

MEGAWATT LITHIUM AND BATTERY METALS CORP.

Condensed Interim Consolidated Financial Statements

For the three months ended December 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three Months Ended December 31, 2024 and 2023

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Megawatt Lithium and Battery Metals Corp. for the interim periods ended December 31, 2024 and 2023, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, Manning Elliott LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

February 28, 2025

MEGAWATT LITHIUM AND BATTERY METALS CORP.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	December 31, 2024	September 30, 2024
		\$	\$
ASSETS			
Current			
Cash		19,312	46,431
Taxes recoverable		27,335	20,942
Prepaid expenses		14,924	27,299
		61,571	94,672
Exploration and evaluation assets	6	4,189,420	4,185,757
Total assets		4,250,991	4,280,429
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9	1,141,410	1,040,731
Note payable	7	87,092	83,881
Total liabilities		1,228,502	1,124,612
SHAREHOLDERS' EQUITY			
Share capital		31,162,940	31,162,940
Reserves		1,781,778	1,781,778
Deficit		(29,922,229)	(29,788,901)
Total shareholders' equity		3,022,489	3,155,817
Total liabilities and shareholders' equity		4,250,991	4,280,429

Nature of operations and going concern (Note 1)
Subsequent event (Note 12)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ "Ravinder Kang"	/s/ "Kelvin Lee"
Director	Director

MEGAWATT LITHIUM AND BATTERY METALS CORP.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars, except number of shares)

	Note	Three months ended December 31,	
		2024	2023
		\$	\$
Operating expenses (recovery)			
General and administrative expense		7,482	7,247
Management and consulting	9	95,729	77,350
Marketing and shareholder communication (recovery)		(7,482)	900
Professional fees		26,176	10,715
Regulatory and filing fees		8,212	11,520
Total operating expenses		130,117	107,732
Other expense			
Interest expense	7	(3,211)	-
Net loss and comprehensive loss		(133,328)	(107,732)
Net loss per share:			
Basic and diluted		0.00	0.01
Weighted average number of common shares:			
Basic and diluted		36,483,733	9,258,732

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MEGAWATT LITHIUM AND BATTERY METALS CORP.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Three months ended December 31,	
	2024	2023
	\$	\$
Operating activities		
Net loss for the period	(133,328)	(107,732)
Adjustment for:		
Interest expense	3,211	-
Changes in non-cash working capital items		
Taxes recoverable	(6,393)	(4,726)
Prepaid expenses	12,375	33,496
Accounts payable and accrued liabilities	98,321	(21,699)
Cash used in operating activities	(25,814)	(100,661)
Investing activities		
Exploration and evaluation expenditures		
Australia Silver Mines	(6)	-
Tyr Silver Project	(135)	-
James Bay Lithium Project	-	-
New Age Co Properties	(1,164)	-
Cash used in investing activities	(1,305)	-
Financing activities		
Proceeds from note payable	-	75,000
Cash provided by financing activities	-	75,000
Net change in cash	(27,119)	(25,661)
Cash, beginning of period	46,431	36,715
Cash, end of period	19,312	11,054
Supplemental cash flow information:		
Exploration and evaluation expenditures included in accounts payable and accrued liabilities	2,358	142,575

The accompanying notes are an integral part of these condensed interim consolidated financial statements

MEGAWATT LITHIUM AND BATTERY METALS CORP.**Condensed Interim Consolidated Statements of Changes in Equity**

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Reserves	Deficit	Total equity
	#	\$	\$	\$	\$
Balance, September 30, 2023	9,258,732	27,198,915	1,766,137	(27,804,640)	1,160,412
Net loss and comprehensive loss	-	-	-	(107,732)	(107,732)
Balance, December 31, 2023	9,258,732	27,198,915	1,766,137	(27,912,372)	1,052,680
Shares issued for settlement of accounts payable and accrued liabilities	900,000	81,000	-	-	81,000
Net proceeds from shares issued in private placements	10,050,000	953,525	-	-	953,525
Labrador Share Exchange Agreement (Note 5)	16,275,001	2,929,500	-	-	2,929,500
Share-based compensation	-	-	15,641	-	15,641
Net loss and comprehensive loss	-	-	-	(1,876,529)	(1,876,529)
Balance, September 30, 2024	36,483,733	31,162,940	1,781,778	(29,788,901)	3,155,817
Net loss and comprehensive loss	-	-	-	(133,328)	(133,328)
Balance, December 31, 2024	36,483,733	31,162,940	1,781,778	(29,922,229)	3,022,489

