INTERNATIONAL BATTERY METALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended December 31, 2024

Dated March 3,2025

INTERNATIONAL BATTERY METALS LTD.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

Introduction

The preparation and presentation of this Management Discussion and Analysis ("MD&A") of International Battery Metals Ltd. (the "Company", "IBAT", "we" or "our") for the three and nine months ended December 31, 2024 and all financial information in the annual audited consolidated financial statements of the Company for the year ended March 31, 2024 and the related notes contained therein are the responsibility of management and have been approved by the Board of Directors.

The Company's consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ("GAAP") on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The consolidated financial statements include the results of the Company and its subsidiaries. A subsidiary is consolidated from the date upon which control is acquired by the Company and all intercompany transactions and balances have been eliminated.

Management, under the supervision of and the participation of the Chief Executive Officer and Chief Financial Officer, have a process in place to evaluate disclosure controls and procedures and internal control over financial reporting as required by Canadian securities regulations. We, as Chief Executive Officer and Chief Financial Officer, will certify these interim filings as required in Canada by National Instrument 52-109.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee which is independent from management.

The Audit Committee is appointed by the Board of Directors and reviews the consolidated financial statements and MD&A; considers the report of the external auditors; examines the fees and expenses for audit services; and recommends to the Board the independent auditors for appointment by the shareholders. The independent auditors have full and free access to the Audit Committee and meet with the Audit Committee to discuss their audit work, the Company's internal control over financial reporting and financial reporting matters. The Audit Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the shareholders.

This MD&A of the financial position and results of operations of the Company should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended March 31, 2024 and the related notes contained therein, and the unaudited condensed consolidated financial statements for the three and nine months ended December 31, 2024 and the notes contained therein. All dollar figures included therein and in the following MD&A are quoted in United States dollars. Additional information relevant to the Company and its activities can be found on SEDAR at www.sedar.com.

This MD&A is current as of March 3, 2025.

Forward Looking Statements and Forward-Looking Information

This MD&A contains statements that we believe are, or may be considered to be, "forward-looking statements" within the meaning of U.S. federal securities laws and Canadian provincial and territorial securities laws. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on current beliefs, expectations or assumptions, whether express or implied, regarding the future of the business, future plans and strategies, operational results and other future conditions and are being made pursuant to the "safe harbor" provisions of U.S. federal securities laws and Canadian provincial and territorial securities laws. All statements other than statements of historical fact included in this MD&A of the Company's industry or its plans, financial position or business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking words such as "plans," "expects" or "does not expect," "is expected," "look forward to," "budget," "scheduled," "estimates," "forecasts," "will continue," "intends," "the intent of," "have the potential," "anticipates," "does not anticipate," "believes," "should," "should not," or variations of such words and phrases that indicate that certain actions, events or results "may," "could," "would," "might," or "will," "be taken," "occur," or "be achieved," or the negative of these terms or variations of them or similar terms. Furthermore, forward-looking statements may be included in various filings that we make with the United States Securities and Exchange Commission, the securities regulatory authorities in Canada or press releases or oral statements made by or with the approval of one of the Company's authorized executive officers. Although we believe that the expectations reflected in these forward-looking statements are reasonable, it cannot assure you that these expectations will prove to be correct. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements.

Specifically, this MD&A contains forward-looking statements regarding:

- any assumptions that we make regarding the data that we may rely on as well as our knowledge of the industry;
- our strategy, future operations, financial positions, estimated revenues and losses, forecasts, projected costs, prospects and plans;
- our ongoing commitment to research and development and innovation;
- our intention to expand into new geographical areas as well as our opportunities and strategies for growth, including our intention to expand into international markets;
- our ability to identify and pursue customers that are complementary to our strategy;
- our expectations regarding competition in the industry, as well as our ability to compete effectively;
- our ability to attract and retain talent and the effectiveness of our compensation strategies and leadership;
- our future capital requirements and ability to source additional working capital, as well the uses of such funds;
- our expectations regarding our ability to obtain and maintain intellectual property protection and not infringe on the rights of others;
- our expectations regarding the expenses that we may incur, as well as our ability to generate revenue and sustain profitability; and

- our ability to comply with the various obligations of our existing license agreements and any future license agreements that we may enter into.

