

MEGAWATT LITHIUM AND BATTERY METALS CORP.

Managements Discussion & Analysis

For the years ended September 30, 2022 and 2021

Reporting Period and Effective Date

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the annual audited financial statements of MegaWatt Lithium and Battery Metals Corp. (the "Company") and the notes thereto for the years ended September 30, 2022 and 2021 (collectively referred to hereafter as the "financial statements"). This MD&A of the financial condition and results of operations of the Company has been prepared by management and should be read in conjunction with the Company's financial statements for the years ended September 30, 2022 and 2021. Additional information relating to the Company is available on SEDAR at www.sedar.com.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. All amounts are expressed in Canadian dollars unless otherwise stated. Other information contained in this document has also been prepared by management and is consistent with the data contained in the financial statements.

The effective date of this MD&A is January 27, 2023.

Cautionary note regarding forward-looking statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance, or achievements to be materially different from any of its anticipated results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements.

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

The financial statements present the business of the Company, representing the activities, assets and liabilities of the Company that relate to or have been assigned to the Company.

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"). On April 20, 2022, the Company's common shares also commenced trading on the OTCQB under the symbol "WALRF". The head office and principal address of the Company is located at Suite 1500 - 1055 West Georgia Street, Vancouver BC, V7X 1M5. The Company's principal business activities include the acquisition and exploration of mineral property assets.

As at September 30, 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 September 30, 2022 the Company has not generated revenue to date and had an accumulated deficit of \$26,523,997 (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.

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Cobalt Hill

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 ("Cobalt Hill") located in the Trail Creek Mining Division in British Columbia.

In 2021, the Company fulfilled the terms of the option agreement and acquired a 100% undivided interest in Cobalt Hill by making cumulative cash payments totaling \$355,000 and issuing a cumulative total of 1,100,000 common shares of the Company. The optionor retained a 1.5% NSR on Cobalt Hill.

Tyr Silver Project and Century South Silver-Zinc Project

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. ("TargetCo") which owns a 100% interest (subject to a 2% NSR) in two prospective silver-zinc projects in Australia, being the Tyr Silver Zinc Project and the Century South Silver-Zinc Project. Both projects are located near established mining infrastructure and are accessible by port.

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 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 of TargetCo at a fair value of \$0.13 per share. The acquisition of the additional 20% of TargetCo is accounted for as an equity transaction and reduction of the non-controlling interest. As a result of this transaction, the Company owns 80% of the issued and outstanding shares of TargetCo.

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 on September 30, 2021 as an impairment of exploration and evaluation assets and with subsequent exploration and evaluation expenditure recognized in Consolidated Statements of Loss and Comprehensive Loss. The Company intends to keep the permit of this resource property in good standing.

During the year ended September 30, 2022, the Tyr Silver 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 \$11,769,454 on September 30, 2022 as an impairment of exploration and evaluation assets and with subsequent exploration and evaluation expenditure recognized in Consolidated Statements of Loss and Comprehensive Loss. The Company intends to keep the permit of this resource property in good standing.

James Bay Lithium Project

Route 381 Lithium

In January 2021, the Company completed the acquisition of a 100% interest in and to the Route 381 Lithium, 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% NSR.

During the year ended September 30, 2022, Route 381 Lithium was partially impaired due to the decrease in the fair value of mineral property option agreement. As a result, the Company recorded an amount of \$767,431 on September 30, 2022 as an impairment of exploration and evaluation assets and with subsequent exploration and evaluation expenditure recognized in Consolidated Statements of Loss and Comprehensive Loss. The Company intends to keep the permit of this resource property in good standing.

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Mitsumis

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 km² and are ATV accessible.

During the year ended September 30, 2022, Mitsumis was fully impaired due to the decrease in the fair value of mineral property option agreement. As a result, the Company recorded an amount of \$391,126 on September 30, 2022 as an impairment of exploration and evaluation assets and with subsequent exploration and evaluation expenditure recognized in Consolidated Statements of Loss and Comprehensive Loss. The Company intends to keep the permit of this resource property in good standing.

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.

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.

Option on the James Bay Lithium Project

Effective September 27, 2022, the Company entered into a mineral property option agreement (the "Property Option Agreement") with Cygnus Gold Limited ("Cygnus"), whereby the Company granted Cygnus the option to acquire up to an 80% interest in the Company's Route 381 Lithium and Mitsumis properties located in Quebec, Canada (the "James Bay Lithium Project"). Option consideration from Cygnus is recorded as a reduction of the properties' capitalized exploration and evaluation assets reflecting a recovery of past costs incurred.

Under the terms of the Property Option Agreement, Cygnus has the option to acquire an initial 51% interest in the James Bay Lithium Project (the "First Option"). Following the exercise of the First Option, Cygnus has the option to acquire an additional 29% interest in the Projects (the "Second Option").

