GROUNDED LITHIUM CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets		
Current assets		
Cash	**$ 224,807**	$ 2,328,235
Restricted cash	**25,033**	-
Short-term Investments (*note 2*)	**2,250,000**	-
Accounts receivable	**80,703**	7,246
Prepaid expenses (*note 4)*	**179,212**	-
Total current assets	**2,759,755**	2,335,481
Property and equipment (*note 5*)	**34,931**	-
Exploration and evaluation assets (*notes 2 & 6*)	**1,867,851**	159,492
Total non-current assets	**1,902,782**	159,492
Total assets	**$ 4,662,537**	$ 2,494,973
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**$ 364,797**	$ 144,856
Total current liabilities	**364,797**	144,856
Decommissioning liability (*note 7*)	**8,410**	-
Total liabilities	**373,207**	144,856
Shareholders' Equity		
Share capital (*note 8*)	**8,957,808**	2,596,343
Contributed surplus (*note 8*)	**440,447**	130,384
Deficit	**(5,108,925)**	(376,610)
Total equity	**4,289,330**	2,350,117
	$ 4,662,537	$ 2,494,973

See accompanying notes which are an integral part of these condensed interim financial statements.

Going Concern (see note 1)

Subsequent Events (see note 12)

GROUNDED LITHIUM CORP.
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Three months ended September		Nine months ended September 30	
(unaudited)	**2022**	2021	**2022**	2021
Expenses				
Public listing fee (*note 3*)	**2,764,530**	-	**2,764,530**	-
Professional fees	**158,920**	5,812	**522,297**	5,812
Wages and benefits	**178,643**	-	**438,519**	-
Financing fees	**(5,964)**	-	**227,520**	-
Investor relations	**186,512**	-	**220,047**	-
Share-based compensation (*note 8*)	**68,020**	-	**197,128**	-
Other G&A expenses	**87,368**	979	**166,182**	7,672
Consulting fees	**52,400**	436	**97,914**	436
Subsurface mineral lease rentals	**46,772**	7,309	**92,740**	18,238
Depreciation	**2,118**	-	**5,438**	-
Loss and comprehensive loss	**$ 3,539,319**	$ 14,536	**$ 4,732,315**	$ 32,158
Net loss per share *(note 8(c))*				
Basic	**$ 0.09**	$ -	**$ 0.15**	$ 0.02
Diluted	**$ 0.09**	$ -	**$ 0.15**	$ 0.02

See accompanying notes which are an integral part of these condensed interim financial statements.

GROUNDED LITHIUM CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(unaudited)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance, December 31, 2021	20,348,415	$2,596,343	$130,384	$376,610	$2,350,117
Issuance of common shares (*note 8*)	17,979,032	3,216,246	-	-	3,216,246
Issuance of common shares (*notes 3 & 8*)	18,545,303	3,258,154	-	-	3,258,154
Share-based compensation (*note 8*)	-	-	197,128	-	197,128
Issuance of finder's warrants (*note 8*)	-	(112,935)	112,935	-	-
Net loss for the period	-	-	-	4,732,315	(4,732,315)
Balance, September 30, 2022	**56,872,750**	**$8,957,808**	**$440,447**	**$5,108,925**	**$4,289,330**

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance, October 26, 2020	-	$ -	$ -	$ -	$ -
Issuance of common shares *(note 8)*	6,374,597	137,459			137,459
Net loss for the period	-	-	-	32,158	(32,158)
Balance, September 30, 2021	6,374,597	$ 137,459	$ -	$ 32,158	$ 105,301

See accompanying notes which are an integral part of these condensed interim financial statements.

