest in Sorcia for a ten percent (10%) participation interest in Sorcia's future resource projects or lithium extraction facility where IBAT licensed rights are utilized.

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.

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 was also granted a ten percent (10%) common membership interest in EAL. On February 4, 2021, the Company exchanged its ten percent (10%) interest in EAL for a ten percent (10%) participation interest in EAL's future resource projects or lithium extraction facility where IBAT licensed rights are utilized. The definition of participation interest is to be agreed upon and calculated at the time any future resource projects are negotiated. By way of example, if a 50:50 joint venture is anticipated, the parties will reserve 10% participation interest for the Company, with the other signatories to the agreement each receiving a 45% interest.

Due to regulatory issues in Chile and Argentina, the deployment of the initial mobile extraction unit on those territories has been delayed. The Company extended the Licensing agreements on February 21, 2023, to until December 31, 2028, due to the various issues, delays, and problems in securing a contract to deploy the mobile extraction unit in Chile and Argentina. The Company has completed the engineering and fabrication of the first field unit and is expecting to deploy the first mobile extraction unit in the United States.

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 "one-stop-shop" for 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.

Scaled to current size, management believes the IBAT system will provide sufficient capacity to produce commercial quantities of high purity 40% LiCl while providing significant environmental advantages:

1. 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.

2. IBAT's process is designed to recycle approximately 95% of its process fresh water; the residual 5% is lost to evaporation from steam boilers used in the process of extraction. IBAT's water recovery system will be particularly important in desert areas and areas where potable ground water is in short supply.

The IMPACT Engineering Report was timely and thorough. Management believes their work contributed engineering refinements to the Company's design, and thereby provided additional value to the Company and the industry.

Live Demonstration of Lithium Extraction Technology

On December 5, 2018, the Company successfully performed a live demonstration of its lithium extraction technology. The demonstration was conducted at the labs of Impact Technology Development in Devens, Massachusetts.

The results of the test demonstrated greater than 90% extraction of lithium from a generic brine from South America/. The lithium chloride ("LiCl") produced during the demonstration resulted in a concentration of lithium to 40% of LiCl and greater than 90% rejection of all brine impurities, including sodium, magnesium, and potassium. Subsequent tests of enhancements to the system confirmed trace impurities are removed from the intermediate solution. Tests have also demonstrated that the post extraction composition of the source brine is essentially unchanged, except for the removal of the lithium.

Unlike evaporative processes that have been documented to damage sensitive desert salars typical to South America, IBAT's process does not concentrate salts utilizing open air ponds to evaporate water from the brine. Nor does the process consume vast quantities of fresh water to rinse out impurities, or to dilute acids or bases or other chemical agents introduced into the process of extraction which are typically found in Ion Exchange DLE or Solvent Exchange technologies or in open pit hard-rock lithium mining operations. Instead, it extracts lithium from the brine allowing the brine to be returned to the aquifer resource using permitted reinjection wells. This maintains the brine resource water balance while avoiding the construction of new large acreage ponds and/or enabling restoration of salar or other evaporative ecosystems. As well, Management believes its direct lithium extraction technology can be easily applied to extracting lithium chloride from the Salton Sea basin of California and the Smackover region of the US. And, that the technology holds the promise of reducing the reliance on open pit mining, both current and contemplated in Australia, Canada and elsewhere, while potentially providing lithium independence to the US and other countries in the world where lithium bearing salt brine aquifers are located.

Construction of Mobile Lithium Extraction Unit

During the year ended January 31, 2021, the Company, working in concert with Ensorcia Metals Corporation, began construction of its first commercially viable mobile lithium extraction unit (the "unit"). The unit will be used by the Company as a demonstration unit but is a commercial unit and will be easily scalable to generate higher outputs if needed. The final design and blueprints were developed for this unit by Practical Engineering Solutions LLC and future units will be based off this design.

During the fourteen months ended March 31, 2023, the Company successfully assembled the first commercial-scale Mobile Direct Lithium Extraction ("MDLE") plant. The unique modular design of the Company's lithium extraction plant allows for rapid plant deployment and onsite assembly. The plant, currently being shown to potential customers in Louisiana, was assembled over a ten-day period by a small, nine-man crew, demonstrating the versatility of the plant's design and the feasibility of moving the plant to remote lithium-bearing brine resources, or later moving the plant to other brine resources with higher concentration lithium brine which might be the case as original wells 'play out'.

