

**Management's Discussion and Analysis**

**AC/DC Battery Metals Inc.**

**For the years ended 31 July 2024 and for the period from the date of  
incorporation on 14 July 2023 to 31 July 2023**

**AC/DC BATTERY METALS INC.**

Management's Discussion and Analysis of Financial Results

As at 31 July 2024 and for the period from the date of incorporation on 14 July 2023 to 31 July 2023

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*The following discussion and analysis is management's assessment of the results and financial condition of AC/DC Battery Metals Inc. (the "Company" or "AC/DC") as at 31 July 2024 and 2023 and should be read in conjunction with audited condensed financial statements for the year ended 31 Ju 2024. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all monetary amounts presented are Canadian dollars ("CAD") unless otherwise stated. The date of this Management Discussion and Analysis is 15 November 2024.*

*Additional information on the Company is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).*

*This MD&A contains forward-looking information. See "Forward-Looking Information" and "Risks and Uncertainties" for a discussion of the risks, uncertainties and assumptions relating to such information.*

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### **Introduction**

The following discussion of performance and financial condition should be read in conjunction with the financial statements of the Company as at 31 July 2024 and 2023. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretation Committee. The Company's reporting currency is Canadian dollars unless otherwise stated.

The address of the Company's corporate office and its principal place of business is 3028 Quadra Court, Coquitlam, British Columbia, V3B 5X6.

### **Description of Business**

Grid Battery Metals Inc. ("Grid") is the registered and beneficial owner of one issued and outstanding AC/DC Share, being all of the issued and outstanding AC/DC Shares as of the date hereof. Grid and AC/DC arranged a corporate restructuring by way of a statutory arrangement under the BCBCA, pursuant to which Grid and AC/DC will participate in a series of transactions whereby, among other things, Grid shareholders acquired 9,414,044 AC/DC common shares ("Consideration Shares") in exchange for the "Transferred Assets" comprised of Grid's Nickel Project, and distributed the Consideration Shares to the holders of Grid common shares such that the holders of Grid common shares became the holders of the AC/DC common shares ("Arrangement").

### **Project Overview**

AC/DC commissioned Jeremy Hanson, P.Geo. to prepare a technical report and summarize exploration work completed on the Nickel Project (the "Project"), consisting of three non contiguous claim groups, Hard Nickel 3, Hard Nickel Center, and Hard Nickel South. The Project consists of a total of five mineral tenures in the Takla Lake area of north-central British Columbia. Grid Battery owned 100% of the mineral claims comprising the Nickel Project and entered into an Arrangement Agreement, as amended with AC/DC Battery Metals Inc., whereby AC/DC has acquired 100% ownership of the Project from Grid in exchange for 9,414,044 shares in AC/DC. The Nickel Project is located in the Takla Lake area of central British Columbia, in part adjacent to FPX Nickel Corp.'s Decar Nickel Project. The Decar Project is an advanced nickel project targeting awaruite, a nickel-iron alloy mineral, hosted by serpentinized ultramafic intrusive rocks of the Trembleur Ultramafic Unit within the Permian to Triassic age Cache Creek Complex. The three claim groups of the Nickel Project are partially underlain by rocks of the Trembleur Ultramafic Unit, which consist of variably serpentinized harzburgite, dunite, orthopyroxenite, and locally carbonatetalc altered rocks and listwanite. Within the claims, metallic mineralization includes nickel, cobalt, and chromium, with nickel mineralization occurring as the nickel-iron alloy awaruite, or as sulphide minerals including heazlewoodite, pentlandite, and millerite.

The Property was included in both Geoscience BC's QUEST, and QUEST-West projects, including multiparameter regional geophysical surveys, regional stream sediment re-analyses, and data compilations completed between 2008 and 2009. This modern exploration framework along with advancements at the nearby Decar Nickel Project may assist in developing future exploration programs on the Project.

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Recent exploration completed by Grid Battery Metals Inc. in 2023 included sampling within the Hard Nickel Center claims group, where magnetic high response around the TILDESLEY CREEK (093K 038) minfile prospect. Rocks samples were described as peridotite, pyroxenite, or norite-grabbro. Ultramafic rocks have been observed to have tan-orange weathering with fine-medium grained dark green-black fresh surfaces. Fracture controlled and groundmass serpentine+/-talc alteration is commonly observed, and many rocks exhibit a weak to strong magnetic response. Sulphides are present in some samples and trace amounts of possible awaruite and chromite have been noted. Structural fabric is commonly oriented northwest to southeast.