GROUNDED LITHIUM CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS

	Three months ended Sept 30		Nine months ended Sept 30	
(unaudited)	**2022**	2021	**2022**	2021
Operating activities				
Loss for the period	**$ (3,539,319)**	$ (14,536)	**$ (4,732,315)**	$ (32,158)
Adjustments for:				
Public listing fee (*note 3*)	**2,764,530**	-	**2,764,530**	-
Share-based compensation	**68,020**	-	**197,128**	-
Depreciation	**2,118**	-	**5,438**	-
Changes in non-cash working capital *(note 9)*	**(128,845)**	(48)	**(103,874)**	(313)
Net cash used in operating activities	**(833,496)**	(14,584)	**(1,869,093)**	(32,471)
Financing activities				
Issuance of common shares (*note 8*)	**1,800,875**	960	**3,178,746**	2,460
Cash acquired in acquisition (*note 3*)	**566,686**	-	**566,686**	-
Issuance of promissory notes	**-**	-	**-**	135,000
Share issue costs	**(80,000)**	-	**(80,000)**	-
Changes in non-cash working capital *(note 9)*	**80,000**	-	**80,000**	-
Net cash from financing activities	**2,367,561**	960	**3,745,432**	137,460
Investing activities				
Expenditures on exploration and evaluation	**(1,049,073)**	(18,123)	**(1,699,949)**	(103,819)
Expenditures on property and equipment	**(13,029)**	-	**(40,369)**	-
Purchase of short-term investments	**(2,250,000)**	-	**(2,250,000)**	-
Changes in non-cash working capital *(note 9)*	**18,034**	-	**35,584**	-
Net cash used in investing activities	**$ (1,044,068)**	$ (18,123)	**$ (1,704,734)**	$ (103,819)
Change in cash and cash equivalents	**$ (1,760,003)**	$ (31,747)	**$ (2,078,395)**	$ 1,170
Cash and cash equivalents, beginning of period	**2,009,843**	32,917	**2,328,235**	-
Cash and cash equivalents, end of period	**$ 249,840**	$ 1,170	**$ 249,840**	$ 1,170

Cash and cash equivalents				
Unrestricted cash	**$ 224,807**	$ 1,170	**$ 224,807**	$ 1,170
Restricted cash – security for credit card	**25,033**	-	**25,033**	-
	$ 249,840	$ 1,170	**$ 249,840**	$ 1,170

See accompanying notes which are an integral part of these condensed interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Grounded Lithium Corp. ("Grounded" or the "Company") was incorporated on October 26, 2020 by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta). The Company's principal business is the acquiring, exploring and developing of 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 approximately 73,300 net hectares with plans to selectively grow this land position through subsequent transactions.

The head office is located at Suite 500, 400 – 5th Avenue S.W., in Calgary, Alberta and our registered office is at Suite 4000, 421 – 7th Ave SW, Calgary, Alberta.

Going Concern

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company is in the exploration stage and has not earned revenue from operations. During the three-month period ended September 30, 2022, the Company incurred a net loss of $3,539,319 and had net cash used in operating activities of $833,496. During the nine-month period ended September 30, 2022, the Company incurred a net loss of $4,732,315 and had net cash used in operating activities of $1,869,093. In addition, the Company has a deficit of $5,108,925.

The above factors indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve 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.

The Company's ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business, meet its corporate administrative obligations and continue its exploration activities in the 2022 fiscal year, is dependent upon management's ability to obtain additional financing, through various means including, but not limited to, equity financing. No assurance can be given that any such additional financing will be available, or that it can be obtained on terms favourable to the Company.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these financial statements, then adjustments would be necessary to the carrying amounts of assets and liabilities, the reported expenses and the classifications used in the statements of financial position.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These condensed interim financial statements are unaudited and have been prepared in accordance with IAS 34, "Interim Financial Reporting". The condensed interim financial statements do not include all the information and footnotes required by IFRS for a complete set of financial statements. The condensed interim financial statements have been prepared using the same accounting policies and methods of computation as disclosed in the Company's December 31, 2021 financial statements except as stated below and should be read in conjunction with those financial statements. The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results may differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances (unrestricted and restricted).

Short-Term Investments

Short term investments with original maturity dates of 365 days or less and are used by the Company in the management of short-term commitments.