The Company is anticipating that its patented modular design will allow access and a means to capitalize on geographically diverse and potentially remote lithium-bearing brine resources. Depending on lithium concentrations in the wellhead brine, which can range from 200 to 2000 PPM the current plant can produce 5,000 metric tons of commercial-grade LiCl, on a lithium carbonate equivalent basis, each year.

During the summer months of 2022, the existing IBAT plant was evaluated by a third-party engineering firm, SLR International Corporation ("SLR"). The purpose of the evaluation was to have a respected engineering firm confirm the IBAT LiCl plant capabilities. Below is an extract of the summary of SLR's conclusions and observations from the evaluation:

- The modules are robust and designed to oilfield standards of construction, comprising of process, piping, and electrical equipment associated with specific process packages, access platforms for operations and maintenance, and structural steel support frames to prevent the equipment from moving during transportation. The modules are designed to be lifted with a crane using installed pad eyes and loaded onto permit rated flatbed trailers for road transport to the site, to and from rail heads, and or to and from barges or ships for transport.

- The current plant configuration is designed to produce 5,738 tons (t) LiCl in solution per year (5,000) tons of lithium carbonate equivalent (Li2CO3eq) per year), from a brine with a lithium concentration of 1,800 g/t Li (1,800 ppm Li).

- Operational tests consisted of continuously processing the lithium bearing brine (containing 300 ppm Li) through the plant and monitoring the solution chemistry by sampling at regular intervals to determine the performance of the process equipment and the absorption media through multiple loading and elution cycles.

- Operation of the plant during absorption and elution cycles 10, 11 and 12, was observed during the site visit. The plant was operated according to the criteria presented in the appendix of this letter report. Estimated lithium extraction for the three cycles ranged from 72.6% Li to 87.5% Li with an average extraction of 81%. Estimated lithium recovery to product from brine feed was an average of 68.8% Li with the high level result up to an 89% Li total recovery.

Current period updates

During the three and six months ended September 30, 2023, the Company incurred a total of $1,396,333 and $2,210,435, respectively for the construction of the lithium extraction unit. The Company began construction of its first lithium extraction unit during the year ended January 31, 2021, and has incurred total costs of $35,159,369 as of September 30, 2023 (March 31, 2023 - $32,948,934). During the three and six months ended September 30, 2023, $Nil and $Nil (October 31, 2022 - $34,045 and $423,229), respectively was paid or accrued by EVL Holdings LLC ("EVL") to engineers, consultants, and fabricators on the Company's behalf. EVL are a related party to the Company by virtue of significant shareholdings. As the lithium extraction unit is not yet completed, no depreciation has been recorded. During the fourteen months ended March 31, 2023, construction of the lithium extraction unit was substantially completed.

A continuity of the Company's equipment is as follows:

Cost	Lithium Extraction Unit	Computer	Office Equipment	Total
Balance, January 31, 2022	$ 24,128,075	$ 2,421	$ -	$ 24,130,496
Additions	8,820,859	2,282	1,996	8,825,137
Balance, March 31, 2023	32,948,934	4,703	1,996	32,955,633
Additions	2,210,435	12,344	-	2,222,779
Balance, September 30, 2023	**$ 35,159,369**	**$ 17,047**	**$ 1,996**	**$ 35,178,412**

Accumulated Depreciation	Lithium Extraction Unit	Computer	Office Equipment	Total
Balance, January 31, 2022	$ -	$ 484	$ -	$ 484
Depreciation	-	1,059	216	1,275
Balance, March 31, 2023	-	1,543	216	1,759
Depreciation	-	883	200	1,083
Balance, September 30, 2023	**$ -**	**$ 2,426**	**$ 416**	**$ 2,842**

Net Book Value	Lithium Extraction Unit	Computer	Office Equipment	Total
Balance, March 31, 2023	$ 32,948,934	$ 3,160	$ 1,780	$ 32,953,874
Balance, September 30, 2023	**$ 35,159,369**	**$ 14,621**	**$ 1,580**	**$ 35,175,570**

Results of Operations for the three months ended September 30, 2023, and October 31, 2022