Nickel values in ultramafic rocks are consistently elevated, ranging from 1000 to 2696 ppm with 50 of the 85 samples returning >1800 ppm Ni within a 1.4km by 0.5 km footprint. Additional prospecting and geochemical sampling indicated the high magnetic response in the QUEST-West data is directly associated with nickel-chromium bearing ultramafic rocks ascribed to the Trembleur Unit.

There are no mineral resource estimates or mineral reserves on the Project.

The Nickel Project is a property of merit and further work is warranted. The author recommends a work program for the Grid Nickel Claim Groups of the Nickel Project totalling \$200,641.83. Future exploration plans include field work on all three claim blocks targeting historic results, vectoring towards elevated DTR Ni, and sampling and mapping of untested magnetic anomalies.

## **British Columbia**

### **Nickel Project**

The AC/DC Nickel Group consists of five claim blocks in three groups (Hard Nickel Centre, Hard Nickel 3 and Hard Nickel South) in the area surrounding Mount Sidney Williams, in close proximity to the Decar Project and the Baptiste deposit of FPX Nickel Corp (TSXV:FPX).

The Property is road and helicopter accessible from Fort St. James via a network of province-maintained paved roads and forestry-maintained gravel roads. The Canadian National Railway company owns an inactive railway line that passes a short distance east of the Properties.

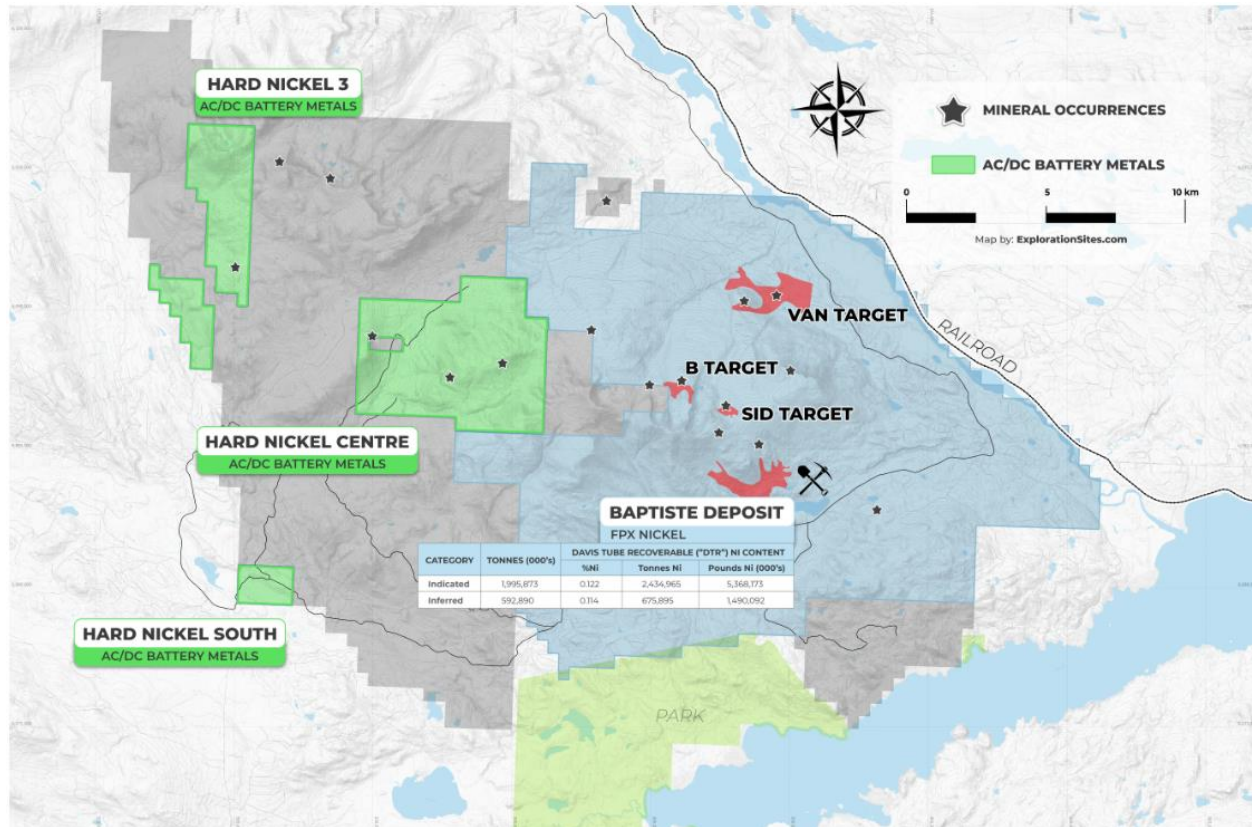
The Company owns 100% interest in the Nickel Mountain Project.