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In order to exercise the First Option, Cygnus must commit to the following over three years:

- Payment of \$175,000 due on September 30, 2022 (which includes \$125,000 as an expense reimbursement to the Company) (the payment was received on October 12, 2022);
- Reimbursement of the Company's exploration expenditures of up to \$375,000 from its 2022 exploration program by December 31, 2022 (the reimbursement was received on December 20, 2022);
- Fund \$2,000,000 in exploration expenditures on the Projects by the third anniversary date of the Property Option Agreement as follows:
 - \$500,000 to be incurred prior to the first anniversary of the effective date of the Property Option Agreement (less any reimbursements as described above);
 - \$500,000 to be incurred prior to the second anniversary of the effective date of the Property Option Agreement; and
 - \$1,000,000 to be incurred prior to the third anniversary of the effective date of the Property Option Agreement.

Cygnus will then have the option to exercise the Second Option by:

- Payment of \$50,000 to the Company within 30 days of the satisfaction of the First Option;
- Filing a NI 43-101 or the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") compliant mineral resource estimate which defines a lithium oxide resource on the Projects of at least 5 million tonnes with an average grade of not less than 0.8% lithium oxide in any resource category as defined in NI 43-101 or the JORC Code, by the date which is no later than 5 years from the exercise of the First Option; and
- Cash consideration to the Company of \$1,000,000 within 3 days of filing the above report.

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The following is a summary of exploration and evaluations asset acquisition costs and expenditures for the years ended September 30, 2022 and 2021:

	Cobalt Hill	Tyr Silver Project	Century South Silver-Zinc Project	James Bay Lithium Project	New Age Co Properties	Australian Silver Mines	Total
Acquisition cost	\$	\$	\$	\$	\$	\$	\$
Balance, September 30, 2020	170,000	-	-	-	-	-	170,000
Additions	445,000	11,555,805	11,555,805	1,780,000	4,475,250	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	-	-	-	-	-	-	-
Impairment	-	(11,555,805)	-	(701,569)	-	-	(12,257,374)
Option and sale proceeds	-	-	-	(175,000)	-	-	(175,000)
Balance, September 30, 2022	615,000	-	-	903,431	-	-	1,518,431
Exploration and evaluation expenditures							
Balance, September 30, 2020	101,638	-	-	-	-	-	101,638
Additions	180,175	105,007	115,219	59,290	187,127	-	646,818
Impairment	-	-	(115,219)	-	(187,127)	-	(302,346)
Balance, September 30, 2021	281,813	105,007	-	59,290	-	-	446,110
Additions	2,545	108,642	-	397,698	-	-	508,885
Impairment	-	(213,649)	-	(456,988)	-	-	(670,637)
Balance, September 30, 2022	284,358	-	-	-	-	-	284,358
Balance, September 30, 2021	896,813	11,660,812	-	1,839,290	-	-	14,396,915
Balance, September 30, 2022	899,358	-	-	903,431	-	-	1,802,789

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Overall Performance

Cobalt Hill

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.

New Age Co Properties

On May 24, 2022, the Company completed a comprehensive desktop review of available data at its two properties – Artic Fox and Isbjorn – in central Northern Territory, Australia, targeting rare earth elements (REE) zones.

Notably, the findings are encouraging, as historical stream sediment sample results within the Artic Fox Project enabled Megawatt's technical team to delineate six anomalous target areas for REEs that materially enhance the property's exploration potential.

On June 7, 2022, the Company completed a field visit to the Artic Fox & Isbjorn Projects in central Northern Territory, Australia.

At Arctic Fox, the team identified ample outcrop prospective for REE covering a large portion of the property, while the six primary anomalies from the historic stream sediment survey will be subject to a comprehensive surface sampling and mapping campaign in the coming months.

During the visit, 12 rock-chip samples were taken which represent the veining and immediate country rock of some of the ridges observed in the tenure. Notably, the technical team believe mineralisation could occur in either the quartz veining and/or the altered country rock.

James Bay Lithium Project

Route 381 Lithium 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.

On August 11, 2022, the Company begun fieldwork at the Route 381 and Mitsumis projects in the James Bay Territory. The program will consist of a high-resolution drone survey to capture spatial data and imagery combined with mapping and sampling of areas prospective for lithium bearing pegmatites. Orix Geoscience Inc. of Toronto will be using a long-range fixed wing, vertical takeoff and landing drone to complete the project producing a base map of a portion of MegaWatt's properties (~3,600 hectares), digital surface/terrain models, point cloud, contour lines, and imagery analysis to identify outcrops, features of interest, and future mapping and prospecting areas. Mapping, sampling and prospecting will be carried out simultaneously around a magnetic high and anomalous lithium sample earlier identified in the area. It is anticipated to take approximately five weeks from project start to delivery of results and analysis.

