

MEGAWATT LITHIUM AND BATTERY METALS CORP.

(Formerly Walcott Resources Ltd.)

Managements Discussion & Analysis

For the three and six months ended March 31, 2022 and 2021

Dated: May 30, 2022

Reporting Period and Effective Date

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the unaudited condensed interim consolidated financial statements of MegaWatt Lithium and Battery Metals Corp. (formerly Walcott Resources Ltd.) (the "Company") and the notes thereto for the three and six months ended March 31, 2022 and 2021 (collectively referred to hereafter as the "interim financial statements"). The following discussion and analysis, prepared by management, reviews the Company's financial condition and results of operations for the six months ended March 31, 2022 and 2021. The MD&A should be read in conjunction with the condensed interim consolidated financial statements of the Company and related notes, which have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee for the period ended March 31, 2022 in addition to the audited financial statements and related notes for the year ended September 30, 2021. This discussion provides management's analysis of the Company's historical financial and operating results and provides estimates of the Company's future financial and operating performance based on information that is currently available.

The effective date of this MD&A is May 30, 2022.

Business Overview

The Company was incorporated on December 11, 2017 under the laws of British Columbia. On July 20, 2019, the Company completed its initial public offering and listed on the Canadian Securities Exchange under the symbol "MEGA" (previously "WAL"). The head office and principal address of the Company is located at Suite 1570 - 505 Burrard St. Vancouver BC, V7X 1M5. The Company's principal business activities include the acquisition and exploration of mineral property assets.

As at March 31, 2022, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets 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.

As at March 31, 2022 the Company has not generated revenue to date and had an accumulated deficit of \$16,544,195 (September 30, 2021 - \$15,418,279). The Company's operations to date have been funded through the issuance of equity. These factors represent a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

Cobalt Hill Property

Pursuant to an option agreement (the "Agreement") dated February 5, 2018, amended on April 25, 2019 and July 3, 2020, the Company was granted an option to acquire a 100% undivided interest in certain Cobalt Hill mineral claims (the "Property") located in the Trail Creek Mining Division in British Columbia.

In accordance with the Agreement, the Company has the option to acquire a 100% undivided interest in the Property by making cash payments totaling \$355,000, and issuing a total of 1,100,000 common shares of the Company as follows:

- Upon signing the Agreement - 200,000 common shares (issued on September 29, 2018 at a fair value of \$0.05 per share) and \$35,000 in cash (paid);
- On or before February 5, 2019 - 200,000 common shares (measured at \$10,000 using a share price of \$0.05 and issued on February 5, 2019) and \$40,000 in cash (paid);
- On or before February 5, 2020 - 300,000 common shares (issued January 30, 2020 at a fair value of \$0.20 per share);
- On or before August 5, 2020 - 15,000 in cash (paid);
- On or before December 31, 2020 - 65,000 in cash (paid); and
- On or before February 5, 2021 - 400,000 common shares (issued on February 4, 2021 at a fair value of \$0.45 per share) and \$200,000 in cash (paid).

The optionor will retain a 1.5% Net Smelter Returns royalty ("NSR") on the Property.

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Australia Silver Properties

On October 15, 2020, pursuant to the terms of the Definitive Agreement dated August 13, 2020, the Company closed the acquisition for 60% of 1256714 B.C. Ltd. which owns a 100% interest (subject to a 2% NSR) in two prospective silver-zinc projects in Australia, being the Tyr Silver Zinc Project ("TSZP") and the Century South Silver-Zinc Project. Both projects are located near established mining infrastructure and are accessible by port.

The Tyr Silver Project in northern New South Wales has two historic silver mines - Burra and Torny - with potential for high-grade silver zinc-lead-tin mineralization. The project covers an area of approximately 300 km² comprised of minimal use, hilly pastoral land, mostly cleared and lightly forested. The tenement was granted in March 2018 and is due for renewal in March 2024.

The Century South Silver-Zinc Project in the Mt Isa Basin, north-west Queensland, lies approximately 8 km south-east of the New Century Zinc Mine and is approximately 250 km² in size, comprised of hilly, open savannah country. The tenement was granted in October 2018 and is due for renewal in October 2023.

During the year ended September 30, 2021, the Century South Silver-Zinc Project was fully impaired due to the Company's decision to focus on core projects instead. As a result, the Company recorded an amount of \$11,671,024 as an impairment of exploration and evaluation assets and any future expenditures will be expensed. The Company intends to keep the permit of this resource property in good standing.

Route 381 Lithium Property

In January 2021, the Company completed the acquisition of a 100% interest in and to the Route 381 Lithium Property, comprised of 40 mineral claims located in James Bay Territory in Quebec. In consideration for the acquisition, the Company paid the vendors an aggregate of \$60,000 in cash and issued 4,000,000 common shares of the Company, with a fair value of \$1,720,000. In addition, the Company will grant the vendors a 2% net smelter royalty.

