



**Condensed Interim Financial Statements**

**For the Six Months Ended June 30, 2024 and 2023**

## **NOTICE OF NO AUDIT REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the interim condensed financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by the auditor. The accompanying unaudited interim condensed financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants for a review of the interim financial statements by the entity's auditors.

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 180,037	\$ 193,009
Restricted cash	26,646	26,232
Short-term Investments (note 3)	250,000	-
Accounts receivable (note 4)	54,308	13,606
Prepaid expenses (note 5)	52,546	174,053
<b>Total current assets</b>	<b>563,537</b>	<b>406,900</b>
Property and equipment (note 6)	16,204	21,605
Right-of-use asset (note 7)	-	47,306
Exploration and evaluation assets (note 8)	2,081,201	2,881,800
<b>Total non-current assets</b>	<b>2,097,405</b>	<b>2,950,711</b>
<b>Total assets</b>	<b>\$ 2,660,942</b>	<b>\$ 3,357,611</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 299,714	\$ 418,080
Restricted share unit liability (note 9)	55,240	-
Lease liability (note 7)	-	56,363
<b>Total current liabilities</b>	<b>354,954</b>	<b>474,443</b>
Decommissioning liability (note 10)	8,137	8,602
Restricted share unit liability (note 9)	34,880	-
<b>Total liabilities</b>	<b>397,971</b>	<b>483,045</b>
<b>Shareholders' Equity</b>		
Share capital (note 11)	12,076,957	11,968,709
Warrants (note 11)	949,981	949,981
Contributed surplus (note 11)	1,527,843	1,498,256
Deficit	(12,291,810)	(11,542,380)
<b>Total equity</b>	<b>2,262,971</b>	<b>2,874,566</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,660,942</b>	<b>\$ 3,357,611</b>

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

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

**GROUNDING LITHIUM CORP.**  
**CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars)

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
<b>Revenue</b>				
Interest income (note 13)	\$ 2,833	2,538	\$ 6,515	10,999
	<b>2,833</b>	<b>2,538</b>	<b>6,515</b>	<b>10,999</b>
<b>Expenses</b>				
Share-based compensation (note 11)	129,481	230,069	321,990	409,274
Consulting fees	69,182	109,861	129,643	184,842
Investor relations	21,500	82,106	116,106	996,802
Wages and benefits	4,151	182,452	102,427	441,217
Other G&A expenses	25,592	83,074	83,819	150,574
Professional fees	5,350	165,133	64,719	262,572
Depreciation (notes 6 & 7)	26,354	26,354	52,707	52,708
Subsurface mineral lease rentals	6,975	64,849	51,126	133,788
Director fees	-	-	37,183	-
Operating overhead recoveries	(21,750)	-	(40,450)	-
Capital overhead recoveries	-	(43)	-	(868)
	<b>266,835</b>	<b>943,855</b>	<b>919,270</b>	<b>2,630,909</b>
Results from operating activities	<b>(264,002)</b>	<b>(941,317)</b>	<b>(912,755)</b>	<b>(2,619,910)</b>
Change in restricted share unit (note 9)	22,530	-	164,617	-
Finance expense (note 13)	(351)	(3,146)	(1,292)	(6,841)
Loss before income taxes	<b>(241,823)</b>	<b>(944,463)</b>	<b>(749,430)</b>	<b>(2,626,751)</b>
<b>Loss and comprehensive loss</b>	<b>\$ (241,823)</b>	<b>\$ (944,463)</b>	<b>\$ (749,430)</b>	<b>\$ (2,626,751)</b>
Loss and comprehensive loss per share (note 11(c))				
Basic and diluted	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.04)

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

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

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total Equity
Balance, at January 1, 2024	76,613,873	\$11,968,709	\$949,981	\$1,498,256	\$(11,542,380)	\$2,874,566
Common shares issued (note 11)	1,665,354	108,248	-	-	-	108,248
Reclass to RSU liability (note 9)	-	-	-	(167,537)	-	(167,537)
Restricted share units settled (note 9)	-	-	-	(37,666)	-	(37,666)
Share-based compensation (note 11)	-	-	-	234,790	-	234,790
Loss and comprehensive loss	-	-	-	-	(749,430)	(749,430)
<b>Balance at June 30, 2024</b>	<b>78,279,227</b>	<b>\$12,076,957</b>	<b>\$949,981</b>	<b>\$1,527,843</b>	<b>\$(12,291,810)</b>	<b>\$2,262,971</b>

