



**Financial Statements**

**For the Three Months Ended March 31, 2023 and 2021**

**GROUNDLED LITHIUM CORP.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 594,799	\$ 658,016
Restricted cash	25,553	25,380
Short-term Investments (note 3)	250,000	2,250,000
Accounts receivable	80,699	76,721
Prepaid expenses (note 4)	287,936	382,935
<b>Total current assets</b>	<b>1,238,987</b>	<b>3,393,052</b>
Property and equipment (note 5)	29,707	32,408
Right-of-use asset (note 6)	118,265	141,918
Exploration and evaluation assets (note 7)	2,905,143	2,461,365
<b>Total non-current assets</b>	<b>3,053,115</b>	<b>2,635,691</b>
<b>Total assets</b>	<b>\$ 4,292,102</b>	<b>\$ 6,028,743</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 242,078	\$ 701,783
Lease liability (note 6)	106,848	104,033
<b>Total current liabilities</b>	<b>348,926</b>	<b>805,816</b>
Decommissioning liability (note 8)	8,698	8,492
Lease liability (note 6)	28,460	56,363
<b>Total liabilities</b>	<b>386,084</b>	<b>870,671</b>
<b>Shareholders' Equity</b>		
Share capital (note 9)	11,323,301	11,071,609
Warrants (note 9)	830,169	830,169
Contributed surplus (note 9)	789,989	611,447
Deficit	(9,037,441)	(7,355,153)
<b>Total equity</b>	<b>3,906,018</b>	<b>5,158,072</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 4,292,102</b>	<b>\$ 6,028,743</b>

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

**Nature of Operations and Going Concern** (note 1)

**GROUNDLED LITHIUM CORP.**  
**CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(Expressed in Canadian dollars)

Three months ended March 31,	2023	2022
<b>Revenue</b>		
Interest income <i>(note 11)</i>	\$ 8,461	\$ -
	<b>8,461</b>	<b>-</b>
<b>Expenses</b>		
Investor relations	914,696	-
Wages and benefits	258,765	118,515
Share-based compensation <i>(note 9)</i>	179,205	61,828
Professional fees	97,439	142,694
Consulting fees	74,981	7,171
Subsurface mineral lease rentals	68,939	604
Other G&A expenses	67,500	24,544
Depreciation <i>(note 5)</i>	26,354	1,611
Financing fees	-	233,484
Capital overhead recoveries	(825)	-
	<b>1,687,054</b>	<b>590,451</b>
Results from operating activities	<b>1,678,593</b>	<b>590,451</b>
Finance expense <i>(note 11)</i>	<b>3,695</b>	<b>-</b>
Loss before income taxes	<b>1,682,288</b>	<b>590,451</b>
<b>Loss and comprehensive loss</b>	<b>\$ 1,682,288</b>	<b>\$ 590,451</b>
Loss and comprehensive loss per share <i>(note 9(c))</i>		
Basic and diluted	<b>\$ 0.02</b>	<b>\$ 0.02</b>

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

**GROUNDING LITHIUM CORP.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total Equity
Balance, at January 1, 2023	56,872,750	\$11,071,609	\$830,169	\$611,447	\$7,355,153	\$5,158,072
Issuance of common shares (note 9)	12,000,000	-	-	-	-	-
Shares issued for property acq. (note 9)	779,557	250,000	-	-	-	250,000
Exercise of finder warrants (note 9)	4,116	1,692	-	(663)	-	1,029
Share-based compensation (note 9)	-	-	-	179,205	-	179,205
Loss and comprehensive loss	-	-	-	-	1,682,288	(1,682,288)
<b>Balance at March 31, 2023</b>	<b>69,656,423</b>	<b>\$11,323,301</b>	<b>\$830,169</b>	<b>\$789,989</b>	<b>\$9,037,441</b>	<b>\$3,906,018</b>