These forward-looking statements reflect our current views about future events and are subject to risks, uncertainties, and assumptions. Forward-looking information contained in this MD&A, while considered reasonable by us as of the date of such statements, does not take into account the effect of transactions or other items announced or occurring after the statements are made. We undertake no obligation to update forward-looking statements to reflect events or circumstances after the date hereof, unless otherwise required by law. You should not place undue reliance on any forward-looking statements contained in this MD&A. We wish to caution readers that certain important factors may have affected and could in the future affect our actual results and could cause actual results to differ significantly from those expressed in any forward-looking statement. The most important factors that could prevent us from achieving our goals, and cause the assumptions underlying forward-looking statements and the actual results to differ materially from those expressed in or implied by those forward-looking statements include, but are not limited to, the following:

- our ability to compete with other companies and implement a robust business plan;
- our belief in the sufficiency of our intellectual property rights in our technology;
- the success or failure of management's efforts to continue to develop the second generation MDLE Plant technology;
- our ability to attract a substantial customer base to successfully establish and maintain appropriate collaborations and derive significant revenue from those collaborations;
- rapid technological change that could cause our technology to become obsolete and if we do not improvise on our technology through our research and development efforts, we may be unable to effectively compete;
- the loss of key members of our management team;
- our ability to expand in existing and new markets;
- our ability to obtain adequate or timely funding to expand our business; and
- other risks, including those described under the headings "*Risks*" in this MD&A.

You are advised to consult any additional disclosures we make in our reports to the United States Securities and Exchange Commission and the securities regulatory authorities in Canada. All subsequent written and oral forward-looking statements attributable to we or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements contained in this MD&A.

Overview

The Company was incorporated under the *Business Corporations Act* (British Columbia) on July 29, 2010. The Company trades on the TSX Venture Exchange ("TSXV") under the stock symbol "IBAT". The Company also trades on the Over-The-Counter Markets ("OTC") under the stock symbol "IBATF". The Company's registered and records office is located at 25th Floor Park Place, 666 Burrard Street, Vancouver, BC V6C. During the quarter ended December 31, 2024, our common shares were delisted from the Canadian Securities Exchange effective close of business on October 4, 2024 and listed on the TSXV effective market open on October 7, 2024.

The Company has an advanced technology and manufacturing process focused on environmentally responsible methods of extracting lithium compounds from brine. The Company provides its technology and equipment to holders of resource properties such as oilfield brines, subsurface brine aquifers and industrial customers who have lithium rich brine by products from their operations. The Company's proprietary extraction process is sustainable, low cost and capable of producing high-quality commercial grade lithium products.

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

On May 1, 2024, the Company entered into a lease agreement with US Magnesium LLC ("US Magnesium"), a producer of Magnesium products and capabilities to produce lithium carbonate. Pursuant to the lease agreement, the Company mobilized its first MDLE Plant to US Magnesium's facility in Salt Lake City, Utah and in June 2024, the Company completed commissioning of the MDLE Plant and US Magnesium assumed operational control of the MDLE Plant. Recently, in September 2024, US Magnesium suspended operations of the MDLE Plant at their site due to the low demand and market price of lithium as well as the high cost of their pre-treatment. During the third quarter, the Company completed the process of demobilizing the MDLE Plant out of US Magnesium's site and is pursuing opportunities to permanently deploy this MDLE Plant with a new customer.

We believe that the operations at the US Magnesium's facility demonstrated the commercial viability of the MDLE Plant at scale. During the operation of the MDLE Plant, the Company believes the MDLE Plant performed well and produced a high-quality lithium chloride eluent which was further processed by US Magnesium to produce a high-purity battery grade lithium carbonate meeting US Magnesium's customer's standards. The Company anticipates that the variation in contaminants in US Magnesium's Leach Solution were significantly greater than expected variations in naturally occurring brines and incurred higher than expected cost to produce by US Magnesium specifically the pre-treatment of the brine prior to the DLE process. The testing performed during operation also provided insights into cost-effective solutions for managing specific contaminants and responding to changes in the operating environment.

The Company is also developing a second-generation module of the MDLE Plant technology which the Company expects will provide customers with the option to greatly increase the efficiency of the MDLE Plant's capacity to process brine solutions and increase lithium chloride production.

Components of the Statement of Operations

Revenue

The Company anticipates generating future revenues through a combination of technology licensing agreements, equipment rentals, participation in joint ventures or special purpose entities with resource developers and management fees for overseeing the construction and development of future lithium extraction facilities. Generally, a resource holder has access to brine resources from a subsurface brine aquifer, brines from produced water in connections with oilfield operations, geothermal brines or have a brine resulting as a byproduct of another commercial operation.

