INTERNATIONAL BATTERY METALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended December 31, 2023

Dated February 27, 2024

Notice to Reader

Please be advised that International Battery Metals Ltd., is refiling its managements discussion and analysis for the three and nine months ended December 31, 2023, and January 31, 2023, previously filed on February 27, 2024, as to permit certain amendments to be made to the remuneration of directors and other members of key management for the three and nine months ended December 31, 2023, and January 31, 2023.

In connection with the refiling of its managements discussion and analysis, International Battery Metals Ltd., will also be refiling its condensed interim consolidated financial statements for the three and nine months ended December 31, 2023, and January 31, 2023, previously filed on February 27, 2024, in compliance with National Instrument 51-102 Continuous Disclosure Obligations, and CEO and CFO certificates in compliance with National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings.

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 IFRS Accounting 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 Co-Chief Executive Officers 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 Co-Chief Executive Officers 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 nine months ended December 31, 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.sedarplus.ca. The Company's website is www.ibatterymetals.com.

This MD&A is current as of February 27, 2024.

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. (the, "Company") 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 and trades on the Canadian Securities Exchange under the symbol "IBAT.".

The Company's current operations consist of the development of a modular direct lithium extraction plant ("MDLE Plant") which can be rapidly deployed and assembled onsite at a customers' property. The MDLE Plant is designed to process brine solutions to extract lithium chloride which can be further processed into lithium carbonate and used for industrial purposes or as a battery component. The Company constructed the first MDLE Plant in Lake Charles, Louisiana where it performed feasibility testing and was made available for demonstration to potential customers. Additionally, the Company is developing a second generation MDLE Plant which will provide customers with the option to greatly increase the scale of the MDLE Plant's capacity to process brine solutions and increase lithium chloride production.

In January 2024, the Company entered a term sheet with a customer (the "Customer") to operate the first MDLE Plant at the Customer's location in the Western United States. The Company is currently mobilizing the MDLE Plant to the Customer's locations and anticipates that the MDLE Plant will be integrated into the Customer's facilities in March 2024 to commence phase one testing and acceptance. The Company is targeting an initial production capacity of sufficient lithium chloride to produce 4,000 metric tons of lithium carbonate per annum. The Customer has onsite facilities to convert the lithium chloride to lithium carbonate.

The Company and the Customer have agreed to optimize the MDLE Plant to double its capacity to support the production of 8,000 metric tons of lithium carbonate. The optimization will be accomplished by adding additional lithium extraction columns containing the Company's proprietary absorbent and increasing the valves, pumps and reverse osmosis system to manage the larger quantities of brine and production of lithium chloride.

Going Concern

At December 31, 2023, the Company's accumulated deficit was $51,864,091 and had a working capital deficit of $686,359. On January 11, 2024, the Company entered into a term sheet with the Customer to employ the Company's MDLE Plant in the Western United States. The Term Sheet provided that the Company would earn royalties based on the quantities of lithium carbonate produced and the prices that the customer received in the market and a schedule of equipment rentals. Additionally, the Term Sheet provides the customer with the option to purchase the MDLE Plant and apply all equipment rental payments as partial satisfaction of the purchase price. On February 20, 2024, the Company received a binding commitment from an investor to purchase 2,702,400 units, with the price of each unit being $1.00 and consisting of a common share of the Company and a two-year warrant with a strike price of $1.25, for proceeds of USD $2.0 million. The term sheet is subject to negotiating final definitive agreements and the commencement of operations with the Customer is subject contingencies such as weather delays, equipment availability, supply chain delays, and the availability of work crews to install the MDLE Plant. In the event the Company experiences delays for any of these factors, the Company may need to raise funds additional funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. Accordingly, there is a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Strategy and Industry Conditions

The Company is an advanced technology company that is developing technologies for the extraction and processing of lithium from various sources. The Company's strategy is to be the low-cost technology to process lithium and to have a significantly smaller environmental impact than our competitors and competing technologies. We believe the MDLE Plant design provides the following competitive advantages:

