Grounded Lithium Corp

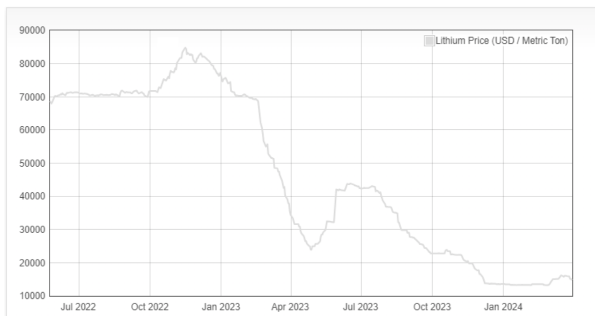
Management's Discussion and Analysis

For the year ended December 31, 2023

President's Message to Shareholders

Fiscal 2023 represented a year wherein Grounded Lithium Corp ("**GLC**" or the "**Company**") took major steps forward notwithstanding some general market headwinds. Operationally, we materially advanced the value proposition of the Kindersley Lithium Project ("**KLP**") through technical execution of our vision. However, that was curtailed by greater macro factors on the lithium industry beyond the Company's control.

From a macro perspective, the need for critical minerals remains robust. The electrification of the global transportation industry continues as a major government initiative within North America and also in many developed and developing countries. By several measures, the need for critical minerals, and specifically lithium, remains forecasted to reach the significant previously stated growth demand targets. Saskatchewan, Canada provides an ideal jurisdiction for the lithium from brine industry with established resource regulations, sanctity of law, and an abundance of experienced personnel along with the necessary services to economically develop the KLP opportunity. We continue to hold this belief and it shapes our strategy. By way of reference, the following chart from the website Daily Metal Prices, tracks the price of several commodities, of which one is lithium carbonate. Over the last two years, mirroring the same time frame that Grounded entered the public markets, there has been a downward pressure on the commodity. Speculation abounds as to why and macro demand data would suggest otherwise. What is apparent though is the volatility of the industry and price environment. Prudent and disciplined management is required during these times.



Source: Daily Metal Prices (www.dailymetalprice.com)

Our corporate perspective from the beginning involved the correlation of long-term, world-class lithium resources with excellent investable characteristics to the longer-term global energy transition. Capital markets historically often maintain a shorter-term view and react to short-term changes in global pricing. We believe that aligning the robust economics of our assets and corporate strategy with the longer-term global movements will create shareholder value. That means investing in opportunities/projects with inherent characteristics designed to deliver low-cost operations. The Company's KLP continues to meet or exceed all our expectations that we established when starting to build the concept and the Company itself.

By far one of most important events of the year was the completion of our Preliminary Economic Assessment for only Phase 1 of the KLP. With an after-tax NPV_8 of USD$1 billion and an after-tax internal rate of return of 48.5%, Phase 1 of the KLP ranks as one of the highest return projects in the lithium from brine ("**LFB**") industry in North America. The KLP, as compared to other LFB projects, benefits from both the shallowest depth to the reservoir and no contaminants from hydrocarbons requiring expensive filtering to remove prior to processing. As is the case with most LFB projects, lower concentrations of lithium contained within the brine necessitate a low-cost operation to achieve an investable project. These characteristics of the KLP is precisely that, as recognized by the significant investment by a world-class mining company, Denison Mines Corp ("Denison").

Another significant technical achievement during the year involved the reclassification of a portion of the inferred resource total to measured and indicated. A total of one million tonnes was independently reclassified to measured and indicated from the 4.2 million tonnes of inferred resources based on the close proximity to brine testing by the Company from existing wells and our first test well. The upgrade centered around the location of the first development phase of the KLP, providing us further confidence to move our project forward.

A key parameter within the LFB sector is the selection and validation of a commercial lithium extraction technology. From the outset, our vision recognized both our strengths and weaknesses. We are completely adept in resource development and operational excellence. While we can rely on the comparable chemical and/or process engineering skills available through the numerous new technology companies committed to designing commercial lithium extraction facilities. Our mandate became the assessment of the competing global technologies that aligned with our vision. After many months of testing, we selected Koch Technology Solutions' ("**KTS**") LSSTM process. It is interesting to observe some of our peers now following our lead with the selection of KTS as their extraction technology provider, long after our decision to deploy their technology. GLC continues to align our project with world-class organizations which continues to further de-risk the overall project.

Whilst the capital markets remained challenging over the last year, management and the Board continue to support the company through direct capital investment. We completed a small private placement in the fall of 2023 which was significantly subscribed by insiders. We segued from this private placement into the Denison transaction which we completed shortly after year-end providing more than suitable capital to advance the business/project through the next critical phases.

After assessing the variety of our available options, it was agreed by your Board of Directors upon Management's recommendation to introduce a new, well-capitalized, partner at the asset level rather than introducing significant dilution at the corporate level. Denison's strategic investment into the KLP, and GLC itself, represents a win-win for both parties. We share a common humility at the executive ranks, a technical curiosity and a committed intent to build economic projects in the energy-transition industry. The transaction with Denison moves the KLP forward without diluting GLC shareholder interests. Denison also contributes a strong technical team and through the joint efforts, we can collectively accelerate the KLP's progress by achieving key milestones on the path towards commercial lithium production.

In addition, as Denison performs under the Earn-in Agreement, GLC is funded over the short to medium term allowing the Company to weather capital market volatility. We believe this is a mutually beneficial transaction and look forward to working with our Denison colleagues in the years to come. Outside of the KLP, GLC is free to continue building new 100% opportunities that fit with our investment methodology, and which also benefits from the knowledge gained through technical achievements in the KLP.

In parting, strong investment opportunities benefit from resilient determination to our underlying principles of creating a low-cost operation in the expanding lithium industry while in the face of short-term market challenges. Notwithstanding the current weakness underlying the commodity market and general market uncertainty in this sector, we believe GLC continues to make prudent decisions to provide future upside to our shareholders. We sincerely thank our shareholders for their continued patience as we look to move the Company forward during 2024 and beyond.