Operating Costs

The Company operates with a small number of corporate employees to oversee the Company's operations and development with the primary functions including accounting, engineering, fabrication, laboratory, legal, and research being outsourced to third party service providers. This model has allowed the Company to continue to develop its business and scale the operations as the Company has funds available. We anticipate that the Company will add to both its corporate staff and field staff as the Company commences commercial operations and works to continue developing our technology. To date, the Company has not experienced any shortages of available employees or outsourced service providers.

Results of Operations for the Three Months Ended December 31, 2024 and 2023

The operating results for the three months ended December 31, 2024 and 2023 are summarized as follows (in thousands):

	Three Months Ended December 31,	
	2024	**2023**
REVENUE, reimbursable	$ (4)	$ -
OPERATING COSTS AND EXPENSES		
Operating costs, excluding depreciation	468	-
Selling, general and administrative expenses, excluding depreciation	2,097	2,549
Reimbursable expenses	(4)	-
Amortization of intangible assets	269	269
Depreciation	1,235	1
Operating loss	(4,069)	(2,819)
Excess fair value of warrants over private placement proceeds	-	-
Change in fair value of warrant liability	(7,576)	2,143
Net loss before income tax provision	(11,645)	(676)
Provision for income taxes	-	-
Net loss and comprehensive income (loss)	**$ (11,645)**	**$ (676)**
Net loss and comprehensivie loss per share, basic and diluted	**$ (0.05)**	**$ (0.00)**

Revenue

For the three months ended December 31, 2024 and 2023, the Company did not generate any revenue from operations or incur any reimbursable costs.

Operating Cost

For the three months ended December 31, 2024, the Company incurred operating costs consisting of travel and housing costs and materials and supplies during the decommissioning and demobilizing of the MDLE Plant. During the three months ended December 31, 2023, the Company did not incur any operating costs.

Selling, General and Administrative Expenses

The major components of selling, general and administrative expenses for the three months ended December 31, 2024 and 2023 are as follows (in thousands):

	Three Months Ended December 31,	
	2024	2023
Compensation expense	$ 585	$ 570
Share-based compensation	437	363
Professional fees	216	335
Legal fees	325	688
Engineering	-	378
Rent and miscellaneous office	203	143
Other	331	72
	$ 2,097	$ 2,549

Compensation expense increased by approximately $15,000 for the three months ended December 31, 2024, to $585,000 as compared to $570,000 in the corresponding period in the prior year as a result of an increase in the number of permanent employees to reduce the use of outside consultants.

Share-based compensation increased to approximately $437,000 for the three months ended December 31, 2024, as compared to $363,000 in the corresponding period in the prior year as the Company issued more equity compensation as it hired permanent employees to replace contract positions and provided equity compensation to the Company's new chief executive officer which included equity awards that vested upon start date.

Professional fees decreased to approximately $216,000 for the three months ended December 31, 2024, as compared to $335,000 in the corresponding period in the prior year as a result of the reduced use of consultants during the third quarter of 2024 and the absence of the accounting and other registration related fees as well as fees for private placements completed earlier in 2024.

Legal fees decreased to approximately $325,000 for the three months ended December 31, 2024, as compared to approximately $688,000 in the corresponding period in the prior year as the Company hired a general counsel who has taken on some of the legal work that was previously outsourced.

Engineering costs included in selling and administration expenses of $378,000 for the three months ended December 31, 2023, were focused on marketing and development of our MDLE Plant. During the three months ended December 31, 2024, the engineering team was fully committed to ongoing operations, support and decommissioning of the MDLE Plant which is included in operating costs.

Rent and miscellaneous office costs increased to approximately $203,000 for the three months ended December 31, 2024, as compared to $143,000 in the corresponding period in the prior year. The increase is due to the Company's increase business activity level and relocating the Company's U.S. headquarters from Houston, TX to Plano, TX.

Other expenses increased to approximately $331,000 for the three months ended December 31, 2024, as compared to approximately $72,000 in the corresponding period in the prior year. The increased expense is directly related to the increased business activity, recruitment fees and travel costs for the management team.

Change in Fair Value of Warrant Liability

The Company values the outstanding warrant liabilities at each balance sheet date based on the Black-Scholes option pricing model. Any change in the fair value of the warrants is recognized as a change in fair value of warrant liability in the condensed consolidated statement of loss. During the three months ended December 31, 2024, the Company recognized a loss of approximately $7.6 million as compared to a gain of $2.1 million for the three months ended December 31, 2023, for the change in fair value of warrant liability during the period. The primary reason for the increase in the warrant liability valuation was the change in the Company's stock price as compared to the prior period.