Acquisition of New Age Co Properties

On April 14, 2021 the Company announced that it had completed the acquisition of all issued and outstanding securities of 1260945 B.C. Ltd ("New Age Co") pursuant to the terms of a share exchange agreement dated March 30, 2021 (the "Agreement") among the Company, New Age Co and the New Age Co shareholders (the "New Age Transaction") and acquired a 100% interest (subject to a 1% NSR) in and to certain mining tenements in Northern Territory ("NT") and New South Wales ("NSW") Australia, described as follows:

a) Rare Earth Elements (NT) - Arctic Fox and Isbjorn

Located in Australia's NT, both properties have assayed surface sample readings that form the basis for further exploration and are located in a region with supportive mining infrastructure. Arctic Fox is contiguous with the Nolans Bore REE project, for which Project commissioning is slated for mid-2022. The Isbjorn asset is contiguous to the advanced Charley Creek REE project.

b) Nickel-cobalt-scandium-HPA (NSW) - Chinook, Kodiak & Caribou

The three nickel-cobalt-scandium-HPA properties - Chinook, Kodiak and Caribou - are located in Australia's central NSW, which is considered by management to be a highly prospective region. The region is home to both Alpha HPA's (ASE:A4N) Collierina nickel-cobalt-scandium-HPA asset and Scandium International's (TSE: SCY) Nyngan deposit. Both Collierina and Nyngan support JORC Complaint Mineral Resources.

Pursuant to the terms of the Agreement, Megawatt acquired 100% of the issued and outstanding securities of New Age Co in consideration for the issuance of 11,400,000 common shares of the Company (the "New Age Payment Shares") at a fair value of \$0.39 per New Age Payment Share. The New Age Payment Shares are not subject to any hold periods under applicable securities laws. In addition, the Company issued 75,000 common shares (the "New Age Finders' Shares") to arm's length third party finders in connection with the New Age Transaction at a fair value of \$0.39 per New Age Finders' Share, which are subject to a four month and one day hold period under applicable securities laws which expired on August 10, 2021.

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During the year ended September 30, 2021, the New Age co Properties were fully impaired due to the Company's decision to focus on core projects. As a result, the Company recorded an amount of \$4,662,377 as an impairment of exploration and evaluation assets any future expenditures will be expensed. The Company intends to keep the permit of these resource properties in good standing.

Quebec Properties

In December 2021, the Company acquired, by way of staking, 229 mineral exploration claims prospective for lithium in the James Bay region of Quebec, Canada. These claims cover an area of 12,116 hectares or 121 square kms and are ATV accessible.

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The following is a summary of exploration and evaluations asset expenditures for the year ended September 30, 2021 and the six months ended March 31, 2022:

	Cobalt Hill	Tyr Silver Project	Century South Silver-Zinc	New Age Co	Route 381 Lithium	Australian Silver Mines	Quebec Properties	Burton Silver Pty Ltd	Total
Cost	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, September 30, 2020	170,000	-	-	-	-	-	-	-	170,000
Additions	445,000	11,555,805	11,555,805	4,475,250	1,780,000	14,521	-	-	29,826,381
Impairment	-	-	(11,555,805)	(4,475,250)	-	(14,521)	-	-	(16,045,576)
Balance, September 30, 2021	615,000	11,555,805	-	-	1,780,000	-	-	-	13,950,805
Additions	-	-	-	-	-	-	51,066	739	51,805
Balance, March 31, 2022	615,000	11,555,805	-	-	1,780,000	-	51,066	739	14,002,610
Exploration and evaluation expenditures									
Balance, September 30, 2020	101,638	-	-	-	-	-	-	-	101,638
Additions	180,175	105,007	115,219	187,127	59,290	-	-	-	646,818
Impairment	-	-	(115,219)	(187,127)	-	-	-	-	(302,346)
Balance, September 30, 2021	281,813	105,007	-	-	59,290	-	-	-	446,110
Additions	2,365	22,731	-	-	1,000	-	-	-	26,096
Balance, March 31, 2022	284,178	127,738	-	-	60,290	-	-	-	472,206
Balance, September 30, 2021	896,813	11,660,812	-	-	1,839,290	-	-	-	14,396,915
Balance, March 31, 2022	899,178	11,683,543	-	-	1,840,290	-	51,066	739	14,474,816

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Overall PerformanceCobalt Hill Property

The exploration program was designed to follow-up on zones of known high grade gold mineralization which occur at numerous locations on the property and are well described in historic assessment reports filed with the BC Ministry of Energy and Mines. It will also assess the potential for larger zones of lower grade gold mineralization on the property. Activities will include compiling historic geochemical, geological and geophysical data along with ground truthing, mapping and sampling to follow-up areas of interest.

