



Management's Discussion and Analysis

For the quarter ended March 31, 2023



Quarter and Period Ending March 31, 2023 - President's Message to Shareholders

The first quarter of 2023 marked another positive quarter in Grounded Lithium Corp's ("**Grounded**") evolving history, where we continue to deliver on our stated plans and goals. Of significance in the quarter, we announced that we shipped under strict custody of control, our Kindersley Lithium Project brine ("**KLP Brine**") to our top two selected direct lithium extraction ("**DLE**") technology providers. We keenly anticipate the culmination of the selection process and preferential selection of which technology is best suited for our KLP Brine, but also which provider best serves Grounded in terms of advancing corporate and commercial goals. Ultimately, our chosen provider will assist us in achieving our vision of commercial production as quickly and as economically as possible.

Subsequent, to the quarter-end, we received positive concentration testing results from a third specialized lab chosen to evaluate KLP Brine. With deliverability characteristics determined from the inaugural well drilled in 2022, taken in conjunction with confirmed concentration results, we believe Grounded's Kindersley Lithium Project provides the key elements for an economic project. This will be independently determined by third parties currently working on Grounded's maiden preliminary economic assessment, supported by their resource assessment and engineering studies, which is expected to be completed and filed by the end of the 2nd quarter 2023.

Our Grounded team of resource professionals remains focused on delivering ongoing results while also managing steps to plan for future capital raising initiatives. I'm encouraged to see all facets of building a resource company functioning together in unison.

From a macro industry perspective, news flow surrounding the lithium from brine industry continues to push forward with news events involving DLE advancements, industry consolidation, electric vehicle forecasts and a return to commodity price stability. Strong global tailwinds continue to fill our sails and those of industry peers as we support the growth of North America's battery supply chain industry.

We thank all stakeholders for your respective continued support and look to communicate further project and corporate achievements in the ensuing quarters.

Sincerely,

Gregg Smith,
President and CEO
Grounded Lithium Corp.



May 23, 2023 – Grounded Lithium Corp. (“Grounded” or the “Company”) is pleased to present its financial results for the three months ended March 31, 2023

Highlights

(\$, except where noted)	Three months ended March 31, 2023	Three months ended March 31, 2022	% change
FINANCIAL			
Funds used in operations ⁽¹⁾	1,473,056	527,012	180
Per share – basic ⁽¹⁾	0.02	0.02	-
Per share – diluted ⁽¹⁾	0.02	0.02	-
Cash used in operations	1,730,836	719,917	140
Net loss	1,682,228	590,451	185
Per share – basic	0.02	0.02	-
Per share – diluted	0.02	0.02	-
Working capital surplus	890,061	2,384,766	(63)
Total assets	4,292,102	3,403,003	27
Shareholders' equity	3,906,018	3,199,635	22
Capital expenditures (excluding decommissioning)	443,637	656,718	(32)
Weighted average shares outstanding	68,603,316	26,606,940	158

⁽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 those of other issuers.

Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") was prepared as at May 23, 2023 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 March 31, 2023 together with the notes related thereto, as well as the audited financial statements of the Company for the year ended December 31, 2022, together with the notes related thereto along with the management's discussion and analysis thereon.

These condensed interim 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 for 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 May 23, 2023.

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 over 86,000 hectares of land with plans to review opportunities to add to the portfolio. Grounded intends to develop these assets through the use of independently developed direct lithium extraction methodologies which the Company is currently assessing in combination with Hatch Ltd. Grounded's development plan calls for a modular design of plants ranging from 10,000 to 20,000 tonnes per year of capacity which would produce battery grade lithium feedstock. A modular design avoids several risks associated with large projects, namely design and construction, permitting and financing. It is envisioned that the initial project and its associated cash flows can be repeated and largely fund subsequent modules thereby mitigating financing risk.