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MEGAWATT LITHIUM AND BATTERY METALS CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended December 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

MegaWatt Lithium and Battery Metals Corp. ("the Company") was incorporated on December 11, 2017 under the laws of British Columbia. On July 20, 2019, the Company completed its initial public offering and listed on the Canadian Securities Exchange ("CSE") under the symbol "MEGA". On April 20, 2022, the Company's common shares commenced trading on the OTCQB under the symbol "WALRF". The head office and principal address of the Company is located at Suite 1500 - 1055 West Georgia Street, Vancouver BC, V6E 4N7. The Company's principal business activities include the acquisition and exploration of exploration and evaluation assets.

As at December 31, 2024, the Company had not determined whether the Company's exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition.

These unaudited condensed interim consolidated financial statements for the three months ended December 31, 2024 and 2023 ("financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. As at December 31, 2024, the Company had a working capital deficit of \$1,166,931 (September 30, 2024 - \$1,029,940), an accumulated deficit of \$29,922,229 (September 30, 2024 - \$29,788,901) and has not generated revenue to date. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability to raise adequate funding through equity or debt financing to discharge its liabilities as they come due. There is no assurance that it will be able to obtain adequate, or any, financing in the future or that any financing will be on terms advantageous to the Company, though the Company has been successful in the past in obtaining financing.

Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on February 25, 2025.

These financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the years ended September 30, 2024 and 2023 (the "Annual Financial Statements").

b) Basis of measurement

These financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS for each type of asset, liability, income, and expense as set out in the accounting policies below. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

c) Functional and presentation currency

These financial statements have been prepared in Canadian dollars, which is the Company's and its subsidiaries' functional and presentation currency. References to "\$" or "CAD" are to Canadian dollars.

MEGAWATT LITHIUM AND BATTERY METALS CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended December 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

2. BASIS OF PRESENTATION (continued)

d) Basis of consolidation

These financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in these financial statements from the date control commences until the date control ceases.

A summary of the Company's subsidiaries included in these financial statements as at December 31, 2024 are as follows:

Name of subsidiary	Country of incorporation	Holding	Functional currency	Principal activity
1256714 B.C. Ltd. ("Tyr Silver Co")	Canada	100%	CAD	Holding company
1260945 B.C. Ltd. ("New Age Co")	Canada	100%	CAD	Holding company
Labrador Mineral Resources Inc. ("Labrador")	Canada	100%	CAD	Mineral exploration

e) Reclassification of prior period presentation

Certain prior period amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to the condensed interim consolidated statements of loss and comprehensive loss to reclassify \$14,350 from professional fees to management and consulting.

3. MATERIAL ACCOUNTING POLICIES

These financial statements were prepared using the same accounting policies and methods of computation as in the Annual Financial Statements.

Pronouncements issued but not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18")

On April 9, 2024, the IASB issued *IFRS 18 Presentation and Disclosure in Financial Statements*. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its 'operating profit or loss'. Key new concepts introduced in IFRS 18 relate to: (i) the structure of the statement of profit or loss; (ii) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and (iii) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Company is currently assessing the effects of IFRS 18 on the financial statements.

IFRS 9 Financial Instruments ("IFRS 9") and IFRS 7 Financial Instruments: Disclosures ("IFRS 7")

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7). These amendments updated classification and measurement requirements in IFRS 9 *Financial Instruments* and related disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the 'solely payments of principal and interest' criterion, including financial assets that have environmental, social and corporate governance (ESG)-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs and amended disclosures relating to equity instruments designated at fair value through other comprehensive income. The amendments are effective for annual periods beginning on or after January 1, 2026 with early application permitted. The Company is currently assessing the effect of these amendments on the financial statements.