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total Equity
Balance, at January 1, 2023	68,872,750	\$11,071,609	\$830,169	\$611,447	\$(7,355,153)	\$5,158,072
Shares issued for property acq. (note 11)	779,557	250,000	-	-	-	250,000
Exercise of finders' warrants (note 11)	4,116	1,692	-	(663)	-	1,029
Share-based compensation (note 11)	-	-	-	409,274	-	409,274
Loss and comprehensive loss	-	-	-	-	(2,626,751)	(2,626,751)
<b>Balance at June 30, 2023</b>	<b>69,656,423</b>	<b>\$11,323,301</b>	<b>\$830,169</b>	<b>\$1,020,058</b>	<b>\$(9,981,904)</b>	<b>\$3,191,624</b>

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

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

<i>(unaudited)</i>	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
<b>Operating activities</b>				
Loss for the period	\$ (241,823)	\$ (944,463)	\$ (749,430)	\$ (2,626,751)
Adjustments for:				
Share-based compensation <i>(note 11)</i>	129,481	230,069	321,990	409,274
Change in restricted share unit <i>(note 9)</i>	(22,530)	-	(164,617)	-
Depreciation <i>(notes 6 &amp; 7)</i>	26,354	26,354	52,707	52,708
Finance expense <i>(including accretion)</i>	351	3,146	1,292	6,841
Interest paid <i>(note 13)</i>	(46)	(66)	(129)	(88)
Restricted share units vested <i>(note 9)</i>	-	-	(37,666)	-
Changes in non-cash working capital <i>(note 12)</i>	14,803	277,372	70,687	19,592
<b>Net cash used in operating activities</b>	<b>(93,410)</b>	<b>(407,588)</b>	<b>(505,166)</b>	<b>(2,138,424)</b>
<b>Financing activities</b>				
Exercise of finders warrants	-	-	-	1,029
Lease liability payments	(28,696)	(28,696)	(57,392)	(57,392)
<b>Net cash from financing activities</b>	<b>(28,696)</b>	<b>(28,696)</b>	<b>(57,392)</b>	<b>(56,363)</b>
<b>Investing activities</b>				
Expenditures on expl. and evaluation <i>(note 8)</i>	-	(7,210)	800,000	(200,847)
Short-term investments	-	-	(250,000)	2,000,000
Changes in non-cash working capital <i>(note 12)</i>	-	-	-	(110,904)
<b>Net cash used in investing activities</b>	<b>\$ -</b>	<b>\$ (7,210)</b>	<b>\$ 550,000</b>	<b>\$ 1,688,249</b>
Change in cash and cash equivalents	\$ (122,106)	\$ (443,494)	\$ (12,558)	\$ (506,538)
Cash and cash equivalents, beginning of period	328,789	620,352	219,241	683,396
Cash and cash equivalents, end of period	\$ 206,683	\$ 176,858	\$ 206,683	\$ 176,858
<b>Cash and cash equivalents</b>				
Unrestricted cash	\$ 180,037	\$ 151,130	\$ 180,037	\$ 151,130
Restricted cash – security for credit card	26,646	25,728	26,646	25,728
	\$ 206,683	\$ 176,858	\$ 206,683	\$ 176,858

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

# **GROUNDED LITHIUM CORP.**

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

For the six-month periods ended June 30, 2024 and June 30, 2023

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Grounded Lithium Corp. (“Grounded” or the “Company”) was incorporated on October 26, 2020 by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta). The Company’s principal business is the acquiring, exploring and developing of mineral properties in Canada, with a specific focus on lithium. The development of these assets includes processes to purify and recover lithium metal directly from brine liquids. The Company owns and controls approximately 81,229 net hectares with plans to selectively grow this land position through subsequent transactions.