Expenses

		September 30, 2023		October 31, 2022	Change $	Change %
General and administrative:						
Advertising and promotion	$	24,446	$	(20,764)	45,210	(218%)
Accretion expense		2,474		3,950	(1,476)	(37%)
Bank charges and interest		5,124		2,256	2,868	127%
Depreciation		32,632		31,209	1,423	5%
Filing fees		50,979		(7,167)	58,146	(811%)
Foreign exchange loss (gain)		(118,075)		993,224	(1,111,299)	(112%)
Management fees, salaries and benefits		447,036		225,732	221,304	98%
Meals and entertainment and travel		88,325		21,404	66,921	313%
Office and miscellaneous		147,146		526,487	(379,341)	(72%)
Professional fees		1,096,370		1,185,839	(89,469)	(8%)
Rent		24,939		333,571	(308,632)	(93%)
Share-based payments		490,520		1,602,236	(1,111,716)	(69%)
Total general and administrative expense		(2,291,916)		(4,897,977)	(2,606,061)	(53%)
Amortization of intangible asset		(336,275)		(336,276)	1	0%
Gain on write-off of accounts payable		-		3,139	(3,139)	(100%)
Net loss	$	(2,628,191)	$	(5,231,114)	2,602,923	(50%)

The net loss for the three months ended September 30, 2023, was $2,628,191, as compared to a net loss of $5,231,114 for the three months ended October 31, 2022. The primary reasons for the decrease in net loss was due to a decrease in share-based payments of $1,111,716, a decrease in foreign exchange loss of $1,111,299, a decrease in office and miscellaneous of $379,341, a decrease in rent of $308,632, and a decrease in professional fees of $89,469 during the three months ended September 30, 2023. This was partially offset by a $221,304 increase in management fees, salaries and benefits.

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

- Share-based payments decreased by $1,111,716 during the three months ended September 30, 2023, due to the Company granting 320,902 stock options during the three months ended September 30, 2023, to management and directors of the Company with along with the vesting of stock options and restricted share units granted to management in previous periods. During the comparative period there were 600,000 stock options granted to management and employees of the Company with 300,000 of these stock options vesting during the comparative period.

- Foreign exchange loss decreased by $1,111,299 during the three months ended September 30, 2023, due to the fluctuations in the US dollar relative to the Canadian dollar as a significant portion of the Company's cash and trade payables and other liabilities are denominated in US dollars.

- Office and miscellaneous decreased by $379,341 during the three months ended September 30, 2023, due to a decrease in costs incurred for project expenses related to the final stages of production of the lithium extraction unit.

- Rent decreased by $308,632 during the three months ended September 30, 2023, which is primarily due to the Company renting an aircraft for more efficient travel to the site of the Company's lithium extraction unit during the comparative period.

- Professional fees decreased by $89,469 during the three months ended September 30, 2023, due to a decrease in legal fees incurred on obtaining patents for the Company along with general corporate matters, fees incurred on engineering services related to the final stages of production of the lithium extraction unit and accounting fees.

- Management fees, salaries and benefits increased by $221,304 during the three months ended September 30, 2023, due to a higher headcount of employees and higher average salary in the three months ended September 30, 2023, when compared to the comparative period.

Results of Operations for the six months ended September 30, 2023, and October 31, 2022

Expenses

		September 30, 2023		October 31, 2022	Change $	Change %
General and administrative:						
Advertising and promotion	$	30,133	$	52,258	(22,125)	(42%)
Accretion expense		5,397		5,331	66	1%
Bank charges and interest		7,582		7,452	130	2%
Depreciation		64,890		41,558	23,332	56%
Filing fees		56,639		31,808	24,831	78%
Foreign exchange loss (gain)		19,487		927,662	(908,175)	(98%)
Management fees, salaries and benefits		870,196		682,977	187,219	27%
Meals and entertainment and travel		146,223		87,149	59,074	68%
Office and miscellaneous		324,768		643,187	(318,419)	(50%)
Professional fees		2,072,838		1,947,839	124,999	6%
Rent		37,271		518,521	(481,250)	(93%)
Share-based payments		2,837,239		2,050,960	786,279	38%
Total general and administrative expense		(6,472,663)		(6,996,702)	524,039	(7%)
Amortization of intangible asset		(672,550)		(672,551)	1	0%
Gain on debt settlement		-		76,548	(76,548)	(100%)
Gain on write-off of accounts payable		35,828		17,019	18,809	111%
Net loss	$	(7,109,385)	$	(7,575,686)	466,301	(6%)

The net loss for the six months ended September 30, 2023, was $7,109,385, as compared to a net loss of $7,575,686 for the six months ended October 31, 2022. The primary reasons for the decrease in net loss was due to a $908,175 decrease in foreign exchange loss, a $481,250 decrease in rent, and a $318,419 decrease in office and miscellaneous during the six months ended September 30, 2023. This was partially offset by an increase in share-based payments of $786,279, an increase in management fees, salaries and benefits of $187,219, an increase in professional fees of $124,999, and a decrease in gain on debt settlement of $76,548.