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 regarding an outlook. 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 fund, advance and develop the project;*
- *Grounded's ability to operate in a safe and effective manner;*
- *the ability to obtain mining, exploration, environmental and other permits, authorizations and approvals;*
- *results from the pilot plant and laboratory;*
- *demand for lithium, including that such demand is supported by growth in the electric vehicle market;*
- *the impact of increasing competition in the lithium business, and the Grounded's competitive position in the industry;*
- *market position and future financial operating performance of Grounded;*
- *general economic conditions;*
- *estimates of, and changes to, the market prices for lithium;*

- exploration, development and construction costs for the project;
- estimates of mineral resources and mineral reserves, including whether mineral resources will ever be developed into mineral reserves;
- reliability of technical data;
- anticipated timing and results of exploration, development and construction activities;
- Grounded's ability to obtain additional financing on satisfactory terms;
- the ability to develop and achieve production at the project;
- successful negotiation of definitive commercial agreements;
- accuracy of current budget and construction estimates; and
- the timing and possible outcome of regulatory and permitting matters.

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 production, 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 add production and reserves 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-GAAP Terms: This document contains the term "funds flow from operations" which is a non-GAAP term. The Company uses this measure to help evaluate its performance. The Company considers funds flow from 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 flow from operations may not be comparable to that reported by other companies.

nmf – not a meaningful number

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

(\$)	Three months ended March 31, 2023	Three months ended March 31, 2022
Cash flow used in operating activities	(1,730,836)	(719,917)
Change in non-cash working capital	257,780	192,905
Funds flow used in operations	(1,473,056)	(527,012)

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 500, 400 – 5th Avenue S.W., in Calgary, Alberta.

FIRST QUARTER FINANCIAL HIGHLIGHTS

On January 5, 2023 the Company filed and obtained a receipt for the filing of the short-form prospectus for our non-brokered private placement of 12,000,000 Special Warrants of the Company for gross proceeds of \$3,000,000 completed on November 4, 2022 qualifying 12,000,000 Common Shares and reserving for issuance 12,000,000 warrants at an exercise price of \$0.50, expiring November 4, 2024.

On March 13, 2023, the Company signed a Lithium Processing Test Work Program Assessment with Koch Technology Solutions (“KTS”), a Koch Engineered Solutions Company (“KES”), the “Koch Agreement”. Under the Koch Agreement, the Company’s brine will be processed using KTS’s proprietary Li-Pro™ technology at a KES location in Pickering Ontario in order to determine the efficacy of Li-Pro™ for direct lithium extraction.

On March 16, 2023, the Company closed its 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 \$428,328 was comprised of cash consideration of \$175,328 and the issuance of 779,557 shares at a deemed value of \$250,000.

On March 21, 2023, the Company signed a second Lithium Processing Test Work Program Assessment with a well-respected and industry known entity who wishes to remain anonymous at this time to conduct lithium extraction testing on brine sourced from our KLP project.

DETAILED FINANCIAL ANALYSIS

OPERATING EXPENSES

(\$, except where noted)	Three months ended March 31,		
	2023	2022	% change
Production and operating expenses	68,939	604	>100

Operating expenses for the Company are for subsurface mineral permit rentals.

Operating expenses increased to \$68,939 for the three months ended March 31, 2023 from \$604 for the three months ended March 31, 2022. The increase in production and operating expenses is mainly due to the additional subsurface mineral permits acquired in 2022.

GENERAL AND ADMINISTRATIVE EXPENSES

(\$, except where noted)	Three months ended March 31,		
	2023	2022	% change
Investor relations	914,696	-	<i>nmf</i>
Wages and benefits	258,765	118,515	118
Professional fees	97,439	142,694	(32)
Consulting fees	74,981	7,171	>100
Other (rent, office costs)	67,500	24,544	175
Financing fees	-	233,484	(100)
Gross G&A expense	1,413,381	526,408	168
Capital overhead recoveries	(825)	-	<i>nmf</i>
Net G&A expense	1,412,256	526,408	168

General and administrative (“G&A”) expenses include costs incurred by the Company which are not directly associated with the development of the Company’s lithium assets. The most significant components of G&A expenses are investor relations awareness campaigns, employee and consultant compensation, financing fees, computer software, office rent, accounting and legal costs. Investor relations expenses for the three months ended March 31, 2023 were higher due to the Company making a concerted effort to increase awareness in the USA with its qualification for trading on the OTCQB in December 2022. This level of expenditure is not expected to continue in the future.

Gross G&A expenses increased to \$1,413,381 for the three months ended March 31, 2023 from \$526,408 for the three months ended March 31, 2022 due to substantial increased corporate activity as Grounded evolved into an operating entity.