The Company has a security deposit of \$55,900 with the Ministry of Energy, Mines and Low Carbon Innovation of British Columbia.

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### Copper Property

On 25 July 2024, the Company has acquired from the Vendor a 100% interest in 17 mineral claims covering approximately 27,525.24 hectares located in the Omineca Division, North Central British Columbia.

The Copper Property consist of 17 claims comprising 27,525.24 hectares located in the Omineca Mining Division of north-central British Columbia, approximately 150 km north of Fort St. James. The claims are not subject to any royalty terms, back-in rights, payments or any other agreements and encumbrances.

Approximately 275 km<sup>2</sup> of tenures in such a favourable mining region within BC. This area of the Province has already generated several promising projects, and the land package is strategically situated to exploit the high copper-gold values of the region. Northwest Copper Corp. (TSXV: NWST) on the nearby Kwanika project intercepted 400 metres of 1.01 Copper equivalent (News Release 16 January 2023 Northwest Copper Corp). BC is a mining-friendly jurisdiction with reasonable processes, good infrastructure and potential First Nation partners – extending AC/DC's land holdings in BC which makes our company stronger and increases the value of our mining assets in the region. Something we plan on turning into a tangible value for our shareholders.”

B.C. Minfile assessment report data indicates that most of the area covered by the Copper Property was at one time or another covered by staking during surges of exploration in B.C. dating from the 1940's to present day. Largely the claims appear to have been minimally explored with little follow-up. However, some work was recorded on several claims with results for stream sediment sampling showing anomalous to highly anomalous results for gold in a few areas. These areas were recommended for detailed follow-up, however due to a downturn no further work was recorded.