Property and Equipment

For property and equipment, depreciation is recognized in profit or loss on a 20 to 33 percent declining balance basis, depending on the nature of the asset as follows:

Office furniture and equipment	20 percent
Computer equipment	25 percent
Computer software	33 percent

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date

Exploration and Evaluation ("E&E") Assets

E&E expenditures, including the costs of acquiring licenses and directly attributable general and administrative costs, are initially capitalized pending determination of technical feasibility and commercial viability. Pre-license costs are recorded in profit and loss when incurred.

E&E assets are not depreciated and are carried forward until technical feasibility and commercial viability of the oil and natural gas property is determined, which is generally when proven or probable reserves are determined to exist. A review of each exploration project is carried out, at least annually, to ascertain whether proven or probable reserves have been discovered. Upon determination of technical and commercial viability, E&E assets are first tested for impairment and then reclassified from exploration assets to oil and natural gas properties and equipment.

E&E assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, E&E assets are allocated to cash-generating units ("CGUs") or groups of CGUs.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. The estimated decommissioning provision is recorded as a liability in the period in which it is incurred, with a corresponding increase in the carrying amount of the related asset. Decommissioning provision is measured as the present value of management's best estimate of the expenditure required to settle the present obligation at the time of the statement of financial position using the risk free rate. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as a finance cost and increases / decreases in the provision due to changes in estimated future cash flow are recorded as adjustments to the carrying amount of the related asset. The capitalized amount is depreciated along with the related asset using the unit-of-production method based on proved and probable reserves. Actual costs incurred upon the settlement of the decommissioning provision are charged against the decommissioning provision to the extent the provision was established.

The condensed interim financial statements were authorized for distribution by the Company's Board of Directors on November 22, 2022.

3. VAR RESOURCES CORP. AMALGAMATION

On August 22, 2022, VAR Resources Corp. ("VAR") was acquired by Grounded. Under the Amalgamation, pursuant to which, each common share of Grounded was exchanged for one common share of VAR resulting in a reverse takeover of VAR by Grounded. In connection with the Amalgamation, VAR amalgamated with Grounded and continued as a combined entity under the name "Grounded Lithium Corp". Following completion of the Amalgamation, Grounded shareholders held approximately 67% of the outstanding shares and provided the management and directorship of the ongoing entity. Consequently, Grounded is the continuing legal entity.

Fair value of net assets acquired		**Total**
Cash	$	566,686
GST receivable		6,938
Total net assets acquired	**$**	**573,624**
Consideration		
Shares issued (18,545,303 shares at $0.18 per share)	**$**	**3,338,154**

The excess of the transaction price over the cash balance and other net identifiable assets of $2,764,530 is a non-cash cost of obtaining a listing.

4. PREPAIDS

The composition of the Company's prepaid balances is as follows:

	Nine months ended September 30, 2022	Inception To December 31, 2021
Subsurface mineral permit rentals	**$ 106,197**	$ -
Insurance	**40,469**	-
Communications and software	**6,951**	-
Office lease deposit	**25,595**	-
Balance, end of period	**$ 179,212**	$ -

5. PROPERTY AND EQUIPMENT

($)	**Total**
Cost	
Balance at December 31, 2021	$ -
Additions	40,369
Balance at September 30, 2022	**$ 40,369**
Accumulated depreciation:	
Balance at December 31, 2021	$ -
Depreciation for the period	(5,438)
Balance at September 30, 2022	**$ (5,438)**
Net carrying value:	
Balance December 31, 2021	$ -
Balance September 30, 2022	$ 34,931

As at September 30, 2022, no impairment triggers were identified and therefore an impairment test was not performed.

6. EXPLORATION AND EVALUATION ASSETS

	Nine months ended September 30, 2022	Inception To December 31, 2021
Cost		
Balance, beginning of period	**$ 159,492**	$ -
Drilling costs	**982,188**	-
Subsurface mineral permits	**717,761**	159,492
Decommissioning asset	**8,410**	-
Balance, end of period	**$ 1,867,851**	$ 159,492

Exploration and evaluation assets consist of the Company's exploration projects for which the determination of proved or probable reserves is indeterminable at this time.

