

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

International Battery Metals Ltd. (the “**Company**”)
Royal Centre, 1750 – 1055 W. Georgia St.,
Vancouver, B.C. V6E 3P3

Item 2: Date of Material Change

June 19, 2024

Item 3: News Release

A release relating to the material change described herein was released via the facilities of PRNewswire on June 20, 2024.

Item 4: Summary of Material Change

On June 20, 2024, the Company announced that it had completed its previously announced Private Placement and issued a total of 11,478,246 units (each a “**Unit**”) for aggregate proceeds of USD\$6,430,772 (approximately CAD\$8,796,010). Each Unit consisted of one (1) common share in the capital of the Company (a “**Common Share**”) and one Common Share purchase warrant (a “**Warrant**”), each Warrant entitling the holder thereof to acquire one Common Share for a period of two years at an exercise price of CAD\$0.9579 per Common Share. The Company also issued 423,912 Common Shares pursuant to the Structuring Fee (defined below).

Item 5: Full Description of Material Change

Please see the news release attached as Schedule “A” for a full description of the material change.

Related Party Participation in the Private Placement

In connection with the Private Placement, EV Metals VI LLC, a private company controlled by Jacob Warnock, a director of the Company, (“**EV Metals**”), acquired 8,478,246 Units for gross proceeds of USD\$4,750,000 (approximately CAD\$6,497,050), representing approximately 73.86% of the aggregate proceeds raised by the Company in the Private Placement. Certain funds and accounts managed by Encompass Capital Advisors LLC (the “**Encompass**”) acquired 3,000,000 Units for gross proceeds of USD\$1,680,772 (approximately CAD\$2,298,960), pursuant to their pre-emptive right granted under the terms of an investment agreement dated April 21, 2023. The participation by Encompass in the Private Placement represented approximately 26.14% of the aggregate proceeds raised by the Company in the Private Placement. The participation of EV Metals and Encompass in the Private Placement each constitutes a “related party transaction” for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”).

In connection with the Private Placement, the Company paid to EV Metals a structuring fee in connection with the Private Placement in the amount of USD\$237,500 (approximately CAD\$324,852.50), payable through the issuance of 423,912 Common Shares with each Common Share having a deemed issuance price of CAD\$0.76632 (the “**Structuring Fee**”).

The Company is relying upon exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 pursuant to sections 5.5(b) and 5.7(1)(a), respectively - *Fair Market Value Not More Than 25 Per Cent of Market Capitalization*, on the basis that at the time the Private Placement was

agreed to, neither the fair market value of the Units to be distributed pursuant to the Private Placement to EV Metals or Encompass, nor the consideration to be received for those Units, and Common Shares issuable pursuant to the Structuring Fee, with respect to EV Metals' participation, will exceed 25 per cent of the Company's market capitalization. The terms of the Private Placement were negotiated with a special committee of directors of the Company, all of whom are independent for the purposes of MI 61-101. The Board of Directors of the Company has unanimously approved the Private Placement and Structuring Fee (with Jacob Warnock abstaining) and no materially contrary view or abstention was expressed or made by any director in relation to the Private Placement.

Immediately prior to the Private Placement, EV Metals (and its affiliates) owned 30,490,379 Common Shares, 10,626,557 warrants and third-party derivative securities to acquire 6,946,293 Common Shares, collectively representing approximately 19.92% of the issued and outstanding Common Shares at that time, on a partially diluted basis. The acquisition of Units pursuant to the Private Placement, together with the additional Common Shares received pursuant to the Structuring Fee, will increase EV Metals' position to 65,443,633 Common Shares (assuming exercise of the Warrants and all third-party derivative securities to acquire Common Shares), or approximately 25.01% of the presently issued and outstanding Common Shares, on a partially diluted basis.

Immediately prior to the Private Placement, Encompass had control or director over, and beneficial ownership of, 29,131,822 Common Shares and 17,114,976 warrants to acquire 17,114,976 Common Shares, representing approximately 18.66% of the presently issued and outstanding Common Shares, on a partially diluted basis. The acquisition of Units pursuant to the Private Placement will increase Encompass' position to 52,246,798 Common Shares (assuming exercise of the Warrants and all third-party derivative securities to acquire Common Shares), or approximately 19.90% of the presently issued and outstanding Common Shares, on a partially diluted basis.

The Company did not file a material change report more than 21 days before the expected closing of the Private Placement because the details of the participation therein by related parties of the Company were not settled until shortly prior to the closing of the Private Placement and the Company wished to close on an expedited basis for business reasons.

Item 6: Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7: Omitted Information

Not applicable.