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4. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements under IFRS requires management to make judgements in applying its accounting policies and estimates that affect the reported amounts of assets and liabilities at the period end date and reported amounts of expenses during the reporting period. Such judgements and estimates are, by their nature, uncertain. Actual outcomes could differ from these estimates.

The impact of such judgements and estimates are pervasive throughout these financial statements and may require accounting adjustments based on future occurrences. These judgements and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and are accounted for prospectively.

In preparing these financial statements, the Company applied the same significant judgements in applying its accounting policies and is exposed to the same sources of estimation uncertainty as disclosed in its Annual Financial Statements.

5. ACQUISITION

On April 1, 2024, the Company announced the acquisition of a 100% ownership of Labrador Mineral Resources Inc. ("Labrador") pursuant to a share exchange agreement (the "Share Exchange Agreement") among the Company, Labrador and the shareholders of Labrador (the "Labrador Shareholders"). The acquisition was closed on May 7, 2024.

Labrador is a private company existing under the laws of British Columbia whose principal business is the exploration and development of the Benedict mountains uranium property (the "Benedict Mountains Property") (Note 6(a)).

Pursuant to the terms and conditions of the Share Exchange Agreement and in consideration for all of the issued and outstanding shares in the capital of Labrador (the "Labrador Shares"), the Company issued an aggregate of 16,275,001 common shares at a fair value of \$0.18 per share, for a total fair value of \$2,929,500, to the Labrador Shareholders (Note 8(b)).

Labrador had purchased a 100% interest, subject to a 1.5% net smelter return royalty ("NSR"), in the Benedict Mountains Property pursuant to a property purchase agreement dated effective February 8, 2024, between Labrador and the former registered and beneficial owner of the Benedicts Mountain Property (the "Property Purchase Agreement"). Pursuant to the Share Exchange Agreement, the Company has assumed all of the obligations of Labrador under the Property Purchase Agreement, including a cash payment of \$25,000 to be settled on or before April 30, 2025.

The acquisition of Labrador has been accounted for by the Company as an asset acquisition. The acquisition did not qualify as a business combination under IFRS 3 *Business Combinations*, as the significant inputs, processes, and outputs, that together constitute a business, did not exist in Labrador at the time of acquisition. Accordingly, no goodwill was recorded with respect to the acquisition.

A summary of the fair values of assets acquired, liabilities assumed and the purchase price as at the May 7, 2024 acquisition date is as follows:

	\$
Consideration	
Fair value of shares issued to the Labrador Shareholders (16,275,001 at \$0.18)	2,929,500
Payable due before April 30, 2025	25,000
Transaction costs	14,824
	2,969,324
Fair values of acquired assets and liabilities	
Cash	38,554
Exploration and evaluation assets	2,961,301
Accounts payable and accrued liabilities	(30,531)
	2,969,324

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6. EXPLORATION AND EVALUATION ASSETS

A summary of the Company's exploration and evaluation assets is as follows:

	Benedict Mountains	Australian Silver Mines	Tyr Silver Project	Cobalt Hill	James Bay Lithium Project	New Age	Total
	\$	\$	\$	\$	\$	\$	\$
Acquisition cost							
Balance, September 30, 2023	-	-	-	615,000	528,431	-	1,143,431
Additions	2,961,301	-	-	-	-	-	2,961,301
Impairment	-	-	-	(615,000)	-	-	(615,000)
Balance, September 30, 2024	2,961,301	-	-	-	528,431	-	3,489,732
Additions	-	6	172	-	827	1,164	2,169
Balance, December 31, 2024	2,961,301	6	172	-	529,258	1,164	3,491,901
Exploration and evaluation expenditures							
Balance, September 30, 2023	-	-	-	287,088	-	-	287,088
Additions	-	2,588	18,502	-	617,050	78,975	717,115
Impairment	-	(2,588)	(18,502)	(287,088)	-	-	(308,178)
Balance, September 30, 2024	-	-	-	-	617,050	78,975	696,025
Additions	-	-	747	-	-	747	1,494
Balance, December 31, 2024	-	-	747	-	617,050	79,722	697,519
Balance, September 30, 2024	2,961,301	-	-	-	1,145,481	78,975	4,185,757
Balance, December 31, 2024	2,961,301	6	919	-	1,146,308	80,886	4,189,420

a) Benedict Mountains

On May 7, 2024, pursuant to the terms of the Share Exchange Agreement, the Company acquired 100% of Labrador which owns a 100% interest (subject to a 1.5% NSR) in the Benedict Mountains property pursuant to the Property Purchase Agreement (Note 5). The Benedict Mountains property consists of two mineral licenses covering an area of approximately 350 hectares in the Central Mineral Belt on the east coast of Labrador, Canada, approximately 200 kilometers northeast of Goose Bay.

