

**Q BATTERY METALS CORP.**  
**(formerly Black Tusk Resources Inc.)**  
**Management Discussion and Analysis**  
**For the year ended April 30, 2023**

The Management Discussion and Analysis (“MD&A”), prepared August 28, 2023 should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended April 30, 2023 and the notes thereto of Q Battery Metals Corp. (formerly Black Tusk Resources Inc.) (the “Company”) which were prepared in accordance with International Financial Reporting Standards.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

**DESCRIPTION OF BUSINESS**

Q Battery Metals Corp. (formerly Black Tusk Resources Inc.) (the “Company”) was incorporated under the Business Corporations Act on November 18, 2016 in the province of British Columbia. The Company’s common shares are traded on the Canadian Securities Exchange (“CSE”) under the symbol “QMET”. The Company operates in a single business segment focusing on mineral exploration in Canada. The principal business office of the Company is located at #500 – 666 Burrard Street, Vancouver, British Columbia, Canada, V6C 3P6.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at April 30, 2023, the Company had not yet determined whether the Company’s mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

**EXPLORATION PROJECT**

	<b>Acquisition costs</b>	<b>Exploration costs</b>	<b>Total</b>
	\$	\$	\$
Balance, April 30, 2021	1,242,500	1,141,745	2,384,245
Additions	–	126,406	126,406
Balance, April 30, 2022	1,242,500	1,268,151	2,510,651
Addition	820,538	257,126	1,077,664
Impairment	(750,000)	(11,800)	(761,800)
Balance, April 30, 2023	1,313,038	1,513,477	2,826,515

**Cluster Project**

On February 5, 2019, the Company entered into a mineral claim purchase agreement to purchase 100% interest in the mineral property called the Cluster Project, located in Val-D’Or, Quebec. In consideration for the Cluster Project, the Company made cash payment of \$25,000 and issued 100,000 common shares to the vendor during the year ended April 30, 2019.

During the year ended April 30, 2020, the Company acquired additional claims which are incorporated in the cluster project.

As at April 30, 2023, the project is still at an early exploration stage. The Company has incurred the following acquisition and deferred exploration costs as at April 30, 2023 and 2022:

	<b>Cluster Project</b>
<b>Balance, April 30, 2021</b>	1,316,745
<b>Deferred Exploration Costs</b>	
Exploration costs for the year	103,481
<b>Balance, April 30, 2022</b>	<b>1,420,226</b>
<b>Deferred Exploration Costs</b>	
Exploration costs for the year	257,126
<b>Balance, April 30, 2023</b>	<b>1,677,352</b>

#### **McKenzie East Project**

On November 12, 2019, the Company entered into a share purchase agreement to purchase 100% of the outstanding shares of Golda Resources Inc. ("Golda"). At the time of acquisition, Golda held a 100% interest in the mineral property called the McKenzie East Project, located in Quebec. As consideration, the Company issued 550,000 common shares to the owners of Golda and paid \$15,000 cash to a third party consultant

As at April 30, 2023, the project is still at an early exploration stage. The Company has incurred the following exploration expenditures as at April 30, 2023 and 2022:

	<b>McKenzie East Project</b>
<b>Balance, April 30, 2021</b>	317,500
<b>Deferred Exploration Costs</b>	
Exploration costs for the year	11,125
<b>Balance, April 30, 2022 and 2023</b>	<b>328,625</b>

#### **South Rim Project**

On January 13, 2020, the Company entered into a share purchase agreement to purchase 100% of the shares of Chalice Gold Exploration Corp. ("Chalice"). At the time of acquisition, Chalice held a 100% interest in the mineral property called the South Rim Project, located in British Columbia. As consideration, the Company issued 1,000,000 common shares to the owners of Chalice.

As at April 30, 2023, the Company had no future plans for exploration on the South Rim Project and subsequent to the year end the Company allowed the company to expire. Therefore, the Company fully impaired the South Rim Project at year end.