7. DECOMMISSIONING LIABILITY

The Company's decommissioning liability results from ownership interests in lithium assets including well sites. The total provision is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years. The Company estimated the total undiscounted amount required to settle its decommissioning provision at September 30, 2022 to be approximately $10,200 (December 31, 2021 - $nil). A discount rate of 3.1 percent (December 31, 2021 – nil percent) and an inflation rate of 2.1 percent (December 31, 2021 – nil percent) was used to calculate the decommissioning provision.

A reconciliation of the decommissioning provision is provided below:

	Nine months ended September 30, 2022	Inception to December 31, 2021
Balance, beginning of period	**$ -**	$ -
Provisions made during the period	**8,410**	-
Balance, end of period	**$ 8,410**	$ -

8. SHARE CAPITAL

The Company is authorized to issue an unlimited number of Common Shares. All issued shares are fully paid. No dividends were declared or paid in the period.

a) Issued and outstanding

	Nine months ended September 30, 2022		Inception to December 31, 2021	
	Number of Common Shares	**Amount**	Number of Common Shares	Amount
Balance, beginning of period	**20,348,415**	**$ 2,596,343**	-	$ -
Issue of Common Shares (i)	**-**	**-**	15,000	1,500
Issue of Common Shares (ii)	**-**	**-**	5,000,000	1
Issue of Common Shares (iii)	**-**	**-**	1,381,893	139,973
Issue of Common Shares (iv)	**-**	**-**	13,951,522	2,511,274
Issue of Common Shares (v)	**111,000**	**-**	-	19,980
Issue of Common Shares (vi)	**7,659,699**	**1,378,746**	-	-
Issue of Common Shares (vii)	**10,000,000**	**1,800,000**	-	-
Issue of Common Shares (viii)	**208,333**	**37,500**	-	-
Shares exchanged on closing	**(38,327,447)**	**-**	-	-
Shares issued by VAR (ix)	**38,327,447**	**-**	-	-
Existing VAR shares (ix)	**18,545,303**	**3,258,154**	-	-
Share issue costs	**-**	**(112,935)**	-	(76,385)
Balance, end of period	**56,872,750**	**$ 8,957,808**	20,348,415	$ 2,596,343

(i) On October 26, 2020, 15,000 common shares were issued at $0.10 per share;
(ii) On May 31, 2021, 5,000,000 common shares were issued for nominal consideration as part of the inaugural management capital structure;

(iii) On July 15, 2021 and November 30, 2021, a total of 1,381,893 shares were issued upon two separate conversions of $139,973 of promissory notes plus accrued interest held by related parties at conversion prices of $0.10 and $0.18;
(iv) On December 20, 2021, 13,951,522 common shares were issued as part of the Company's inaugural external financing at a price of $0.18 per share for aggregate proceeds of $2,511,274;
(v) $19,980 at a price of $0.18 per share was received prior to December 31, 2021 for shares that were subsequently issued in January 2022;
(vi) The Company closed on additional tranches of common shares under its inaugural internal financing in January 2022 and February 2022 for a total of 7,659,699 common shares at a price of $0.18 per share for proceeds of $1,378,746.
(vii) On August 22, 2022 10,000,000 common shares were issued at $0.18 per share for proceeds of $1,800,000;
(viii) On August 22, 2022, 208,333 common were issued at $0.18 per share to satisfy the obligation owed to an arms length party; and
(ix) On August 22, 2022, VAR and Grounded closed an amalgamation agreement. Pursuant to the terms of this agreement, each common share of Grounded was exchanged for 1 common share of VAR resulting in a reverse takeover of VAR by Grounded. On August 22, 2022, VAR changed its name to Grounded Lithium Corp. and on August 22, 2022, the Company began trading on the TSXV under the symbol GRD.V for $3,338,154. The Company incurred a finder fee of $80,000 relating to the identification of the reverse takeover candidate.

b) Share-based compensation plans

Stock Option Plan

The Company's Board of Directors ratified a stock option plan ("the Plan") on November 30, 2021 for the benefit of the directors, officers, employees and consultants of the Company. The maximum number of options available under the Plan is limited to 10% of the issued and outstanding common shares on the date the option is granted, with the maximum number of options available to an individual director, officer or employee not exceeding five percent, or consultant not exceeding two percent, of the issued and outstanding shares. Such options will be exercisable for a period of up to five years from the date of grant, at an exercise price and vesting period as determined by the Board of Directors.

