August 22, 2022 – Grounded Lithium Corp. ("Grounded" or the "Company") is pleased to present its financial and operating results for the three and six months ended June 30, 2022.

Highlights

	Three months ended June 30		Six months ended June 30	
($, except where noted)	**2022**	2021	**2022**	2021
FINANCIAL				
Funds flow used in operations	**(533,556)**	(16,233)	**(1,060,568)**	(17,622)
Per share - *basic* [(1)]	**(0.02)**	(0.01)	**(0.04)**	(0.02)
Per share - *diluted* [(1)]	**(0.02)**	(0.01)	**(0.04)**	(0.02)
Net cash used in operating	**(315,680)**	(16,443)	**(1,035,597)**	(17,887)
Net loss	**(602,545)**	(16,233)	**(1,192,996)**	(17,622)
Per share – *basic*	**(0.02)**	(0.01)	**(0.04)**	(0.02)
Per share - *diluted*	**(0.02)**	(0.01)	**(0.04)**	(0.02)
Working capital surplus	**1,829,712**	33,183	**1,829,712**	33,183
Total assets	**3,041,023**	118,878	**3,041,023**	118,878
Shareholders' equity	**2,664,100**	(16,122)	**2,664,100**	(16,122)
Net capital expenditures (excluding decommissioning)	**21,498**	85,696	**678,216**	85,696
Weighted average shares outstanding	**28,119,114**	1,663,352	**27,367,204**	843,729

[(1)] *Funds flow used in operations is calculated as cash flow from operations before changes in non-cash working capital. Funds flow used in operations, and funds flow used in operations per share represent net earnings measures adjusted for non-cash items on a per share basis. The Company evaluates its performance based on these measures. The Company considers funds flow a key measure as it demonstrates the Company's ability to generate funds flow necessary to fund future growth through capital investment, repay debt and measures profitability relative to current commodity prices. Funds flow used in operations, and funds flow used in operations per share are non-IFRS measures, and as a result, these measures may not be comparable to other issuers.*

Quarter and Period ending June 30, 2022 - President’s Message to Shareholders

Grounded Lithium Corp’s (“GLC” or the “Company”) team’s rapid progress emerged from our team’s appreciation of our Company’s vision, goals, and the expectation to deliver results, within the time frame of our relatively short corporate tenure. We seek to quickly accomplish proven results that establish GLC as comparable to others within our more established peer group. GLC incorporated less than 2 years ago, and simultaneously the Founder’s funded the Company to initiate our first mineral rights acquisitions. Less than a year ago, GLC owned 35 sections (9,089 ha’s) of mineral rights, when we considered attracting additional investors so that we could accelerate our business plan. Over the last year, GLC methodologically grew the land base and now controls over 250 sections (64,420 ha’s) of mineral rights for lithium from brine. Most recently and an event that I’m particularly proud of is the drilling of our first evaluation well this August in the heart of our Kindersley Lithium Project, representing only the second lithium well drilled in the Province of Saskatchewan.

As a function of our initial capital raise, we were introduced to VAR Resources (“VAR”), a reverse-take-over candidate on the TSX Venture exchange (“TSXV”), with whom we entered into an Amalgamation Agreement in February of 2022. VAR is a publicly traded company providing GLC with access to public markets and liquidity for the GLC investors. In addition, this leaves GLC well positioned to move forward with the determined execution of our business plan; we are well funded and focused on achieving our goals. Our shared vision is to build a best-in-class, environmentally responsible, Canadian lithium resource development company. We designed our multi-year business plan to achieve goals while always remaining flexible to market conditions. GLC intends to remain operationally active with sampling from and re-entering of existing oil & gas wells, while also drilling new wells and sending collected samples to the lab for further evaluation. Our field activities continue to prove the potential of our opportunity and will culminate in the design, construction, and commissioning of the first of what we believe could be several commercial projects.