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

- Foreign exchange loss decreased by $908,175 during the six months ended September 30, 2023, due to the fluctuations in the US dollar relative to the Canadian dollar as a significant portion of the Company's cash and trade payables and other liabilities are denominated in US dollars.

- Rent decreased by $481,250 during the six months ended September 30, 2023, which is primarily due to the Company renting an aircraft for more efficient travel to the site of the Company's lithium extraction unit during the comparative period.

- Office and miscellaneous decreased by $318,149 during the six months ended September 30, 2023, due to a decrease in costs incurred for project expenses related to the final stages of production of the lithium extraction unit.

- Share-based payments increased by $786,279 during the six months ended September 30, 2023, due to the Company granting 2,420,902 stock options during the six months ended September 30, 2023, to management, directors and employees of the Company along with the vesting of stock options and restricted share units granted to management in prior periods. During the comparative period there were 800,000 stock options granted to management and employees of the Company with 350,000 of these stock options vesting during the comparative period.

- Management fees, salaries and benefits increased by $187,219 during the six months ended September 30, 2023, due to a higher headcount of employees and higher average salary in the six months ended September 30, 2023, when compared to the comparative period.

- Professional fees increased by $124,999 during the six months ended September 30, 2023, due to an increase in legal fees incurred on obtaining patents for the Company along with general corporate matters, fees incurred on engineering services related to the final stages of production of the lithium extraction unit and accounting fees.

- Gain on debt settlement decreased by $76,548 during the six months ended September 30, 2023, due to the Company not recognizing any such gain on debt settlement during the six months ended September 30, 2023, while the Company recognized a gain on debt settlement of $76,548 during the comparative period.

Summary of Quarterly Results

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

	September 30, 2023	June 30, 2023	March 31, 2023	October 31, 2022
Revenue	$ -	$ -	$ -	$ -
Income (loss) for the period	$ (2,628,191)	$ (4,481,194)	$ (4,156,721)	$ (5,231,114)
Income (loss) per share – basic and diluted	$ (0.01)	$ (0.02)	$ (0.03)	$ (0.04)
Weighted average number of shares outstanding – basic	202,593,994	200,686,320	149,717,861	137,392,657
Weighted average number of shares outstanding – diluted	202,593,994	200,686,320	149,717,861	137,392,657

	July 31, 2022	April 30, 2022	January 31, 2022	October 31, 2021
Revenue	$ -	$ -	$ -	$ -
Income (loss) for the period	$ (2,344,572)	$ (5,424,561)	$ 1,714,895	$ (98,085)
Income (loss) per share – basic and diluted	$ (0.02)	$ (0.04)	$ 0.01	$ (0.00)
Weighted average number of shares outstanding – basic	136,273,092	135,124,777	130,026,125	126,401,332
Weighted average number of shares outstanding – diluted	136,273,092	135,124,777	132,058,238	126,401,332

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 net loss of $2,628,191 for the quarter ended September 30, 2023, as compared to a net loss of $4,481,194 for the quarter ended June 30, 2023. The decrease in net loss is primarily due to a $1,856,199 decrease in share-based payments due to the grant of 2,100,000 stock options and vesting of 1,900,000 options from the same grant in the comparative quarter, and a $255,637 decrease in exchange loss in the current quarter. This is partially offset by a $119,902 increase in professional fees, and a $45,319 increase in filing fees.

- The Company incurred a net loss of $4,481,194 for the three months ended June 30, 2023, as compared to a net loss of $4,156,721 for the five months ended March 31, 2023. The increase in net loss is primarily due to a $1,474,350 increase in share-based payments due to the grant of 2,100,000 stock options and vesting of 1,900,000 options from the same grant. This is partially offset by a $290,390 decrease in professional fees, a $241,944 decrease in management fees, salaries and benefits, a $224,182 decrease in amortization of intangible assets which are all due to the shorter period of three months compared to five months for the comparative period.

