INTERNATIONAL BATTERY METALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended March 31, 2025 and 2024

Dated July 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

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 Years Ended March 31, 2025 and 2024 and all financial information in the annual audited consolidated financial statements of the Company for the Years Ended March 31, 2025 and 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, 2025 and the related 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 July 30, 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.

Risk Factors

The following is a summary of some of the principal risks that could adversely affect our business, financial condition, or results of operations.

Risks Related to Our Business

- We are in the early commercialization stage of our business and have a very limited history of operations, and therefore will be subject to many risks.
- Our success as a company developing technology to extract and process lithium depends largely on our research and development capabilities and our ability to secure capital to fund operations.
- We have historically incurred losses, expect future losses, and may never achieve or maintain profitability.
- The success of our business will depend on our ability to convert target customers into future pipeline of potential contracts and future contracted revenues into actual revenues, and we may fail to do so. We may be exposed to counterparty risks with respect to our arrangements with future customers. Our prospects and operations may be adversely affected by changes in demand for lithium-based products.
- We are a pre-revenue, development stage company with an untested business plan in an industry with no generally accepted measure of the market size, which makes it difficult for us to forecast our financial results, creates uncertainty as to how investors will evaluate our prospects, and increases the risk that we will not succeed.
- As a development stage company, we are subject to the risks associated with new businesses.
- We have a large, accumulated deficit, expect future losses, and may never achieve or maintain profitability.
- Our failure to manage our anticipated growth successfully may adversely affect our operating results.
- Our ability to continue as a going concern is dependent on several factors beyond our control.
- We will need to continue to raise capital and we face various risks in doing so.
- We face intense competition, and we may not be able to compete successfully.
- Demand and fluctuation in market prices for lithium will greatly affect the results of our operations and our ability to successfully execute on our business plan.
- Our long-term success depends on our ability to enter into and deliver lithium carbonate product under offtake agreements.
- We may not be successful in our efforts to lease our MDLE Plant or license our technology, which could adversely affect our business.
- There is risk to the growth of lithium markets and the supply of lithium sources.
- As a smaller, development-stage company, we are likely to be more sensitive to competitive pressures that will cause our revenues and gross margins to fluctuate from quarter to quarter.
- We rely on our management and key employees, and we may not be able to attract, train and retain a sufficient number of qualified employees to maintain and grow our business.
- Volatility in the demand for lithium products or the development of alternative battery technologies that do not utilize lithium inputs may negatively impact overall prospects for growth of lithium marketing and pricing.
- Changes in government incentives relating to lithium-based end products may negatively impact our future success.
- Environmental risks and stringent regulations related to lithium-based products may lead to additional disclosure requirements and substantial expenditures to ensure compliance.

- Our business is subject to hazards common to chemical and natural resource extraction businesses, any of which could injure our employees or other persons, damage our facilities or other properties, interrupt our production and adversely affect our reputation and results of operations.
- Uncertain geopolitical tensions between the United States and China may adversely affect demand for lithium-based products.
- We may be exposed to claims and other legal actions that may adversely affect us.
- We expect that we will be dependent on one or a small group of customers for most of our revenue, and our failure to expand our customer base would have an adverse effect on our business growth and may result in changes to our business strategy.
- Our dependence on third-party suppliers could negatively affect our operating results.
- Global financial conditions pose risks for us.
- We may not be able to obtain or maintain sufficient general liability insurance.
- Increased cybersecurity requirements, vulnerabilities, threats and more sophisticated and targeted computer crime could pose a risk to our systems, networks, products, solutions, services and data.
- We have no restrictions on the ability of our directors and officers to serve on the boards of directors or as officers of other companies, with the result that potential conflicts of interest may arise.
- The requirements of being a reporting public company in the United States may strain our resources and divert management's attention.
- We have identified a material weakness in our internal controls over financial reporting and if we are unable to remediate this material weakness, we may not be able to accurately or timely report our financial condition or operations.
- Changes in U.S. tax laws and tax examinations could have a material adverse effect on our business, cash flow, results of operations and financial conditions.
- We face risks relating to natural disasters, public health crises, political crises, and other catastrophic events or other events outside of our control.
- We are required to comply with anti-corruption and bribery laws, and the potential for significant penalties could result in material adverse effect on our reputation and results of operations.
- We may qualify as a passive foreign investment company, or "PFIC," which could result in adverse U.S. federal income tax consequences to U.S. investors.