Pursuant to the Share Exchange Agreement, the Company has assumed all of the obligations of Labrador under the Property Purchase Agreement as follows:

- Pay an additional \$25,000 to the Vendor on or before February 8, 2025 (the "Labrador Payment") (included in accounts payable and accrued liabilities as at December 31, 2024). Subsequent to December 31, 2024, the Company and the Vendor agreed to extend the due date for the Labrador payment to April 30, 2025.
- Issue to the Vendor 1,500,000 common shares in the capital of the Company on the closing date May 7, 2024, upon the closing of the acquisition of Labrador (Note 8(b)).

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(Unaudited - Expressed in Canadian dollars, except where noted)

6. EXPLORATION AND EVALUATION ASSETS (continued)

b) Tyr Silver Project

On July 13, 2023, the Company completed the acquisition of 100% of the issued and outstanding securities of Tyr Silver Co which owns a 100% interest (subject to a 2% NSR) in the Tyr Silver Project - a silver-zinc project in Australia.

During the year ended September 30, 2024, the Tyr Silver Project was fully impaired due to the Company's decision to focus on core projects instead. As a result, the Company recorded an amount of \$18,502 as an impairment of exploration and evaluation assets.

During the three months ended December 31, 2024, the Company continued to settle fees to keep the property title in good standing.

c) Cobalt Hill

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

The Company fulfilled the terms of the option agreement and acquired a 100% undivided interest in Cobalt Hill by making cumulative cash payments totaling \$355,000 and issuing a cumulative total of 110,000 common shares of the Company. The optionor retained 1.5% NSR on Cobalt Hill.

During the year ended September 30, 2024, the Cobalt Hill Project was fully impaired due to the Company's decision to focus on core projects instead. As a result, the Company recorded an amount of \$902,088 as an impairment of exploration and evaluation assets.

d) James Bay Lithium Project

In January 2021, the Company completed the acquisition of a 100% interest in and to the Route 381 Lithium, comprised of 40 mineral claims located in James Bay Territory in Quebec. In consideration for the acquisition, the Company paid the vendors an aggregate of \$60,000 in cash and issued 400,000 common shares of the Company with a fair value of \$1,720,000. In addition, the Company is subject to grant vendors a 2% NSR.

In December 2021, the Company acquired, by way of staking, 229 mineral exploration claims prospective for lithium in the James Bay region of Quebec, Canada ("Mitsumis").

During the year ended September 30, 2023, the James Bay Lithium Project was fully impaired as the Company determined that the recoverable amount of the property was \$nil as a result of its assessment that the fair value of all the proceeds expected from the option agreement (Note 6(f)) were also \$nil upon Cygnus Gold Limited failing to make the required option payments as they became due. As a result, the Company recorded \$443,503 on September 30, 2023 as an impairment of exploration and evaluation assets. Following the termination of the Property Option Agreement (Note 6(f)), the Company resumed exploration activities.

e) New Age Co Properties

On April 14, 2021, the Company announced that it had completed the acquisition of all issued and outstanding securities of New Age Co.

Rare Earth Elements ("REE") (Northern Territory) - Arctic Fox and Isbjorn

Located in Australia's Northern Territory, both properties are in the exploration stage. Arctic Fox is contiguous with the Nolans Bore REE project and the Isbjorn asset is contiguous to the Charley Creek REE project.