- The Company incurred a net loss of $4,156,721 for the five months ended March 31, 2023, as compared to a net loss of $5,231,114 for the previous quarter. The decrease in net loss is primarily due to a $812,416 decrease in foreign exchange loss due to the decrease in the US dollar relative to the Canadian dollar as a significant portion of the Company's trade payables and other liabilities are denominated in US dollars, a $729,867 decrease in share-based payments due to the vesting of 300,000 stock options in the previous quarter that were granted to the CEO and former President of the Company, a $291,657 decrease in professional fees due to a decrease in legal fees incurred on obtaining patents for the Company and a decrease in general corporate matters and engineering services related to the final stages of production of the lithium extraction unit. This is partially offset by a $439,372 increase in management fees, salaries and benefits due to the appointment of 3 new directors, a new CEO, a new interim CFO and additional new hires of staff as the Company's operations have increased, $390,676 increase in consulting fees due to the reclassification of consulting fees to different operating expense items on the consolidated statement loss and comprehensive loss during the prior quarter.

- The Company incurred a net loss of $5,231,114 for the quarter ended October 31, 2022, as compared to a net loss of $2,344,572 for the previous quarter. The increase in net loss is primarily due to a $1,153,512 increase in share-based payments due to 600,000 stock options being granted to the President of the Company late in the previous quarter along with $600,000 USD of restricted share units being granted to the President of the Company late in the previous quarter, a $1,058,786 increase in foreign exchange loss due to the increase in the US dollar relative to the Canadian dollar as a significant portion of the Company's trade payables and other liabilities are denominated in US dollars, and a $1,057,830 increase in professional fees due to an increase in legal fees incurred on obtaining patents for the Company along with general corporate matters, fees incurred on engineering services related to the final stages of production of the lithium extraction unit and accounting fees. This is partially offset by a $660,991 decrease in consulting fees due to the reclassification of consulting fees to different operating expense items on the consolidated statement of loss and comprehensive loss.

- The Company incurred a net loss of $2,344,572 for the quarter ended July 31, 2022, as compared to a net loss of $5,424,561 for the previous quarter. The decrease in net loss is primarily due to a $3,584,856 decrease in share-based payments due to 1,000,000 stock options being granted during the previous quarter compared to 200,000 stock options being granted during the current quarter and a $365,686 increase in foreign exchange gain. This is partially offset by a $276,457 increase in management fees, salaries and benefits as the Company appointed 3 new directors late in the prior quarter and also appointed a new President and a new interim CFO during the current quarter, a $237,510 increase in professional fees due to an increase in legal fees incurred on obtaining patents for the Company along with general corporate matters.

- The Company incurred a net loss of $5,424,561 for the quarter ended April 30, 2022, as compared to net income of $1,714,895 for the previous quarter. The increase in net loss is primarily due to a $3,780,356 increase in share-based payments due to 1,000,000 stock options being granted during the quarter, a $3,623,146 decrease in the change in fair value and derecognition of derivative liability arising from warrants with an exercise price in USD and a $257,288 increase in foreign exchange loss. This is partially offset by a $546,944 decrease in the amortization of intangible asset.

- The Company recognized net income of $1,714,895 for the quarter ended January 31, 2022, as compared to a net loss of $98,085 for the previous quarter. The increase in net income is primarily due to a $2,861,119 increase in the change in fair value and derecognition of derivative liability arising from warrants with an exercise price in USD. This is partially offset by a $713,902 increase in amortization of intangible asset and a $253,224 increase in share-based payments due to 320,000 stock options being granted with 80,000 of the stock options vesting during the quarter.

- The Company incurred a net loss of $98,085 for the quarter ended October 31, 2021, as compared to a net loss of $1,519,919 for the previous quarter. The decrease in net loss is primarily due to a $1,581,915 increase in the change in fair value and derecognition of derivative liability arising from warrants with an exercise price in USD and a decrease in share-based payments of $203,395 due to 400,000 stock options being granted in the prior quarter to directors and advisory board members. This is partially offset by a $167,910 increase in professional fees as more patent work was completed during the quarter and a $80,368 increase in consulting fees due to the Company's increased efforts for engineering work done on lithium extraction.