Risks Related to Government Regulation

- We anticipate that we are and will continue to be, subject to the authority and approvals of certain regulatory agencies, both domestically and internationally, with regard to the development, testing, manufacture, and installation of the MDLE Plant, and there can be no assurance that any required regulatory approvals may be obtained or maintained.
- We may not have or be able to obtain adequate funding to complete any additional studies or other steps that regulatory authorities may impose in assessing our technology for regulatory approval.
- Domestic and foreign government regulation and enforcement of data practices and data tracking technologies is expansive, broadly defined and rapidly evolving. Such regulation could directly restrict portions of our business.
- Indemnification of our officers and directors may cause us to use corporate resources to the detriment of our shareholders.
- Resource Extraction companies are subject to numerous stringent laws, regulations and standards, including environmental protection laws and regulations. If any changes occur that would make these laws, regulations and standards more stringent, it may require capital outlays in excess of those anticipated or cause substantial delays, which would have a material adverse effect on our operations.
- Canada's new modern slavery reporting legislation may adversely affect supply chains and the Company's business and retention of key employees, directors, and officers.

Risks Related to Intellectual Property

- Patent terms may be inadequate to protect our competitive position on our core technology for an adequate amount of time and do not necessarily address all potential threats to our business.
- We may be subject to claims that our employees, consultants or independent contractors have wrongfully used or disclosed confidential information of their former employers or other third parties.

- Our ability to obtain intellectual property protection for our technology is limited. If we cannot obtain intellectual property protection for our technology our business may be negatively impacted.
- If we infringe the intellectual property rights of others, we may be required to cease operations related to infringement in some markets and our business may be negatively affected.

Risks related to our Common Shares

- Our Common Shares are listed on the TSX Venture Exchange and quoted on the OTC QB, however the shares are thinly traded and the public price for our Common Shares is volatile. We can offer no assurance that an active trading market for our Common Shares will develop or that the public price of our Common Shares will become less volatile
- This is not an initial public offering of stock to investors at large, and there is no guarantee that any of the Selling Shareholders will sell the Common Shares. Alternatively, if a large number of Shares are sold, the public price of our Common Shares on the TSXV or OTC QB will decrease.
- If we sell Common Shares in future financings or if we issue shares related to warrants, options and restricted share units, existing shareholders may experience immediate dilution and our share price may decline consequently.
- Our Common Shares are considered a "penny stock," and is thereby subject to additional sale and trading regulations that may make it more difficult to sell. Further, the market for penny stocks has suffered in recent years from patterns of fraud and abuse.

Overview

We are an advanced technology and manufacturing company focused on environmentally responsible methods of extracting lithium compounds from brine. Although we intend to provide our 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, we have not yet generated commercial revenue. We believe that our proprietary extraction process is sustainable, low cost and capable of producing high-quality commercial grade lithium products.

Our current operations consist of the development of 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. We constructed our first MDLE Plant in Lake Charles, Louisiana. We used this plant to perform feasibility testing and made it available for demonstration to potential customers.

On May 1, 2024, we entered into a lease agreement with US Magnesium, a producer of metals and minerals to produce lithium carbonate which was intended to be initially a commercial scale demonstration project of our first MDLE Plant and if defined productions targets were achieved, a longer-term relationship. Pursuant to the lease agreement, we mobilized the first MDLE Plant to US Magnesium's facility in Salt Lake City, Utah, and in June 2024, we completed commission of the MDLE Plant and US Magnesium assumed operational control of the MDLE Plant. In September 2024, US Magnesium suspended operations of the MDLE Plant at their site due to the low demand and market price of lithium and its impact on their desired profitability, prior to our achieving defined production targets. As a result, our lease agreement with US Magnesium was terminated without future obligations to either party and the MDLE Plant was decommissioned and relocated out of US Magnesium's site to an offsite storage facility while we are actively marketing the MDLE Plant to potential customers.

We are currently in the preliminary stages of researching and developing the media and design for the Second Generation of MDLE Technology which we anticipate could provide customers with additional options for processing brine solutions and increasing lithium chloride production. The Company has recently purchased two larger diameter columns and is currently conducting laboratory studies to determine the optimal process for utilizing these columns.