Compensation costs attributable to stock options granted are measured at their fair value at the grant date and are expensed over the expected vesting time-frame with a corresponding increase to contributed surplus. Upon exercise of the stock options, consideration paid by the holder thereof together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

The following table summarizes the activity under the Company's stock option plan:

	Nine months ended September 30, 2022		Inception to December 31, 2021	
	Number of Options	**Weighted Average Exercise Price *($/share)***	Number of Options	Weighted Average Exercise Price *($/share)*
Balance, beginning of period	**638,200**	**$ 0.10**	-	$ -
Granted (i)	**-**	**-**	638,200	0.10
Granted (ii)	**894,300**	**0.18**	-	-
Granted (iii)	**50,000**	**0.25**	-	-
Granted (iv)	**466,600**	**0.18**	-	-
Balance, Sept. 30, 2022	**2,049,100**	**$ 0.16**	638,200	$ 0.10
Exercisable, Sept. 30, 2022	**-**	**$ -**	-	$ -

(i) On November 30, 2021, the Company granted 638,200 stock options. The options granted are exercisable at an average price of $0.10 per option and expire five years after their grant date. The options vest one-third of the total on each of the three consecutive anniversaries of the grants, subject to change of control provisions under the Stock Option Plan;

(ii) On January 5, 2022, the Company granted 894,300 stock options. The options granted are exercisable at an average price of $0.18 per option and expire five years after their grant date. The options vest one-third of the total on each of the three consecutive anniversaries of the grants, subject to change of control provisions under the Stock Option Plan;

(iii) On January 10, 2022, the Company granted 50,000 stock options to certain freehold landowners. The options granted are exercisable at an average price of $0.25 per option and expire five years after their grant date. The options vest one-third of the total on each of the three consecutive anniversaries of the grants, subject to change of control provisions under the Stock Option Plan; and

(iv) On January 14, 2022, the Company granted 466,600 stock options. The options granted are exercisable at an average price of $0.18 per option and expire five years after their grant date. The options vest one-third of the total on each of the three consecutive anniversaries of the grants, subject to change of control provisions under the Stock Option Plan.

The following table summarizes information regarding stock options outstanding at September 30, 2022:

Options Outstanding at September 30, 2022				**Options Exercisable at September 30, 2022**	
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life *(years)*	Weighted Average Exercise Price *($/share)*	Number Exercisable	Weighted Average Exercise Price *($/share)*
$0.10	**638,200**	**4.2**	**$0.10**	**-**	**0.10**
$0.18	**1,360,900**	**4.3**	**$0.18**	**-**	**0.18**
$0.25	**50,000**	**4.3**	**$0.25**	**-**	**0.25**
	2,049,100	**4.2**	**$0.16**	**-**	**0.16**

The weighted average fair value of each stock option granted and the assumptions used in the Black-Scholes option pricing model are as follows:

	Nine months ended September 30, 2022	Inception to December 31, 2021
Risk-free interest rate *(%)*	**1.85**	1.89
Expected life *(years)*	**5**	5
Expected volatility (%)	**152**	152
Expected forfeiture rate (%)	**5**	5
Expected dividend yield *(%)*	**-**	-
Fair value of stock options granted ($/share)	**0.16**	0.17

Expected volatility is based on management's evaluation of comparable companies in the public markets.

Share-based compensation from options recognized in net loss during the period ended December 31, 2021 was $39,758.

Share-based compensation from options recognized in net loss during the period ended September 30, 2022 was $119,450 (September 30, 2021 - $nil).

Performance Warrants

The Company has issued performance warrants to certain directors, officers, employees and advisors of the Company.