The head office and our registered office is at Suite 4000, 421 – 7<sup>th</sup> Ave SW, Calgary, Alberta.

#### ***Going Concern***

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company is in the exploration stage and has not earned revenue from operations. During the six month period ended June 30, 2024, the Company incurred a net loss of \$749,430 and had net cash used in operating activities of \$505,166. In addition, the Company has a deficit of \$12,291,810.

The above factors indicate that a material uncertainty exists that may cast significant doubt about the Company’s ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company’s own resources and external market conditions.

The Company’s ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business, meet its corporate administrative obligations and continue its exploration activities in the 2024 fiscal year, is dependent upon management’s ability to obtain additional financing, through various means including, but not limited, to equity financing. No assurance can be given that any such additional financing will be available, or that it can be obtained on terms favourable to the Company.

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

On January 15, 2024, the Company entered into an Earn-In Option Agreement (the “Earn-in Agreement”) on the Kindersley Lithium Project (“KLP”) with Denison Mines Corp. (“Denison”). Under the Earn-in 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 for the KLP. This transaction mitigates the going concern risks noted above.

# GROUNDED LITHIUM CORP.

## SELECTED NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-month periods ended June 30, 2024 and June 30, 2023

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These condensed interim financial statements are unaudited and have been prepared in accordance with IAS 34, "Interim Financial Reporting". The condensed consolidated interim financial statements do not include all the information and footnotes required by IFRS for a complete set of financial statements. The condensed interim financial statements have been prepared using the same accounting policies and methods of computation as disclosed in the Company's December 31, 2023 financial statements except as stated below and should be read in conjunction with those financial statements. The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts and expenses during the reported period. Actual results may differ from these estimates.

The condensed interim financial statements were authorized for distribution by the Company's Board of Directors on August 20, 2024.

### 3. SHORT-TERM INVESTMENTS

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

	Six months ended June 30, 2024	Year ended December 31, 2023
Balance, beginning of period	\$ -	\$ -
GIC, maturity date January 29, 2025 4.25%	250,000	-
Balance, end of period	\$ 250,000	\$ -

### 4. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

	Six months ended June 30, 2024	Year ended December 31, 2023
Earn-in Agreement receivable	\$ 36,236	\$ -
GST receivable	10,889	12,031
Interest receivable	4,454	-
Other	2,729	1,575
Balance, end of period	\$ 54,308	\$ 13,606



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

For the six-month periods ended June 30, 2024 and for June 30, 2023

**5. PREPAID EXPENSES**

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

	Six months ended June 30, 2024	Year ended December 31, 2023
Subsurface mineral permit rentals	\$ 7,206	\$ 58,332
Investor relation fees	-	50,000
Communications and software	16,132	22,391
Insurance	9,443	23,565
Saskatchewan Government abandonment deposit	10,200	10,200
Office lease deposit	9,565	9,565
Balance, end of period	\$ 52,546	\$ 174,053

**6. PROPERTY AND EQUIPMENT**

	Total
<b>Cost</b>	
Balance at December 31, 2022	\$ 40,369
Additions	-
Balance at December 31, 2023	\$ 40,369
Additions	-
<b>Balance at June 30, 2024</b>	<b>\$ 40,369</b>
<b>Accumulated depreciation:</b>	
Balance at December 31, 2022	\$ (7,961)
Depreciation for the period	(10,803)
Balance at December 31, 2023	\$ (18,764)
Depreciation for the period	(5,401)
<b>Balance at June 30, 2024</b>	<b>\$ (24,165)</b>
<b>Net carrying value:</b>	
Balance December 31, 2023	\$ 21,605
Balance June 30, 2024	\$ 16,204

As at June 30, 2024, no impairment indicators were identified and therefore an impairment test was not performed.

# GROUNDING LITHIUM CORP.

## SELECTED NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-month periods ended June 30, 2024 and June 30, 2023

### 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company leases office space with a lease term from November 2022 to June 2024. The lease payments are discounted using the Company's incremental borrowing rate of ten percent at the inception of the lease to calculate the lease liability.