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance, at January 1, 2022	20,348,415	\$2,596,343	\$130,384	\$376,610	\$2,350,117
Issuance of common shares (note 9)	7,770,699	1,377,871	-	-	1,377,871
Share-based compensation (note 9)	-	-	61,828	-	61,828
Issuance of finders warrants (note 9)	-	(47,959)	47,959	-	-
Loss and comprehensive loss	-	-	-	590,451	(590,451)
<b>Balance at March 31, 2022</b>	<b>28,119,114</b>	<b>\$3,926,255</b>	<b>\$240,171</b>	<b>\$967,061</b>	<b>\$3,199,365</b>

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

**GROUNDED LITHIUM CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)

Three months ended March 31,	2023	2022
<b>Operating activities</b>		
Loss for the year	\$ (1,682,288)	\$ (590,451)
Adjustments for:		
Share-based compensation (note 9)	179,205	61,828
Depreciation	26,354	1,611
Finance expense (including accretion)	3,695	-
Interest paid	(22)	-
Changes in non-cash working capital (note 10)	(257,780)	(192,905)
<b>Net cash used in operating activities</b>	<b>(1,730,836)</b>	<b>(719,917)</b>
<b>Financing activities</b>		
Issuance of common shares (note 9)	-	1,377,871
Exercise of finders warrants	1,029	-
Lease liability payments	(28,696)	-
<b>Net cash from financing activities</b>	<b>(27,667)</b>	<b>1,377,871</b>
<b>Investing activities</b>		
Expenditures on exploration and evaluation (note 7)	(193,637)	(629,378)
Expenditures on property and equipment (note 5)	-	(27,340)
Short-term investments (note 3)	2,000,000	-
Changes in non-cash working capital (note 10)	(110,904)	-
<b>Net cash used in investing activities</b>	<b>\$ 1,695,459</b>	<b>\$ (656,718)</b>
Change in cash	\$ (63,044)	\$ 1,236
Cash, beginning of period	683,396	2,328,235
Cash, end of period	<b>\$ 620,352</b>	<b>\$ 2,329,471</b>
<b>Cash and cash equivalents</b>		
Unrestricted cash	594,799	2,329,471
Restricted cash – security for credit cards	25,553	-
<b>Cash and cash equivalents</b>	<b>\$ 620,352</b>	<b>\$ 2,329,471</b>

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

# **GROUNDED LITHIUM CORP.**

## **SELECTED NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2023 and March 31, 2022

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### **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 86,000 net hectares with plans to selectively grow this land position through subsequent transactions.

The head office is located at Suite 500, 400 – 5<sup>th</sup> Avenue S.W., in Calgary, Alberta and our registered office is at Suite 4000, 421 – 7<sup>th</sup> 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 March 31, 2023, the Company incurred a net loss of \$1,682,288 and had net cash used in operating activities of \$1,730,836. In addition, the Company has a deficit of \$9,037,441.

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 2023 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.

# GROUNDED LITHIUM CORP.

## SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2023 and March 31, 2022

### 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 consolidated 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, 2022 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 and expenses during the reported period. Actual results may differ from these estimates.

The condensed interim financial statements were authorized for distribution by the Company's Board of Directors on May 23, 2023.

### 3. 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.

	Three months ended March 31, 2023	Year ended December 31, 2022
Balance, beginning of period	\$ 2,250,000	\$ -
GIC, maturity date November 7, 2023 3.25%	(1,000,000)	1,000,000
GIC, maturity date November 9, 2023 3.25%	(750,000)	750,000
GIC, maturity date November 9, 2023 3.25%	(500,000)	500,000
GIC, maturity date February 27, 2024 3.75%	250,000	-
Balance, end of period	\$ 250,000	\$ 2,250,000

### 4. PREPAID EXPENSES

Prepaid expenses consist of various payments that will be amortized over the monthly period to which they relate:

	Three months ended March 31, 2023	Year ended December 31, 2022
Subsurface mineral permit rentals	\$ 197,847	\$ 74,689
Investor relation fees	33,586	252,876
Communications and software	24,485	833
Insurance	12,253	25,206
Saskatchewan Government abandonment deposit	10,200	10,200
Office lease deposit	9,565	19,131
Balance, end of period	\$ 287,936	\$ 382,935