Warm Regards,

R. Gregg Smith
President & CEO

Management’s Discussion and Analysis

The following management’s discussion and analysis (“MD&A”) was prepared as at April 23, 2024 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 audited financial statements of the Company as at December 31, 2023 and December 31, 2022 together with the notes related thereto.

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”). Grounded’s management is responsible for the integrity of the information contained in this report and for the consistency between the MD&A and financial statements. In the preparation of these statements, estimates are necessary to make a determination of future values 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 for distribution on April 23, 2024.

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 81,228 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. Grounded’s development plan calls for a modular design of plants ranging from 10,000 to 20,000 tonnes per year of lithium hydroxide monohydrate (“LHM”) capacity. LHM is a leading 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 a future field pilot plant and laboratories;*
- *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 to develop lithium resources;*
- *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 commercial production;*
- *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-IFRS Terms: *This document contains the term "funds flow from operations" which is a non-IFRS 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.*

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

($)	**Year ended December 31, 2023**	**Year ended December 31, 2022**
Cash flow used in operating activities	**(3,057,030)**	**(3,834,198)**
Change in non-cash working capital	**(95,038)**	**(41,213)**
Funds flow used in operations	**(3,152,068)**	**(3,875,411)**

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BASIS OF OPERATIONS

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.

The financial statements reflect the results of Grounded's operations for the year ended December 31, 2023 and December 31, 2022.

FOURTH QUARTER HIGHLIGHTS

During the fourth quarter 2023, Grounded achieved the following major items:

- Grounded reclassified 1.0 million tonnes of lithium carbonate equivalent ("LCE") resources to Measured mineral resource and Indicated mineral resource of the total 4.2 million tonnes of Inferred mineral resource reported within the Kindersley Lithium Project. The reclassification involved 24% of the Company's overall resource base, focused on an area earmarked for the initial first phases of the KLP; and

- Over the course of the quarter, the Company spent considerable time introducing, presenting, negotiating and structuring the transaction with Denison Mines Corp. which was eventually announced in a press release issued January 16, 2024.

SELECTED ANNUAL INFORMATION

	Year ended December 31, 2023	Year ended December 31, 2022	Inception to December 2021
($, except per share amounts)			
Funds flow used in operations	**3,152,068**	3,875,411	322,611
Per share – basic	**0.04**	0.10	0.10
Per share – diluted	**0.04**	0.10	0.10
Cash used in operations	**3,057,030**	3,834,198	185,001
Per share – basic	**0.04**	0.10	0.05
Per share – diluted	**0.04**	0.10	0.05
Net loss	**4,187,227**	6,978,543	376,610
Per share – basic	**0.06**	0.18	0.11
Per share – diluted	**0.06**	0.18	0.11
Capital expenditures	**451,846**	2,333,815	159,492
Total assets	**3,357,611**	6,028,743	2,494,973
Total net cash and working capital (deficit)	**(67,543)**	2,587,236	2,190,625
Shares outstanding of period	**76,613,873**	56,872,750	20,348,415
Weighted average shares (basic and diluted)	**71,245,719**	38,066,047	3,391,220

SUMMARY OF QUARTERLY RESULTS

	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Financial *($, except per share amounts)*				
Funds flow used in operations	**451,375**	542,677	684,960	1,473,056
Per share – basic	**0.01**	0.01	0.01	0.02
Per share – diluted	**0.01**	0.01	0.01	0.02
Cash used in operations	**368,654**	549,952	407,588	1,730,836
Per share – basic	**-**	0.01	0.01	0.03
Per share – diluted	**-**	0.01	0.01	0.03
Net loss	**776,459**	783,927	944,463	1,682,288
Per share – basic	**0.01**	0.01	0.01	0.02
Per share – diluted	**0.01**	0.01	0.01	0.02
Capital expenditures	**-**	999	7,210	443,637
Total assets	**3,357,611**	3,943,452	3,711,924	4,292,102
Total net cash and working capital (deficit)	**(67,543)**	385,560	166,415	890,061
Shares outstanding, end of period	**76,613,873**	76,613,873	69,656,423	69,656,423
Weighted average shares (basic and diluted)	**76,613,873**	70,034,345	69,656,423	68,603,316

	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Financial *($, except per share amounts)*				
Funds flow used in operations	2,110,192	704,651	533,556	527,012
Per share – basic	0.04	0.02	0.02	0.02
Per share – diluted	0.04	0.02	0.02	0.02
Cash used in operations	1,965,105	833,496	315,680	719,917
Per share – basic	0.03	0.02	0.01	0.03
Per share – diluted	0.03	0.02	0.01	0.03
Net loss	2,246,228	3,539,319	602,545	590,451
Per share – basic	0.04	0.09	0.02	0.02
Per share – diluted	0.04	0.09	0.02	0.02
Capital expenditures, net	593,497	1,062,102	21,498	656,718
Total assets	6,028,743	4,662,537	3,041,023	3,403,003
Total net cash and working capital (deficit)	2,587,236	2,394,958	1,829,712	2,384,766
Shares outstanding, end of period	56,872,750	56,872,750	28,119,114	28,119,114
Weighted average shares (basic and diluted)	56,872,750	40,308,155	28,119,114	26,606,940

DETAILED FINANCIAL ANALYSIS

OPERATING EXPENSES

($, except where noted)	Q1	Q2	Q3	Q4	**Year ended December 31, 2023**	Year ended December 31, 2021
Production and operating	68,939	64,849	61,749	60,916	**256,453**	148,499