Lithium Property in Quebec

The Route 381 Lithium Property is located in a prolific hard-rock lithium jurisdiction with several actively advancing lithium projects including Critical Elements Lithium Corporation's Rose Project, the Whabouchi lithium project and Galaxy Lithium (Canada) Inc.'s James Bay Lithium Project. The Company is looking towards an inaugural exploration program on the project during the 2021 field season.

Selected Financial Information

	For the three months ended, March 31,		For the six months ended March 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Exploration and evaluation expenses	3,066	-	65,150	-
General and administrative	5,637	1,904	13,078	4,668
Management and consulting	149,175	31,001	253,155	57,361
Marketing and shareholder communication	246,040	356,654	274,765	1,136,262
Professional fees	103,662	5,125	171,216	64,527
Regulatory and filing fees	59,265	11,733	69,593	17,673
Share-based compensation	-	355,400	282,295	769,600
Other (income)	(3,336)	-	(3,336)	-
Net loss	563,509	761,817	1,125,916	2,050,091
Net loss attributable to Shareholders of the Company	563,509	761,817	1,125,916	2,050,091
Net loss attributable to Shareholders of the Company per share	0.01	0.02	0.02	0.05

	March 31, 2022	September 30, 2021
	\$	\$
Deficit	16,544,195	15,418,279
Exploration and evaluation assets	14,474,816	14,396,915
Total assets	15,256,176	14,967,986
Total liabilities	103,728	148,608

Results of OperationsFor the six months ended March 31, 2022 and 2021:

The Company incurred a net loss of \$1,125,916 (2021 - \$2,050,091), of which \$1,125,916 (2021 - \$2,050,091) was attributable to shareholders of the Company and \$nil (2021 - \$nil) was attributable to non-controlling interests. The primary expenses incurred during the six months ended March 31, 2022 by the Company are as follows:

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Exploration and evaluation expenses increased to \$65,150 (2021 - \$nil) due to expenditures on the impaired exploration and evaluation assets. General and administrative increased to \$13,078 (2021 - \$4,668) due to additional insurance expenses. Management and consulting increased to \$253,155 (2021 - \$57,361), due to utilizing additional management fees, external consultants (1274473 BC Ltd.) and Redcloud. Marketing and shareholder communication decreased to \$274,765 (2021 - \$1,136,262), due to decrease in marketing awareness campaigns. Professional fees increased to \$171,216 (2021 - \$64,527) due to audit services (Manning Elliot). Regulatory and filings fees increased to \$69,593 (2021 - \$17,673) due to additional private placements and news releases. Share-based compensation was \$282,295 (2021 - \$769,600) for the six months ended March 31, 2022 as there were fewer options vesting in the period.

Summary of Quarterly Results

Selected information derived from the Company's financial statements for the past eight quarters is as follows:

	Q2 2022	Q1 2022	Q4 2021	Q3 2021
	\$	\$	\$	\$
Total revenues	-	-	-	-
Loss and comprehensive loss	(563,509)	(562,407)	(16,659,614)	(557,108)
Total assets	15,256,176	15,951,457	14,967,986	31,853,263
Working capital	677,632	1,249,565	422,463	775,346
Total liabilities	103,728	235,500	148,608	2,191,440
Loss per share ⁽¹⁾ - basic and diluted	(0.01)	(0.01)	(0.22)	(0.01)

	Q2 2021	Q1 2021	Q4 2020	Q3 2020
	\$	\$	\$	\$
Total revenues	-	-	-	-
Loss and comprehensive loss	(761,817)	(1,288,274)	(599,392)	(19,919)
Total assets	27,776,212	25,533,990	3,079,357	393,857
Working capital	1,627,118	1,914,999	2,698,590	115,318
Total liabilities	230,473	86,171	109,129	29,014
Loss per share ⁽¹⁾ - basic and diluted	(0.02)	(0.03)	(0.05)	(0.00)

⁽¹⁾ Loss per share attributable to shareholders of the Company.

Liquidity and Capital Resources

The net working capital of the Company at March 31, 2022 was \$677,632 (September 30, 2021 - \$422,463).

As the Company is an exploration stage company, it does not have an sources of operating cash flows. The Company's source of cash to-date has been equity financing.

The Company's current assets are not sufficient to support the company's general administrative and corporate operating requirements on an ongoing basis for the foreseeable future. Accordingly, further financing will be required, and the Company will need to raise additional funds to continue its operations.