Selected Financial Information

	For the three months ended,		For the years ended	
	2022	September 30, 2021	2022	September 30, 2021
	\$	\$	\$	\$
Exploration and evaluation expenses	36,296	-	136,286	-
General and administrative	5,503	8,149	23,533	16,492
Management and consulting	102,460	35,715	483,329	128,529
Marketing and shareholder communication	26,774	98,849	357,322	1,837,933
Professional fees	88,309	58,507	323,923	134,198
Regulatory and filing fees	12,420	9,589	110,232	32,139
Share-based compensation	-	-	282,295	769,600
Other (income) expenses	12,941,394	14,646,922	12,936,050	16,347,922
Net loss and comprehensive loss	13,213,156	14,857,731	14,652,970	19,266,813
Net loss attributable to shareholders of the Company	10,859,265	10,869,721	12,293,947	14,598,403
Non-controlling interest	2,353,891	3,988,010	2,359,023	4,668,410
Net loss per share: Basic and diluted	0.14	0.03	0.17	0.27

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	September 30, 2022	September 30, 2021
	\$	\$
Deficit	26,523,997	15,418,279
Exploration and evaluation assets	1,802,789	14,396,915
Total assets	2,857,029	14,967,986
Total liabilities	701,636	148,608

Results of Operations*For the three months ended September 30, 2022 and 2021:*

The Company incurred a net loss of \$13,213,156 (2021 - \$14,857,731), of which \$10,859,265 (2021 - \$10,869,721) was attributable to shareholders of the Company and \$2,353,891 (2021 - \$3,988,010) was attributable to non-controlling interest. Significant drivers of these changes were as follows:

- Exploration and evaluation expenses increased to \$36,296 (2021 - \$nil), due to expenditures on the impaired exploration and evaluation assets that were capitalized in the comparative period.
- General and administrative decreased to \$5,503 (2021 - \$8,149), due to the recognition of a prepaid application fee for listing on the OTCQB incurred in the prior year.
- Management and consulting increased to \$102,460 (2021 - \$35,715), due to utilizing additional management personnel and external consultants.
- Marketing and shareholder communication decreased to \$26,774 (2021 - \$98,849), due to a decrease in marketing awareness campaigns as the Company is utilizing more external consultants for in house marketing.
- Professional fees increased to \$88,309 (2021 - \$58,507), due to audit services and legal fees associated with the acquisition of TargetCo.
- Regulatory and filings fees increased to \$12,420 (2021 - \$9,589), due to additional private placements and other corporate communications compared to the prior year period.

For the years ended September 30, 2022 and 2021:

The Company incurred a net loss of \$14,652,970 (2021 - \$19,266,813), of which \$12,293,947 (2021 - \$14,598,403) was attributable to shareholders of the Company and \$2,359,023 (2021 - \$4,668,410) was attributable to non-controlling interest. Significant drivers of these changes were as follows:

- Exploration and evaluation expenses increased to \$136,286 (2021 - \$nil), due to expenditures on the impaired exploration and evaluation assets that were capitalized in the comparative period.
- General and administrative increased to \$23,533 (2021 - \$16,492), due to increasing operating activities of the Company.
- Management and consulting increased to \$483,329 (2021 - \$128,529), due to utilizing additional management personnel and external consultants.
- Marketing and shareholder communication decreased to \$357,322 (2021 - \$1,837,933), due to a decrease in marketing awareness campaigns as the Company is utilizing more external consultants for in house marketing.
- Professional fees increased to \$323,923 (2021 - \$134,198), due to audit services and legal fees associated with the acquisition of TargetCo.
- Regulatory and filings fees increased to \$110,232 (2021 - \$32,139), due to additional private placements and other corporate communications compared to the prior year period.
- Share-based compensation was \$282,295 (2021 - \$769,600), which represents the number of options granted decreased and vested immediately.

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Summary of Quarterly Results

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

	Q4 2022	Q3 2022	Q2 2022	Q1 2022
	\$	\$	\$	\$
Total revenues	-	-	-	-
Loss and comprehensive loss	(13,213,156)	(313,898)	(563,509)	(562,407)
Total assets	2,857,029	15,036,432	15,256,176	15,951,457
Working capital	352,604	275,912	677,632	1,317,215
Total liabilities	701,636	197,882	103,728	167,850
Net loss per share ⁽¹⁾ - basic and diluted	(0.14)	(0.00)	(0.01)	(0.01)
	Q4 2021	Q3 2021	Q2 2021	Q1 2021
	\$	\$	\$	\$
Total revenues	-	-	-	-
Loss and comprehensive loss	(14,857,731)	(2,358,991)	(761,817)	(1,288,274)
Total assets	14,967,986	31,853,263	27,776,212	25,533,990
Working capital	422,463	775,346	1,627,118	1,914,999
Total liabilities	148,608	2,191,440	230,473	86,171
Net loss per share ⁽¹⁾ - basic and diluted	(0.22)	(0.03)	(0.02)	(0.03)

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

Liquidity and Capital Resources

The net working capital of the Company at September 30, 2022 was \$352,604 (September 30, 2021 - \$422,463).