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

Operating expenses increased to $60,916 for the three months ended December 31, 2023 from $55,759 for the three months ended December 31, 2022. Operating expenses increased to $256,453 for the year ended December 31, 2023 from $148,499 for the year ended December 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)	Q1	Q2	Q3	Q4	**Year ended December 31, 2023**	Year ended December 31, 2022
Investor relations	914,696	82,106	52,794	87,344	**1,136,940**	1,317,352
Professional fees	97,439	165,133	124,304	78,307	**465,183**	850,594
Wages and benefits	258,765	182,452	98,964	97,237	**637,418**	778,426
Financing fees	-	-	-	-	**-**	314,451
Other (rent, office costs)	67,500	83,074	58,555	78,595	**287,724**	310,424
Consulting fees	74,981	109,861	146,566	53,544	**384,952**	190,995
Gross G&A expense	1,413,381	622,626	481,183	395,027	**2,912,217**	3,762,242
Capital overhead recoveries	(825)	(43)	-	-	**(868)**	(17,640)
Net G&A expense	1,412,256	622,583	481,183	395,027	**2,911,349**	3,744,602

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

Gross general and administrative expenses decreased to $395,027 for the three months ended December 31, 2023 from the $2,078,333 for the three months ended December 31, 2022. Gross general and administrative expenses decreased to $2,912,217 for the year ended December 31, 2023 from $3,762,242 for the year ended December 31, 2022. Professional fees for the year ended December 31, 2022 includes the legal fees associated with the reverse takeover of a public company.

SHARE-BASED COMPENSATION

($, except where noted)	Q1	Q2	Q3	Q4	**Year ended December 31, 2023**	Year ended December 31, 2021
Share-based compensation	179,205	230,069	212,432	265,766	**887,472**	312,098

Share-based compensation increased to $265,766 for the three months ended December 31, 2023 from $114,970 for the three months ended December 31, 2022. Share-based compensation increased to $887,472 for the year ended December 31, 2023 from $312,098 for the year ended December 31, 2022. The increase is mainly due to the additional stock options, performance warrants, finders' warrants and restricted share units ("RSU's") granted in October 2022 and February 2023.

Share-based compensation results from the amortization of expenses associated with the granting of stock options, performance warrants, 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.

To mitigate overhead, personnel are paid below market salaries based on expertise and roles. Hence, the Company offers management stock options, performance warrants and RSU's as a tool to compliment base compensation.

FINANCE INCOME AND EXPENSE

($, except where noted)	Q1	Q2	Q3	Q4	**Year ended December 31, 2023**	Year ended December 31, 2022
Interest income	8,461	2,538	428	4,752	**16,179**	19,249
Finance Expense						
Misc. interest expense	(22)	(66)	(173)	(184)	**(445)**	(1,559)
Interest on lease obligation	(3,608)	(3,016)	(2,399)	(1,728)	**(10,751)**	(2,709)
Net interest income	4,831	(544)	(2,144)	2,840	**4,983**	14,981
Accretion on decommissioning	(65)	(64)	(66)	(71)	**(266)**	(65)
Net finance income	4,766	(608)	(2,210)	2,769	**4,717**	14,916

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

DEPRECIATION EXPENSE

($, except where noted)	Q1	Q2	Q3	Q4	**Year ended December 31, 2023**	Year ended December 31, 2022
Depreciation expense	26,354	26,354	26,353	26,354	**105,415**	23,730

Depreciation expense increased to $26,354 for the three months ended December 31, 2023 from $18,292 for the three months ended December 31, 2022. Depreciation expense increased to $105,415 for the year ended December 31, 2023 from $23,730 for the year ended December 31, 2022. Depreciation expense for the year ended December 31, 2023 includes a full year of depreciation for the right-of-use assets whereas the depreciation expense for the year ended December 31, 2022 only includes two months of depreciation for the right-of-use assets.

IMPAIRMENT TEST

Exploration Assets

The Company's ability to realize on the value of these assets is dependent on the successful completion of an economically feasible project. Lithium prices are subject to volatility. During the course of 2023, spot lithium prices materially decreased from the record highs experienced in late 2022 and early 2023. Notwithstanding price volatility, macro forecasts for lithium demand continue to outpace known and announced lithium projects or sources of supply. North America additionally is looking to satisfy its requirements independently rather than importing various feedstocks and components primarily from Asia. In November 2023 the Company decided to surrender a subsurface mineral permit in the Rosetown area and impaired $31,255 of costs associated with this permit.

TAXES

Grounded did not record any current or deferred income taxes during the year ended December 31, 2023 or for the year ended December 31, 2022. At the end of December 31, 2023, Grounded had approximately $10,449,300 of accumulated tax pools that are available for deduction against taxable income compared to approximately $6,770,570 at December 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 or beyond over the next several years.

Summary of tax pools at December 31, 2023:

	Amount	Maximum Annual Deduction
Canadian mining property	$1,837,570	30%
Undepreciated capital cost	95,320	20% to 30%
Share issue costs	759,690	20%
Non-capital losses	7,806,720	100%
Total	$ 10,449,300	

NET EARNINGS AND FUNDS FLOW USED IN OPERATIONS

Net Earnings and Funds Flow Used in Operations

($)	Q1	Q2	Q3	Q4	**Year ended December 31, 2023**	Year ended December 31, 2022
Net loss	1,682,288	944,463	783,927	776,549	**4,187,227**	6,978,543
Items not involving cash:						
Public listing fee	-	-	-	-	**-**	(2,764,530)
Share-based	(179,205)	(230,069)	(212,432)	(265,766)	**(887,472)**	(312,098)
Finance exp.	(3,695)	(3,146)	(2,638)	(1,983)	**(11,462)**	(4,333)
Depreciation exp	(26,354)	(26,354)	(26,353)	(26,354)	**(105,415)**	(23,730)
Exploration exp.	-	-	-	(31,255)	**(31,255)**	
Interest paid	22	66	173	184	**445**	1,559
Funds flow used in operations	1,473,056	684,960	542,677	451,375	**3,152,068**	3,875,411