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, Director of Global Technology, Director and former Chief Executive Officer (until transition to Director of Global Technology on December 2, 2022)
Tony Colletti, former Interim President (appointed on March 2, 2022, through June 21, 2022) and Director (appointed on May 12, 2021)
Maria Echaveste, Director (appointed on March 2, 2022)
Foy Wyman Morgan, Director (appointed on March 2, 2022)
William M. Webster, Director (appointed on March 2, 2022)
Garry Flowers, Chief Executive Officer (appointed on December 2, 2022) and former President (appointed on June 21, 2022, until transition to Chief Executive Officer on December 2, 2022)
Daniel Christie, Chief Financial Officer (appointed on April 1, 2023)

The remuneration of directors and other members of key management for the three and six months ended September 30, 2023, and October 31, 2022, are as follows:

	Three months ended		Six months ended	
	September 30, 2023	October 31, 2022	September 30, 2023	October 31, 2022
Management fees, salaries and benefits [1]	$ 299,712	$ 372,563	$ 625,417	$ 662,557
Directors' fees [1]	108,745	97,810	209,113	176,075
Share-based payments [1]	521,668	1,228,619	2,578,444	1,228,619
	$ 930,125	$ 1,698,992	$ 3,412,974	$ 2,067,251

[1] Management fees, salaries and benefits, directors fees and share-based payments are included under general and administrative expense.

The Company has entered into agreements with officers that include termination and change of control clauses. In the case of termination and change of control, the officers are entitled to certain amounts payable. As at September 30, 2023, the Company had two of these types of agreements with officers of the Company that totaled annual base fees of $703,500. In the case of termination, the officers are entitled to an amount equal to $485,750 and a bonus payment equal to the pro-rata portion of annual or target bonus for the year. In a change of control, the foregoing applies as well as accelerated vesting of equity awards.

The Company entered into the following related party transactions during the three and six months ended September 30, 2023, and October 31, 2022:

a) The Company paid or accrued salaries of $110,483 and $218,121 (October 31, 2022 - $115,021 and $140,287), respectively, and granted share-based payments valued at $280,226 and $894,477 (October 31, 2022 - $1,228,619 and $1,228,619), respectively, to Garry Flowers, Chief Executive Officer ("CEO") and former President of the Company;
b) The Company paid or accrued $121,240 and $273,068 (October 31, 2022 - $Nil and $Nil), respectively, and granted share-based payments valued at $50,958 and $50,958 (October 31, 2022 - $Nil and $Nil), respectively, to Daniel Christie for the services performed by him as Chief Financial Officer ("CFO");
c) The Company paid or accrued salaries of $67,989 and $134,228 (October 31, 2022 - $66,585 and $130,917), respectively, granted share-based payments valued at $288,505 and $288,505 (October 31, 2022 - $Nil and $Nil), respectively, and directors' fees of $Nil and $Nil (October 31, 2022 – negative $5,000 and negative $2,000), respectively, to John Burba, the Director of Global Technology, director and former CEO of the Company;
d) The Company paid or accrued salaries and severance pay of $Nil and $Nil (October 31, 2022 - $1,562 and $78,550), respectively, and directors' fees of $25,497 and $50,589 (October 31, 2022 - $28,434 and $31,434), respectively, and granted share-based payments valued at $19,049 and $307,554 (October 31, 2022 - $Nil and $Nil), respectively, to Tony Colletti, a director and former interim president of the Company;
e) The Company paid or accrued directors fees of $25,497 and $50,589 (October 31, 2022 - $24,792 and $48,880), respectively, and granted share-based payments valued at $57,145 and $345,650 (October 31, 2022 - $Nil and $Nil), respectively, to Maria Echaveste, a director of the Company;
f) The Company paid or accrued directors fees of $25,497 and $50,589 (October 31, 2022 - $24,792 and $48,880), respectively, and granted share-based payments valued at $57,145 and $345,650 (October 31, 2022 - $Nil and $Nil), respectively, to Foy Wyman Morgan, a director of the Company;
g) The Company paid or accrued directors fees of $32,254 and $57,346 (October 31, 2022 - $24,792 and $48,880), respectively, and granted share-based payments valued at $57,145 and $345,650 (October 31, 2022 - $Nil and $Nil), respectively, to William M. Webster, a director of the Company;