Results of Operations for the Nine Months Ended December 31, 2024 and 2023

The operating results for the nine months ended December 31, 2024 and 2023 are summarized as follows (in thousands):

	Nine Months Ended December 31,	
	2024	2023
REVENUE, reimbursable	**$ 881**	**$ -**
OPERATING COSTS AND EXPENSES		
Operating costs, excluding depreciation	2,543	-
Selling, general and administrative expenses, excluding depreciation	6,725	7,333
Reimbursable expenses	881	-
Amortization of intangible assets	807	807
Depreciation	2,636	2
Operating loss	(12,711)	(8,142)
Excess fair value of warrants over private placement proceeds	(659)	-
Change in fair value of warrant liability	7,945	3,130
Net loss before income tax provision	(5,425)	(5,012)
Provision for income taxes	-	-
Net loss and comprehensive income (loss)	**$ (5,425)**	**$ (5,012)**
Net loss and comprehensivie loss per share, basic and diluted	**$ (0.02)**	**$ (0.03)**

Revenue

For the nine months ended December 31, 2024, the Company generated revenue associated with the incurring reimbursable costs during the start-up of the MDLE Plant. During the nine months ended December 31, 2023, the Company did not generate any revenue from operations or incur any reimbursable costs.

Operating Cost

For the nine months ended December 31, 2024, the Company incurred operating costs consisting of the cost of providing onsite personnel, travel and housing costs, materials and supplies during the commissioning and start-up of the MDLE Plant and decommissioning of the MDLE Plant. During the nine months ended December 31, 2023, the Company did not incur any operating costs.

Selling, General and Administrative Expenses

The major components of selling, general and administrative expenses for the nine months ended December 31, 2024 and 2023 are as follows (in thousands):

	Nine Months Ended December 31,	
	2024	**2023**
Compensation expense	$ 1,584	$ 1,218
Share-based compensation	1,314	2,477
Professional fees	796	787
Legal fees	1,654	1,392
Engineering	11	803
Rent and miscellaneous office	656	433
Other	710	223
	$ 6,725	$ 7,333

Compensation expense increased to approximately $1.6 million for the nine months ended December 31, 2024, as compared to $1.2 million in the corresponding period in the prior year as a result of the Company hiring permanent employees to reduce the use of outside consultants.

Share-based compensation decreased to approximately $1.3 million for the nine months ended December 31, 2024, as compared to $2.5 million in the corresponding period in the prior year. The decrease was primarily the result of the prior year option grant to the Board of Directors of 1.9 million options, valued at approximately $1.3 million which vested immediately, offset by the increase in share-based compensation arising from the equity award to the chief executive officer upon her employment.

Professional fees remained relatively flat year to year. For the nine months ended December 31, 2024, and 2023 professional fees were approximately $796,000 and $787,000, respectively. The Company incurred additional accounting and auditing costs as the Company prepared for a registration of its common shares in the United States, which was offset by a decrease in the Company's reliance on outside consultants as a result of hiring permanent employees.

Legal fees increased to approximately $1.7 million for the nine months ended December 31, 2024, as compared to approximately $1.4 million in the corresponding period in the prior year as the Company began making preparations to register its common shares with the United States Securities and Exchange Commission.

Engineering costs included in selling and administration expenses decreased to approximately $11,000 for the nine months ended December 31, 2024, as compared to approximately $803,000 in the corresponding period in the prior year. During 2024, the Company began the commissioning and start-up operations of the MDLE Plant which required the Company to hire field engineers to work on the MDLE Plant. The costs of the engineers working on the MDLE Plant are included in operating costs. In the prior year, the engineering efforts were focused on marketing the MDLE Plant and providing information to potential customers.

Rent and miscellaneous office costs increased to approximately $656,000 for the nine months ended December 31, 2024, as compared to $433,000 in the corresponding period in the prior year. The increase is due to the Company's increase business activity level and the relocation of the Company's US headquarters from Houston, TX to Plano, TX.

Other expenses increased to approximately $710,000 for the nine months ended December 31, 2024, as compared to approximately $223,000 in the corresponding period in the prior year. The increase was primarily due to an increase in business activity, recruitment fees and travel expenses for the management team.

Excess Fair Value of Warrants over Private Placement Proceeds

The Company estimated the fair value of warrants issued in the Company's private placement of units closed on June 19, 2024 and recorded an expense of approximately $659,000 for excess of fair value of warrants over private placement proceeds. The Company did not have a similar transaction in the prior year period.