Per share information

($, except where noted)	Q1	Q2	Q3	Q4	**Year ended December 31, 2023**	Year ended December 31, 2022
Net loss	1,682,288	944,463	783,927	776,549	**4,187,227**	6,978,543
Basic *($/share)*	0.02	0.01	0.01	0.01	**0.06**	0.18
Diluted *($/share)*	0.02	0.01	0.01	0.01	**0.06**	0.18
Funds flow used in operations	1,473,056	684,960	542,677	451,375	**3,152,068**	3,875,411
Basic *($/share)*	0.02	0.01	0.01	0.01	**0.04**	0.10
Diluted *($/share)*	0.02	0.01	0.01	0.01	**0.04**	0.10

Funds flow used in operations for the three months ended December 31, 2023 decreased to $451,375 ($0.01 per basic and diluted share) from $2,110,192 ($0.04 per basic and diluted share) for the three months ended December 31, 2022. Funds flow used in operations for the year ended December 31, 2023 decreased to $3,152,068 ($0.04 per basic and diluted share) from $3,875,411 ($0.10 per basic and diluted share) for the year ended December 31, 2022. The decrease in funds flow used in operations is primarily due to lower G&A costs related to investor relations awareness campaigns.

Net loss for the three months ended December 31, 2023 decreased to $776,459 ($0.01 loss per basic and diluted share) from a loss of $2,246,228 ($0.04 loss per basic and diluted share) for the three months ended December 31, 2023. Net loss for the year ended December 31, 2023 decreased to $4,187,227 ($0.06 loss per basic and diluted share) from a loss of $6,978,543 ($0.18 loss per basic and diluted share) for the year ended December 31, 2022.

The decrease for both the three and twelve month periods ended December 31, 2023 is due to lower G&A costs associated with investor relation awareness campaigns and reverse takeover listing fee which was partially offset by higher share-based compensation expense.

CAPITALIZATION AND FINANCIAL RESOURCES

CAPITAL EXPENDITURES

($)	Q1	Q2	Q3	Q4	**Year ended December 31, 2023**	Year ended December 31, 2022
Computer equipment	-	-	-	-	**-**	40,369
Total property and equipment	-	-	-	-	**-**	40,369
Exploration & Evaluation						
Drilling costs	-	-	-	-	**-**	991,524
Subsurface mineral permits	310	-	-	-	**310**	762,953
Property acquisition	428,328	-	-	-	**428,328**	
Production testing/completions	14,999	7,210	999	-	**23,208**	538,969
Total exploration and evaluation costs	443,637	7,210	999	-	**451,846**	2,293,446
Total capital expenditures	443,637	7,210	999	-	**451,846**	2,333,815

Net capital expenditures decreased to $nil for the three months ended December 31, 2023 from $593,497 for the three months ended December 31, 2022.

Net capital expenditures decreased to $451,846 for the year ended December 31, 2023 from $2,333,815 from the year ended December 31, 2022. The majority of the costs incurred in the year ended December 31, 2022 were associated with the drilling/production testing/completion costs for the Company's first lithium well and other Operator's wells in the Kindersley Lithium Project and the acquisition of freehold subsurface mineral permits in the South West Saskatchewan area. Capital expenditures for fiscal 2023 primarily relate to the acquisition of lithium rights from a third party during the first quarter of 2023.

Funding for capital expenditures in 2023 was provided from proceeds of the issuance of equity and the issuance of common shares as it pertains to the first quarter of 2023 lithium right acquisition.

UNDEVELOPED LAND

The table below summarizes the Company's undeveloped land holdings at December 31, 2023:

	2023	**2022**
Saskatchewan		
Gross acres	**200,720**	**192,078**
Net acres	**200,720**	**192,078**
Average working interest (%)	**100%**	**100%**

WORKING CAPITAL

Grounded had a working capital deficit of $67,543 at December 31, 2023 (2022 - $2,587,236 working capital surplus).

Subsequent to year end, the Company's working capital improved with the $800,000 payment received as part of the Earn-in Option Agreement (see subsequent event section for additional information).

The Company anticipates no unusual working capital requirements in the future. There are currently no near- term capital commitments and no known unusual trends or liquidity issues as at April 23, 2024. The Company expects to be able to meet future obligations associated with on-going operations from existing working capital reserves.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares ("Common Shares"). Current outstanding Common shares is 78,279,227.

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

	April 23, 2024	**December 31, 2023**
Common Shares	**78,279,227**	76,613,873
Dilutive Securities		
Warrants	**15,478,721**	15,478,721
Stock options	**9,589,100**	5,523,100
Restricted share units	**2,252,998**	1,018,000
Performance warrants	**3,360,000**	3,360,000
Finders' warrants	**2,347,746**	2,347,746
Total Dilutive Securities	**33,028,565**	27,727,567
Total Basic and Diluted Common Shares	**111,307,792**	104,341,440
Weighted average Common Shares		
Basic	**77,412,142**	71,245,719
Diluted	**77,412,142**	71,245,719

CONTRACTUAL OBLIGATIONS

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

($)	**2024**	**2025**	**2026**	**2027**	**Thereafter**	**Total**
Office lease	**57,392**	-	-	-	-	57,392
	57,392	-	-	-	-	57,392

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".

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 divesture of working interest. 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 or sell working interests in projects 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 period ended December 31, 2023, legal services totalling $233,851 were provided by a law firm in which an Officer of the Company is a partner. As at December 31, 2023, there is $78,432 included in accounts payable and accruals related to these services.

During the period ended December 31, 2022, legal services totalling $627,743 were provided by a law firm in which an Officer of the Company is a partner. As at December 31, 2022, there is $266,317 included in accounts payable and accruals related to these services.

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

SUBSEQUENT EVENTS

On January 15, 2024, the Company entered into an Earn-In Option Agreement (the "Earn-in") on the Kindersley Lithium Project ("KLP") with Denison Mines Corp. ("Denison"). Under the Earn-in Option Agreement, Denison has the option to earn up to a 75% working interest in the KLP over three phases by funding up to $2,350,000 of cash payments to GLC and funding project expenditures of up to $12,000,000.