**GROUNDING LITHIUM CORP.**  
**SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2023 and March 31, 2022

**5. PROPERTY AND EQUIPMENT**

(\$)	<b>Total</b>
<b>Cost</b>	
Balance at December 31, 2021	\$ -
Additions	40,369
Balance at December 31, 2022	\$ 40,369
Additions	-
<b>Balance at March 31, 2023</b>	<b>\$ 40,369</b>
<b>Accumulated depreciation:</b>	
Balance at December 31, 2021	\$ -
Depreciation for the period	(7,961)
Balance at December 31, 2022	\$ (7,961)
Depreciation for the period	(2,701)
<b>Balance at March 31, 2023</b>	<b>\$ (10,662)</b>
<b>Net carrying value:</b>	
Balance December 31, 2022	\$ 32,408
Balance March 31, 2023	\$ 29,707

As at March 31, 2023, no impairment indicators were identified and therefore an impairment test was not performed.

**6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

The Company leases office space with a lease term from November 2022 to June 2024. The lease payments are discounted using the Company's incremental borrowing rate of ten percent at the inception of the lease to calculate the lease liability. The undiscounted cash flows relating to the lease liabilities included in the statement of financial position are \$86,088 in 2023 and \$57,392 in 2024.

**Right-of-use Assets**

(\$)	<b>Total</b>
<b>Cost</b>	
Balance, December 31, 2021	\$ -
Initial recognition	157,687
Depreciation	(15,769)
Balance at December 31, 2022	\$ 141,918
Depreciation	(23,653)
<b>Balance at March 31, 2023</b>	<b>\$ 118,265</b>



**GROUNDLED LITHIUM CORP.**  
**SELECTED NOTES TO FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2023 and March 31, 2022

**Lease Liability**

(\$)	<b>Total</b>
Balance, December 31, 2021	\$ -
Initial recognition	157,687
Interest expense	2,709
Balance at December 31, 2022	\$ 160,396
Office rent payments	(28,696)
Interest expense	3,608
<b>Balance at March 31, 2023</b>	<b>\$ 135,308</b>

**Leases**

**Statement of Financial Position**

(\$)	<b>March 31, 2023</b>
Current lease liabilities	106,848
Non-current lease liabilities	28,460
<b>Total</b>	<b>135,308</b>

**Results of Operations**

(\$)	<b>Three months ended March 31, 2023</b>
Interest expense of lease liabilities	3,608

**7. EXPLORATION AND EVALUATION ASSETS**

The following table summarizes the Company's E&E asset expenditures in its Kindersley Lithium Project as at March 31, 2023:

	<b>Three months ended March 31, 2023</b>	Year ended December 31, 2022
<b>Cost</b>		
Balance, beginning of period	\$ 2,461,365	\$ 159,492
Property acquisition	428,328	-
Production testing/completions	14,959	538,969
Subsurface mineral permits	310	762,953
Drilling costs	40	991,524
Decommissioning asset	141	8,427
Balance, end of period	<b>\$ 2,905,143</b>	<b>\$ 2,461,365</b>

On March 16, 2023 the Company closed the acquisition of an additional 33 sections (8,498 hectares) of acreage contiguous to the Company's existing landholdings in the Kindersley Lithium Project ("KLP") in Western Saskatchewan. The purchase price of \$425,000 (before closing adjustments) was comprised of cash consideration of \$175,000 and the issuance of 779,557 Common Shares at a deemed value of \$250,000. The transaction is accounted for as a property acquisition and is not a business combination.

**GROUNDING LITHIUM CORP.**  
**SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2023 and March 31, 2022

<b>Fair value of land acquired</b>	<b>Total</b>	
Purchase price	\$	425,000
Closing adjustments		3,328
<b>Total</b>	<b>\$</b>	<b>428,328</b>

<b>Consideration</b>		
Shares issued (779,557 shares at \$0.3207 per share)	\$	250,000
Cash		178,328

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.

As at March 31, 2023, no impairment indicators were identified and therefore an impairment test was not performed.