MEGAWATT LITHIUM AND BATTERY METALS CORP.
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(Unaudited - Expressed in Canadian dollars, except where noted)

6. EXPLORATION AND EVALUATION ASSETS (continued)

Nickel-cobalt-scandium-HPA (New South Wales) - Chinook, Kodiak & Caribou

The three nickel-cobalt-scandium-HPA properties - Chinook, Kodiak and Caribou are located in Australia's central New South Wales, which is considered by management to be a highly prospective region of exploration. During the year ended September 30, 2023, the New Age Co Properties were fully impaired due to the Company's decision upon noting indicators of impairment. During the year ended September 30, 2024, the Company resumed exploration activities.

During the three months ended December 31, 2024, the Company capitalized \$747 (2023 - \$140,319) of exploration and evaluation expenditures on the property.

f) Option on the James Bay Lithium Project

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

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

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

- Payment of \$175,000 due on September 30, 2022 (which includes \$125,000 as an expense reimbursement to the Company) (the payment was received on October 12, 2022);
- Reimbursement of the Company's exploration expenditures of up to \$375,000 from its 2022 exploration program by December 31, 2022 (the reimbursement was received on December 20, 2022);
- Fund \$2,000,000 in exploration expenditures less expense reimbursements on the James Bay Lithium Project by the third anniversary date of the Property Option Agreement as follows:
 - \$500,000 to be incurred prior to September 27, 2023 which was satisfied through the payments in 2022 above;
 - \$500,000 to be incurred prior to September 27, 2024; and
 - \$1,000,000 to be incurred prior to September 27, 2025.

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

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

On August 1, 2024, Cygnus terminated the Property Option Agreement with the Company. As a result, the remaining commitments under the First and Second Options were abandoned.

7. NOTE PAYABLE

On December 21, 2023, the Company entered into a promissory note agreement with Aion Capital Inc. ("the Lender"). Pursuant to this agreement, the Company promises to pay the Lender a principal sum of \$75,000 with an annual interest rate of 15%. The principal sum and all outstanding interest that may accrue will be payable to the Lender on demand. As at December 31, 2024, the promissory note principal and accrued interest totaled \$87,092 (September 30, 2024 - \$83,881)

During the three months ended December 31, 2024, the Company incurred interest expense of \$3,212 (2023 - \$nil).

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(Unaudited - Expressed in Canadian dollars, except where noted)

8. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued

As at December 31, 2024, the Company had 36,483,733 shares issued and outstanding (September 30, 2024 - 36,483,733).

During the three months ended December 31, 2024, the Company had no share capital transactions.

During the year ended September 30, 2024, the Company had the following share capital transactions:

- On January 17, 2024, the Company issued 900,000 common shares with a fair value of \$81,000 for settlement of accounts payable and accrued liabilities in the amount of \$90,000. As a result of the debt settlement, the Company recorded a gain on debt settlement of \$9,000 on the statement of loss and comprehensive loss.
- On March 7, 2024, the Company issued 4,290,000 common shares pursuant to a private placement at \$0.10 per common share (the "LIFE Offering") for gross proceeds of \$429,000. Share issuance costs on the LIFE Offering consisted of cash commissions paid to finders of \$6,177, brokers fees of \$3,600 and legal fees of \$12,518.
- On March 7, 2024, the Company issued 4,460,000 common shares pursuant to a private placement and closed its first tranche of a \$0.10 share financing (the "Concurrent PP"), for gross proceeds of \$446,000. Share issuance costs on the first tranche of the Concurrent PP consisted of cash commissions paid to finders of \$6,422, brokers fees of \$2,100 and legal fees of \$13,014.
- On March 15, 2024, the Company issued 1,300,000 common shares and closed its second tranche of the Concurrent PP for gross proceeds of \$130,000. Share issuance cost on the second tranche of the Concurrent PP consisted of cash commissions paid to finders of \$3,850 and legal fees of \$3,794.
- On May 7, 2024, the Company issued 16,275,001 common shares pursuant to the Share Exchange Agreement to acquire Labrador at \$0.18 per common share for a total fair value of \$2,929,500 (Note 5).

c) Warrants

A summary of the Company's warrant activity is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, September 30, 2023	888,463	1.81
Expired	(888,463)	1.81
Balance, December 31, 2024 and September 30, 2024	-	-

d) Stock options

The Company has a stock option plan for directors, employees, and consultants. The aggregate number of common shares issuable pursuant to stock options granted under the plan is 10% of the issued and outstanding common shares. The board of directors has the exclusive power over the granting of stock options, the exercise price and their vesting and cancellation provisions.