- Phase 1: Denison is required to incur $2,200,000 of project expenditures to earn a 30 percent working interest in the KLP;
- Phase 2: Denison is required to make a $850,000 cash payment to GLC and is required to incur $3,800,000 of project expenditures to earn an additional 25 percent working interest in the KLP; and,
- Phase 3: Denison is required to make a $1,500,000 cash payment to GLC and is required to incur $6,000,000 of project expenditures to earn an additional 20 percent working interest in the KLP.

As part of the commercial terms negotiated, the first $800,000 cash payment was structured as a separate and distinct five percent gross overriding royalty agreement ("GORR") that would be completely eliminated should the Company receive all regulatory approvals, essentially shareholder approval. With those approvals received, the GORR no longer applied and all terms of the Earn-In remain in full force and effect.

Upon funding the total amount of each Earn-In Option, Denison has the right to either exercise the Earn-In Option and acquire the working interest associated with the Earn-In Option phase or move on to the ensuing option phase. A formal joint venture agreement will be created upon the exercise of the Earn-In Option.

On March 4, 2024, the Company settled an outstanding payable with a major vendor critical to the commercial operations of the KLP through the issuance of Class A Common Shares. In total, 1,665,354 Common Shares were issued fully satisfying the financial obligation.

On March 4, 2024, the Company granted 4,066,000 stock options to certain officers, employees, directors and consultants of the Company at a strike price of $0.06 and a term of five years from the date hereof. In addition, 1,744,000 RSU's will be granted to certain employees, officers, consultants and directors as applicable. RSU's vest 50 percent equally on the 12 and 24 month anniversaries from the date of grant.

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 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. There is a number of risks facing participants in the Canadian lithium industry. Some of the risks are common to all businesses while others are specific to the sector and Grounded. The following discussion reviews the general and specific risks as well as Grounded's approach to managing these risks. The risks identified herein do not constitute an exhaustive list of all possible risks as there may be additional risks of which management is currently unaware.

Reliance on Key Personnel

The senior officers of the Company are critical to its success. In the event of a departure of a senior officer, the Company believes that it will be successful in attracting and retaining qualified successors, but there can be no assurance of such success. Recruiting qualified personnel as the Company grows is critical to its success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited, and competition for such person is intense. As the Company's business activity grows, it will require additional key financial, administrative, engineering, geological and other personnel. If the Company is not successful in attracting and training qualified personnel, the efficiency of our operations could be affected, which could have an adverse impact on future cash flows, earnings, results of operations and the financial condition of the Company. The Company is particularly at risk at this state of its development as it relies on a small management team, the loss of any member of which could cause severe adverse consequences.

Substantial Capital Requirements and Liquidity

The Company anticipates that it will incur substantial capital expenditures for the continued exploration and development of its project in the future. The Company currently has no revenue and may have limited ability to undertake or complete future drilling or exploration programs and process studies. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for our operations could have a material adverse effect on the Company's financial condition, results of operations or prospects. Sales of substantial amounts of securities may have a highly dilutive effect on the ownership or share structure of the Company. Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares.

The Company has not yet commenced commercial production and as such, it has not generated positive cash flows to date and has no reasonable prospects of doing so unless successful commercial production can be achieved at the Company's projects. The Company expects to incur negative investing and operating cash flows until such time as it enters into commercial production. This will require the Company to deploy its working capital to fund such negative cash flow and to seek additional sources of financing. There is no assurance that any such financing sources will be available or sufficient to meet the Company's requirements. There is no assurance that the Company will be able to continue to raise equity capital or fund activities and may continue to incur losses.

Development of the Kindersley Lithium Project

The Company's business strategy depends in large part on developing the KLP. The capital expenditures and time required to develop the KLP are significant and the Company has not yet secured funding that we believe will be sufficient to cover our share of capital expenditure obligations for the development of the KLP. If the Company is unable to develop all or any of its projects, our business and financial condition will be materially adversely affected.

The Company believes that one of the key elements to the successful development of a feasible project in the future is obtaining positive results from the lab pilot testing and evaluations, which will enable the development of the field pilot plant. The Company believes that a successful pilot program should enable the design of a commercial process. There is no guarantee that the lab pilot plant testing and evaluations will be successful or that the Company will be successful in developing the field pilot plant, a commercial lithium production facility or obtaining funding related to these activities within the timeframes indicated in the Company's public flings or at all.

Property Commitments

The Company's properties may be subject to various land payments, royalties and/or work commitments. Failure by the Company to meet its payment obligations or otherwise fulfill its work commitments under these agreements could result in the loss of the property interests.

Exploration and Development

Exploring and developing natural resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted, such that it is neither feasible nor practical to proceed. Natural resource exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of natural resources, any of which could result in work stoppages, damages to property, and possible environmental damage. If any of the Company's exploration programs are successful, there is a degree of uncertainty attributable to the calculation of resources and corresponding grades and in the analysis of the economic viability of future development and mineral extraction. Until actually extracted and processed, the quantity of lithium reserves and grade must be considered as estimates only. In addition, the quantity of reserves and resources may vary depending on commodity prices and various technical and economic assumptions. Any material change in quantity of reserves, grade or recovery ratio, may affect the economic viability of the Company's properties. In addition, there can be no assurance that results obtained in pilot plants will be duplicated in larger scale tests under on-site conditions or during production. The Company closely monitors its activities and those factors which could impact them, and employs experienced consulting, engineering, and legal advisors to assist in its risk management reviews where it is deemed necessary.

Operational Risks

The Company will be subject to a number of operational risks and may not be adequately insured for certain risks, including: environmental contamination; liabilities arising from historic operations; accidents or spills; industrial and transportation accidents; which may involve hazardous materials; labor disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena such as inclement weather conditions; floods; earthquakes; ground movements; cave-ins; and encountering unusual or unexpected geological conditions and technological failure of exploration methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the property of the Company, personal injury or death, environmental damage or, regarding the exploration or development activities of the Company, increased costs, monetary losses and potential legal liability and adverse governmental action. These factors could all have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Additionally, the Company may be subject to liability or sustain loss for certain risks and hazards against which the Company cannot insure or which the Company may elect not to insure because of the cost. The lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Construction Risks

As a result of the substantial expenditures involved in development projects, developments are prone to material cost overruns versus budget. The capital expenditures and time required to develop new projects are considerable and changes in cost or construction schedules can significantly increase both the time and capital required to build the project.