Compensation costs attributable to performance warrants granted are measured at their fair value at the grant date and are expensed over the expected vesting time-frame with a corresponding increase to contributed surplus. Upon exercise of the performance warrants, consideration paid by the holder thereof together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

The following table summarizes the activity under the Company's performance warrants:

	Nine months ended September 30, 2022			Inception to December 31, 2021		
	Number of Performance Warrants		**Weighted Average Exercise Price *($/warrant)***	Number of Performance Warrants		Weighted Average Exercise Price *($/warrant)*
Balance, beginning of period	**638,200**	**$**	**0.56**	-	$	-
Granted (i)	**-**		**-**	638,200		0.56
Granted (ii)	**1,788,600**		**0.78**	-		-
Granted (iii)	**933,200**		**0.78**	-		-
Balance, end of period	**3,360,000**	**$**	**0.75**	638,200	$	0.56
Exercisable, end of period	**159,550**	**$**	**0.25**	-	$	-

(i) On November 30, 2021, the Company granted 638,200 performance warrants to employees, directors and advisors whereby the holder of the performance warrants can exercise 25% of the performance warrants at exercise prices of $0.25, $0.50, $0.75 and $1.00 respectively. The performance warrants vest fully on the date of grant and expire on November 30, 2028;

(ii) On January 5, 2022, the Company granted 1,788,600 performance warrants to employees, directors and advisors whereby the holder of the performance warrants can exercise 25% of the performance warrants at exercise prices of $0.40, $0.65, $0.90 and $1.15 respectively. The performance warrants vest one-third of the total on each of the three consecutive anniversaries of the grants, subject to change of control provisions under the Stock Option Plan and expire on January 5, 2029;

(iii) On January 14, 2022, the Company granted 933,200 performance warrants to employees, directors and advisors whereby the holder of the performance warrants can exercise 25% of the performance warrants at exercise prices of $0.40, $0.65, $0.90 and $1.15 respectively. The performance warrants vest one-third of the total on each of the three consecutive anniversaries of the grants, subject to change of control provisions under the Stock Option Plan and expire on January 14, 2029

The weighted average fair value of each performance warrant granted and the assumptions used in the Black-Scholes option pricing model are as follows:

	Nine months ended September 30, 2022	Inception to December 31, 2021
Risk-free interest rate *(%)*	**1.04**	1.00
Expected life *(years)*	**7**	1
Expected volatility (%)	**98**	98
Expected forfeiture rate (%)	**0**	0
Expected dividend yield *(%)*	**-**	-
Fair value of warrants granted ($/share)	**0.10**	0.02

Expected volatility is based on management's evaluation of comparable companies in the public markets.

Share-based compensation from performance warrants recognized in net loss during the period ended December 31, 2021 was $14,241.

Share-based compensation from performance warrants recognized in net loss during the period ended September 30, 2022 was $77,678 (September 30, 2021 - $nil).

The following table summarizes information regarding performance warrants outstanding at September 30, 2022:

	Outstanding			Exercisable	
Performance hurdle	**Number Outstanding**	**Weighted Average Remaining Contractual Life** *(years)*	**Weighted Average Exercise Price** *($/share)*	**Number Exercisable**	**Weighted Average Exercise Price** *($/share)*
$0.25	159,550	6.2	$ 0.25	159,550	$ 0.25
$0.40	680,450	6.3	0.40	-	-
$0.50	159,550	6.2	0.50	-	-
$0.65	680,450	6.3	0.65	-	-
$0.75	159,550	6.2	0.75	-	-
$0.90	680,450	6.3	0.90	-	-
$1.00	159,550	6.2	1.00	-	-
$1.15	680,450	6.3	1.15	-	-
	3,360,000	**6.3**	**$ 0.75**	**159,550**	**$ 0.25**

Finders' Warrants

On December 21, 2021, 801,749 finders' warrants were granted and the corresponding value was included as an issuance cost. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.18 per share for a period of 2 years from the date of issuance. The value attributed to the warrants based on the Black Scholes model is $76,385 and recorded in contributed surplus, as well as share issue costs.