During the three and six months ended September 30, 2023, and October 31, 2022, other related party transactions consisted of the following:

a) Included in general and administrative expenses is $Nil and $Nil (October 31, 2022 - $4,668 and $11,545), respectively, in advertising and promotion fees paid or accrued to the son of the Director of Global Technology, director and former CEO of the Company;
b) During the six months ended September 30, 2023, Sorcia exercised 422,498 warrants at $0.58 per share for gross proceeds of $245,049.
c) During the six months ended September 30, 2023, the Director of Global Technology, director and former CEO of the Company exercised 800,000 stock options at $0.19 per share for gross proceeds of $152,000.
d) During the six months ended September 30, 2023, the Company issued 400,000 common shares to Novak LLP in lieu of cash for services rendered by Novak LP.
e) During the six months ended September 30, 2023, the Company granted 2,000,000 stock options with exercise prices ranging from $1.12 to $1.22 for a period of four to five years to directors and officers of the Company.
f) During the six months ended September 30, 2023, the Company amended the exercise price of 1,600,000 stock options previously granted to officers and directors of the Company with exercise prices ranging from $3.50 to $4.37 per share to the greater of $1.12 per share and the greater of the trading price of the Company's common shares immediately proceeding the date of grant and the trading price of the Company's common shares on the date of grant. In order to amend the

exercise price of the 1,600,000 stock options, the Company cancelled 1,600,000 stock options on June 7, 2023, and issued replacement options on July 7, 2023, following a thirty day grace period at the amended exercise price of $1.41 per share, which was the trading price of the Company's common shares on the date of grant.

g) During the three and six months ended October 31, 2022, the Company granted 600,000 stock options exercisable at $3.50 for a period of five years to the CEO and former President of the Company.

h) During the six months ended October 31, 2022, the Company also granted $600,000 USD of restricted share units to the CEO and former President of the Company with $300,000 USD of the restricted share units vesting on July 1, 2023, and $300,000 USD of the restricted share units vesting on July 1, 2024. During the three and six months ended September 30, 2023, the Company cancelled the $600,000 USD of restricted share units previously granted to the CEO and former President of the Company and issued 220,902 replacement stock options with exercise price of $3.50 for a period until July 1, 2025.

Related Party Balances

On September 30, 2023, $114 (March 31, 2023 - $14,360) was due to John Burba, Director of Global Technology, Director and former CEO and is included in trade payables and other liabilities for unpaid directors' fees and expense reimbursements. The amounts were unsecured, non-interest bearing and due on demand.

On September 30, 2023, $Nil (March 31, 2023 - $3,346) was due to Garry Flowers, CEO and former President and is included in trade payables and other liabilities for expense reimbursements. The amounts were unsecured, non-interest bearing and due on demand.

On September 30, 2023, $19,509 (March 31, 2023 - $Nil) was due to Daniel Christie, CFO of the Company and is included in trade payables and other liabilities for unpaid management fees and expense reimbursements. The amounts were unsecured, non-interest bearing and due on demand.

On September 30, 2023, $8,486 (March 31, 2023 - $33,786) was due to Tony Colletti, Director and former interim President, and is included in trade payables and other liabilities for unpaid directors' fees. The amounts were unsecured, non-interest bearing and due on demand.

On September 30, 2023, $8,486 (March 31, 2023 - $33,786) was due to Maria Echaveste, Director and is included in trade payables and other liabilities for unpaid directors' fees. The amounts were unsecured, non-interest bearing and due on demand.

On September 30, 2023, $8,486 (March 31, 2023 - $33,786) was due to Foy Wyman Morgan, Director and is included in trade payables and other liabilities for unpaid directors' fees. The amounts were unsecured, non-interest bearing and due on demand.

On September 30, 2023, $10,184 (March 31, 2023 - $54,080) was due to William M. Webster, Director and is included in trade payables and other liabilities for unpaid directors' fees. The amounts were unsecured, non-interest bearing and due on demand.

On September 30, 2023, $963,956 (March 31, 2023 - $960,495) was due to EVL, a significant shareholder of the Company.

Liquidity and Capital Resources

On September 30, 2023, the Company had cash of $1,602,507 (March 31, 2023 - $406,860) and a net working capital deficit of $411,306 (March 31, 2023 – deficit of $2,073,393). 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 2024 in addition to the placement financing that occurred on April 21, 2023, for gross proceeds of US$5,000,000.