#### Right-of-use Assets

	<b>Total</b>
<b>Cost</b>	
Balance, December 31, 2022	\$ 141,918
Depreciation	(94,612)
Balance at December 31, 2023	\$ 47,306
Depreciation	(47,306)
<b>Balance at June 30, 2024</b>	<b>\$ -</b>

#### Lease Liability

	<b>Total</b>
Balance, December 31, 2022	\$ 160,396
Office rent payments	(114,784)
Interest expense	10,751
Balance at December 31, 2023	\$ 56,363
Office rent payments	(57,392)
Interest expense	1,029
<b>Balance at June 30, 2024</b>	<b>\$ -</b>

### 8. EXPLORATION AND EVALUATION ASSETS ("E&E")

The following table summarizes the Company's E&E asset expenditures in its KLP as at June 30, 2024:

	<b>Six months ended June 30, 2024</b>	Year ended December 31, 2023
<b>Cost</b>		
Balance, beginning of period	\$ 2,881,800	\$ 2,461,365
Property acquisition	-	428,328
Earn-in agreement proceeds	(800,000)	-
Production testing/completions	-	23,168
Subsurface mineral permits	-	310
Drilling costs	-	40
Decommissioning asset	(599)	(156)
Balance, end of period	\$ 2,081,201	\$ 2,913,055
Impairment expense	-	(31,255)
Balance, end of period	<b>\$ 2,081,201</b>	<b>\$ 2,881,800</b>

# GROUNDING LITHIUM CORP.

## SELECTED NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-month periods ended June 30, 2024 and June 30, 2023

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

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

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

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

Production testing/completion costs relate to the Company's first lithium test well and fluid sampling from oil and gas operators' wells within the greater KLP area, to better define grade and deliverability parameters. The majority of the costs were incurred for service rig time, production testing and equipment rentals.

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.

On January 15, 2024 the Company entered into the Earn-In Agreement on the KLP with Denison. Under the Earn-in 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. Each phase of the Earn-In Agreement is associated with both a cash payment and required KLP expenditure amounts, both at increasing levels. Cash payments will be treated as a reduction to the E&E assets.

As at June 30, 2024, no impairment indicators were identified and therefore an impairment test was not performed.

### 9. RESTRICTED SHARE UNITS LIABILITY

A reconciliation of the restricted share units liability is provided below:

	<b>Six months ended June 30, 2024</b>	Year ended December 31, 2023
Balance, beginning of period	\$ -	\$ -
Reclass from contributed surplus (i)	167,537	-
Restricted share units granted (ii)	87,200	-
Revaluation of restricted share units (iii)	(164,617)	-
Balance, end of period	<b>\$ 90,120</b>	\$ -

## GROUNDED LITHIUM CORP.

### SELECTED NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-month periods ended June 30, 2024 and June 30, 2023

- (i) On February 8, 2023 the Company granted 1,018,000 Restricted Share Units (“RSU’s”) at \$0.30 per share to certain employees, officers and directors. RSU’s vest equally on the 12 and 24 month anniversaries from the date of the grant. On February 8, 2024 the Company settled 509,000 RSU’s with a cash payment of \$37,666 or \$0.07 per share to certain employees, officers and directors. The settlement of the RSU’s in cash, as permitted under the Equity Incentive Plan, caused a reporting modification from an equity classified award to a liability classified award which is measured at fair market value at each balance sheet date. The Company had recognized \$205,203 of share-based compensation on these RSU’s in 2023 at \$0.30 per share so the remaining \$167,537 was reclassified from contributed surplus to a liability;
- (ii) On March 4, 2024 the Company granted 1,744,000 RSU’s at \$0.06 per share to certain employees, officers and directors. RSU’s vest equally on the 12 and 24 month anniversaries from the date of the grant. Actual share price on March 4, 2024 was \$0.05 per share; and
- (iii) On March 31, 2024, the Company recorded a mark-to-market adjustment for the remaining 2,252,998 of RSU’s at \$0.05 per share. On June 30, 2024, the Company recorded a mark-to-market adjustment for the remaining 2,252,998 of RSU’s at \$0.04 per share.