Change in Fair Value of Warrant Liability

The Company values the outstanding warrant liabilities at each balance sheet date based on the Black-Scholes option pricing model. Any change in the fair value of the warrants is recognized as a change in fair value of warrant liability in the condensed consolidated statement of loss. During the nine months ended December 31, 2024 and 2023, the Company recognized a gain of approximately $7.9 million and $3.1 million, respectively for the change in fair value of warrant liability during the period. The primary reason for the decrease in the warrant liability valuation was the change in the Company's stock price.

Summary of Quarterly Results

The following financial data was derived from the Company's consolidated financial statements for each of the eight most recently completed financial quarters (in thousands, except per share amounts):

	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Revenue	**$ (4)**	**$ 639**	**$ 246**	**$ -**
Net income (loss) for the period	$ (11,645)	$ 15,878	$ (9,658)	$ (397)
Net income (loss) per share, basic	$ (0.05)	$ 0.07	$ (0.04)	$ (0.00)
Net income (loss) per share, diluted	$ (0.05)	$ 0.06	$ (0.04)	$ (0.00)
Weighted average shares outstanding, basic	242,908	242,742	225,119	209,527
Weighted average shares outstanding, diluted	242,908	246,284	225,119	209,527

	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Revenue	**$ -**	**$ -**	**$ -**	**$ -**
Net income (loss) for the period	$ (2,807)	$ (1,966)	$ (3,340)	$ 4,276
Net income (loss) per share, basic	$ (0.01)	$ (0.01)	$ (0.02)	$ 0.03
Net income (loss) per share, diluted	$ (0.01)	$ (0.01)	$ (0.02)	$ 0.03
Weighted average shares outstanding, basic	204,076	202,593	200,686	156,560
Weighted average shares outstanding, diluted	204,076	202,593	200,686	161,470

The Company has only limited revenue during the periods presented and the financial information does not represent trends in the Company's business or seasonal fluctuations. During the first six months of the nine-month period ended December 31, 2024, the Company focused on the commissioning and start-up of operations of its MDLE Plant at the US Magnesium's Facility as part of its demonstration of the commercial viability of the MDLE Plant. During the three-month period ended December 31, 2024, the Company has been focused on decommissioning of the MDLE Plant and identification of new opportunities for the permanent deployment of the MDLE Plant. During all previous periods, the Company has been focused on the marketing and further development of its MDLE Plant and has spent funds on these efforts as they were available from private placements. Other factors impacting the fluctuations in the quarterly results is the timing of share-based compensation, changes in the fair value of warrant liabilities and expenses incurred in connection with litigation brought by former employees and directors of the company for wrongful dismissal and breach of a share exchange agreement.

Liquidity and Capital Resources

As of December 31, 2024, the Company's had an accumulated deficit of approximately $41.4 million. However, the Company had working capital of approximately $6.5 million, primarily due to raising additional cash in two private placements totalling approximately $16.8 million during the nine months ended December 31, 2024.

While the cash from the private placements is anticipated to support the Company's operations, the Company continues to incur operating losses and negative cash flows. The Company has historically relied on raising funds through private placements of the Company's common shares and warrants and there is no assurance that the Company will be able to do so in the future or raise such funds at terms acceptable to the Company. On February 28, 2025, the Company entered into a letter agreement (the "2025 Letter Agreement") with EV Metals VII LLC ("EV Metals"), a company controlled by Jacob Warnock, a director of the Company, agreeing to the principal terms and conditions upon which EV Metals, directly or through one or more of its subsidiaries or affiliates, could complete one or more transactions to purchase up to $15.0 million of units (the "2025 Offering"), which each unit (the "2025 Units") consisting of one common share of stock and one warrant to purchase a common share. The pricing of the 2025 Units will be based on the five-day trading average of the common shares on the TSXV for the applicable tranche less the maximum allowable discount permitted by the rules of the TSXV. The warrants included in the 2025 Units will have a term of four years from date of issuance and will entitle the holders to purchase a common share at an exercise price equal to the closing price of the common shares on the TSXV as of the date immediately preceding the date of the news release announcing the 2025 Offering or the closing of the applicable tranche of the 2025 Offering. As of March 2, 2025, we have received binding subscription agreements for approximately $7.6 million of the 2025 Offering and anticipate closing the Offering no later than March 31, 2025.

Concurrent with completion of the Initial Closing, the Company has agreed to enter into an amendment (the "IRA Amendment") to the investor rights agreement dated February 23, 2024 between the Company and EV Metals, which, among other things, previously granted EV Metals the right to appoint one director to the board of directors of the Company (the "Board") for as long as EV Metals and its affiliates maintained beneficial ownership of at least 5% of the issued and outstanding Common Shares. EV Metals initial nominee to the Board was Jacob Warnock. The IRA Amendment will grant EV Metals the right to appoint one individual to the Board so long as the Board is comprised of five or less individuals, or two individuals so long as the Board is comprised of more than five individuals, provided that one such appointee shall be independent of EV Metals and IBAT. Such nomination right will continue for as long as EV Metals and its affiliates maintain beneficial ownership of at least 5% of the issued and outstanding Common Shares.