> ***Selectivity***. The proprietary absorbent utilized in our proprietary extraction columns is highly selective of lithium ions and screens for chloride ions which efficiently produces a lithium chloride solution by flushing the extraction columns with fresh water. Competing direct lithium extraction technologies use various combinations of selective membranes and ion exchanges, requiring alternating applications of acids and bases with less selectivity, resulting in having to run multiple cycles and generating excess salts as waste materials. Our process benefits from reduced cycles reducing energy consumption, eliminating the majority of chemicals cost, and avoiding the waste materials.
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> ***Modularity***. The modular design of our MDLE Plant provides an economic advantage based on our ability to customize the plant and lower fabrication cost. Customers can customize the MDLE Plant to meet the specific site requirements, modify MDLE Plant quantity of brine available and the concentration of lithium in the brine, and their desired level of production. Furthermore, the modularity allows the customers the option to scale up operations by adding additional modules in the future with little disruption to the operations. The modules are fabricated in manufacturing facilities which reduces costs from traditional onsite construction plants.
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> ***Water Conservation.*** Our MDLE Plant and extraction process has significant water conservation advantages for both the management of the brine aquafers and reduction of clean water usage. As our extraction process does not rely on acids and bases, the absorbent removes the lithium and allows the remaining brine to be injected back into the aquifer without further treatment. This has cost advantages over competitors using chemicals in their process as they must either dispose of the contaminated brine (reducing the brine aquifer), or further process the brine for reinjection. Additionally, for the clean water used to in our process, we are able to recycle approximately 98% of the water due to the efficiency of our reverse osmosis unit and the lack of chemicals in the process.

Management is focused on marketing the Company's technology to customers who have brine resources from existing chemical, mineral and metal production, and brine aquifer resource holders. These marketing efforts are focused near term on the Western United States, the Central United States area referred to as the Smackover formation, and Canada. Longer term, the Company will continue to monitor the markets in South American for potential opportunities.

The market for lithium and various lithium compounds is very volatile and subject to a complex global supply chain. The value of the different lithium compounds and different grades of purity can diverge significantly based on fluctuation in demand from different industrial sectors. In recent years, the lithium-ion battery market has been the primary driver of lithium demand and is anticipated to more than double by the year 2030. However, recent market forecast for demand associated with electrical vehicles market, a primary market for lithium-ion batteries, has declined as the rate of sales growth for electric vehicles has slowed. This has led to market perception that the lithium market is oversupplied and resulted in a dramatic decline in prices for lithium carbonate and lithium hydroxide, the primary lithium compounds used to produce lithium-ion batteries. We expect these market conditions to continue for the next year, which emphasizes the importance of being the low-cost lithium extraction technology.

Overall Performance

The key factors pertaining to the Company's overall performance for the three and nine months ended December 31, 2023, are as follows:

The Company had a working capital deficiency of $686,359 as of December 31, 2023, as compared to a working capital deficiency of $2,073,393 as of March 31, 2023. The improvement in working capital is primarily due the Company raising $9,668,632 in financing activities, net of costs, used to fund $5,669,034 of cash operating costs and $1,992,521 of capital expenditures and $281,291 of changes in operating assets and liabilities. As a result, cash on hand to fund operations increased from $406,860 to $2,131,835 as of December 31, 2023.

The Company recorded a net and comprehensive loss of $3,739,398 for the three months ended December 31, 2023, as compared to net and comprehensive loss of $2,151,952 for the three months ended January 31, 2023. The primary reason for the increase in net and comprehensive loss was due to an increase in general and administrative expenses from $1,871,988 to $3,407,144. This is partially offset by a decrease of foreign currency translation adjustments from $56,311 to $23,272.

The Company recorded a net and comprehensive loss of $10,871,421 for the nine months ended December 31, 2023, as compared to net and comprehensive loss of $9,899,581 for the nine months ended January 31, 2023. The primary reason for the increase in net and comprehensive loss was due to an increase in general and administrative expenses from $8,868,690 to $9,879,807 and a decrease in the gain on debt settlement from $76,548 to a loss of $19,250. This is partially offset by an increase in foreign currency translation adjustments from negative $115,632 to $634 and an increase in gain on write-off of accounts payable from $17,019 to $35,828.

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 nine months ended December 31, 2023, was $5,950,325 compared to cash used in operating activities for the nine months ended January 31, 2023, of $5,631,835. The increase in cash used in operating activities primarily relates to an increase in net loss by $1,088,106, an increase in unrealized foreign exchange gain of $959,988, and an increase in trade payables and other liabilities related to operating activities of $492,164, which is partially offset by an increase in share-based payments of $737,444, an increase in shares issued for services of $797,837, and a decrease in prepaid expenses relating to operating activities of $552,026.