#### 10. DECOMMISSIONING LIABILITY

The Company’s decommissioning provision results from ownership interests in lithium assets including well site, gathering systems and processing facilities. The total provision is estimated based on the Company’s net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years. The Company estimated the total undiscounted amount required to settle its decommissioning provision at June 30, 2024 to be approximately \$10,200 (December 31, 2023 - \$10,200) with the abandonment expected to commence in 2042. A discount rate of 3.39 percent (December 31, 2023 – 3.02 percent) and an inflation rate of 2.10 percent (December 31, 2023 – 2.10 percent) was used to calculate the decommissioning provision.

A reconciliation of the decommissioning provision is provided below:

	Six months ended June 30, 2024	Year ended December 31, 2023
Balance, beginning of period	\$ 8,602	\$ 8,492
Provisions made during the period	-	-
Change in discount rate	(599)	(156)
Accretion	134	266
Balance, end of period	\$ 8,137	\$ 8,602

# GROUNDLED LITHIUM CORP.

## SELECTED NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-month periods ended June 30, 2024 and June 30, 2023

### 11. SHARE CAPITAL

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

#### a) Issued and outstanding

	Six months ended June 30, 2024		Year ended December 31, 2023	
	Number of Common Shares	Amount	Number of Common Shares	Amount
Balance, beginning of period	76,613,873	\$ 11,968,709	68,872,750	\$ 11,071,609
Issue of Common Shares (i)	-	-	779,557	250,000
Issue of Common Shares (ii)	-	-	4,116	1,692
Issue of Common Shares (iii)	-	-	6,957,450	645,408
Issue of Common Shares (iv)	1,665,354	108,248	-	-
Share issue costs	-	-	-	-
Balance, end of period	78,279,227	\$ 12,076,957	76,613,873	\$ 11,968,709

- (i) On March 16, 2023, the Company announced the closing of its acquisition of an additional 33 sections (8,498 hectares) of acreage contiguous to the Company's existing landholdings in the KLP in Western Saskatchewan. The purchase price of \$425,000 was comprised of cash consideration of \$175,000 and the issuance of 779,557 shares based on the 10-day volume-weighted average trading price of the shares on the TSX Venture Exchange as of the closing date (see *note 7*);
- (ii) On March 17, 2023 4,116 common shares were issued at \$0.25 per share for proceeds of \$1,029 for the exercise of 4,116 finders' warrants. Upon exercise of the finders' warrants, \$663 was reclassified from contributed surplus to common shares;
- (iii) On September 26, 2023, the Company completed a \$765,220 non-brokered private placement of units at a price of \$0.11 per unit. Each unit entitles the holder to one Common Share of the Company and one-half Common Share purchase Warrant. Each Warrant shall be exercisable to acquire one Common Share at a price of \$0.18 per Warrant for a period of 24 months from the closing of the Offering. The \$765,220 of proceeds were allocated using the relative fair value method between the value of the common shares \$765,220 (6,957,450 common shares multiplied by the share price of \$0.11 per share when the private placement was announced) and the value of the warrants using Black Scholes model of \$142,054. The allocation resulted in \$645,408 being allocated to common shares and \$119,812 to warrants; and
- (iv) On March 4, 2024, the Company announced that it settled an outstanding payable with a major vendor involved in the potential commercial operations of the KLP through the issuance of Common Shares. In total, 1,665,354 of Common Shares were issued fully satisfying the financial obligation.

#### b) Share-based compensation plans

##### **Equity Incentive Plan (the "Plan")**

The Plan provides flexibility to grant equity-based incentive awards in the form of stock options, as well as restricted share units, deferred share units and performance share units. The Plan is a fixed 20% plan, allowing for a maximum of 20% of the February 15, 2024 issued and outstanding common shares of the Company to be reserved for issuance. There were 76,613,873 shares outstanding and therefore a maximum of 15,322,774 Shares may be issued upon exercise or settlement of all security-based compensation arrangements of the Company.