Summary of Recent Financings

On February 11, 2024, the Company entered into a letter agreement (the, "Letter Agreement"), as amended, with EV Metals VI LLC ("EV Metals VI") agreeing to the principal terms and conditions upon which EV Metals VI, directly or through one or more of its subsidiaries or affiliates, could complete one or more transactions to purchase up to $20.0 million of units, which each unit consisting of one common share and one common share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period of two years from the date of issuance at an exercise price of $1.00. EV Metals is controlled by Jacob Warnock, one of the Company's current directors. This financing agreement was completed after the Company signed the January 10, 2024 term sheet with US Magnesium for the MDLE Plant. This financing allowed the Company to operate, mobilize the MDLE Plant to US Magnesium's site, and commence operations. The initial closing of the financing under the Letter Agreement was completed on February 29, 2024, with the Company issuing 2,704,400 units to EV Metals for proceeds of approximately $2.0 million.

On May 6, 2024, the Company completed a further private placement with EV Metals VI and Encompass Capital Advisors LLC ("Encompass"), issuing 7,924,157 units and 10,717,977 units, respectively, for a total of 18,642,134 units and total proceeds of approximately $10.4 million. Each unit consisted of one common share and one common share purchase warrant, with each warrant entitling the holder to purchase on additional common share for a period of two years from the date of issuance at an exercise price of CAD$0.9579. The Company agreed to pay EV Metals VI a structuring fee of approximately $322,000 which was paid by issuing an additional 574,840 common shares and agreed to cover certain cost incurred in connection with the private placement by Encompass, which was paid by issuing an additional 80,385 common shares.

On June 19, 2024, the Company completed another further private placement with EV Metals VI and Encompass, issuing 8,478,246 units and 3,000,000 units, respectively, for a total of 11,478,246 units and total proceeds of approximately $6.4 million. Each unit consisted of one common share and one common share purchase warrant with each warrant entitling the holder to purchase on additional common share for a period of two years from the date of issuance at an exercise price of CAD$0.9579. The Company agreed to pay Jacob Warnock, a director of the Company and controlling shareholder of EV Metals VI, a structuring fee of approximately $238,000 which was paid by issuing an additional 423,912 common shares and agreed to cover certain cost incurred in connection with the private placement by the Encompass, which was paid in cash totaling $45,000.

Summary of Cash Flows

	Nine Months Ended December 31,	
	2024	**2023**
Cash used in operating activities	$ (11,070)	$ (4,471)
Cash used in investing activities	(1,182)	(1,470)
Cash provided by financing activities	16,661	7,249
Net change in cash	$ 4,409	$ 1,308

Operating Activities

Cash used in operating activities for the nine months ended December 31, 2024 and 2023 was approximately $11.1 million and $4.5 million, respectively. The increase in cash used in operating activities for the nine months ended December 31, 2024, was primarily due to the start-up of operations of the MDLE Plant.

Investing Activities

Cash used in investing activities for the nine months ended December 31, 2024 and 2023 was approximately $1.2 million and $1.5 million, respectively. The cash used in investing during these periods consisted of purchasing equipment for upgrades to the MDLE Plant.

Financing Activities

Cash provided by financing activities for the nine months ended December 31, 2024 and 2023 was approximately $16.7 million and $7.2 million. The cash provided by financing activities were the result of proceeds from private placements during these periods.

Related Party Transactions

There were not transactions with related parties during the quarter ended December 31, 2024.

Use of Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with United States Generally Accepted Accounting Practice ("US GAAP") requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Judgement, estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods are outlined below:

- The Company has determined that intangible asset costs incurred which were capitalized have future economic benefits and will be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life. The amortization expense related to intangible assets is determined using estimates relating to the useful life of the intangible asset.

- The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment. The Company has determined that its functional currency is the United States dollar.

- The evaluation of the fair value of financial instruments, including the Company's warrants and options to purchase common shares requires judgement in selecting the appropriate methodologies and models, and evaluating the ranges of assumptions and financial inputs to calculate estimates of fair value.

- These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

Critical accounting policies are disclosed in the Company's annual audited consolidated financial statements for the year ended March 31, 2024.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements and does not contemplate having them in the foreseeable future.