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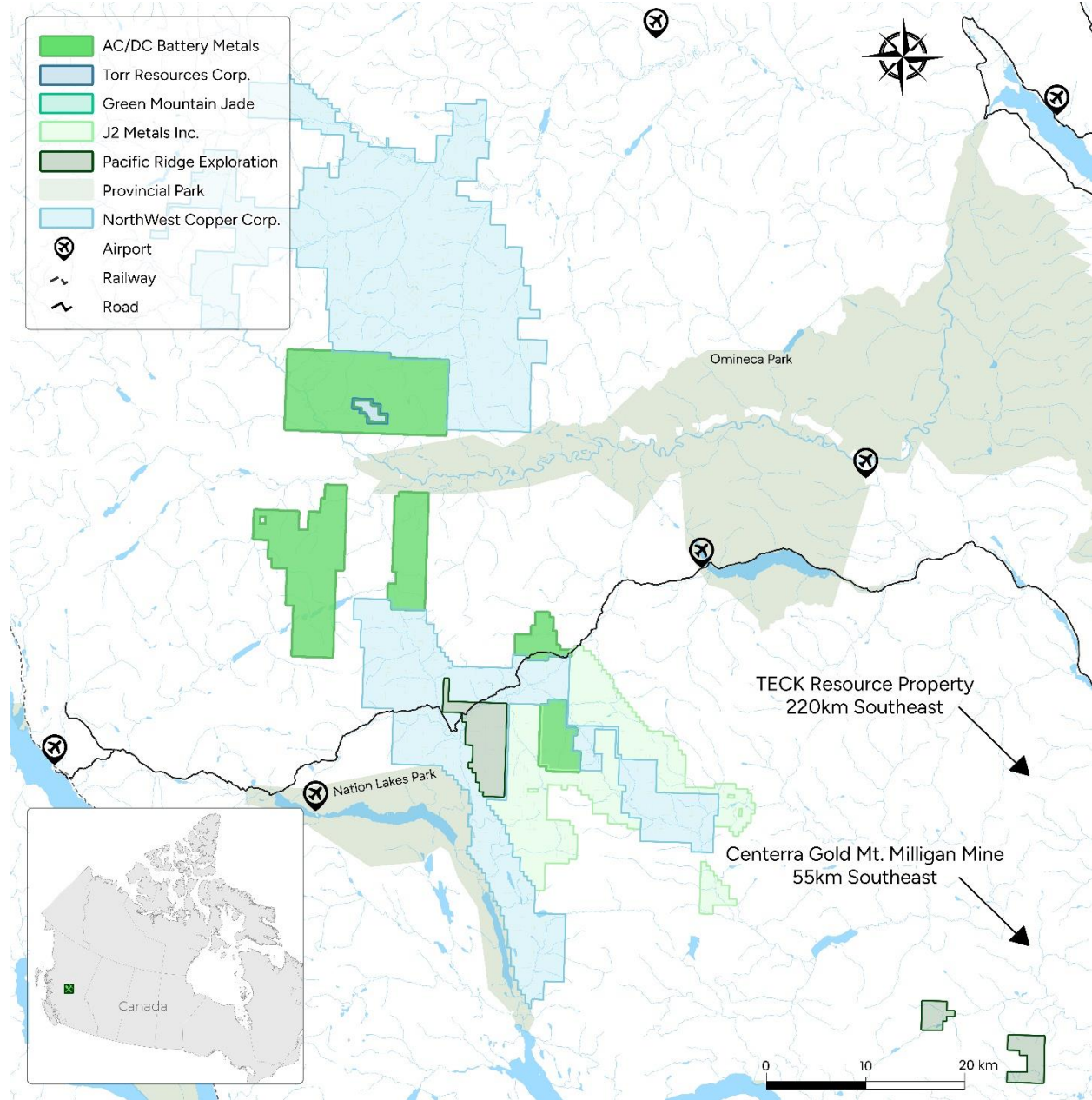
Prominent among early discoveries in the Omineca region were the nearby Lustdust/Stardust property (a property developed by Lorraine Copper that was sold to Sun Metals Corp. which eventually merged with Serengeti Resources to become NorthWest Copper Corp.) covering a large, coherent integrated porphyry-skarn, epithermal system; the Kwanika property (a Serengeti/POSCO Daewoo property also became a NorthWest Copper Corp. property upon the merger with Serengeti Resources) a promising advanced stage copper-gold project; the Lorraine property (originally discovered by Lorraine Copper and now a NorthWest Copper Corp. property) an alkalic copper-gold porphyry. The tenures are located between the Kemess North project being developed by Centerra Gold Inc. (TSX: CG, NYSE: CGAU) and its operating Mt Milligan mine, which is reported to 1.8 million ounces of gold and 742 million pounds of copper (Technical Report on the Mount Milligan Mine, 7 November 2022, Borntreger, B, et al.)

The Omineca Group claim areas are within the northern Quesnel Trough underlain by Cache Creek Terrane and lies close to the Pinchi Fault. The Quesnel Trough hosts numerous porphyry copper-gold deposits. The Pinchi Fault can be traced for 600 km through north-central B.C and separates Cache Creek rocks from the Jurassic Hogen Batholith and Triassic-Jurassic Takla rocks to the west. Rocks have a north-northwest strike trend typical of the entire Intermontane Belt in which the Cache Creek Terrane lies (Gabrielse and Yorath, 1992). A wide range of Jurassic to Tertiary intrusions cuts the Cache Creek Assemblage and many of these are emplaced along the prominent NW-trending structures and stratigraphic breaks. Numerous mercury occurrences are present along the length of the Pinchi fault (Albino, 1987) and a few gold and base metal occurrences are present near the Pinchi fault including the Lustdust, Lorraine, Indata and Axelgold properties. There are at least two alkalic gold-copper Porphyry systems in the immediate Lustdust (now known as Stardust) area: J49 and Axel Properties (Schiarrizza, 2000).

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### Qualified Person Statement

Jeremy Hanson, a qualified person as defined by NI 43 – 101, is responsible for the technical information contained about the Company's British Columbia projects in this MD&A. Readers are cautioned that the information in this discussion regarding the property of FPX Nickel Corp is not necessarily indicative of the mineralization on the property of interest.

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## SELECTED ANNUAL FINANCIAL INFORMATION

The following selected financial information is derived from the audited consolidated financial statements of the Company. The figures have been prepared in accordance with IFRS.