GLC engaged RPS Engineering (“RPS”) to prepare a resource report on our core Kindersley Project Area, for the benefit of our impending listing on the TSXV. Our experienced resource development team recognized the need for a detailed 3-dimensional model of the Duperow reservoir’s rock properties, as eventually we also require this model to analyze and predict brine flow through the reservoir as a function of brine production. The existing wells provide data points from which we can correlate the consistent geology between the wells. Our detailed petrophysical analysis of the wells accurately computes the porosity of the rock layers by first determining each layer’s mineral composition. GLC’s rigorous approach ensures the accuracy of our reservoir volume calculations provided for review to our resource evaluator, RPS. This produces a more accurate representation of the reservoir volumes than a simple approach of assuming an average thickness and average porosity. RPS evaluated 215 sections of our total 250 sections to provide an inferred resource value of 2.9 MM tonnes of Lithium Carbonate Equivalent.

The resource report demonstrates our targeted approach to acquire quality resource lands, which we will continue to demonstrate through our ongoing field and lab work. We look forward to updating our shareholders as we progress ultimately towards commercialization, and we sincerely thank our shareholders for joining us in this energy-transition enterprise.

Gregg Smith, Honours B. Sc
President and Chief Executive Officer

Calgary, Alberta (August 22, 2022).

Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") was prepared as of August 22, 2022 and is management's assessment of the historical financial and operating results of Grounded Lithium Corp. ("Grounded" or the "Company") and should be read in conjunction with the unaudited condensed interim financial statements of the Company for the period ended June 30, 2022 together with the notes related thereto, as well as the audited financial statements of the Company for the year ended December 31, 2021, together with the notes related thereto along with the management's discussion and analysis thereon.

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"). Grounded's management is responsible for the integrity of the information contained in this report and for the consistency between the MD&A and financial statements. In the preparation of these statements, estimates are necessary to make a determination of future values of certain assets and liabilities. Management believes these estimates have been based on careful judgements and have been properly presented. The financial statements have been prepared using policies and procedures established by management and fairly reflect Grounded's financial position, results of operations and funds flow from operations.

Grounded's Board of Directors and Audit Committee have reviewed and approved the financial statements and MD&A for distribution on August 22, 2022.

All dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars except where indicated otherwise.

Nature of Business: Grounded is a company that is engaged in the business of acquiring, exploring and developing mineral properties in Canada with a specific focus on lithium. The development of these assets includes processes to purify and recover lithium metal directly from brine liquids. The Company owns and controls 64,416 hectares of land with plans to review opportunities to add to the portfolio. Grounded initially capitalized its treasury with a $3.5 million non-brokered financing. A further $2.7 million will be received upon completion of the Company's previously announced amalgamation with VAR Resources Corp. a TSX Venture listed issuer, taking the Company public. The Company exists under the laws of the Province of Alberta, with its principal place of business located at Suite 1200, 112 - 4th Avenue S.W., in Calgary, Alberta.

Forward-Looking Statements and Information: *Certain statements included or incorporated by reference in this MD&A constitute forward-looking statements or forward-looking information. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", or similar words suggesting future outcomes or statements. Forward-looking statements or information in this MD&A include, but are not limited to, capital expenditures, business strategy and objectives, net revenue, future production levels, exploration plans, development plans, acquisition plans and the timing thereof, operating and other costs, royalty rates, timing of tax payment obligations, sources of funding to meet future obligations, future dividend payments and capital structure, including the balance of debt and equity in Grounded's capital structure.*

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to other assumptions identified in this MD&A, assumptions have been made regarding, among other things:

- *the ability of Grounded to obtain equipment, services and supplies in a timely manner to carry out its activities;*
- *the timely receipt of required regulatory approvals;*
- *the ability of Grounded to obtain financing on acceptable terms;*
- *currency, exchange and interest rates; and*
- *future lithium prices;*

Although Grounded believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements and information because Grounded can give no assurance that such expectations will prove to be correct. Forward-looking statements and information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Grounded and *described in the forward-looking statements or information. These risks and uncertainties include but are not limited to:*