## South Rim Project

	South Rim Project
<b>Balance, April 30, 2021</b>	750,000
<b>Deferred Exploration Costs</b>	
Exploration costs for the year	11,800
<b>Balance, April 30, 2022</b>	<b>761,800</b>
Impairment	<b>(761,800)</b>
<b>Balance, April 30, 2023</b>	<b>-</b>

## Pegalith Project

On February 2, 2023, the Company entered into a share purchase agreement (the "Share Purchase Agreement") with shareholders of 1394627 B.C. Ltd. ("1394627") under which the Company acquired all of 1394627's issued and outstanding common shares. 1394627 was the registered holder of 11 mineral exploration claims located in the Quebec lithium district, 25 kilometres north of Gatineau, Quebec. In exchange for the purchase of 1394627's shares, the Company paid \$16,000 in cash, and issued 4,600,000 units valued at \$785,331. Each unit is comprised of one common share and one share purchase warrant exercisable into one common share at an exercise price of \$0.10 for a period of two years from the date of issuance.

In connection with the transaction, the Company also paid other transaction costs totalling \$19,207.

The acquisition of 1394627 did not constitute a business combination, as 1394627 did not meet the definition of a business, and therefore has been accounted for as an asset purchase of mineral property interests with the Company acquiring the outstanding shares of 1394627 on February 8, 2023. The consideration for the acquisition of 1394627 has been based on the total consideration paid for the mineral property claims.

The following table summarizes the fair value of the total consideration paid and the aggregate fair value of identified assets acquired and liabilities assumed:

<b>Purchase price</b>	<b>\$</b>
4,600,000 common shares of the Company issued	460,000
4,600,000 warrants of the Company issued	325,331
Cash paid	16,000
Transaction costs	19,207
	<b>820,538</b>
<b>Net assets acquired</b>	
Exploration and evaluation assets	820,538

The Company uses the Black-Scholes option model to calculate the fair value of warrants issued. The following assumptions were used for the Black-Scholes valuation of warrants issued to the shareholders of 1394627: Share price: \$0.10, risk-free interest rate: 3.84%, expected life of warrants: 2 years, dividend rate: 0%, annualized volatility: 145%.

## Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and the expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

## SELECTED ANNUAL INFORMATION (\$000's except loss per share)

	April 30, <u>2023</u>	April 30, <u>2022</u>	April 30, <u>2021</u>
Revenue	\$ 0	\$ 0	\$ 0
Net Loss	\$ (3,136)	\$ (2,077)	\$ (3,275)
Basic and Diluted Loss Per Share	\$ (0.10)	\$ (0.12)	\$ (0.03)
Total Assets	\$ 2,962	\$ 2,765	\$ 4,327
Long-Term Debt	\$ 0	\$ 0	\$ 0
Dividends	\$ 0	\$ 0	\$ 0

## OPERATIONS

### Three-month period ended April 30, 2023

During the three months ended April 30, 2023 the Company reported a net loss of \$1,424,870 (2022 - \$572,769). Included in the determination of operating loss was \$60,000 (2022 - \$63,750) spent on management fees, \$77,107 (2022 - \$56,687) on professional fees, \$280 (2022 - \$6,847) on transfer agent and filing fees, \$84,159 (2022 - \$88,564) on travel and promotion, \$72,571 (2022 - \$396,785) on consulting, \$190,729 (2022 - \$16,737) on investor communication and \$3,258 (2022 - \$Nil) on office and miscellaneous. The Company also incurred a stock based compensation charge of \$251,954 (2022 - \$Nil), and an impairment on exploration and evaluation asset of \$761,800 (2022 - \$Nil), gain on debt settlement \$23,000 (2022 - \$29,000) and a recovery of flow-through premium of \$53,989 (2022 - \$31,600).

### Twelve-month period ended April 30, 2023

During the twelve months ended April 30, 2023 the Company reported a net loss of \$3,135,931. (2022 - \$2,077,158). Included in the determination of operating loss was \$240,000 (2022 - \$300,000) spent on management fees, \$275,024 (2022 - \$163,867) on professional fees, \$38,185 (2022 - \$13,957) on transfer agent and filing fees, \$169,254 (2022 - \$351,169) on travel and promotion, \$814,210 (2022 - \$1,230,366) on consulting, \$566,023 (2022 - \$69,130) on investor communication and \$14,601 (2022 - \$9,269) on office and miscellaneous. The Company also incurred a stock based compensation charge of \$333,823 (2022 - \$Nil), and an impairment on exploration and evaluation asset of \$761,800 (2022 - \$Nil), gain on debt settlement \$23,000 (2022 - \$29,000) and a recovery of flow-through premium of \$86,271 (2022 - \$31,600).