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

For the six-month periods ended June 30, 2024 and June 30, 2023

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

The following table summarizes the activity under the Company's Plan:

	Six months ended June 30, 2024		Year ended December 31, 2023	
	Number of Options	Weighted Average Exercise Price (\$/share)	Number of Options	Weighted Average Exercise Price (\$/share)
Balance, beginning of period	5,523,100	\$ 0.24	4,049,100	\$ 0.22
Granted (i)	-	-	1,474,000	0.30
Granted (ii)	4,066,000	0.06	-	-
Balance, end of period	9,589,100	\$ 0.17	5,523,100	\$ 0.24
Exercisable, end of period	3,015,497	\$ 0.23	2,053,766	\$ 0.23

- (i) On February 8, 2023, the Company granted 1,474,000 stock options. The options granted are exercisable at an average price of \$0.30 per option and expire five years after their grant date. The options vest in equal 1/3 tranches on the 6, 12, and 18 month anniversaries from the date of issuance.
- (ii) On March 4, 2024, the Company granted 4,066,000 stock options. The options granted are exercisable at an average price of \$0.06 per option and expire five years after their grant date. The options vest in equal 1/3 tranches on the 6, 12, and 18 month anniversaries from the date of issuance.

The following table summarizes information regarding stock options outstanding at June 30, 2024:

Options Outstanding at June 30, 2024				Options Exercisable at June 30, 2024	
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (\$/share)	Number Exercisable	Weighted Average Exercise Price (\$/share)
\$0.06	4,066,000	4.7	\$0.06	-	\$0.06
\$0.10	638,200	2.4	\$0.10	425,467	\$0.10
\$0.18	1,360,900	2.5	\$0.18	907,368	\$0.18
\$0.25	50,000	2.5	\$0.25	33,332	\$0.25
\$0.29	2,000,000	3.3	\$0.29	666,666	\$0.29
\$0.30	1,474,000	3.6	\$0.30	982,664	\$0.30
	9,589,100	3.8	\$0.17	3,015,497	\$0.23

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

For the six-month periods ended June 30, 2024 and June 30, 2023

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

	Six months ended June 30, 2024	Year ended December 31, 2023
Risk-free interest rate (%)	4.10	3.92
Expected life (years)	5	5
Expected volatility (%)	86	87
Expected forfeiture rate (%)	5	5
Expected dividend yield (%)	-	-
<b>Fair value of stock options granted (\$/share)</b>	<b>0.04</b>	0.21

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

Share-based compensation from options recognized in net loss for the three-month period ended June 30, 2024 was \$102,898 (June 30, 2023 - \$146,380).

Share-based compensation from options recognized in net loss for the six-month period ended June 30, 2024 was \$181,916 (June 30, 2023 - \$266,662).

***Performance Warrants***

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

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

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

	Six months ended June 30, 2024		Year ended December 31, 2023	
	Number of Performance Warrants	Weighted Average Exercise Price (\$/warrant)	Number of Performance Warrants	Weighted Average Exercise Price (\$/warrant)
Balance, beginning of period	3,360,000	\$ 0.75	3,360,000	\$ 0.75
	-	-	-	-
Balance, end of period	3,360,000	\$ 0.75	3,360,000	\$ 0.75
Exercisable, end of period	2,452,728	\$ 0.74	1,545,467	\$ 0.71

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

For the six-month periods ended June 30, 2024 and June 30, 2023

Share-based compensation from performance warrants recognized in net loss for the three-month period ended June 30, 2024 was \$26,583 (June 30, 2023 - \$26,583).

Share-based compensation from performance warrants recognized in net loss for the six-month period ended June 30, 2024 was \$52,874 (June 30, 2023 - \$52,873).

The following table summarizes information regarding performance warrants outstanding at June 30, 2024:

Performance hurdle	Outstanding			Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (\$/share)	Number Exercisable	Weighted Average Exercise Price (\$/share)
\$0.25	159,550	4.4	\$ 0.25	159,550	\$ 0.25
\$0.40	680,450	4.5	0.40	453,632	0.40
\$0.50	159,550	4.4	0.50	159,550	0.50
\$0.65	680,450	4.5	0.65	453,632	0.65
\$0.75	159,550	4.4	0.75	159,550	0.75
\$0.90	680,450	4.5	0.90	453,632	0.90
\$1.00	159,550	4.4	1.00	159,550	1.00
\$1.15	680,450	4.5	1.15	453,632	1.15
	<b>3,360,000</b>	<b>4.5</b>	<b>\$ 0.75</b>	<b>2,452,728</b>	<b>\$ 0.74</b>