Results of Operations for the three months ended December 31, 2023, and January 31, 2023

Expenses

		December 31, 2023		January 31, 2023	Variance	Variance %
General and administrative:						
Professional fees	$	1,843,445	$	721,887	$ 1,121,558	155%
Management fees, salaries and benefits		788,767		383,707	405,060	106%
Share-based payments		502,864		551,699	(48,835)	(9%)
Office expense		162,041		243,772	(81,731)	(34%)
Depreciation		33,439		31,852	1,587	5%
Filing fees		20,252		5,303	14,949	282%
Foreign exchange gain		(31,722)		(298,368)	266,646	(89%)
Meals and entertainment and travel		66,333		80,362	(14,029)	(17%)
Advertising and Promotion		1,301		123,136	(121,835)	(99%)
Rent		12,931		24,603	(11,672)	(47%)
Other		7,493		4,035	3,458	86%
Total general and administrative expense		(3,407,144)		(1,871,988)	(1,535,156)	82%
Amortization of intangible asset		(336,276)		(336,275)	(1)	0%
Loss on debt settlement		(19,250)		-	(19,250)	0%
Net loss	$	(3,762,670)	$	(2,208,263)	$(1,554,407)	70%

The net loss for the three months ended December 31, 2023, was $3,762,670, as compared to a net loss of $2,208,263 for the three months ended January 31, 2023. The primary reasons for the increase in net loss was due to an increase in professional fees of $1,121,558, an increase in management fees, salaries and benefits of $405,060, and a decrease in foreign exchange gain of $266,646 during the three months ended December 31, 2023. This was partially offset by a $121,835 decrease in advertising and promotion, and a decrease in office and miscellaneous of $81,731.

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

- Professional fees increased by $1,121,558 during the three months ended December 31, 2023, due to an increase in legal fees incurred on general corporate matters and certain litigation matters, as well as fees incurred on engineering services related to the final stages of production of the lithium extraction unit and accounting fees. The litigation matters consisted of the fees incurred brought by former Company employees and directors for wrongful dismissal and breach of a share exchange agreement.

- Management fees, salaries and benefits increased by $405,060 during the three months ended December 31, 2023, due to a higher headcount of employees and higher average salary in the three months ended December 31, 2023, when compared to the comparative period. The Company also granted bonuses to certain executives and employees during the quarter.

- Foreign exchange gain decreased by $266,646 during the three months ended December 31, 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.
- Advertising and promotion decreased by $121,835 during the three months ended December 31, 2023, due to the Company having undertaken various promotion activities and engaged outside agencies for such activities in the comparative period, whereas no such activities had taken place during the current quarter.

- Office expense decreased by $81,731 during the three months ended December 31, 2023, due to a decrease in costs incurred for project expenses related to the final stages of production of the lithium extraction unit.

Results of Operations for the nine months ended December 31, 2023, and January 31, 2023

Expenses

	December 31, 2023	January 31, 2023	Variance	Variance %
General and administrative:				
Professional fees	$ 3,916,283	$ 2,669,726	$ 1,246,557	47%
Management fees, salaries and benefits	1,658,963	1,066,684	592,279	56%
Share-based payments	3,340,103	2,602,659	737,444	28%
Office expense	486,809	886,959	(400,150)	(45%)
Depreciation	98,329	73,410	24,919	34%
Filing fees	76,891	37,111	39,780	107%
Foreign exchange (gain) loss	(12,235)	629,294	(641,529)	(102%)
Meals and entertainment and travel	212,556	167,511	45,045	27%
Advertising and Promotion	31,434	175,394	(143,960)	(82%)
Rent	50,202	543,124	(492,922)	(91%)
Other	20,472	16,818	3,654	22-%
Total general and administrative expense	(9,879,807)	(8,868,690)	(1,011,117)	11%
Amortization of intangible asset	(1,008,826)	(1,008,826)	-	0%
Gain (loss) on debt settlement	(19,250)	76,548	(95,798)	(125%)
Gain on write-off of accounts payable	35,828	17,019	18,809	111%
Net loss	$ (10,872,055)	$ (9,783,949)	$(1,088,106)	11%

The net loss for the nine months ended December 31, 2023, was $10,872,055, as compared to a net loss of $9,783,949 for the nine months ended January 31, 2023. The primary reasons for the increase in net loss was due to an increase in professional fees of $1,246,557, an increase in share-based payments of $737,444, and an increase in management fees, salaries and benefits of $592,279 during the nine months ended December 31, 2023. This was partially offset by an increase in foreign exchange loss of $641,529, a decrease in rent by $492,922, and a decrease in office and miscellaneous by $400,150.

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

- Professional fees increased by $1,246,557 during the nine months ended December 31, 2023, due to an increase in legal fees incurred on general corporate matters and certain litigation matters, as well as fees incurred on engineering services related to the final stages of production of the lithium extraction unit and accounting fees.