On January 22, 2024, the Company granted 200,000 stock options to an officer of the Company. These stock options have an exercise price of \$0.11 expiring on January 22, 2026. The stock options vested immediately on the grant date.

On November 26, 2024, 150,000 stock options expired unexercised.

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8. SHARE CAPITAL (continued)

A summary of the Company's stock option activity is as follows:

	Number of stock options outstanding and exercisable	Weighted average exercise price
	#	\$
Balance, September 30, 2023	420,000	3.38
Granted	200,000	0.11
Expired	(185,000)	3.97
Balance, September 30, 2024	435,000	1.62
Expired	(150,000)	2.00
Balance, December 31, 2024	285,000	1.43

A summary of the Company's outstanding stock options as at December 31, 2024 is as follows:

Date of expiry	Weighted average exercise price	Number of stock options outstanding and exercisable	Weighted average remaining life
	\$	#	Years
August 13, 2025	3.05	25,000	0.62
October 21, 2025	9.00	15,000	0.81
January 22, 2026	0.11	200,000	1.06
January 28, 2026	2.85	20,000	1.08
February 16, 2026	4.65	25,000	1.13
	1.43	285,000	1.02

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model to calculate the fair value of the stock options issued during the year ended September 30, 2024 is as follows:

Share price	\$0.11
Exercise price	\$0.11
Expected life	2.00 years
Risk-free interest rate	4.25%
Expected volatility	146.09%
Expected annual dividend yield	0.00%

The risk-free interest rate of periods within the expected life of the stock options is based on the Canadian government bond rate. The annualized volatility assumptions are based on the historical results of the Company.

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

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

Key management includes directors and key officers of the Company, including the Chief Executive Officer and Chief Financial Officer.

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9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

A summary of the Company's related party transactions and key management compensation for the three months ended December 31, 2024 and 2023 is as follows:

	Three months ended December 31,	
	2024	2023
	\$	\$
Management and consulting	72,000	33,000

As at December 31, 2024, the Company had \$127,210 (September 30, 2024 - \$90,785) due to key management personnel and management entities and is included in accounts payable and accrued liabilities on the consolidated statements of financial position. The amounts payable are unsecured, non-interest bearing and due on demand.

10. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject. The Company considers the aggregate of its share capital, reserves, and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash. There have not been changes to the Company's capital management policy during the three months ended December 31, 2024.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, accounts payable and accrued liabilities and a note payable which are classified as and measured at amortized cost. The carrying value of these financial instruments approximate their respective fair values due to their short-term nature.

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

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The Company is exposed to credit risk through its cash and the Company reduces its credit risk on cash by placing these instruments with financial institutions of high credit worthiness. As at December 31, 2024, the Company is not exposed to significant credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed through its accounts payable and note payable. As at December 31, 2024, the Company has a working capital deficit of \$1,166,931 (September 30, 2024 - \$1,029,940) and the Company will need to raise additional funding in order to continue to fund its exploration and evaluation activities. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company endeavors to ensure that sufficient funds are raised from equity offerings to meet its operating requirements, after taking into account existing cash. Management has concluded that liquidity risk is high.

c) Market risk

Market or foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. As at December 31, 2024, the Company is not exposed to significant foreign currency risk. A 10% change in the foreign exchange rate with the Australian Dollar would result in an impact of approximately \$200 (September 30, 2024 - \$419) to the Company's net loss.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2024, the Company has assessed the interest rate risk as minimal.

12. SUBSEQUENT EVENT

On January 25, 2025, the Company entered into a promissory note agreement with an arm's length lender. Pursuant to this agreement, the Company promises to pay the lender a principal sum of \$55,000 with an annual interest rate of 15%. The principal sum and all outstanding interest that may accrue will be payable on demand.

On February 20, 2025, the Company issued 766,667 common shares pursuant to a debt settlement agreement with an arm's length creditor in the amount of \$11,500 to settle outstanding accounts payable for market making services provided to the Company by the creditor.