Financial Instruments and Other Instruments

The carrying values of cash, other receivable, trade payables and other liabilities and lease liability approximate their fair values because of the short-term maturity of these financial instruments. The Company has no exposure to asset backed commercial paper.

Risks

Concentration of Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash. The Company manages its credit risk relating to cash by dealing only with high-rated financial institutions as determined by rating agencies. As a result, credit risk is considered insignificant. The Company does not consider any of its financial assets to be impaired.

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and the U.S. dollar will affect the Company's operations and financial results. As of December 31, 2024, the Company held approximately $108,000 of Canadian dollars and had no trade payables or other liabilities denominated in Canadian dollars.

Other risks

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate risk and commodity price risk arising from financial instruments.

The material risk factors involved with the Company include, but are not limited to, the following:

Dependence on Key Personnel and Consultants

The success of the Company will be largely dependent upon the performance of its management and key employees. Failure by the Company to retain or to attract and retain additional key employees with necessary skills could have a materially adverse impact upon the Company's growth and profitability. These individuals, and the contributions they will make, are important to the future operations and success of the Company. The unexpected loss or departure of any of the key officers, employees or consultants of the Company could be detrimental to the Company's future operations. The competition for highly skilled technical, management, sales and other employees is high in the Company's industry and the cost of hiring and retaining such personnel has been increasing. There can be no assurance that the Company will be able to engage the services of such personnel or retain the Company's current personnel.

Changes in Industry Standards or Technology

The industry in which the Company operates and will operate is subject to constant changes in industry standards and technology, frequent new product introductions, and evolving technical standards. Technological developments, or a substantial change in industry standards, may reduce the competitiveness of the Company's technology and require unbudgeted expenditures that could be expensive. The Company may be unable to develop, introduce and fully commercialize new technology that satisfies requirements and achieves market acceptance in a timely manner or at all, the technologies where it has focused its research and development expenditures may not become commercially successful, and it may be unable to anticipate new industry standards and technological changes. The Company also may not be able to respond successfully to new product and service announcements and introductions by competitors, some of whom have and are expected to have greater resources available to them, including the access to financing from investors. If it fails to adapt successfully to technological changes or fails to obtain access to important new technologies, the Company may be unable to retain customers, attract new customers or sell new products to its existing customers.

Limited Operating History

The Company has had a limited history of operations and is in the early stage of development and must be considered a start-up. As such, the Company will be subject to many risks common to such enterprises, including start-up losses, lack and uncertainty of revenues, markets and profitability, under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and generally the risks associated with implementation of its business plan. The Company's limited history of earnings and its limited operating history make it difficult to predict how its business will develop and its future operating results. There is no assurance that any future products will generate earnings, operate profitably or provide a return on investment in the future and the likelihood of success and any potential return on a shareholder's investment must be considered in light of the Company's early stage of operations. The Company has no intention of paying any dividends in the foreseeable future.

Disruption of Services

The Company's engineering is done at third party facilities. It does not control the operations at the third-party facilities. This means, among other things, that these third parties control, to a degree, the Company's products and how they are used by customers. In addition, all of these facilities are vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, terrorist attacks, power losses, telecommunications failures and similar events. They also could be subject to break-ins, computer viruses, denial of service attacks, sabotage, intentional acts of vandalism and other misconduct. The occurrence of a natural disaster or an act of terrorism, a decision to close the third-party facilities without adequate notice or other unanticipated problems could result in lengthy interruptions in the Company's services. Interruptions in the Company's ability to build the mobile Extraction System might harm its reputation, cause it to incur financial penalties, and subject it to potential liability. As of November 2024, IBAT has, for the first time, a full time Director of Engineering providing for oversight and mitigation of risk for the company.

Protection of Intellectual Property Rights

The industry in which the Company operates is characterized by vigorous protection and pursuit of intellectual property rights and positions, which may result in protracted and expensive litigation for many companies. The Company's commercial success depends, in part, upon the Company having appropriate protections of its intellectual property and not infringing intellectual property rights owned by others. Some of the Company's competitors and other third parties may have been issued patents or filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those used by the Company in its products. Some of these patents may grant very broad protection to the owners of such patents. The Company cannot determine with certainty whether any existing third-party patents, or the issuance of any third-party patents, would require the Company to alter its technology, obtain licenses or cease certain activities.