- Share-based payments increased by $737,444 during the nine months ended December 31, 2023, due to the Company granting 3,570,902 stock options during the nine months ended December 31, 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 $592,279 during the nine months ended December 31, 2023, due to a higher headcount of employees and higher average salary in the nine months ended December 31, 2023, when compared to the comparative period. The Company also granted bonuses to certain executives and employees during the period.

- Foreign exchange loss increased by $641,529 during the nine months ended December 31, 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 $492,922 during the nine months ended December 31, 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 $400,150 during the nine months ended December 31, 2023, due to a decrease in costs incurred for project expenses related to the final stages of production of the lithium extraction unit.

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:

	December 31, 2023	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**
Revenue	$ -	$ -	$ -	$ -
Income (loss) for the period	$ (3,762,670)	$ (2,628,191)	$ (4,481,194)	$ (4,156,721)
Income (loss) per share – basic and diluted	$ (0.02)	$ (0.01)	$ (0.02)	$ (0.03)
Weighted average number of shares outstanding – basic	204,076,103	202,593,994	200,686,320	149,717,861
Weighted average number of shares outstanding – diluted	204,076,103	202,593,994	200,686,320	149,717,861

	October 31, 2022	July 31, 2022	April 30, 2022	January 31, 2022
Revenue	$ -	$ -	$ -	$ -
Income (loss) for the period	$ (5,231,114)	$ (2,344,572)	$ (5,424,561)	$ 1,714,895
Income (loss) per share – basic and diluted	$ (0.04)	$ (0.02)	$ (0.04)	$ 0.01
Weighted average number of shares outstanding – basic	137,392,657	136,273,092	135,124,777	130,026,125
Weighted average number of shares outstanding – diluted	137,392,657	136,273,092	135,124,777	132,058,238

The Company earned no revenue during the periods presented and the financial information does not represent trends in the Company's business or seasonal fluctuations. The Company has been focused on the marketing and further development of its MDLE Plant and has spent funds on these efforts as they were available from private placements. Other factors impacting the fluctuations in the quarterly results is the timing of share-based compensation and expenses incurred in connection with litigation brought by former employees and directors of the company for wrongful dismissal and breach of a share exchange agreement.

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, former Director (appointed on March 2, 2022, resigned November 22, 2023)
Foy Wyman Morgan, former Director (appointed on March 2, 2022, resigned November 22, 2023)
William M. Webster, Director (appointed on March 2, 2022)
Garry Flowers, Co-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, former Chief Financial Officer (appointed on April 1, 2023, resigned December 11, 2023)
Libor Michel, Co-Chief Executive Officer (appointed on December 11, 2023)
Douglas Smith, Chief Financial Officer (appointed on December 11, 2023)

The remuneration of directors and other members of key management for the three and nine months ended December 31, 2023, and January 31, 2023, are as follows:

	Three months ended		Nine months ended	
	December 31, 2023	January 31, 2023	December 31, 2023	January 31, 2023
Management fees, salaries and benefits [1]	$ 431,427	$ 175,142	$ 783,776	$ 626,220
Professional fees [1]	140,752	120,024	413,820	331,503
Directors' fees [1]	90,137	93,765	299,250	269,840
Share-based payments [1]	373,080	232,100	2,951,524	1,460,719
	$ 1,035,396	$ 621,031	$ 4,448,370	$ 2,688,282

[1] Management fees, salaries and benefits, professional fees, 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 December 31, 2023, the Company had four of these types of agreements with officers of the Company that totaled annual base fees of $1,415,000. In the case of termination, the officers are entitled to an amount equal to $1,618,000 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 nine months ended December 31, 2023, and January 31, 2023:

- The Company paid or accrued salaries of $110,561 and $328,682 (January 31, 2023 - $107,735 and $248,022), respectively, and granted share-based payments valued at $48,733 and $943,210 (January 31, 2023 - $232,100 and $1,460,719), respectively, to Garry Flowers, Co-Chief Executive Officer ("Co-CEO") and former President of the Company;
- The Company paid or accrued $140,752 and $413,820 (January 31, 2023 - $Nil and $Nil), respectively, and granted share-based payments valued at $48,704 and $99,662 (January 31, 2023 - $Nil and $Nil), respectively, to Daniel Christie for the services performed by him as the former Chief Financial Officer ("former CFO");
- The Company paid or accrued salaries of $68,038 and $202,266 (January 31, 2023 - $67,407 and $198,324), respectively, granted share-based payments valued at $Nil and $288,505 (January 31, 2022 - $Nil and $Nil), respectively, and directors' fees of $Nil and $Nil (January 31, 2023 - $Nil and negative $2,000), respectively, to John Burba, the Director of Global Technology, director and former CEO of the Company;
- The Company paid or accrued salaries and severance pay of $Nil and $Nil (January 31, 2023 - $Nil and $78,550), respectively, and directors' fees of $25,404 and $75,993 (January 31, 2023 - $23,442 and $54,876), respectively, and granted share-based payments valued at $Nil and $307,554 (January 31, 2023 - $Nil and $Nil), respectively, to Tony Colletti, a director and former interim president of the Company;
- The Company paid or accrued directors fees of $17,125 and $67,714 (January 31, 2023 - $23,441 and $72,321), respectively, and granted share-based payments valued at $Nil and $345,650 (January 31, 2023 - $Nil and $Nil), respectively, to Maria Echaveste, a former director of the Company;
- The Company paid or accrued directors fees of $17,125 and $67,714 (January 31, 2023 - $23,441 and $72,321), respectively, and granted share-based payments valued at $Nil and $345,650 (January 31, 2023 - $Nil and $Nil), respectively, to Foy Wyman Morgan, a former director of the Company;

- The Company paid or accrued directors fees of $30,483 and $87,829 (January 31, 2023 - $23,441 and $72,321), respectively, and granted share-based payments valued at $Nil and $345,650 (January 31, 2023 - $Nil and $Nil), respectively, to William M. Webster, a director of the Company;
- The Company paid or accrued salaries of $24,517 and $24,517 (January 31, 2023 - $Nil and $Nil), respectively, and granted share-based payments valued at $157,510 and $157,510 (January 31, 2023 - $Nil and $Nil), respectively, to Libor Michel for the services performed by him as Co-Chief Executive Officer ("Co-CEO") and;
- The Company paid or accrued salaries of $22,474 and $22,474 (January 31, 2023 - $Nil and $Nil), respectively, and granted share-based payments valued at $118,133 and $118,133 (January 31, 2023 - $Nil and $Nil), respectively, to Douglas Smith for the services performed by him as Chief Financial Officer ("CFO").

During the three and nine months ended December 31, 2023, and January 31, 2023, other related party transactions consisted of the following:

- Included in general and administrative expenses is $Nil and $Nil (January 31, 2023 - $Nil 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;
- During the nine months ended December 31, 2023, Sorcia exercised 422,498 warrants at $0.58 per share for gross proceeds of $245,049;
- During the nine months ended December 31, 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;
- During the nine months ended December 31, 2023, the Company granted 3,050,000 stock options with exercise prices ranging from $0.89 to $1.22 for a period of four to five years to directors and officers of the Company;
- During the nine months ended December 31, 2023, the Company issued 1,820,281 common shares and 1,820,281 share purchase warrants to John Burba, Garry Flowers, Libor Michel, Daniel Christie, and Douglas Smith, as part of two private placements of units;
- During the nine months ended December 31, 2023, the Company issued 174 common shares to John Burba, the Director of Global Technology, director and former CEO of the Company, for the settlement of debt related to expense reimbursements of $114 and recognized a loss on settlement of debt of $29;
- During the nine months ended December 31, 2023, the Company issued 26,173 common shares to Tony Colletti, a director and former interim president of the Company, for the settlement of debt owed by the Company for service rendered by him to the Company of $25,457 and recognized a gain on settlement of debt of $3,995;
- During the nine months ended December 31, 2023, the Company issued 26,173 common shares to Maria Echaveste, a director of the Company, for the settlement of debt owed by the Company for service rendered by her to the Company of $25,457 and recognized a gain on settlement of debt of $3,995;
- During the nine months ended December 31, 2023, the Company issued 26,173 common shares to Foy Wyman Morgan, a director of the Company, for the settlement of debt owed by the Company for service rendered by him to the Company of $25,457 and recognized a gain on settlement of debt of $3,995;
- During the nine months ended December 31, 2023, the Company issued 31,408 common shares to William M. Webster, a director of the Company, for the settlement of debt owed by the Company for service rendered by him to the Company of $30,549 and recognized a gain on settlement of debt of $4,794;