**8. DECOMMISSIONING LIABILITY**

The Company's decommissioning provision results from ownership interests in lithium assets including well site, gathering systems and processing facilities. 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 March 31, 2023 to be approximately \$10,200 (December 31, 2022 - \$10,200) with the abandonment expected to commence in 2042. A discount rate of 2.96 percent (December 31, 2022 – 3.04 percent) and an inflation rate of 2.10 percent (December 31, 2022 – 2.10 percent) was used to calculate the decommissioning provision.

A reconciliation of the decommissioning provision is provided below:

	<b>Three months ended March 31, 2023</b>	Year ended December 31, 2022
Balance, beginning of period	\$ 8,492	\$ -
Provisions made during the period	-	8,410
Change in discount rate	141	17
Accretion	65	65
Balance, end of period	<b>\$ 8,698</b>	<b>\$ 8,492</b>

# GROUNDING LITHIUM CORP.

## SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2023 and March 31, 2022

### 9. 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

	Three months ended March 31, 2023		Year ended December 31, 2022	
	Number of Common Shares	Amount	Number of Common Shares	Amount
Balance, beginning of period	56,872,750	\$ 11,071,609	20,348,415	\$ 2,596,343
Issue of Common Shares (i)	-	-	111,000	-
Issue of Common Shares (ii)	-	-	7,659,699	1,378,746
Issue of Common Shares (iii)	-	-	10,000,000	1,800,000
Issue of Common Shares (iv)	-	-	208,333	37,500
Shares exchanged (v)	-	-	(38,327,447)	-
Shares issued by VAR (v)	-	-	38,327,447	-
Existing VAR shares (v)	-	-	18,545,303	3,258,154
Issue of Common Shares (vi)	12,000,000	-	-	2,169,831
Issue of Common Shares (vii)	779,557	250,000	-	-
Issue of Common Shares (viii)	4,116	1,692	-	-
Share issue costs	-	-	-	(168,965)
<b>Balance, end of period</b>	<b>69,656,423</b>	<b>\$ 11,323,301</b>	<b>56,872,750</b>	<b>\$ 11,071,609</b>

- (i) \$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;
- (ii) The Company closed on additional tranches of common shares in January 2022 and February 2022 of 7,659,699 common shares at a price of \$0.18 per share for proceeds of \$1,378,746;
- (iii) On August 22, 2022, 10,000,000 common shares were issued at \$0.18 per share for proceeds of \$1,800,000;
- (iv) On August 22, 2022, 208,333 common shares were issued at \$0.18 per share to satisfy the obligation owed to an arms-length party from an external financing;
- (v) 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. The Company issued 18,545,303 common shares to the former shareholders of VAR at \$0.18 per share (\$3,338,154) and the Company incurred a finder fee of \$80,000 relating to the identification of the reverse takeover candidate resulting in a \$3,258,154 addition to share capital; and
- (vi) 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 for a period of 24 months from the closing of the Offering. The \$3.0 million of proceeds were allocated using the relative fair value method between the value of the common shares \$3,480,000 (12,000,000 common shares multiplied by the share price of \$0.29 per share when the private placement was announced) and the value of the warrants using Black Scholes model of \$1,311,484. The allocation resulted in \$2,169,831 being allocated to common shares and \$830,169 to warrants. On January 5, 2023, the Company filed and

**GROUNDING LITHIUM CORP.**  
**SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2023 and March 31, 2022

- obtained a receipt for the filing of the short-form prospectus with our non-brokered private placement of 12,000,000 Special Warrants.
- (vii) On March 16, 2023 the Company announced the closing of its acquisition of an additional 33 sections (8,498 hectares) of acreage contiguous to the Company’s existing landholdings in the KLP in Western Saskatchewan. The purchase price of \$425,328 was comprised of cash consideration of \$178,328 and the issuance of 779,557 shares based on deemed value of \$250,000.
  - (viii) On March 17, 2023 4,116 common shares were issued at \$0.25 per share for proceeds of \$1,029 for the exercise of 4,116 finders’ warrants. Upon exercise of the finders’ warrants, \$663 was reclassified from contributed surplus to common shares.