Item 8: Executive Officer

Douglas Smith, Chief Financial Officer
International Battery Metals Ltd.
+1 (832) 398-2751

Item 9: Date of Report

June 20, 2024



Schedule "A"

INTERNATIONAL BATTERY METALS LTD. COMPLETES STRATEGIC PRIVATE PLACEMENT

Vancouver, British Columbia, and Houston, Texas – June 20, 2024 - International Battery Metals Ltd. (the “**Company**”), is pleased to announce that it has completed a subsequent closing of its previously announced (April 26, 2024, and May 31, 2024) strategic private placement (the “**Private Placement**”). Pursuant to the Private Placement, the Company issued 11,478,246 units (each a “**Unit**”), with each Unit being issued at a deemed price of CAD\$0.76632, for aggregate proceeds of USD\$6,430,772 (approximately CAD\$8,796,010).

Each Unit consists of one common share (“**Common Share**”) of the Company, and one Common Share purchase warrant (a “**Warrant**”), each Warrant entitling the holder thereof to acquire one Common Share for a period of two years from the date of issuance for an exercise price of CAD\$0.9579 per Common Share.

The Private Placement was completed with EV Metals VI LLC, a private company controlled by Jacob Warnock, a director of the Company (“**EV Metals**”), and funds and accounts managed by Encompass Capital Advisors LLC (“**Encompass**”). Encompass is participating in the Private Placement pursuant to certain pre-emptive rights granted under the terms of an Investment Agreement dated effective April 21, 2023.

In connection with the Private Placement, the Company will pay a structuring fee to EV Metals (or as directed by EV Metals) in the amount of USD\$237,500 (CAD\$324,852), payable through the issuance of 423,912 Common Shares (the “**Structuring Fee**”).

The proceeds of the Private Placement will be used by the Company for expenditures to increase the production capacity of its modular direct lithium extraction plant (the “**DLE Plant**”) contracted for operations in the western United States as previously announced on January 11, 2024 and May 6, 2024, and for general working capital purposes. The expanded production capacity will be achieved by adding an additional modular set of extraction columns into the existing framework. In order to manage the increase production, the Company will also increase the size of the filtration and reverse osmosis units.

The securities issued under the Private Placement are subject to a statutory hold period of four months from the date of issuance under Canadian Securities laws and will be restricted securities under the United States Securities Act of 1933.

MI 61-101 Disclosure

In connection with the Private Placement, EV Metals acquired 8,478,246 Units for gross proceeds of USD\$4.75 million (approximately CAD\$6,497,050), 423,912 Common Shares pursuant to the Structuring Fee, and Encompass acquired 3,000,000 Units for gross proceeds of USD\$1,680,772 (approximately CAD\$2,298,960). The participation of EV Metals and Encompass in the Private Placement and the payment to EV Metals of the Structuring Fee and the Reimbursement Issuance, respectively, each constitutes a “related party transaction” within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The Company is relying upon exemptions from the formal valuation and minority shareholder approval

requirements of MI 61-101 pursuant to sections 5.5(b) and 5.7(1)(a), respectively - *Fair Market Value Not More Than 25 Per Cent of Market Capitalization*, on the basis that at the time the Private Placement was agreed to, neither the fair market value of the Units to be distributed pursuant to the Private Placement to EV Metals and Encompass, and the Common Shares issued pursuant to the Structuring Fee, nor the consideration to be received for those Units and Common Shares, exceeds 25 per cent of the Company's market capitalization. The terms of the Private Placement were negotiated with a special committee of directors of the Company, all of whom are independent for the purposes of MI 61-101. The Board of Directors of the Company has unanimously approved the Private Placement (with Jacob Warnock abstaining) and no materially contrary view or abstention was expressed or made by any director in relation to the Private Placement. The Company did not file a material change report in respect of the participation of EV Metals or Encompass in the Private Placement at least 21 days before closing of the Offering as the participation of EV Metals and Encompass was not determined at that time.

About the Company

The Company is an advanced technology company focused on the development of environmentally responsible methods of extracting lithium compounds from brine. The Company has developed the DLE Plant which allows for rapid deployment to a resource holders production site. The Company is working with resource holders of oilfield brines, brine aquifers, and industrial customers with brine by-products. The Company believes the modular design of its DLE Plant provides significant initial costs savings to customers and the proprietary DLE technology lowers operating costs by selectively extracting lithium from the brine while efficiently removing contaminants.

ON BEHALF OF THE BOARD

William Webster, Chair of the Board
+1 (832) 683-8839

Neither Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-looking and cautionary statements

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any state in the United States in which such offer, solicitation or sale would be unlawful. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. This release may contain statements within the meaning of safe harbour provisions as defined under securities laws and regulations.

This release contains certain forward-looking statements with respect to, among other things, the anticipated use of proceeds from the Private Placement. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.