Regardless of their merit, any lawsuits resulting from such allegations could subject the Company to significant liability for damages and invalidate the Company's proprietary rights; and any potential intellectual property litigation also could force it to do one or more of the following:

- stop selling products or using technologies that contain the allegedly infringing intellectual property;
- lose the opportunity to license the Company's technology to others or to collect royalty payments based upon successful protection and assertion of its intellectual property against others;
- incur significant legal expenses and spend time evaluating and defending any claims;
- divert management's attention and focus away from the business;
- pay substantial damages to the party whose intellectual property rights the Company may be found to be infringing;
- expend significant resources to modify and redesign those products that contain the allegedly infringing intellectual property;
- cross-license the Company's technology to a competitor to resolve an infringement claim, which could weaken the Company's ability to compete with that competitor.

Any significant impairment of the Company's intellectual property rights from any litigation the Company faces could harm the Company's business and its ability to compete. The Company may be prohibited from developing or commercializing certain technologies and products unless it obtains a license from a third party or pays costly royalties. There can be no assurance that the Company will be able to obtain any such license on commercially favorable terms, or at all. If the Company does not obtain such a license, its business, results of operations and financial condition could be materially adversely affected, and the Company could be required to cease related business operations in some markets and to restructure its business to focus on operations in other markets.

Disclosure of Outstanding Securities Data

As of the date of this MD&A the Company had 242,908,091 common shares, 12,283,216 options, 6,633,260 restricted stock units and 43,544,421 warrants outstanding.

Contingency

In April 2021, former Company employees and directors and a company which they control, filed a complaint in the United States District Court for the District of Colorado against the Company for alleged wrongful dismissal and breach of a share exchange agreement. The complaint alleges non-payment of wages and benefits, appropriation of property and interference in outside employment. The Company is objecting to the complaint, has retained counsel to address and filed a countersuit alleging the counterclaim defendants diverted Company work to themselves and interfered with contractual relations. The amounts and outcome of the complaint cannot be determined at this time and has not been accrued for in the condensed consolidated financial statements as of December 31, 2024.

Proposed Transactions

Other than normal course review of monthly submittals and the 2025 Offering discussed below in "*Events After the Reporting Period*", there are no other new acquisitions or proposed transactions contemplated as at the date of this report.

Accounting Policies

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the audited consolidated financial statements for the year ended March 31, 2024.

New Accounting Standards Issued but Not Yet Effective

Certain new accounting standards and interpretations have been issued but are not mandatory for the current period and have not been early adopted. These new accounting standards include:

In December 2023, the Financial Accounting Standard Board ("FASB") issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This ASU enhances existing income tax disclosures to better assess how an entity's operation and related tax risks, tax planning, and operational opportunities affect its tax rate and prospects for future cash flows. The ASU is effective for annual periods beginning after December 15, 2024. We are currently evaluating the effect the guidance will have on our consolidated financial statements.

Events After the Reporting Period

As discussed in the section titled "*Liquidity and Capital Resources*", on February 28, 2025, the Company entered into 2025 Letter Agreement with EV Metals, a company controlled by Jacob Warnock, a director of the Company, agreeing to the principal terms and conditions of the 2025 Offering consisting of the issuance of the 2025 Units, with each unit consisting of one common share of stock and one warrant to purchase a common share. The pricing of the 2025 Units will be based on the five-day trading average of the common shares on the TSXV for the applicable tranche less the maximum allowable discount permitted by the rules of the TSXV. The warrants included in the 2025 Units will have a term of four years from date of issuance and will entitle the holders to purchase a common share at an exercise price equal to the closing price of the common shares on the TSXV as of the date immediately preceding the date of the news release announcing the 2025 Offering or the closing of the applicable tranche of the 2025 Offering. As of March 2, 2025, we have received binding subscription agreements for approximately $7.6 million of the 2025 Offering and anticipate closing the Offering no later than March 31, 2025.

Concurrent with completion of the Initial Closing, the Company has agreed to enter into the IRA Amendment to the investor rights agreement dated February 23, 2024 between the Company and EV Metals, which, among other things, previously granted EV Metals the right to appoint one director to the Board for as long as EV Metals and its affiliates maintained beneficial ownership of at least 5% of the issued and outstanding Common Shares. EV Metals initial nominee to the Board was Jacob Warnock. The IRA Amendment will grant EV Metals the right to appoint one individual to the Board so long as the Board is comprised of five or less individuals, or two individuals so long as the Board is comprised of more than five individuals, provided that one such appointee shall be independent of EV Metals and IBAT. Such nomination right will continue for as long as EV Metals and its affiliates maintain beneficial ownership of at least 5% of the issued and outstanding Common Shares.

No other significant events have occurred that would require recognition or disclosure in the condensed consolidated financial statements.