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

Increase (decrease) in cash for the six months ended,				
		September 30, 2023		**October 31, 2022**
Operating activities	$	(4,224,674)	$	(3,483,206)
Investing activities		(1,243,711)		(3,249,529)
Financing activities		6,686,546		1,230,331
Total change in cash		1,218,161		(5,502,404)
Effect of foreign exchange rate changes on cash		(22,514)		(164,365)
Cash, beginning of the period		406,860		7,740,260
Cash, end of the period	$	1,602,507	$	2,073,491

Operating Activities

Cash used in operating activities for the six months ended September 30, 2023, was $4,224,674. The increase in cash used in operating activities primarily relates a decrease in unrealized foreign exchange loss of $1,234,323, a decrease in trade payables and other liabilities related to operating activities of $1,121,872, and an increase in prepaid expenses relating to operating activities of $306,894, which is partially offset by a decrease in net loss of $466,301, an increase in share-based payments of $786,279, an increase in share issued for services of $484,000, and a decrease in accounts receivable of $68,143.

Investing Activities

Cash used in investing activities for the six months ended September 30, 2023, was $1,243,711, which consisted of $1,231,367 for costs incurred to build the lithium extraction unit and develop the final blueprints for the lithium extraction unit, and $12,344 incurred on additions to computer equipment. During the six months ended October 31, 2022, the Company spent $3,249,529 to build the lithium extraction unit and develop the final blueprints for the lithium extraction unit.

Financing Activities

Cash provided by financing activities for the six months ended September 30, 2023, was $6,686,546, which consisted of $6,761,580 proceeds from a private placement, $245,049 of proceeds from the exercise of 422,498 warrants, and $152,000 from the exercise of 800,000 options, which is partially offset by share issuance costs of $409,068 and principal lease payments of $63,015. During the six months ended October 31, 2022, the Company raised proceeds of $1,269,000 from the exercise of stock options and incurred principal lease payments of $38,669.

Use of Judgments, Estimates and Assumptions

The preparation of the Company's condensed interim 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 condensed interim 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:

- The Company has determined that intangible asset costs incurred which were capitalized have future economic benefits and will be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life. The amortization expense related to intangible assets is determined using estimates relating to the useful life of the intangible asset.

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

- Critical judgment is involved in determining whether there are any indications of impairment for the cash generating unit which include the intangible assets and equipment and may require significant measurement uncertainty. The Company reviews the carrying amounts of its equipment when events or changes in circumstances indicate the asset will not be recoverable. Determining the recoverable amount of the individual assets of the cash generating unit is subject to estimates and judgements.

- 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 and SAL is the Canadian dollar. The functional currency of its subsidiary, IBAT USA, Inc., has been determined to be the United States dollar.

- 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 considers 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 March 31, 2023.

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, other receivable, 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. The Company manages its credit risk relating to cash by dealing only with high-rated financial institutions as determined by rating agencies. 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 is exposed to liquidity risk. 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.

As of September 30, 2023, the Company had working capital deficit of $411,306 (March 31, 2023 – deficiency of $2,073,393).

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 of September 30, 2023, the Company held cash of approximately $1,454,772 and trade payables and other liabilities of $2,437,150 denominated in U.S. dollars. As at September 30, 2023, 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 $49,000 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 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 of September 30, 2023, the Company had 203,467,907 common shares, 9,419,402 options, and 9,730,332 warrants outstanding.

As of the date of this MD&A, the Company had 203,467,907 common shares, 9,419,402 options, and 9,730,332 warrants outstanding.

Contingency

In April 2021, former Company employees and directors and a company which they control, filed a complaint in the United States District Court for the District of Colorado against the Company for alleged wrongful dismissal and breach of a share exchange agreement. The complaint alleges non-payment of wages and benefits, appropriation of property and interference in outside employment. The Company is objecting to the complaint, has retained counsel to address and filed a countersuit alleging the counterclaim defendants diverted Company work to themselves and interfered with contractual relations. The amounts and outcome of the complaint cannot be determined at this time and has not been accrued for in the condensed interim consolidated financial statements for the three and six months ended September 30, 2023.

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, 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 the Company's significant accounting policies is included in Note 3 to the audited consolidated financial statements for the fourteen months ended March 31, 2023, and have been consistently followed in the preparation of the condensed interim consolidated financial statements for the three and six months ended September 30, 2023.

New Accounting Standards Issued but Not Yet Effective

Certain new accounting standards and interpretations have been issued but are not mandatory for the current period and have not been early adopted. The Company is currently assessing the impact of these standards and does not expect the impact to be material to the Company's current or future reporting periods.