- During the nine months ended December 31, 2023, the Company issued 228,708 common shares to Libor Michel, the Co-Chief Executive Officer of the Company, as a signing bonus in accordance with the executive employment agreement. The issuance was valued at $205,837 and included in Management fees, salaries and benefits;
- During the nine months ended December 31, 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;
- During the three and nine months ended January 31, 2023, the Company granted 600,000 stock options exercisable at $3.50 for a period of five years to the Co-CEO and former President of the Company and;
- During the nine months ended January 31, 2023, the Company also granted $600,000 USD of restricted share units to the Co-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 nine months ended December 31, 2023, the Company cancelled the $600,000 USD of restricted share units previously granted to the Co-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 December 31, 2023, $Nil (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 December 31, 2023, $9,722 (March 31, 2023 - $3,346) was due to Garry Flowers, Co-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 December 31, 2023, $70,917 (March 31, 2023 - $Nil) was due to Daniel Christie, former 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 December 31, 2023, $8,279 (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 December 31, 2023, $Nil (March 31, 2023 - $33,786) was due to Maria Echaveste, former 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 December 31, 2023, $Nil (March 31, 2023 - $33,786) was due to Foy Wyman Morgan, former 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 December 31, 2023, $9,935 (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 December 31, 2023, $940,422 (March 31, 2023 - $960,495) was due to EVL, a significant shareholder of the Company.

Liquidity and Capital Resources

As of December 31, 2023, the Company had cash of $2,131,835 and a working capital deficit of $686,359 as compared to $406,860 and $2,073,393, respectively, as of March 31, 2023. 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 placement financing that occurred on December 8, 2023, for gross proceeds of US$840,000, and the placement financing that occurred on December 29, 2023, for gross proceeds of US$1,415,873.

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

Increase (decrease) in cash for the nine months ended,				
		December 31, 2023		**January 31, 2023**
Operating activities	$	(5,950,325)	$	(5,631,835)
Investing activities		(1,992,521)		(3,317,038)
Financing activities		9,668,632		3,238,974
Total change in cash		1,725,786		(5,709,899)
Effect of foreign exchange rate changes on cash		(811)		(107,156)
Cash, beginning of the period		406,860		7,740,260
Cash, end of the period	$	2,131,835	$	1,923,205

Operating Activities

Cash used in operating activities for the nine months ended December 31, 2023, was $5,950,325. The increase in cash used in operating activities primarily relates to an increase in net loss by $1,088,106, a increase in unrealized foreign exchange gain of $959,988, and an increase in trade payables and other liabilities related to operating activities of $572,992, which is partially offset by an increase in share-based payments of $737,444, an increase in shares issued for services of $797,837, a decrease in prepaid expenses relating to operating activities of $552,026, and a decrease in amounts receivable of $32,553.

Investing Activities

Cash used in investing activities for the nine months ended December 31, 2023, was $1,992,521, which consisted of $1,974,076 for costs incurred to build the lithium extraction unit and develop the final blueprints for the lithium extraction unit, and $18,445 incurred on additions to computer equipment. During the nine months ended January 31, 2023, the Company spent $3,317,038 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 nine months ended December 31, 2023, was $9,668,632, which consisted of $9,776,282 proceeds from private placements, $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 $95,631. During the nine months ended January 31, 2023, the Company raised proceeds of $1,269,000 from the exercise of stock options, $2,032,009 from the shares issued under pre-emptive rights, $6,816 from refunds of share issuance costs, and incurred principal lease payments of $68,851.

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 December 31, 2023, the Company had working capital deficit of $686,359 (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 December 31, 2023, the Company held cash of approximately $2,097,919 and trade payables and other liabilities of $2,960,608 denominated in U.S. dollars. As at December 31, 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 $43,000 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 December 31, 2023 and the date of this MD&A the Company had 208,603,045 common shares, 10,569,402 options, and 14,054,974 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 nine months ended December 31, 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 nine months ended December 31, 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.

Events After the Reporting Period

Subsequent to December 31, 2023, the Company entered into a term sheet for the deployment of the Company's Lithium Extraction Unit with a customer in the western United States on January 11, 2024. The term sheet provides for mobilization fees and cost sharing arrangements for the deployment of the Lithium Extraction Unit at the customer's production facilities, and monthly equipment rentals and royalties based on volumes produced and realized sales value by the customer, as well as providing for certain options to purchase the Lithium Extraction Unit.

On February 20, 2024, the Company received a binding commitment for from an investor to purchase 2,702,400 units, with the price of each unit being $1.00 and each consisting of a common share of the Company of Company stock and a two-year warrant with a strike price of $1.25, for proceeds of USD $2.0 million.

On February 24, 2024, 3,333,333 warrants expired unexercised.