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 year ended September 30, 2022, the Company used \$1,453,533 of net cash for operating activities (2021 - \$2,166,622) primarily relating to the net loss of \$14,652,970, primarily relating to management and consulting, marketing and shareholder communication, and professional fees, as well as the Company's on-going exploration and evaluation expenses at the Tyr Silver Project and Century South Silver-Zinc property.

During the year ended September 30, 2022, the Company used \$137,210 of net cash for investing activities (2021 - \$990,449) relating to the exploration and evaluation expenditures on Tyr Silver Project, James Bay Lithium Project, and New Age Co Properties. The decrease in cash invested from the comparative period is due to less cash spent on acquisitions and capitalized exploration and evaluation in the current period.

During the year ended September 30, 2022, the Company received \$1,858,340 from financing activities (2021 - \$863,613), including \$462,220 of proceeds from issuance of units, and \$1,509,444 of proceeds from issuance of flow-through units, net of share issuance costs of \$113,324. During the prior year comparable period, the Company received \$726,363 proceeds from warrant exercises and \$137,250 from option exercises.

During the year ended September 30, 2022, the Company completed the following share transactions:

On November 23, 2021, the Company closed a private placement for gross proceeds of \$1,315,664 from the sale of 2,423,446 units of the Company at a price of \$0.18 per Unit and 4,509,972 flow-through units of the Company at a price of \$0.195 per FT Unit. Each unit (the "Unit") is comprised of one common share of the Company and one half of a common share purchase warrant. Each FT Unit (the "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) and one half of a Warrant. Each Warrant will entitle the holder thereof to purchase one common share of the Company 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, \$985,517 was allocated to share capital with the remaining \$67,650 recognized as a flow-through premium 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.

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On April 5, 2022, the Company issued 7,500,000 common shares at a fair value of \$0.130 per share for an additional 20% interest in the Australian Silver Projects.

On September 22, 2022, the Company closed a private placement for gross proceeds of \$656,000 from the sale of 400,000 units of the Company at a price of \$0.065 per Unit and 8,400,000 flow-through units of the Company at a price of \$0.075 per FT Unit. Each Warrant will entitle the holder thereof to purchase one common share of the Company at a price of \$0.12 on or before September 22, 2024. Gross proceeds were allocated between share capital and warrants reserve using the relative fair value method. As a result, \$460,870 was allocated to share capital with the remaining \$84,000 recognized as a flow-through premium and \$111,131 was allocated to warrants reserve.

In connection with the private placement on September 22, 2022, the Company paid total finder's fees of \$42,000 and issued 616,000 Finder's Warrants of the Company. Each Finder's Warrant is exercisable to acquire one common share of the Company at a price of \$0.12 on or before September 22, 2024. As a result, \$23,765 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 September 30, 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 accounting policies and estimates applied in preparation of the financial statements are disclosed in the consolidated financial statements of the Company for the years ended September 30, 2022 and 2021.

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.

MEGAWATT LITHIUM AND BATTERY METALS CORP.

Management's Discussion & Analysis

For the years ended September 30, 2022 and 2021

During the years ended September 30, 2022 and 2021, the Company had the following transactions with related parties which also comprises key management compensation:

	Years ended September 30,	
	2022	2021
	\$	\$
Management and consulting	157,573	81,750
Share-based compensation	234,305	488,757
	391,878	570,507

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial Instruments

The Company instruments consist of cash, mineral option payment receivable and accounts payable, and their fair values approximate their carrying values due to their short-term nature.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable are all current and due within 90 days of the balance sheet date.

iii) Market risk

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 Australian dollar against the Canadian dollar, the net loss of the Company and the equity for the year ended September 30, 2022 would have varied by a negligible amount.

iv) Interest rate risk

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. The Company's cash is not exposed to interest rate risk.

Subsequent Event

On October 12, 2022, the Company received the payment of \$175,000 for the First Option in relation to the Property Option Agreement.

On December 20, 2022, the Company received a reimbursement of \$375,000 for its exploration expenditures from its 2022 exploration program in relation to the Property Option Agreement

Outstanding Share data

As at the date of this MD&A:

- 87,587,318 common shares issued and outstanding;
- 8,884,631 share purchase warrants; and
- 4,200,000 stock options