Components of the Statement of Operations

Revenue

We anticipate 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

We operate with a small number of corporate employees to oversee our 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 us to continue to develop our business and scale the operations as we had funds available. We anticipate that we will add to both our corporate staff and field staff as we commence commercial operations and works to continue developing our technology. To date, we have not experienced any shortages of available employees or outsourced service providers.

Selected Annual Information

The following table sets forth summary financial information for the Company for the years ended March 31, 2025, 2024 and 2023. This information has been summarized from the Company's audited consolidated financial statements for the same periods. This summary of financial information should only be read in conjunction with the Company's consolidated financial statements, including the notes thereto.

(in thousands, except per share data)	Year ended March 31, 2025	Year ended March 31, 2024	Year ended March 31, 2023
Total assets	$ 44,478	$ 34,684	$ 32,262
Total revenues	-	-	-
Long-term debt	-	-	-
General and administrative expenses	9,042	9,513	7,946
Net loss	(3,516)	(8,510)	(3,750)
Basic and diluted loss per share (1)	$ (0.01)	$ (0.04)	$ (0.03)

(1) Based on weighted average number of common shares issue and outstanding for the period.

Results of Operations

Year Ended March 31, 2025 as compared to March 31, 2024

The operating results for the fiscal years ended March 31, 2025, and March 31, 2024, are summarized as follows (in thousands):

	Year Ended March 31,	
	2025	**2024**
REVENUE	**$ 871**	**$ -**
OPERATING COSTS AND EXPENSES		
Operating costs, excluding depreciation	3,533	
Selling, general and administrative expenses, excluding depreciation	9,042	9,513
Reimbursable expense	871	-
Amortization of intangible assets	1,076	1,076
Depreciation	1,552	3
Operating loss	(15,203)	(10,592)
Bad debt expense	(502)	-
Excess fair value of warrants over private placement proceeds	(1,040)	-
Change in fair value of warrant liability	(13,229)	2,082
Net loss before income tax provision	(3,516)	(8,510)
Provision for income taxes	-	-
Net loss and comprehensive loss	**$ (3,516)**	**$ (8,510)**
Net loss per share, basic and diluted	**$ (0.01)**	**$ (0.04)**
Weighted average shares outstanding, basic and diluted	**238,431**	**204,216**

Revenue

For the fiscal year ended March 31, 2025, we generated revenue associated with the incurring reimbursable costs during the start-up of the MDLE Plant. For the fiscal year ended March 31, 2024, we did not generate any revenue from operations. Our primary focus in 2024 was marketing the MDLE Plant and the Company's technology to potential customers and maintaining the corporate office. The primary focus in 2025 was to prove the Company's technology and begin marketing that technology across the industry.

Selling, General and Administrative Expenses

The major components of selling, general and administrative expenses for the fiscal years ended March 31, 2025, and March 31, 2024, are as follows (*in thousands*):

	Year Ended March 31.	
	2025	**2024**
Compensation expense	$ 2,310	$ 1,763
Share-based compensation	1,752	2,649
Professional fees	1,219	1,161
Legal fees	2,017	1,872
Engineering	11	836
Rent and miscellaneous office	808	870
Other	925	362
	$ 9,042	$ 9,513

For the fiscal years ended March 31, 2025, and 2024, we focused our efforts on marketing the MDLE Plant and our technology to potential customers and maintaining the corporate office. We maintained a limited number of employees and outsourced several functions to manage costs. During 2025, we began bringing some of those functions in-house.

Compensation expense for the fiscal year ended March 31, 2025 increased compared to the prior year period primarily due to the increase in the permanent employee headcount during the year including onboarding our Chief Financial Officer and a Co-Chief Executive Officer. The Chief Financial Officer replaced an Interim Chief Financial Officer who was a consultant and whose costs were included in professional fees. The Co-Chief Executive Officer was a new position.

Share-based compensation for the fiscal year ended March 31, 2025 decreased compared to the prior year period primarily due to the equity grants in prior year for the board members.

Professional fees for the fiscal year ended March 31, 2025 remained relatively flat compared to the prior year period due to an increase in business activity which resulted in increased accounting-related expenses partially offset by a decrease in marketing expenses.