Construction costs and timelines can be impacted by a wide variety of factors, many of which are beyond the control of the Company. These include, but are not limited to, weather conditions, ground conditions, availability and performance of contractors and suppliers, delivery and installation of equipment, design changes, accuracy of estimates and availability of accommodations for the workforce.

Project development schedules are also dependent on obtaining the government approvals necessary for the operation of a project. The timeline to obtain these government approvals is often beyond the control of the Company. A delay in start-up or commercial production would increase capital costs and delay receipt of revenues.

Environmental Risks

All phases of mineral exploration and development businesses present environmental risks and hazards and are subject to environmental regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances used and or produced in association with natural resource exploration and production operations. The legislation also requires that facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures, and a breach may result in the imposition of fines and penalties, some of which may be material.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that the application of environmental laws to the business and operations of the Company will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Commodity Price Fluctuations

The prices of commodities vary on a daily basis. Price volatility could have dramatic effects on the results of operations and the ability of the Company to execute its business plan. The price of lithium materials may also be reduced by the discovery of new lithium deposits, which could not only increase the overall supply of lithium (causing downward pressure on its price) but could draw new firms into the lithium industry which would compete with the Company.

Volatility of the Market Price of the Common Shares

Securities of junior companies have experience substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and more broadly globally together with the market perceptions of the attractiveness of particular industries. The Common Share price is also likely to be significantly affected by delays experienced in progressing with development plans, a decrease in investor appetite for junior stocks, or in adverse changes in the Company's financial condition or results of operations as reflected in the Company's quarterly and annual financial statements. Other factors unrelated to performance that could have an effect on the price of the Common Shares include: (a) the trading volume and general market interest in the Common Shares could affect a shareholder's ability to trade significant numbers of common shares; and (b) the size of the public float in the Common Shares may limit the ability of some institutions to invest in the Company's securities.

As a result of any of these or other factors, the market price of the Common Shares at any given point in time might not accurately reflect the Company's long-term value. Securities class action litigation has been brought against companies following years of volatility in the market price of their securities. The Company could in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Cost Estimates

The Company prepares estimates of operating costs and or capital costs for each operation and project. The Company's actual costs are dependent on a number of factors, including royalties, the price of lithium and by-product metals and the cost of inputs used in exploration activities. The Company's actual costs may vary from estimates for a variety of reasons, including labour and other input costs, commodity prices, general inflationary pressures and currency exchange rates. Failure to achieve cost estimates or material increases in costs could have an adverse impact on the Company's future cash flows, profitability, results of operations and financial condition.

Future Share Issuances May Affect the Market Price of the Common Shares

In order to finance future operations, the Company may raise funds through the issuance of additional Common Shares or the issuance of debt instruments or other securities convertible into Common Shares. The Company cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares or the dilutive effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares.

Economic and Financial Market Instability

Global financial markets are prone to periods of elevated volatility and instability at times, including following the global financial crisis beginning in 2007 and the outbreak of the novel COVID-19 virus beginning in 2019. Bank failures, the risk of sovereign defaults, other economic conditions and intervention measures have caused significant uncertainties in the markets. The resulting disruptions in credit and capital markets have negatively impacted the availability and terms of credit and capital. High levels of volatility and market turmoil could also adversely impact commodity prices, exchange rates and interest rates. In the short term, these factors, combined with the Company's financial position, may impact the Company's ability to obtain equity or debt financing in the future and, if obtained, the terms that are available to the Company. In the longer term, these factors, combined with the Company's financial position could have important consequences, including: (a) increasing the Company's vulnerability to general adverse economic and industry conditions; (b) limiting the Company's ability to obtain additional financing to fund future working capital, capital expenditures, operating and exploration costs and other general corporate requirements; (c) limiting the Company's flexibility in planning for, or reacting to, changes in the Company's business and the industry; and (d) placing the Company at a disadvantage when compared to competitors that have less debt relative to their market capitalization.

Financing Risks

The Company's development and exploration activities may require additional external financing. There can be no assurance that additional capital or other types of financing will be available when needed or that, if available, the terms of such financing will be acceptable to the Company. Furthermore, if the Company raises additional capital by offering equity securities or securities convertible into equity securities, any additional financing may involve substantial dilution to existing shareholders. Failure to obtain sufficient financing could result in the delay or indefinite postponement of exploration, development, construction or production of any or all of the Company's mineral properties. The cost and terms of such financing may significantly reduce the expected benefits from new developments or render such developments uneconomic.

Industry Competition and International Trade Restrictions

The international resource industries are highly competitive. The value of any future reserves discovered and developed by the Company may be limited by competition from other world resource mining companies, or from excess inventories. Government policies or trade restrictions are beyond the control of the Company and may affect the supply of and demand for minerals, including lithium, around the world.

Governmental Regulation and Policy

Mining operations and exploration activities are subject to extensive laws and regulations. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labour standards, occupational health, waste disposal, protection and remediation of the environment, toxic and radioactive substances, transportation safety and emergency response, and other matters. Compliance with such laws and regulations increases the cost of exploring, developing, constructing, and operating projects. It is possible that, in the future, the costs, delays and other effects associated with such laws and regulations may impact decisions of the Company with respect to the exploration and development of properties, such as the properties in which the Company has an interest. The Company will be required to expend significant financial and managerial resources to comply with such laws and regulations. Since legal requirements change frequently, are subject to interpretation and may be enforced in varying degrees in practice, the Company is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Furthermore, future changes in governments, regulations and policies and practices, such as those affecting exploration and development of the Company’s properties could materially and adversely affect the results of operations and financial condition of the Company in a particular year or in its long-term business prospects.