**b) Share-based compensation plans**

**Stock Option Plan (the “Plan”)**

In connection with closing of its reverse takeover of VAR on August 22, 2022, the Company adopted TSX Venture Issuer’s equity incentive plan which was approved by TSX Venture Issuer’s shareholders on August 18, 2022.

The Plan provides flexibility to grant equity-based incentive awards in the form of stock options, as well as restricted share units, deferred share units and performance share units. The Plan is a fixed 20% plan, allowing for a maximum of 20% of the issued and outstanding common shares of the Company to be reserved for issuance. At August 22, 2022 there were 56,872,750 shares outstanding and therefore a maximum of 11,374,550 Shares may be issued upon exercise or settlement of all security-based compensation arrangements of the Company.

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:

	<b>Three months ended March 31, 2023</b>		Year ended December 31, 2022	
	<b>Number of Options</b>	<b>Weighted Average Exercise Price (\$/share)</b>	Number of Options	Weighted Average Exercise Price (\$/share)
Balance, beginning of period	4,049,100	\$ 0.22	638,200	\$ 0.10
Granted (i)	-	-	894,300	0.18
Granted (ii)	-	-	50,000	0.25
Granted (iii)	-	-	466,600	0.18
Granted (iv)	-	-	2,000,000	0.29
Granted (v)	1,474,000	0.30	-	-
Balance, end of period	5,523,100	\$ 0.24	4,049,100	\$ 0.22
Exercisable, end of period	683,033	\$ 0.16	212,733	\$ 0.10

# GROUNDING LITHIUM CORP.

## SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2023 and March 31, 2022

- (i) 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;
- (ii) 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
- (iii) 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.
- (iv) On October 24, 2022, the Company granted 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.
- (v) On February 8, 2023, the Company granted 1,474,000 stock options. The options granted are exercisable at an average price of \$0.30 per option and expire five years after their grant date. The options vest in equal 1/3 tranches on the 6, 12, and 18 month anniversaries from the date of issuance.

The following table summarizes information regarding stock options outstanding at March 31, 2023:

Options Outstanding at March 31, 2023			Options Exercisable at March 31, 2023		
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Exercise Price (\$/share)	Number Exercisable	Weighted Average Exercise Price (\$/share)
\$0.10	638,200	3.7	\$0.10	212,733	0.10
\$0.18	1,360,900	3.8	\$0.18	453,634	0.18
\$0.25	50,000	3.8	\$0.25	16,666	0.25
\$0.29	2,000,000	4.6	\$0.29	-	-
\$0.30	1,474,000	1.9	\$0.30	-	-
	<b>5,523,100</b>	<b>3.5</b>	<b>\$0.24</b>	<b>683,033</b>	<b>0.16</b>

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

**GROUNDED LITHIUM CORP.**  
**SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2023 and March 31, 2022 *(unaudited)*

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

	Three months ended March 31, 2023	Year ended December 31, 2022
Risk-free interest rate (%)	3.92	2.93
Expected life (years)	2	5
Expected volatility (%)	87	119
Expected forfeiture rate (%)	5	5
Expected dividend yield (%)	-	-
<b>Fair value of stock options granted (\$/share)</b>	<b>0.15</b>	0.19

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 March 31, 2023 was \$120,282 (March 31, 2022 - \$37,608).

**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:

	Three months ended March 31, 2023		Year ended December 31, 2022	
	Number of Performance Warrants	Weighted Average Exercise Price (\$/warrant)	Number of Performance Warrants	Weighted Average Exercise Price (\$/warrant)
Balance, beginning of period	3,360,000	\$ 0.75	638,200	\$ 0.62
Granted (i)	-	-	1,788,600	0.78
Granted (ii)	-	-	933,200	0.78
Balance, end of period	3,360,000	\$ 0.75	3,360,000	\$ 0.75
Exercisable, end of period	1,545,467	\$ 0.71	638,200	\$ 0.62

- (i) 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;

# GROUNDED LITHIUM CORP.

## SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2023 and March 31, 2022

- (ii) 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:

	Three months ended March 31, 2023	Year ended December 31, 2022
Risk-free interest rate (%)	-	1.04
Expected life (years)	-	7
Expected volatility (%)	-	98
Expected forfeiture rate (%)	-	0
Expected dividend yield (%)	-	-
<b>Fair value of warrants granted (\$/share)</b>	<b>-</b>	<b>0.10</b>

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 March 31, 2023 was \$26,291 (March 31, 2022 - \$24,220).