- *the ability of management to execute its business plan;*
- *the occurrence of unexpected events involved in the industry in which Grounded operates;*
- *risks and uncertainties involving the geology of lithium deposits;*
- *the uncertainty of resource estimates;*
- *the uncertainty of estimates and projections relating to costs and expenses;*
- *potential delays or changes in plans with respect to exploration or development projects or capital expenditures;*
- *Grounded's ability to enter into or renew leases;*
- *fluctuations in lithium prices, foreign currency exchange rates and interest rates;*
- *health, safety and environmental risks;*
- *uncertainties as to the availability and cost of financing;*
- *the ability of Grounded to increase the resource base through development and exploration activities;*
- *general economic and business conditions;*
- *the possibility that government policies or laws may change or governmental approvals may be delayed or withheld;*
- *uncertainty in amounts and timing of royalty payments;*
- *risks associated with potential future lawsuits and regulatory actions against Grounded; and*
- *other risks and uncertainties described elsewhere in this MD&A or in any of Grounded's other filings and documents that have been distributed to its shareholders.*

The forward-looking statements and information contained in this MD&A are made as of the date hereof and, except where required by law, Grounded undertakes no obligation to update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise. The forward-looking statements and information contained in this MD&A are expressly qualified by this cautionary statement.

Non-IFRS Terms: *This document contains the terms "funds flow used in operations" which is a non-IFRS term. The Company uses this measure to help evaluate its performance. The Company considers funds used in operations a key measure as it demonstrates Grounded's ability to generate funds necessary to fund future growth through capital investment. Grounded's determination of funds used in operations may not be comparable to that reported by other companies.*

Grounded determines funds flow used in operations as cash flow from operating activities before changes in non-cash working capital as follows:

	Three months ended June 30		*Six months ended June 30*	
($)	***2022***	*2021*	***2022***	*2021*
Cash flow used in operating activities	***(315,680)***	*(16,443)*	***(1,035,597)***	*(17,887)*
Change in non-cash working capital	***(217,876)***	*210*	***(24,971)***	*265*
Funds flow used in operations	***(533,556)***	*(16,233)*	***(1,060,568)***	*(17,622)*

DESCRIPTION OF BUSINESS

Grounded is a resource-based company engaged in the acquisition of, exploration for, and the development of mineral properties in Western Canada, with a specific focus on lithium. The Company was incorporated on October 26, 2020 and exists under the laws of the Province of Alberta, with its principal place of business located at Suite 1200, 112 – 4th Avenue S.W., in Calgary, Alberta.

SECOND QUARTER FINANCIAL HIGHLIGHTS

In the second quarter of 2022, the Company progressed on its previously announced amalgamation with VAR Resources ("VAR") which is listed on the TSX Venture Exchange ("TSXV"). The Information Circular fully detailing the transaction was filed on SEDAR on June 30, 2022 and the shareholder meetings are scheduled for August 16, 2022 for the Company and August 18, 2022 for VAR. The transaction would see the Company become a public reporting issuer on the TSXV via a reverse takeover of VAR.

In the second quarter of 2022, the Company filed an application to drill a lithium well. The well is expected to spud in the third quarter of 2022.

The Company released its in augural National Instrument 43-101 geological report on July 5, 2022. The reservoir evaluation across the GLC land position reveals 7.4 billion m3 (46.4 billion bbls) of brine within the reservoir with greater than three percent porosity. Current well samples project an average lithium concentration of 74 mg/litre resulting in 2.9 million tonnes of lithium carbonate equivalent inferred resource.

DETAILED FINANCIAL ANALYSIS

PRODUCTION AND OPERATING EXPENSES

	Three months ended June 30		Six months ended June 30	
($, except where noted)	**2022**	2021	**2022**	2021
Production & operating exp.	**45,364**	10,929	**45,968**	10,929

Production and operating expenses include all expenses associated with the production of lithium. The material components of operating expenses are subsurface mineral permit rentals.

GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June 30		Six months ended June 30	
($, except where noted)	**2022**	2021	**2022**	2021
Professional fees	**220,683**	-	**363,377**	-
Wages and benefits	**141,361**	-	**259,876**	-
Financing fees	**-**	-	**233,484**	-
Other (rent, office costs)	**54,270**	5,304	**78,814**	6,693
Consulting fees	**38,343**	-	**45,514**	-
Investor relations	**33,535**	-	**33,535**	-
G&A expense	**488,192**	5,304	**1,014,600**	6,693

General and administrative ("G&A") expenses include costs incurred by the Company which are not directly associated with the production of lithium. The most significant components of G&A expenses are employee and consultant compensation, financing fees, computer software, office rent, accounting and legal costs.

Gross G&A expenses increased to $488,192 for the three months ended June 30, 2022 from $5,304 for the three months ended June 30, 2021 due to increased corporate activity.

Gross G&A expenses increased to $1,014,600 for the six months ended June 30, 2022 from $6,693 for the period from inception on October 26, 2020 to June 30, 2021 due to increased corporate activity.

SHARE-BASED COMPENSATION

	Three months ended June 30		Six months ended June 30	
($, except where noted)	**2022**	2021	**2022**	2021
Share-based compensation	**67,280**	-	**129,108**	-

Share-based compensation was $67,280 for the three months ended June 30, 2022 and $129,108 for the six months ended June 30, 2022. Share-based compensation results from the amortization of expenses associated with the granting of stock options performance warrants and finders' warrants on November 30, 2021, January 5, 2022, January 10, 2022 and January 14, 2022, as part of the Company's normal compensation program. All share-based compensation relates to stock options, performance warrants and finders' warrants currently outstanding.

AMORTIZATION EXPENSE

	Three months ended June 30		Six months ended June 30	
($, except where noted)	**2022**	2021	**2022**	2021
Depletion and depreciation	**1,709**	-	**3,320**	-

Grounded recorded depreciation expense of $1,709 for the three months ended June 30, 2022 and $3,320 for the six months ended June 30, 2022, which consisted of depreciation on the Company's corporate assets.

IMPAIRMENT TEST

Exploration Assets

The Company does not consider its exploration and evaluation assets to be impaired. The Company's ability to realize on the value of these assets is dependent on the successful completion of an economically feasible project. Current market prices suggest a material imbalance between supply and demand implying a major need on the part of battery mineral resource developers to supply feedstock. North America additionally is looking to satisfy its requirements independently rather than importing various feedstocks and components primarily from Asia.

TAXES

Grounded did not record any current or deferred income taxes during the six months ended June 30, 2022 or from the period of inception to June 30, 2021. At the end of June 30, 2022, Grounded had approximately $2,118,985 of accumulated tax pools that are available for deduction against deferred taxes payable, compared to approximately $34,370 at June 30, 2021. Although the deferred tax deduction could represent a significant tax asset, the Company has not recognized the tax asset due to the uncertainty regarding the amounts which can ultimately be utilized. Based on the tax deductions available, the Company does not anticipate paying cash taxes within this fiscal year.

Summary of tax pools at June 30, 2022:

	Amount	Maximum Annual Deduction
Canadian mining property	$ 628,720	30%
Undepreciated capital cost	25,305	30%
Share issue costs	491,600	20%
Non-capital losses	973,360	100%
Total	$ 2,118,985	

NET EARNINGS, FUNDS FLOW USED IN OPERATIONS

Net Earnings and Funds Flow Used in Operations

	Three months ended June 30		Six months ended June 30	
($)	**2022**	2021	**2022**	2021
Net loss	**(602,545)**	(16,233)	**(1,192,996)**	(17,622)
Items not involving cash:				
Depletion and depreciation	**1,709**	-	**3,320**	-
Share-based compensation	**67,280**	-	**129,108**	-
Funds flow used in operations	**(533,556)**	(16,233)	**(1,060,568)**	(17,622)