Legal fees for the fiscal year ended March 31, 2025 increased compared to the prior year period primarily due to an increase general legal fees associated patents, contracts, proposal preparation, financings, the Company's outstanding litigation, and an increase in legal expenses related to registering our Common Shares in the United States.

Engineering costs for the fiscal year ended March 31, 2025 decreased compared to the prior year period primarily due to these employee costs being categorized as operating costs once the MDLE Plant was mobilized and operational.

Rent and miscellaneous office costs for the fiscal year ended March 31, 2025 remained relatively flat compared to the prior year period while being able to increase business activity and relocate our US headquarters from Houston, TX to Plano, TX.

Other expenses increased for the fiscal year ended March 31, 2025 compared to the same period in the prior year due to an increase in business activity and travel and an increase in recruitment fees related to the permanent employees hired this year.

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 $1.0 million for excess of fair value of warrants over private placement proceeds. The Company did not have a similar transaction in the prior year period.

Changes 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 twelve months ended March 31, 2025 and 2024, the Company recognized a gain of approximately $13.2 million and $2.1 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):

	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
Revenue	**$ (11)**	**$ (4)**	**$ 639**	**$ 246**
Net income (loss) for the period	$ 330	$ (10,909)	$ 16,717	$ (9,658)
Net income (loss) per share, basic	$ 0.00	$ (0.04)	$ 0.07	$ (0.04)
Net income (loss) per share, diluted	$ 0.00	$ (0.04)	$ 0.07	$ (0.04)
Weighted average shares outstanding, basic	242,908	242,908	242,742	225,119
Weighted average shares outstanding, diluted	247,150	242,908	246,284	225,119

	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Revenue	**$ -**	**$ -**	**$ -**	**$ -**
Net income (loss) for the period	$ (397)	$ (2,807)	$ (1,966)	$ (3,340)
Net income (loss) per share, basic	$ 0.00	$ (0.01)	$ (0.01)	$ (0.02)
Net income (loss) per share, diluted	$ 0.00	$ (0.01)	$ (0.01)	$ (0.02)
Weighted average shares outstanding, basic	209,527	204,076	202,593	200,686
Weighted average shares outstanding, diluted	209,527	204,076	202,593	200,686

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 the three-month period ended March 31, 2025, the Company focused on identification of new opportunities for the permanent deployment of the MFLE 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 fiscal year, ended March 31, 2025, we had an accumulated deficit of approximately $39.6 million and a working capital of approximately $10.6 million, due to raising capital through a $7.6 million private placement that funded on March 31, 2025. As of March 31, 2024, the Company's had an accumulated deficit of approximately $36.1 million. However, the Company had working capital deficit of approximately $1.2 million.

On May 6, 2024, the Company completed a private placement with EV Metals VI and Encompass Capital Advisors LLC acting for certain fund entities and managed accounts for which Encompass Capital Advisors LLC exercises investment direction (collectively, "**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 costs 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 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 one 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 costs incurred in connection with the private placement by the Encompass, which was paid in cash totaling $45,000.

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, has the option but not the obligation to purchase, in one or more transactions, up to $15.0 million of units (the "**2025 EV Metals Offering**"), which each unit (the "**2025 EV Metals Units**") consisting of one Common Share and one warrant to purchase a Common Share. On March 2, 2025, two entities controlled by EV Metals, EV Metals 7 LLC and EV Metals VI LLC, entered into binding subscription agreements for the purchase of a portion of the 2025 EV Metals Units. The first issuance under the 2025 Letter Agreement occurred on March 31, 2025 for gross proceeds of $7.55 million and the second issuance under the 2025 Letter Agreement occurred on April 11, 2025 for gross proceeds of $679,000. In connection with the two issuances, EV Metals 7 LLC and EV Metals VI LLC acquired a total of 27,739,348 (25,393,475 in the first issuance and 2,345,873 in the second issuance) and 690,979 2025 EV Metal Units, respectively. The pricing of the 2025 EV Metals Units was CAD $0.4168 per share (USD$0.2894 per share), which was based on the five-day trading average of the Common Shares on the TSXV, less a discount of 20% (the maximum allowable discount permitted by the rules of the TSXV).

The pricing of the 2025 EV Metals Units was 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 EV Metals 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 EV Metals Offering or the closing of the applicable tranche of the 2025 EV Metals Offering. In connection with the first and second issuance of the 2025 EV Metals Units, the Company paid structuring fees of $411,450 to Mr. Warnock, a director and control person of EV Metals.