Permitting

The Company’s operations, development projects and exploration activities are subject to receiving and maintaining licenses, permits and approvals, including regulatory relief or amendments, (collectively, “permits’) from appropriate governmental authorities. Before any development on any of our properties the Company must receive numerous permits, and continued operations at the Company’s properties is also dependent on maintaining, complying with and renewing required permits or obtaining additional permits.

The Company may be unable to obtain on a timely basis or maintain in the future all necessary permits required to explore and develop its properties, commence construction or operation of facilities and properties or maintain continued operations. Delays may occur in connection with obtaining necessary renewals of permits for the Company’s existing operations and activities, additional permits for existing or future operations or activities, or additional permits associated with new legislation. It is possible that previously issued permits may become suspended or revoked for a variety of reasons, including through government or court action.

Risks Related to the Cyclical Nature of the Lithium Business

The lithium business and the marketability of the products that are produced are affected by worldwide economic cycles. At the present time, the significant forecasted demand for lithium in many countries supports pricing to encourage further upstream lithium development but is difficult to assess how long such demand may continue. Fluctuations in supply and demand in various regions throughout the world are common.

Title Claims and First Nation Rights

The Company has investigated its rights to explore and exploit its projects and, to the best its knowledge, our rights in relation to lands covering the projects are in good standing. Nevertheless, no assurance can be given that such rights will not be revoked, or significantly altered, to the Company’s detriment. There can also be no assurance that the Company’s rights will not be challenged or impugned by third parties.

Although the Company is not aware of any existing title uncertainties with respect to lands covering material portions of its projects, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Certain of the Company's properties may be subject to the rights or the asserted rights of various community stakeholders, including First Nations and other indigenous peoples. The presence of community stakeholders may impact the Company's ability develop or operate its mining properties and its projects or to conduct exploration activities. Accordingly, the Company is subject to the risk that one or more groups may oppose the continued operation, further development or new development or exploration of the Company's current or future mining properties and projects.

Such opposition may be directed through legal or administrative proceedings, or through protests or other campaigns against the Company's activities.

Governments in many jurisdictions must consult with, or require the Company to consult with, indigenous peoples with respect to grants of mineral rights and the issuance or amendment of project authorizations. Consultation and other rights of indigenous peoples may require accommodation including undertakings regarding employment, royalty payments and other matters. This may affect the Company's ability to acquire within a reasonable time frame effective mineral titles, permits or licenses in any jurisdictions in which title or other rights are claimed by First Nations and other indigenous peoples, and may affect the timetable and costs of development and operation of mineral properties in these jurisdictions. The risk of unforeseen title claims by indigenous peoples also could affect existing operations as well as development projects. These legal requirements may also affect the Company's ability to expand or transfer existing operations or to develop new projects.

Community Relations and License to Operate

The Company's relationship with the host communities where it operates is critical to ensure the future success of its existing operations and the construction and development of its projects. There is an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Certain non-governmental organizations ("NGO's"), some of which oppose globalization and resource development, are often vocal critics of extractive industries and their practices. Adverse publicity from NGOs or others related to extractive industries generally, or the Company's exploration or development activities specifically, could have an adverse effect on the Company's reputation. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, which could have a material adverse impact on the Company's results of operations, financial condition and prospects. While the Company is committed to operating in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk.

Acquisition and Integration Risks

As part of its business strategy, the Company has sought and will continue to seek new operating, development and exploration opportunities in the extractive industry. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, if at all, or that any acquisition or business arrangement completed will ultimately benefit its business. Such acquisitions may be significant in size, may change the scale of the Company's business and may expose the Company to new geographic, political, operating, financial or geographical risks. Further, any acquisition the Company makes will require a significant amount of time and attention of the Company's management, as well as resources that otherwise could be spent on the operation and development of the Company's existing business.

Any future acquisitions would be accompanied by risks: such as a significant decline in the relevant metal price after the Company commits to complete an acquisition on certain terms; the quality of the mineral deposit acquired proving to be lower than expected; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of the Company's ongoing business; the inability of management to realize anticipated synergies and maximize the Company's financial and strategic position; the failure to maintain uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; and the potential for unknown or unanticipated liabilities associated with acquired assets and businesses, including tax, environmental or other liabilities. In addition, the Company may need additional capital to finance an acquisition. Debt financing related to any acquisition may expose the Company to the risks related to increased leverage, while equity financing may cause existing shareholders to suffer dilution. There can be no assurance that any business or assets acquired in the future will prove to be profitable, that the Company will be able to integrate the acquired businesses or assets successfully or that it will identify all potential liabilities during the course of due diligence. Any of these factors could have a material adverse effect on the Company's business prospects, results of operations and financial condition.

No Revenue and Negative Cash Flow

The Company has negative cash flow from operating activities and does not currently generate any revenue. Lack of cash flow from the Company's operating activities could impede its ability to raise capital through debt or equity financing to the extent required to fund its business operations. In addition, working capital deficiencies could negatively impact the Company's ability to satisfy its obligations promptly as they become due. If the Company does not generate sufficient cash flow from operating activities, the Company will remain dependent upon external financing sources. There can be no assurance that such sources of financing will be available on acceptable terms or at all.

Legal and Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company may become subject could have a material adverse effect on the Company's business, prospects, financial condition, and operating results. There are no current claims or litigation outstanding against the Company.

Insurance

The Company is also subject to a number of operational risks and may not be adequately insured for certain risks, including: accidents or spills; industrial and transportation accidents; which may involve hazardous materials; labor disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena such as inclement weather conditions; floods; earthquakes; tornados; thunderstorms; ground movements; cave-ins; and encountering unusual or unexpected geological conditions and technological failure of exploration methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the properties of the Company, personal injury or death, environmental damage or, regarding the exploration or development activities of the Company, increased costs, monetary losses and potential legal liability and adverse governmental action, all of which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. The payment of any such liabilities would reduce the funds available to the Company. If the Company is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy.