Per Share Information

	Three months ended June 30		Six months ended June 30	
($, except where noted)	**2022**	2021	**2022**	2021
Net loss	**(602,545)**	(16,233)	**(1,192,996)**	(17,622)
Basic *($/share)*	**(0.02)**	(0.01)	**(0.04)**	(0.02)
Diluted *($/share)*	**(0.02)**	(0.01)	**(0.04)**	(0.02)
Funds flow used in operations	**(533,556)**	(16,233)	**(1,060,568)**	(17,622)
Basic *($/share)*	**(0.02)**	(0.01)	**(0.04)**	(0.02)
Diluted *($/share)*	**(0.02)**	(0.01)	**(0.04)**	(0.02)

Funds flow used in operations increased to $533,556 ($0.02 per basic and diluted share) for the three months ended June 30, 2022 from $16,233 ($0.01 per basic and diluted share) for the three months ended June 30, 2021. Funds flow used in operations for the six months ended June 30, 2022 increased to $1,060,568 ($0.04 per basic and diluted share) from $17,622 ($0.02 per basic and diluted share) from inception on October 26, 2020 to June 30, 2021. The increase in funds flow used in operations is primarily due to higher G&A costs.

Net loss increased to $602,545 ($0.02 per basic and diluted share) for the three months ended June 30, 2022 from $16,233 ($0.01 per basic and diluted share) for the three months ended June 30, 2021. Net loss for the six months ended June 30, 2021 increased to $1,192,996 ($0.04 income per basic and diluted share) from a loss of $17,622 ($0.02 loss per basic and diluted share) from inception on October 26, 2020 to June 30, 2021. The increase in net loss is mainly due to higher G&A costs and higher share-based compensation.

CAPITALIZATION AND FINANCIAL RESOURCES

CAPITAL EXPENDITURES

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Computer equipment	**-**	-	**27,340**	-
Production equipment and facilities	**-**	-	**-**	-
Total property, plant and equipment	**-**	-	**27,340**	-
Subsurface mineral permits	**-**	85,696	**629,378**	85,696
Preliminary drilling costs	**21,498**	-	**21,498**	-
Total exploration and evaluation costs	**21,498**	85,696	**650,876**	85,696
Total capital expenditures	**21,498**	85,696	**678,216**	85,696

Grounded plans to execute its growth strategy through strategic land acquisitions. Net capital expenditures from inception on October 26, 2020 to June 30, 2021 were $85,696, the majority of which were associated with the acquisition of subsurface mineral permits in the South West Saskatchewan area.

Net capital expenditures for the six months ended June 30, 2022 were $678,216 the majority of which were associated with the acquisition of subsurface mineral permits in the South West Saskatchewan area and survey and environmental assessment costs for the Company's first well to be spudded in the third quarter.
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Funding for capital expenditures was primarily provided from proceeds of the issuance of equity.

WORKING CAPITAL

Grounded had a working capital surplus of $1,829,712 at June 30, 2022 (December 31, 2021 - $2,190,625) stemming exclusively from the Company's initial equity offerings.

The Company anticipates no unusual working capital requirements in the future. There are currently no capital commitments and no known unusual trends or liquidity issues as at August 22, 2022. The Company expects to be able to meet future obligations associated with on-going operations from existing working capital reserves.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares ("Common Shares"). Grounded closed separate equity offerings subsequent to incorporation, resulting in the issuance of 28,119,114 Common Shares.

On February 11, 2022, the Company announced it entered into an amalgamation agreement with VAR Resources Corp. ("VAR", (the "Transaction") which is listed on the TSX Venture Exchange ("TSXV"). The Transaction would see the Company become a public reporting issuer on the TSXV via a reverse takeover of VAR. In conjunction with the Transaction, a private placement of $1,800,000 at $0.18 per common share will be injected into the Company's working capital reserves.