On July 20, 2025, the Company entered into binding subscription agreements ("**Encompass Subscription Agreements**") with Encompass for which Encompass exercises investment discretion, for the purchase of up to 25,765,258 units (the "**2025 Encompass Units**") at a price of CAD $0.26625 per unit (USD$0.19406 per unit) for gross proceeds of $5.0 million to the Company (the "**2025 Encompass Offering**"). Each 2025 Encompass Unit consists of one Common Share and one warrant, with each warrant entitling the holder to purchase one additional Common Share for a period of three years from the closing date of the 2025 Encompass Offering at an exercise price of CAD$0.355 per share. In addition, the Company has agreed to grant Encompass the right but not the obligation, to purchase up to $2.0 million of additional units of the Company, at any time on or before December 31, 2025.

The 2025 Encompass Offering is expected to close on or around August 8, 2025, subject to satisfaction of customary closing conditions, including (i) receipt of the requisite regulatory approvals, including the approval of the TSXV and the amendment of the current warrants held by the selling shareholders, (ii) the accuracy of the representations and warranties of the other party, (iii) compliance with the terms, covenants, agreements and conditions of the Encompass Subscription Agreements, and (iv) no occurrence of a Material Adverse Effect (as defined in the Encompass Subscription Agreements) or that could reasonably be expected to occur, on the part of the Company.

Based on the completion of the first and second issuances of the 2025 EV Metals Offering and upon closing of the 2025 Encompass Offering, we currently believe that we have sufficient cash to meet our current financial commitments for the next twelve months. However, we continue to incur operating losses and negative cash flows and therefore will need to continue to rely on private placements to support the Company's operations until we have entered into an agreement for the placement of our MDLE Plant. The Company has not made any adjustments to the carrying value of the Company's assets or liabilities which would be necessary in the event that the Company is unable to continue as a going-concern.

Summary of Cash Flows

The cash flows for the fiscal years ended March 31, 2025, and March 31, 2024, are as follows *(in thousands):*

	Year Ended March 31.	
	2025	2024
Cash used in operating activities	$ (13,455)	$ (5,907)
Cash used in investing activities	(1,328)	(2,617)
Cash provided by financing activities	24,494	9,249
Net change in cash	$ 9,711	$ 725

Operating Activities

Cash used in operating activities for the year ended March 31, 2025 increased compared to prior year period because operating expenses increased year-over-year as activity increased and employees were hired as the MDLE Plant was deployed. Additionally, the non-cash gain related to the fair value of warrant liabilities increased year over year by $11.1 million.

Investing Activities

Cash used in investing activities for the year ended March 31, 2024 decreased compared to prior year period because we completed the majority of the purchases related to the MDLE Plant buildout in the prior year and our purchase of equipment was limited in the current year.

Financing Activities

Cash provided by financing activities for the year ended March 31, 2025 increased compared to prior year period, which consisted of approximately $24.4 million proceeds from private placements. During the prior year ended March 31, 2024, we raised proceeds of $9.3 million for the proceeds of private placements and approximately $181,000 from the exercise of warrants and $112,000 from the exercise of stock options.

Critical Accounting Estimates

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:

We have 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 us and our 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 we reconsiders the functional currency of our entities if there is a change in events and conditions which determined the primary economic environment. We have determined that our 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 we will continue to operate for the foreseeable future and will be able to realize our assets and discharge our 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 fiscal year ended March 31, 2025.

Off-Balance Sheet Arrangements

We do 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. We have no exposure to asset backed commercial paper.

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, 2025, found elsewhere in this prospectus.

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.

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

Related Party Transactions

On February 28, 2025, the Company entered into the 2025 Letter Agreement with 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 2025 Units in the 2025 Offering. The 2025 Units consist of one Common Share of stock and one warrant to purchase a Common Share. The first closing of the 2025 Offering occurred on March 31, 2025 for gross proceeds of $7.6 million and the second closing of the 2025 Offering occurred on April 11, 2025 for gross proceeds of $0.7 million. In connection with the two closings. EV Metals 7 LLC and EV Metals VI LLC acquired a total of 27,739,348 and 690,979 2025 Units, respectively. The pricing of the 2025 Units was CAD $0.4168 per share (USD$0.2894 per share), which was based on the five-day trading average of the Common Shares on the TSXV, less a discount of 20% (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. In connection with the first and second closing of the 2025 Offering, the Company paid structuring fees of $411,450 to Mr. Warnock, a director and control person of EV Metals.