No assurance can be given that insurance to cover the risks to which the Company's activities are subject will be available at all or at commercially reasonable premiums. The Company is not currently covered by any form of environmental liability insurance since insurance against environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is unavailable or prohibitively expensive. This lack of environmental liability insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Conflicts of Interest

The Company's directors and officers are or may become directors or officers of other mineral resource companies or reporting issuers or may acquire or have significant shareholdings in other mineral resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest with respect to such opportunities or in negotiating and concluding terms respecting the extent of such participation.

The Company and its directors and officers will attempt to minimize such conflicts. If such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which several directors, or officers, may have a conflict. In determining whether or not the Company will participate in a particular program and the interest to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

Dividends

The Company has never paid cash dividends on its Common Shares and does not expect to pay any cash dividends in the future in favor of utilizing cash to support the development of our business. Any future determination relating to the Company's dividend policy will be made at the discretion of the Board of Directors and will depend on a number of factors, including future operating results, capital requirements, financial condition and the terms of any credit facility or other financing arrangements the Company may obtain or enter into, future prospects and other factors the Company's Board of Directors may deem relevant at the time such payment is considered. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on their investment in the Common Shares for the foreseeable future.

Time and Cost Estimates

Actual time and costs may vary significantly from estimates for a variety of reasons, both within and beyond the control of the Company. Failure to achieve time estimates and significant increases in costs may adversely affect the Company's ability to continue exploration, develop the Company's projects and ultimately generate sufficient cash flows. There is no assurance that the Company's estimates of time and costs will be achievable.

Consumables Availability and Costs

The Company's planned exploration, development and operating activities, including the profitability thereof, will continue to be affected by the availability and costs of consumables used in connection with the Company's activities. Of significance, this may include piping, fuel and electricity. Other inputs such as labour, consultant fees and equipment components are also subject to availability and cost volatility. If inputs are unavailable at reasonable costs, this may delay or indefinitely postpone planned activities. Furthermore, many of the consumables and specialized equipment used in exploration, development and operating activities are subject to significant volatility. There is no assurance that consumables will be available at all or at reasonable costs.

Mineral Resource Uncertainties

There can be no assurances that any of the mineral resources stated in the Company's public filings or published technical reports of the Company will be realized. Until a deposit is actually extracted and processed, the quantity of mineral resources or reserves, grades, recoveries and costs must be considered as estimates only. In addition, the quantity of mineral resources or reserves may vary depending on, among other things, product prices. Any material change in the quantity of mineral resources or reserves, grades, dilution occurring during mining operations, recoveries, costs or other factors may affect the economic viability of stated mineral resources or reserves. In addition, there is no assurance that mineral recoveries in limited, small scale laboratory tests or pilot plants will be duplicated by larger scale tests or during production. Fluctuations in lithium prices, results of future drilling, metallurgical testing, actual mining and operating results, and other events subsequent to the date of stated mineral resources and reserve estimates may require revision of such estimates. Any material reductions in estimates of mineral resources or reserves could have a material adverse effect on the Company.

Lithium Demand

Lithium is considered an industrial mineral and the sales prices for the different lithium compounds are not public. Lithium is not yet a highly transparent traded commodity like base and precious metals. Sales agreements are negotiated on an individual and private basis with each different end-user. Therefore, it is possible that the sales prices observed through various sources from other projects will be different than the actual prices at which the Company is able to sell its lithium compounds. In addition, there are a limited number of producers of lithium compounds and it is possible that these existing producers will try to prevent newcomers from entering the chain of supply by increasing their production capacity and lowering sales prices. Factors such as foreign currency fluctuation, supply and demand, industrial disruption and actual lithium market sale prices could have an adverse impact on stock market prices and on the Company's ability to fund its activities. In each case, the economics of the KLP could be materially adversely affected, even to the point of being rendered uneconomic.

Global Financial Conditions

Global financial conditions have from time to time been subject to periods of elevated volatility. Government debt, the risk of sovereign defaults, political instability and wider economic concerns in many countries have been causing significant uncertainties in the markets. Disruptions in the credit and capital markets can have a negative impact on the availability and terms of credit and capital. Uncertainties in these markets could have a material adverse effect on the Company's liquidity, ability to raise capital and cost of capital. High levels of volatility and market turmoil could also adversely impact commodity prices, exchange rates and interest rates and have a detrimental effect on the Company's business.

In February 2022, Russian military forces invaded Ukraine. In response, Ukrainian military personnel and civilians are actively resisting the invasion. The outcome of the conflict is uncertain and is likely to have wide-ranging consequences on the peace and stability of the region and the world economy. Certain countries including Canada and the United States have imposed strict financial and trade sanctions against Russia, which sanctions may have far reaching effects on the global economy and financial markets and could result in increased volatility in commodity prices. Any such occurrence may have a material adverse effect on the Company's business, financial condition, results of operations or ability to access debt or equity financing.

Analyst Coverage

The trading market of the Common Shares depends, to some extent, on the research and reports that securities or industry analysts publish about the Company or its business. The Company has no control over these analysts. If one or more of the analysts who covers the Company should downgrade the Common Shares or change their opinion of the Company's business prospects, the Company's share price would likely decline. If one or more of these analysts ceases coverage of the Company or fails to regularly publish reports on the Company, the Company could lose visibility in the financial markets, which could cause the Company 's share price or trading volume to decline.

Cyber-Security Risks

Threats to information technology systems associated with cyber-security risks and cyber incidents or attacks continue to grow. It is possible that the business, financial and other systems of the Company or other companies with which it does business could be compromised, which might not be noticed for some period of time. Risks associated with these threats include, among other things, loss of intellectual property, disruption of business operations and safety procedures, loss or damage to worksite data delivery systems, and increased costs to prevent, respond to or mitigate cyber-security events.