During the six months ended March 31, 2022, the Company completed the following share transactions:

On November 23, 2021, the Company closed a private placement for gross proceeds of \$1,315,665 from the sale of 2,423,446 units of the Company (the "Units") at a price of \$0.18 per Unit and 4,509,972 flow-through units of the Company (the "FT Units") at a price of \$0.195 per FT Unit. Each Unit is comprised of one common share of the Company (each, a "Unit Share") and one half of one common share purchase warrant (each whole warrant, a "Warrant"). Each FT Unit is comprised of one common share of the Company to be issued as a "flow-through share" within the meaning of the Income Tax Act (Canada) (each, a "FT Share") and one half of one Warrant. Each Warrant will entitle the holder thereof to purchase one common share of the Company (each, a "Warrant Share") at a price of \$0.27 on or before November 17, 2023. Gross proceeds were allocated between share capital and warrants reserve using the relative fair value method. As a result, \$1,053,167 was allocated to share capital and \$262,498 was allocated to warrants reserve.

In connection with the private placement, the Company paid total finder's fees of \$71,324 and issued to the finders 401,922 warrants of the Company (the "Finder's Warrants"). Each Finder's Warrant is exercisable to acquire one common share of the Company at a price of \$0.18 at any time on or before November 18, 2023. As a result, \$41,292 was recorded in reserves for the Finder's Warrants.

Liquidity Outlook

The Company's cash position is highly dependent on its ability to raise cash through financings.

As at March 31, 2022 based on the Company's financial position, the Company will need to complete additional external financing either through equity, debt, or other forms of financing. As other opportunities become available to the Company and subject to exploration work on the Company's project and results from such exploration program is determined, management may be required to complete additional financing.

This outlook is based on the Company's current financial position and is subject to change if opportunities become available based on exploration program results and/or external opportunities. At present, the Company's operations do not generate cash inflows and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control.

In order to finance the Company's future exploration programs and to cover administrative and overhead expenses, the Company will need to raise funds through equity sales, from the exercise of convertible securities, debt, deferral of payments to related parties, or other forms of raising capital. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the short and long term but recognizes that there will be risks involved which may be beyond its control.

The Company will need to raise sufficient funds as the Company's current assets are not sufficient to finance its operations and administrative expenses. The Company is evaluating financing options including, but not limited to, the issuance of additional equity and debt. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company's performance (as measured by numerous factors including the progress and results of its projects), the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets.

Contractual Obligations

The Company has no material and long-term contractual obligations.

Significant Accounting Policies and Estimates

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amounts of assets, liabilities, revenues and expenses. These estimates are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances and require judgment on matters which are inherently uncertain.

Related Party Transactions

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.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and former Chief Financial Officer. During the three months ended March 31, 2022 and 2021, the Company had the following transactions with related parties which also comprises key management compensation:

	Three months ended March 31,		Six months ended March 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Management and consulting	33,000	15,000	89,613	36,750
Share-based compensation	-	198,800	234,305	488,757
Total	33,000	213,800	323,918	525,507

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial Instruments

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices 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 fair values of cash, accounts payable, accrued liabilities, and taxes recoverable approximate their carrying values due to their short-term nature.

Financial risk management objectives and policies

The Company's financial instruments include cash, accounts payable, accrued liabilities, and taxes recoverable. 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.

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.

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.

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 risk, the Company places these instruments with a high-quality financial institution.

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.

Market risk

- a. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A change of 100 basis points in the interest rates would not be material to the financial statements.
- b. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. Assuming all other variables constant, an increase or a decrease of 10% of the US dollar against the Canadian dollar, the net loss of the Company and the equity would have varied by a negligible amount

Subsequent Events

On April 5, 2022, the Company closed the acquisition of an additional 20% of the issued and outstanding shares of TargetCo pursuant to a share purchase agreement dated effective March 25, 2022 (the "Definitive Agreement") with certain shareholders (the "Shareholders") of TargetCo. Pursuant to the terms of the Definitive Agreement, the Company acquired an additional 20% of the issued and outstanding securities of TargetCo in consideration for the issuance of 7,500,000 common shares of the Company pro rata to the Shareholders at a deemed price of \$0.13 per share

On April 20, 2022 its common shares commenced trading on the OTCQB under the symbol "WALRF". The Company's common shares will continue to trade on the Canadian Securities Exchange (CSE) under the symbol "MEGA. The OTCQB is a US trading platform that is operated by the OTC Markets Group in New York and is the premier marketplace for entrepreneurial and development stage U.S. and international companies that are committed to providing a high-quality trading and information experience for their US investors.

Outstanding Share data

As at the date of this MD&A:

- 78,787,318 common shares issued and outstanding including 735,495 held in escrow;
- 4,126,891 share purchase warrants; and
- 4,200,000 stock options

Risk Factors

For a detailed listing of the risk factors faced by the Company, please refer to the Company's MD&A for the year ended September 31, 2021 and 2020.