On January 14, 2022, 502,388 finders' warrants were granted and the corresponding value was included as an issuance cost. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.18 per share for a period of 2 years from the date of issuance. The value attributed to the warrants based on the Black Scholes model is $47,959 and recorded in contributed surplus, as well as share issue costs.

On August 22, 2022, 700,000 finders' warrants were granted and the corresponding value was included as an issuance cost. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.18 per share for a period of 2 years from the date of issuance. The value attributed to the warrants based on the Black Scholes model is $64,976 and recorded in contributed surplus, as well as share issue costs.

The following table summarizes the activity under the Company's finders' warrants:

	Nine months ended September 30, 2022		Inception to December 31, 2021	
	Number of Performance Warrants	**Weighted Average Exercise Price *($/warrant)***	Number of Performance Warrants	Weighted Average Exercise Price *($/warrant)*
Balance, beginning of period	**801,749**	**$ 0.18**	-	$ -
Granted	**-**	**-**	801,749	0.18
Granted	**1,202,388**	**0.18**	-	$ -
Balance, end of period	**2,004,137**	**$ 0.18**	801,749	$ 0.18
Exercisable, end of period	**2,004,137**	**$ 0.18**	801,749	$ 0.18

The weighted average fair value of each finders' warrant granted and the assumptions used in the Black-Scholes option pricing model are as follows:

	Nine months ended September 30, 2022	Inception to December 31, 2021
Risk-free interest rate *(%)*	**2.51**	0.9
Expected life *(years)*	**2**	2
Expected volatility (%)	**97**	101
Expected forfeiture rate (%)	**-**	-
Expected dividend yield *(%)*	**-**	-
Fair value of warrants granted ($/share)	**0.09**	0.10

Expected volatility is based on management's evaluation of comparable companies in the public markets.

(c) Per share amounts

The Company calculates per share amounts based on the weighted average Common Shares outstanding for the three and nine months ended September 30, 2022 and for the three and nine months ended September 30, 2021. For both periods ended September 30, all the stock options, performance warrants and finders' warrants were anti-dilutive and were omitted from the weighted average number of diluted Common Shares outstanding calculation.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Weighted average shares outstanding	**40,308,155**	6,152,924	**31,728,257**	2,123,227
Weighted average diluted shares outstanding	**40,308,155**	6,152,924	**31,728,257**	2,123,227
Net loss per share				
Net loss	**$ 3,539,319**	$ 14,536	**$ 4,732,315**	$ 32,158
Basic *($/share)*	**0.09**	-	**0.15**	0.02
Diluted *($/share)*	**0.09**	-	**0.15**	0.02

9. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital comprise of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Change in receivables	**$ (58,488)**	$ (48)	**$ (66,519)**	$ (313)
Change in prepaid expense and deposits	**2,303**	-	**(179,212)**	-
Change in accounts payable and accrued liabilities	**25,374**	-	**257,441**	-
	$ (30,811)	$ (48)	**$ 11,710**	$ (313)
Change in operating non-cash working capital	**(128,845)**	(48)	**(103,874)**	(313)
Change in financing non-cash working capital	**80,000**	**-**	**80,000**	-
Change in investing non-cash working capital	**18,034**	-	**35,584**	-

Change in receivables does not include the $6,938 of receivables that was acquired as part of the VAR amalgamation *(note 3).*

Change in accounts payable and accrued liabilities does not include the $37,500 of accrued liabilities that relate to the 208,333 common shares issued at $0.18 per share to satisfy the obligation owed to an arm's length party (note 8 (a)).

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

As at September 30, 2022, the Company's financial instruments include cash, receivables, term deposits, trade payables and accrued liabilities. Cash and receivables are classified as financial assets at amortized cost. Trade payables and accrued liabilities are classified as amortized cost. The carrying value of these financial instruments approximates their fair value due to their short-term maturity.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

The Company's financial instruments are exposed to credit risk, liquidity risk and market risks.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash and receivables. The Company minimizes its exposure to credit risk by placing its cash with Canadian

Schedule 1 chartered banks. As at September 30, 2022, the Company had unrestricted, restricted cash and cashable GIC's of $2,499,840 (December 31, 2021 $2,328,235).