SHARE-BASED COMPENSATION

(\$, except where noted)	Three months ended March 31,		
	2023	2022	% change
Share-based compensation	179,205	61,828	190

Share-based compensation increased to \$179,205 for the three months ended March 31, 2023 from \$61,828 for the three months ended March 31, 2022. Share-based compensation results from the amortization of expenses associated with the granting of stock options, performance warrants, restricted share units (“RSU’s”) and finders’ warrants as part of the Company’s normal compensation program and financing activities. All share-based compensation relates to stock options, performance warrants, RSU’s and finders’ warrants currently outstanding.

FINANCE INCOME AND EXPENSE

(\$, except where noted)	Three months ended March 31,		
	2023	2022	% change
Interest Income	8,461	-	<i>nmf</i>
Finance expense:			
Misc. interest expense	(22)	-	<i>nmf</i>
Interest on lease obligation	(3,608)	-	<i>nmf</i>
Net interest income	4,831	-	<i>nmf</i>
Accretion on decommissioning provision	(65)	-	<i>nmf</i>
Net finance income	4,766	-	<i>nmf</i>

Interest income includes interest earned on short-term investments. Finance expense includes accretion on decommissioning obligations.

DEPRECIATION EXPENSE

(\$, except where noted)	Three months ended March 31,		
	2023	2022	% change
Depreciation expense	26,354	1,611	>100

Depreciation expense increased to \$26,354 for the three months ended March 31, 2023 from \$1,611 for the three months ended March 31, 2022. Depreciation is being recorded on the Company's corporate assets and right of use 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 three months ended March 31, 2023 or for the three months ended March 31, 2022. At the end of March 31, 2023, Grounded had approximately \$8,725,995 of accumulated tax pools that are available for deduction against taxable income, compared to approximately \$1,665,034 at March 31, 2022. 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 March 31, 2023:

	Amount	Maximum Annual Deduction
Canadian mining property	\$ 2,041,390	30%
Undepreciated capital cost	123,065	5-30%
Share issue costs	827,020	20%
Non-capital losses	5,734,520	100%
Total	\$ 8,725,995	

NET EARNINGS AND FUNDS FLOW USED IN OPERATIONS

Net Earnings and Funds Flow Used in Operations

(\$)	Three months ended March 31,		
	2023	2022	% change
Net loss	1,682,288	590,451	185
Items not involving cash:			
Depreciation	(26,354)	(1,611)	>100
Share-based compensation	(179,205)	(61,828)	190
Finance expense	(3,695)	-	nmf
Interest paid	22	-	nmf
Funds flow used in operations	1,473,056	527,012	180

Per share information

(\$, except where noted)	Three months ended March 31,		
	2023	2022	% change
Net loss	1,682,288	590,451	185
Basic (\$/share)	0.02	0.02	-
Diluted (\$/share)	0.02	0.02	-
Funds used in operations	1,473,056	527,012	180
Basic (\$/share)	0.02	0.02	-
Diluted (\$/share)	0.02	0.02	-

Funds flow used in operations increased to \$1,473,056 (\$0.02) per basic and diluted share) for the three months ended March 31, 2023 from funds flow used in operations of \$527,012 (\$0.02 per basic and diluted share) for the three months ended March 31, 2022. The increase in funds flow used in operations is primarily due to higher G&A costs.

Net loss increased to \$1,682,288 (\$0.02 loss per basic and diluted share) for the three months ended March 31, 2023 from \$590,451 (\$0.02 loss per basic and diluted share) for the three months ended March 31, 2022. The increase in net loss is primarily due to higher G&A costs (primarily investor relations awareness campaigns) and share-based compensation.

CAPITALIZATION AND FINANCIAL RESOURCES

CAPITAL EXPENDITURES

	Three months ended March 31,	
	2023	2022
Computer equipment	-	27,340
Production equipment and facilities	-	-
Total property, plant and equipment	-	27,340
Property acquisition	428,328	-
Production testing/completions	14,959	-
Subsurface mineral permits	310	629,378
Drilling costs	40	-
Total exploration and evaluation costs	443,637	629,378
Total capital expenditures	443,637	656,718

Net capital expenditures for the three months ended March 31, 2023 were \$443,637 (March 31, 2022 \$656,718), the majority of which was associated with the acquisition of subsurface mineral permits in the South West Saskatchewan area.