The following table summarizes information regarding performance warrants outstanding at March 31, 2023:

Performance hurdle	Outstanding			Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (\$/share)	Number Exercisable	Weighted Average Exercise Price (\$/share)
\$0.25	159,550	5.7	\$ 0.25	159,550	\$ 0.25
\$0.40	680,450	5.8	0.40	226,817	0.40
\$0.50	159,550	5.7	0.50	159,550	0.50
\$0.65	680,450	5.8	0.65	226,817	0.65
\$0.75	159,550	5.7	0.75	159,550	0.75
\$0.90	680,450	5.8	0.90	226,817	0.90
\$1.00	159,550	5.7	1.00	159,550	1.00
\$1.15	680,450	5.8	1.15	226,816	1.15
	<b>3,360,000</b>	<b>5.8</b>	<b>\$ 0.75</b>	<b>1,545,467</b>	<b>\$ 0.71</b>

# GROUNDING LITHIUM CORP.

## SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2023 and March 31, 2022 (

### Finders' Warrants

- (i) 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.
- (ii) 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
- (iii) On November 4, 2022, 347,725 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 \$0.25 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 \$56,030 and recorded in contributed surplus, as well as share issue costs.
- (iv) On March 17, 2023 4,116 finders' warrants were exercised at \$0.25 per share for proceeds of \$1,029. Upon the exercise of the finders' warrants, \$663 was reclassified from contributed surplus to common shares.

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

	Three months ended March 31, 2023		Year ended December 31, 2022	
	Number of Performance Warrants	Weighted Average Exercise Price (\$/warrant)	Number of Performance Warrants	Weighted Average Exercise Price (\$/warrant)
Balance, beginning of period	2,351,862	\$ 0.19	801,749	\$ 0.18
Granted (i)	-	-	502,388	0.18
Granted (ii)	-	-	700,000	0.18
Granted (iii)	-	-	347,725	0.25
Exercised (iv)	(4,116)	(0.25)	-	-
Balance, end of period	2,347,746	\$ 0.19	2,351,862	\$ 0.19
Exercisable, end of period	2,347,746	\$ 0.19	2,351,862	\$ 0.19

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

	Three months ended March 31, 2023	Year ended December 31, 2022
Risk-free interest rate (%)	-	2.87
Expected life (years)	-	2
Expected volatility (%)	-	97
Expected forfeiture rate (%)	-	-
Expected dividend yield (%)	-	-
<b>Fair value of warrants granted (\$/share)</b>	-	0.11



**GROUNDED LITHIUM CORP.**  
**SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2023 and March 31, 2022

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

**Restricted Share Units**

On February 8, 2023 the Company granted 1,018,000 Restricted Share Units (“RSU’s”) at \$0.30 per share to certain employees, officers and directors. RSU’s vest equally on the 12 and 24 month anniversaries from the date of the grant.

The following table summarizes the activity under the Company’s restricted share units:

	Three months ended March 31, 2023		Year ended December 31, 2022	
	Number of Restricted Shares	Weighted Average Price (\$/RSU)	Number of Restricted Shares	Weighted Average Price (\$/RSU)
Balance, beginning of period	-	\$ -	-	\$ -
Granted	1,018,000	0.30	-	-
Balance, end of period	1,018,000	\$ 0.30	-	\$ -

Share-based compensation from performance warrants recognized in net loss during the period ended March 31, 2023 was \$32,632 (March 31, 2022 - \$nil).