The following table provides a summary of the outstanding Common Shares, stock options, performance warrants and broker warrants at the dates indicated:

	August 22, 2022	June 30, 2022
Common Shares	28,119,114	28,119,114
Stock options	2,049,100	2,049,100
Performance warrants	3,360,000	3,360,000
Broker warrants	1,304,137	1,304,137
Weighted average Common Shares (for period ending)		
Basic	27,527,393	27,367,204
Diluted	27,527,393	27,367,204

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

During the period ended June 30, 2022, legal services totalling $238,668 were provided by a law firm in which an Officer of the Company is a partner. As at June 30, 2022, $67,939 is included in accounts payable and accruals.

Transactions with related parties are incurred in the normal course of business and initially measured at fair value.

CRITICAL ACCOUNTING ESTIMATES

Management is often required to make judgements, assumptions and estimates in the application of International Financial Reporting Standards that have a significant impact on the financial results of the Company. A comprehensive discussion of the Company's significant accounting policies is contained in note 4 to the annual financial statements.

RISKS AND UNCERTAINTIES

Management defines risk as the evaluation of the probability that an event might happen in the future that could negatively affect the financial condition and/or results of operations of the Company. The risks that could affect the Company have been described in the MD&A of the Company for the year ended December 31, 2021. The risks identified therein do not constitute an exhaustive list of all possible risks as there may be additional risks of which management is currently unaware.

QUALIFIED PERSONS

Scientific and technical information contained in this MD&A has been prepared under the supervision of Doug Ashton, P.Eng, Idi Ishaya, P.Eng, Patou Zeleke, P.Eng and Thomas Jerome, P. Geo, each of whom are a qualified person within the meaning of National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

SUMMARY OF QUARTERLY RESULTS

	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Financial *($, except per share amounts)*				
Funds flow (used) from operations	**(533,556)**	(527,012)	(272,329)	(32,660)
Per share – basic	**(0.02)**	(0.02)	(0.05)	(0.01)
Per share – diluted	**(0.02)**	(0.02)	(0.05)	(0.01)
Cash used in operations	**(315,680)**	(719,917)	(134,406)	(32,707)
Per share – basic	**(0.01)**	(0.03)	(0.05)	(0.01)
Per share – diluted	**(0.01)**	(0.03)	(0.05)	(0.01)
Net income (loss)	**(602,545)**	(590,451)	(326,328)	(32,660)
Per share – basic	**(0.02)**	(0.02)	(0.06)	(0.01)
Per share – diluted	**(0.02)**	(0.02)	(0.06)	(0.01)
Capital expenditures, net	**21,498**	656,718	73,797	-
Total assets	**3,041,023**	3,403,003	2,494,973	87,179
Total net cash and working capital	**1,829,712**	2,384,766	2,190,625	87,179
Shares outstanding, end of period	**28,119,114**	28,119,114	20,348,415	6,396,893
Weighted average shares (basic and diluted)	**28,119,114**	26,606,940	8,050,227	6,152,924

	Q2 2021	Inception to March 31, 2021[1]
Financial *($, except per share amounts)*		
Funds flow (used) from operations	(16,233)	(1,389)
Per share – basic	(0.01)	(0.09)
Per share – diluted	(0.01)	(0.09)
Cash used in operations	(16,443)	(1,444)
Per share – basic	(0.01)	(0.10)
Per share – diluted	(0.01)	(0.10)
Net loss	(16,233)	(1,389)
Per share – basic	(0.01)	(0.09)
Per share – diluted	(0.01)	(0.09)
Capital expenditures, net	85,695	-
Total assets	118,878	111
Total net cash and working capital	118,878	111
Shares outstanding, end of period	5,015,000	15,000
Weighted average shares (basic and diluted)	1,663,352	15,000

1) Represents operations for 157 days, from October 26, 2020 to March 31, 2021.