	Years Ended 31 July	
	2024	2023
	\$	\$
Total revenues	-	-
General and administrative expenses	(567,975)	(5,000)
Mineral property cash costs incurred	(296,508)	-
Net loss	(567,975)	(5,000)
Net loss per share	(0.10)	(5,000)
Total assets	1,819,378	1
Cash dividends declared per share	Nil	Nil

## Selected Quarterly Information

The following selected financial information is derived from the audited consolidated financial statements of the Company. The figures have been prepared in accordance with IFRS.

	For the Quarters Ended			
	31 July	30 Apr	31 Jan	31 Oct
	2024	2024	2024	2023
	\$	\$	\$	\$
Net income (loss)	(530,296)	(26,137)	(9,042)	(2,500)
Net income (loss) per share	(0.02)	(0.05)	(9,042)	(2,500)
Total assets	2,067,385	478,137	1	1

## RESULTS OF OPERATIONS

### For the year ended 31 July 2024 compared to the same period in 2023.

Comprehensive loss for the year ended 31 July 2024 was \$567,975 as compared to the comprehensive loss of \$5,000 for the same period in 2023. Being at the exploration stage, the Company did not generate any revenue from operations. The increase in comprehensive loss of \$562,975 was mainly attributable to the net effect of:

- Increase of \$306,833 in Consulting fees, from \$Nil in 2023 to \$306,833 in 2024..
- Increase of \$450 in Marketing & communications, from \$Nil in 2023 to \$450 in 2024.
- Increase of \$8,587 in Office and miscellaneous, from \$nil in 2023 to \$8,587 in 2024.
- Increase of \$40,179 in Professional fee from \$5,000 in 2023 to \$45,179 in 2024.
- Increase of \$182,699 in Share-based payments, from \$Nil in 2023 to \$182,699 in 2024.
- Increase of \$23,791 in Transfer agent fees, from \$Nil in 2023 to \$23,791 in 2024.
- Increase of \$436 in Travel, lodging and food, from \$Nil in 2023 to \$436 in 2024.



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### **For the three months ended 31 July 2024 compared to the same period in 2023.**

Comprehensive loss for the three months ended 31 July 2024 was \$530,295 as compared to the comprehensive income of \$5,000 for the same period in 2023. Being at the exploration stage, the Company did not generate any revenue from operations. The increase in comprehensive loss of \$525,295 was mainly attributable to the net effect of:

- Increase of \$292,947 in Consulting fees, from \$Nil in 2023 to \$292,947 in 2024.
- Increase of \$22,829 in Professional fees from \$5,000 in 2023 to \$27,829 in 2024.

### **Selected Financial Information**

To date, the Company has not commenced commercial operations.

### **Liquidity and Capital Resources**

As at 31 July 2024, the Company had a net working capital of \$1,479,989 (2023: \$4,999 – deficit), cash of \$1,217,095 (2023: \$1), current liabilities of \$27,536 (2023: \$5,000) and had a deficit of \$567,975 (2023: \$5,000).

### **Outstanding Share Data**

Authorized Share Capital: unlimited common shares without par value.

As at 31 July 2024, the Company had 51,885,044 common shares outstanding (2023: 1).

The Company has adopted a “10% Rolling” stock option plan (the “Plan”), pursuant to which the maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time shall be ten percent (10%) of the issued and outstanding Common Shares at the time of the stock option grant, less any Common Shares reserved for issuance under stock options granted under Share Compensation Arrangements other than this Plan, unless this Plan is amended pursuant to the requirements of the TSX Venture Policies.

As at 31 July 2024 and the date of this MD&A, the Company had 5,180,000 stock options outstanding.

As at 31 July 2024 and the date of this MD&A, the Company had 40,000,000 share purchase warrants outstanding and 510,000 finders warrants outstanding.

### **Common shares issuances**

#### **a) Private Placements**

On 3 July 2024, the Company issued 40,000,000 units at a price of \$0.05 per unit for cash proceeds of \$2,000,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.06 per share for a period of five years from closing. The Company allocated \$400,000 as the fair value of the share purchase warrant. The Company also paid finder's fee of \$25,500 cash,

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2,471,000 shares valued at \$98,840 and 510,000 warrants valued at 17,762 as using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

- Risk-free interest rate 3.49%
- Expected term (in years) 5
- Estimated dividend yield 0%
- Weighted-average estimated volatility 140.84%

### b) Mineral property acquisition

During the year ended 31 July 2024, the Company issued 9,414,044 common shares with a fair value of \$207,618 in relation to the acquisition of Nickel Project.