WORKING CAPITAL

Grounded had a working capital surplus of \$890,061 at March 31, 2023 (December 31, 2022 -\$2,587,236) stemming exclusively from the Company's equity offerings.

There are currently no near-term capital commitments and no known unusual trends or liquidity issues as at May 23, 2023. The Company expects to be able to meet near-term 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"). Since incorporation, Grounded has successfully closed a number of private and public offerings, resulting in the issuance of 69,656,423 Common Shares.

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

	May 23, 2023	March 31, 2023
Common Shares	69,656,423	69,656,423
Dilutive Securities		
Warrants	12,000,000	12,000,000
Stock options	5,523,100	5,523,100
Restricted share units	1,018,000	1,018,000
Performance warrants	3,360,000	3,360,000
Broker warrants	2,347,746	2,347,746
Total Dilutive Securities	24,248,846	24,248,846
Total Basic and Diluted Common Shares	93,905,269	93,905,269
Weighted average Common Shares		
Basic	69,033,961	68,603,316
Diluted	69,033,961	68,603,316

CONTRACTUAL OBLIGATIONS

The Company has entered into various commitments. The following table summarizes the outstanding contractual obligations of the Company for the next five years and thereafter:

(\$)	2023	2024	2025	2026	Thereafter	Total
Office lease	86,088	57,392	-	-	-	143,480
Third-party engineering	92,660	-	-	-	-	92,660
Investor relations	15,000	-	-	-	-	15,000
	193,748	57,392	-	-	-	251,140

GOING CONCERN

At present, the Company's operations do not generate cash inflows and its financial success is dependent on management's ability to discover economically viable lithium deposits. The lithium exploration process can take many years and is subject to factors that are beyond the Company's control. See "Risks and Uncertainties" contained in the annual MD&A.

In order to finance the Company's future exploration programs and to cover administrative and overhead expenses, the Company may raise money through the sale of equity instruments or divestiture of working interests. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for lithium exploration investment, the Company's track record and the experience and caliber of its management. Management believes it will be able to raise equity capital as required in the long term but recognizes there will be risks involved that may be beyond their control.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

During the three-month 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.

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 3 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, 2023. 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.

SUMMARY OF QUARTERLY RESULTS

	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Financial (\$, except per share amounts)				
Funds flow used in operations	1,473,056	2,110,192	704,651	533,556
Per share – basic	0.02	0.04	0.02	0.02
Per share – diluted	0.02	0.04	0.02	0.02
Cash used in operations	1,730,836	1,965,105	833,496	315,680
Per share – basic	0.02	0.03	0.02	0.01
Per share – diluted	0.02	0.03	0.02	0.01
Net loss	1,682,288	2,246,228	3,539,319	602,545
Per share – basic	0.02	0.04	0.09	0.02
Per share – diluted	0.02	0.04	0.09	0.02
Capital expenditures	443,637	593,497	1,062,102	21,498
Total assets	4,292,102	6,028,743	4,662,537	3,041,023
Total net cash and working capital (deficit)	890,061	2,587,236	2,394,958	1,829,712
Shares outstanding, end of period	69,656,423	56,872,750	56,872,750	28,119,114
Weighted average shares (basic and diluted)	68,603,316	56,872,750	40,308,155	28,119,114

	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Financial (\$, except per share amounts)				
Funds flow used in operations	527,012	290,453	14,536	16,233
Per share – basic	0.02	0.04	-	0.01
Per share – diluted	0.02	0.04	-	0.01
Cash used in operations	719,917	152,530	14,583	16,443
Per share – basic	0.03	0.02	-	0.01
Per share – diluted	0.03	0.02	-	0.01
Net loss	590,451	344,452	14,536	16,233
Per share – basic	0.02	0.04	-	0.01
Per share – diluted	0.02	0.04	-	0.01
Capital expenditures, net	656,718	55,672	18,123	85,696
Total assets	3,403,003	2,494,973	105,301	118,878
Total net cash and working capital (deficit)	2,384,766	2,190,625	1,483	33,183
Shares outstanding, end of period	28,119,114	20,348,415	6,374,597	5,015,000
Weighted average shares (basic and diluted)	26,606,940	8,050,227	6,152,924	1,663,352