**SUMMARY OF QUARTERLY RESULTS**  
**(\$000's except earnings per share)**

	April 30, <u>2023</u>	January 31, <u>2023</u>	October 31, <u>2022</u>	July 31, <u>2022</u>
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
Net loss	\$ (1,424)	\$ (927)	\$ (141)	\$ (642)
Basic and diluted Loss per share	\$ (0.03)	\$ (0.03)	\$ (0.01)	\$ (0.03)

	April 30, <u>2022</u>	January 31, <u>2022</u>	October 31, <u>2021</u>	July 31, <u>2021</u>
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
Net loss	\$ (574)	\$ (577)	\$ (532)	\$ (394)
Basic and diluted Loss per share	\$ (0.00)	\$ (0.00)	\$ (0.06)	\$ (0.00)

**LIQUIDITY AND CAPITAL RESOURCES**

The Company's cash and cash equivalents at April 30, 2023 were \$53,557 compared to \$108,051 at April 30, 2022.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

**TRANSACTIONS WITH RELATED PARTIES**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Related parties or transactions with related parties are assessed in accordance with IAS 24 "Related Party Disclosures". Transactions between related parties are generally affected on the same terms, conditions and amounts as transactions between unrelated parties.

When considering each possible related party, not only their legal status is taken into account, but also the substance of the relationship between these parties.

The Company has identified its directors and senior officers as its key management personnel.

Included in the Statements of Loss and Comprehensive Loss for the years ended April 30, 2023 and 2022 are the following amounts, which are considered related party transactions:

	<b>2023</b>	<b>2022</b>
	\$	\$
Management fees	240,000	280,000
Director fees	–	20,000
Consulting fees	–	388,000
Geological services from a Director	–	19,699
Investor Communications	50,000	–
Stock-based compensation	161,250	–

As at April 30, 2023, accounts payable and accrued liabilities included a total of \$Nil (2022 - \$315), payable to directors, officers, and companies controlled by officers. The amount is unsecured, non-interest bearing and due on demand.

As at April 30, 2023, prepaid expenses included a total of \$4,750 (2022 - \$4,750) advanced to the Company's CEO and CFO.

## COMMITMENTS

During the year ended April 30, 2023, the Company issued flow-through common shares for gross proceeds of \$1,123,608 (2023 - \$260,000). Expenditures related to the use of flow-through share proceeds are not available as a tax deduction to the Company as the tax benefits of these expenditures are renounced to the investors. As at April 30, 2023, the Company had \$630,470 (2022 - \$133,594) in unspent flow-through funds. The Company is required to incur \$430,470 and \$200,000 of these expenditures before December 31, 2022 and 2023, respectively under the general rule and before December 31, 2023 and 2024, respectively under the look-back rule.

## SUBSEQUENT EVENTS

The Company has acquired 100% of the issued and outstanding shares of the issued of 1412814 B.C. Ltd. which owns 101 contiguous claims in the Pontax River Area of James Bay Regin of Quebec. As consideration, the Company issued 5,800,000 common shares of the Company to the shareholders of 1412814 B.C. Ltd. Management has preliminarily concluded that the acquisition of 1412814 B.C. Ltd. does not constitute a business combination as 1412814 B.C. Ltd. does not meet the definition of a business.

## FINANCIAL INSTRUMENTS

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at April 30, 2023 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash	53,557	–	–	53,557

#### Fair value

The fair value of the Company's financial instruments approximates their carrying value as at April 30, 2023 because of the demand nature or short-term maturity of these instruments.

#### Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

##### (i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

##### (ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

##### (iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk, the Company places these instruments with a high quality financial institution.

##### (iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

## **CRITICAL ACCOUNTING ESTIMATES**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below:

Share-based payment transaction:

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

## **SHARE CAPITAL**

### Issued and outstanding

The company has 53,258,049 shares issued and outstanding as at April 30, 2023 and 59,058,049 as at August 28, 2023.

### Share Purchase Options

The Company has 5,124,999 stock options outstanding at April 30, 2023 and August 28, 2023.

### Warrants

The Company has 26,451,943 share purchase warrants outstanding at April 30, 2023 and August 28, 2023.

### Escrow Shares

The Company has no shares held in escrow as at April 30, 2023 and August 28, 2023.