### c) Issuance and Exercise of Stock Options

On 3 July 2024 the Company granted 5,180,000 stock options to consultants, directors and officers of the Company. These stock options have an exercise price of \$0.05 per share and expire in 5 years. The fair value of these options was determined as \$182,699 using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

- Risk-free interest rate 3.49%
- Expected term (in years) 5
- Estimated dividend yield 0%
- Weighted-average estimated volatility 140.84%

### d) Share purchase warrant

On 3 July 2024, the Company issued 40,000,000 warrants on private placement, entitling the holders to purchase 40,00,000 common shares at an exercise price of \$0.06 per common share until 3 July 2029. The fair value of 40,000,000 warrants was \$400,000 and was estimated using residual value method.

## **Financial and Other Instruments**

The Company's financial assets and liabilities consist of cash and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

As at 31 July 2024, the Company had accounts payable and accrued liabilities of \$27,536 due within 12 months and had cash of \$1,217,095 to meet its current obligations.

The fair value of these instruments approximates their carrying value due to the short-term nature of their maturity.

## **Related Parties Transaction**

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as people performing similar functions.

The Company's related party expenses are summarized as follows for the years ended 31 July 2024 and 2023:

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<b>Year ended 31 July</b>	<b>2024</b>	<b>2023</b>
	\$	\$
Consulting fees to CFO	13,500	-
Consulting fees to a Director	1,500	-
Consulting fees to CEO and Director	130,000	-
Consulting fees to Corporate Secretary	112,024	-
Share-based payments	89,586	-
<b>Total related party expenses</b>	<b>339,556</b>	-

**Key Management Personnel Compensation**

The remuneration of directors and other members of key management for the years ended 31 July 2024 and 2023 were as follows:

<b>Year ended 31 July</b>	<b>2024</b>	<b>2023</b>
	\$	\$
Short-term benefits – management and consulting fees	257,024	-
<b>Total key management personnel compensation</b>	<b>257,024</b>	-

**Critical Accounting Estimates**

The preparation of condensed financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained and are subject to change. The Company's accounting policies and estimates used in the preparation of the condensed financial statements are considered appropriate in the circumstances but are subject to judgments and uncertainties inherent in the financial reporting process.

**Off-Balance Sheet Arrangements**

The Company did not enter into any off-balance sheet arrangements during the period.

**Management's Responsibility for Financial Statements**

The information provided in this report, including the financial statements, is the responsibility of Management. In the preparation of these financial statements estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

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### **Risks**

There is currently no market for the common shares of the Company. Investment in the common shares must be regarded as highly speculative due to the proposed nature of the Company's business and its present stage of development. There is no guarantee such a transaction will be completed.

The Company was only recently incorporated and has no active business or material assets other than cash. It does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the completion of the Arrangement.

The directors and officers of the Company will only devote part of their time and attention to the affairs of the Company.

An acquisition financed by the issuance of treasury shares could result in a change in the control of the Company and may cause the shareholders' interest in the Company to be further diluted.

There can be no assurance that an active and liquid market for the Company's common shares will develop and an investor may find it difficult to resell the common shares.

### **Outlook**

Although current management has demonstrated its ability to raise funds in the past, with the current financial market conditions and global economic uncertainty, there can be no assurance they will be able to do so in the future. The financial results and discussion do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

### **Caution Regarding Forward Looking Statements**

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially, from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

### **Subsequent Event**

**30 August 2024**, the Company's common shares commenced trading on the OTCQB marketplace under the symbol "ACDBF". The Company's common shares will continue to trade on the TSX Venture Exchange under the symbol ACDC. The Company expects that the listing on the OTCQB will provide greater visibility and convenience of trading for US investors, resulting in enhanced liquidity and greater reach.

**29 August 2024**, the Company has entered into a Purchase and Sale Agreement with Grid Battery Metals Inc., whereby Grid will acquire a 100% interest in 17 mineral claims comprising 27,525.24 hectares located in North Central British Columbia from the Company. The Transaction is a "related party" transaction and is subject to TSX Venture Exchange ("Exchange") approval.

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To complete the Transaction, Grid will make a cash payment of \$48,172.15 for reimbursement of staking costs and issue 5,000,000 shares of Grid at a deemed value of \$0.05 per share to the Company upon Exchange approval of the Transaction.