In connection with the 2025 Offering, on March 31, 2025, we entered 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 Company's board of directors for as long as EV Metals and its affiliates maintained beneficial ownership of at least 5% of the issued and outstanding Common Shares and so long as the board of directors is comprised of five or less individuals. EV Metals initial nominee to the Company's board of directors was Jacob Warnock. The IRA Amendment grants EV Metals the right to approve, in its sole discretion, the appointment of one additional individual to the Company's board of directors so long as the board of directors is comprised of more than five individuals, provided that the additional appointee is 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.

On July 20, 2025, the Company entered into the Encompass Subscription Agreements with Encompass, a beneficial owner of more than 5% of the Company's securities, for the purchase of up to 25,765,258 units at a price of CAD $0.26625 per unit (USD$0.19406 per unit) for gross proceeds of $5.0 million to the Company. Each 2025 Encompass Unit consists of one Common Share and one warrant, with each warrant entitling the holder to purchase one additional Common Share for a period of three years from the closing date of the 2025 Encompass Offering at an exercise price of CAD$0.355 per share. In addition, the Company has agreed to grant Encompass the right but not the obligation to purchase up to $2.0 million additional units of the Company at any time on or before December 31, 2025.

The 2025 Encompass Offering is expected to close on or around August 8, 2025, subject to satisfaction of customary closing conditions, including (i) receipt of the requisite regulatory approvals, including the approval of the TSXV and the amendment of the current warrants held by the selling shareholders, (ii) the accuracy of the representations and warranties of the other party, (iii) compliance with the terms, covenants, agreements and conditions of the Encompass Subscription Agreements, and (iv) no occurrence of a Material Adverse Effect (as defined in the Encompass Subscription Agreements) or that could reasonably be expected to occur, on the part of the Company.

On July 20, 2025, the Company entered into amended and restated registration rights agreements ("A&R Registration Rights Agreements") with respect to the registration rights agreements dated May 3, 2024, with each of Encompass and EV Metals (the "Registration Rights Agreements.") Pursuant to the A&R Registration Rights Agreements, the Company has agreed to, within 120 days after receipt of notice from Encompass, file a registration statement registering the Common Shares to be issued at closing of the 2025 Encompass Offering, including the Common Shares issuable upon exercise of the warrants which form a part of the 2025 Encompass Units and use its commercially reasonable efforts to have such registration statement declared effective as promptly as reasonably practicable following the filing thereof but in no event later than 60 days if the registration statement is not reviewed by the U.S. Securities and Exchange Commission (the "SEC") or 180 days if subject to review. In addition, the Company has agreed to use its reasonable best efforts to cause the Registration Statement on Form S-1 (No. 333-286616) filed by the Company on April 17, 2025 (the "Initial Form S-1") to be declared effective as promptly as reasonably practicable but in no event later than one year after the date of the A&R Registration Rights Agreements. Further, pursuant to the terms of the A&R Registration Rights Agreements, the Company has agreed to extend the expiration date of the warrants previously issued to Encompass and EV Metals pursuant to the private placements which occurred on April 21, 2023, February 29, 2024, May 3, 2024, and June 19, 2024 ("Warrant Amendments").

The A&R Registration Rights Agreement also provides that, subject to certain requirements and customary conditions, each of EV Metals and Encompass will have "piggy-back" registration rights with respect to underwritten offerings by the Company and with respect to Encompass, underwritten offerings of the Company's securities held by EV Metals. In addition, EV Metals is entitled to two demand registrations which must occur prior to the third anniversary of the effective date of the Initial Registration Statement on Form S-1; provided, however, the Company is not obligated to participate in an underwritten offering if the aggregate price of such offering is expected to be $25 million or less.

In exchange for the foregoing, pursuant to the A&R Registration Rights Agreements, EV Metals and Encompass have agreed to waive their respective rights to any possible claims, including the right to liquidation damages, under the Registration Rights Agreements provided that the Warrant Amendments are approved by the TSXV.