**(c) Per share amounts**

The Company calculates per share amounts based on the weighted average Common Shares outstanding for the three months ended March 31, 2023 and for the three months ended March 31, 2022. For both periods ended March 31, 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 March 31, 2023	Three months ended March 31, 2022
Weighted average Common Shares outstanding	68,603,316	26,606,940
Dilutive stock options and performance warrants outstanding	-	-
Weighted average diluted Common Shares outstanding	68,603,316	26,606,940
Net loss per Common Share		
Net loss	\$ 1,682,228	\$ 590,451
Basic (\$/share)	0.02	0.02
Diluted (\$/share)	0.02	0.02

**GROUNDED LITHIUM CORP.**  
**SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2023 and March 31, 2022 (unaudited)

**10. SUPPLEMENTAL CASH FLOW INFORMATION**

Changes in non-cash working capital comprise:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Change in receivables	\$ (3,978)	\$ (20,668)
Change in prepaid expenses and deposits	94,999	(231,019)
Change in accounts payable and accrued liabilities	(459,705)	58,782
	\$ (368,684)	\$ (192,905)
Change in operating non-cash working capital	(257,780)	(192,905)
Change in investing non-cash working capital	(110,904)	-

**11. FINANCE INCOME (EXPENSE)**

	Three months ended March 31, 2023	Three months ended March 31, 2022
<b>Finance income:</b>		
Interest income on short-term investments	\$ 8,461	\$ -
<b>Finance expenses:</b>		
Misc. interest	(22)	-
Interest on lease liabilities	(3,608)	-
Accretion on decommissioning provision	(65)	-
	(3,695)	-
<b>Net finance income recognized in profit or loss</b>	<b>\$ 4,766</b>	<b>\$ -</b>

**12. COMMITMENTS**

Grounded has commitments under operating leases for office space as follows:

2023	\$ 86,088
2024	57,392
2025	-
2026	-
Thereafter	-
	<b>\$ 143,480</b>

**13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

As at March 31, 2023, 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.

# GROUNDLED LITHIUM CORP.

## SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2023 and March 31, 2022 (unaudited)

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 March 31, 2023, the Company had unrestricted, restricted cash and cashable GIC's of \$870,352 (December 31, 2022 \$2,933,396).

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 from the Federal Government. As at March 31, 2023, the Company had a receivable of \$80,699 (December 31, 2022 - \$76,721). The Company did not have any allowance for doubtful accounts as at March 31, 2023 and did not provide for any doubtful accounts nor was it required to write-off any of the receivable during the period ended March 31, 2023.

As at March 31, 2023, 99 percent of the Company's accounts receivable were under 90 days in age and considered collectible.

#### Aging

Current (less than 90 days)	\$ 80,634
Past due (over 90 days)	65
<b>Total</b>	<b>\$ 80,699</b>

### (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 March 31, 2023, the Company had a working capital surplus of \$890,061 (December 31, 2022 - \$2,587,236). At March 31, 2023, the Company had a cash equivalent balance of \$620,352, which is sufficient to pay its current liabilities of \$348,926 and to continue operations during 2023.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as of March 31, 2023:

	Carrying amount	Contractual cash flows total	< 1 year	1 – 2 years	2 – 5 years	> 5 years
Accounts payable and other liabilities	\$242,078	\$242,078	\$242,078	\$ -	\$ -	\$ -
Office lease liabilities	135,308	143,480	86,088	57,392	-	-
Engineering	-	92,660	92,660	-	-	-
Investor relations	-	15,000	15,000	-	-	-

# GROUNDING LITHIUM CORP.

## SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS

For the three-month period ended March 31, 2023 and March 31, 2022 (*unaudited*)

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### (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 March 31, 2023.

### (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 through private placements or other financing structures. 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.

## 14. RELATED PARTY TRANSACTIONS

During the period ended March 31, 2023, legal services totalling \$52,522 (March 31, 2022 \$119,545) were provided by a law firm in which an Officer of the Company is a partner. As at March 31, 2023, there is \$43,530 (March 31, 2022 - \$ nil) included in accounts payable and accruals.

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