The Company's secondary exposure to credit risk is on its receivables. The risk is minimal as the receivables consist only of the refundable input tax credit. As at September 30, 2022, the Company had a receivable of $80,703 (December 31, 2021 - $7,246). The Company did not have any allowance for doubtful accounts as at September 30, 2022 and did not provide for any doubtful accounts nor was it required to write-off any of the receivable during the period ended September 30, 2022.

As at September 30, 2022, 81 percent of the Company's accounts receivable were under 90 days in age and considered collectible.

Aging		
Current (less than 90 days)	$	65,426
Past due (over 90 days)		15,277
Total	**$**	**80,703**

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Grounded's financial liabilities on the balance sheet consist of accounts payable and accrued liabilities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company tries to achieve this by maintaining sufficient cash to cover current liabilities as they mature.

As at September 30, 2022, the Company had a working capital surplus of $2,394,958 (December 31, 2021 - $2,190,625). At September 30, 2022, the Company had a cash equivalent balance of $ 249,840 and short-term investments of $2,250,000, which is sufficient to pay its current liabilities of $364,797 and to continue operations through 2022.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as of September 30, 2022:

	Carrying amount	Contractual cash flows total	< 1 year	1 – 2 years	2 – 5 years	More than 5 years
Accounts payable and other liabilities	$364,797	$364,797	$364,797	$ -	$ -	$ -
Office lease liabilities	-	179,348	121,957	57,391	-	-
Third party engineering	-	168,470	168,470			
Investor relations	-	60,000	60,000	-	-	-

(c) Market risk

Market risk is the risk that fluctuations in currency rates, interest rates and commodity prices will affect a Company's income or the value of its financial assets and liabilities.

Foreign currency exchange rate risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates.

The Company's current operations are not exposed to significant foreign currency risk.

Commodity price risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices.

The Company's current operations are not exposed to significant commodity price risk.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company had no debt outstanding during the period ended September 30, 2022.

(d) Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations. The Company's policy and objective is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital and contributed surplus, net of accumulated deficit. In order to maintain or adjust the capital structure, the Company may issue new shares. The Company holds all surplus capital in cash accounts held with major financial institutions.

The Company has not paid or declared any dividends since inception, nor are any contemplated in the foreseeable future.

There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

11. RELATED PARTY TRANSACTIONS

During the period ended September 30, 2022, legal services totalling $381,334 were provided by a law firm in which an Officer of the Company is a partner. As at September 30, 2022, there is $109,929 included in accounts payable and accruals.

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

12. SUBSEQUENT EVENTS

On October 11, 2022, the Company entered into a new office lease which commenced November 1 , 2022 and ends June 30, 2024. The Company will pay an annual rental of $114,784 or $9,565 per month.

On October 18, 2022, the Company granted an additional 2,000,000 stock options. The options granted are exercisable at an average price of $0.29 per option and expire five years after their grant date. The options vest one-third of the total on each of the three consecutive anniversaries of the grants, subject to change of control provisions under the Stock Option Plan.

On October 19, 2022, the Company announced it executed a Direct Lithium Extraction Test Work Support & Evaluation contract with a third party engineering firm. This contact will span four to five months and will focus on up to four diverse possible technologies.

On November 4, 2022, the Company completed a $3.0 million non-brokered private placement of Special Warrants at a price of $0.25 per Special Warrant. Each Special Warrant entitles the holder to one Unit of the Company, with each Unit consisting of one Common Share of the Company and one Common Share purchase Warrant. Each Warrant shall be exercisable to acquire one Common Share at a price of $0.50 per Warrant Share for a period of 24 months from the closing of the Offering. In total, up to 12,000,000 Common Shares will be issued together with up to 12,000,000 Warrants, which if exercised would provide an additional $6.0 million to the Company’s treasury. The Company also granted an additional 347,725 of finder’s warrants as part of the Special Warrant financing. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.25 per share for a period of 2 years from the date of issuance.