**Finders' Warrants**

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

	Six months ended June 30, 2024		Year ended December 31, 2023	
	Number of Finders' Warrants	Weighted Average Exercise Price (\$/warrant)	Number of Finders' Warrants	Weighted Average Exercise Price (\$/warrant)
Balance, beginning of period	2,347,746	\$ 0.19	2,351,862	\$ 0.19
Exercised (i)	-	-	(4,116)	(0.25)
Balance, end of period	2,347,746	\$ 0.19	2,347,746	\$ 0.19
Exercisable, end of period	2,347,746	\$ 0.19	2,347,746	\$ 0.19

- (i) On March 17, 2023 4,116 finders' warrants were exercised at \$0.25 per share for proceeds of \$1,029. Upon the exercise of the finders' warrants, \$663 was reclassified from contributed surplus to common shares.



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**Warrants**

On September 26, 2023, the Company completed a \$765,220 non-brokered private placement of units at a price of \$0.11 per unit. Each unit entitles the holder to one Common Share of the Company and one-half Common Share purchase warrant. Each warrant shall be exercisable to acquire one Common Share at a price of \$0.18 per Warrant for a period of 24 months from the closing of the Offering. The \$765,220 of proceeds were allocated using the relative fair value method between the value of the common shares \$765,220 (6,957,450 common shares multiplied by the share price of \$0.11 per share when the private placement was announced) and the value of the warrants using Black Scholes model of \$142,054. The allocation resulted in \$645,408 being allocated to common shares and \$119,812 to warrants.

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

	Six months ended ended June 30, 2024		Year ended December 31, 2023	
	Number of Warrants	Weighted Average Exercise Price (\$/warrant)	Number of Warrants	Weighted Average Exercise Price (\$/warrant)
Balance, beginning of period	15,478,721	\$ 0.43	12,000,000	\$ 0.50
Issue of warrants	-	-	3,478,721	0.18
Balance, end of period	15,478,721	\$ 0.43	15,478,721	\$ 0.43

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

	Six months ended June 30, 2024	Year ended December 31, 2023
Risk-free interest rate (%)	-	4.93
Expected life (years)	-	2
Expected volatility (%)	-	79
Expected forfeiture rate (%)	-	-
Expected dividend yield (%)	-	-
<b>Fair value of warrants granted (\$/share)</b>	-	0.03

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

**GROUNDING LITHIUM CORP.**  
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**Restricted Share Units**

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

On February 8, 2024 the Company settled 509,000 RSU's with a payment of \$37,666 or \$0.07 per share to certain employees, officers and directors. The settlement of the RSU's caused a modification that changed the RSU's from an equity classified award to a liability classified award which is measured at fair market value each balance sheet date.

On March 4, 2024 the Company granted 1,744,000 RSU's at \$0.06 per share to certain employees, officers and directors. RSU's vest equally on the 12 and 24 month anniversaries from the date of the grant. The share price on the date of the grant was \$0.05 per share.

The following table summarizes the activity under the Company's RSU's:

	Six months ended June 30, 2024		Year ended December 31, 2023	
	Number of Restricted Units	Weighted Average Price (\$/RSU)	Number of Restricted Units	Weighted Average Price (\$/RSU)
Balance, beginning of period	1,018,000	\$ 0.30	-	\$ -
Settled	(509,000)	(0.30)	-	-
Granted	1,744,000	0.06	1,018,000	0.30
Balance, end of period	2,253,000	\$ 0.11	1,018,000	\$ 0.30

Share-based compensation from RSU's recognized in net loss for the three-month period ended June 30, 2024 was \$ nil (June 30, 2023 - \$57,106).

Share-based compensation from RSU's recognized in net loss for the six-month period ended June 30, 2024 was \$ 87,200 (June 30, 2023 - \$89,738).

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

For the six-month periods ended June 30, 2024 and June 30, 2023

**(c) Per share amounts**

The Company calculates per share amounts based on the weighted average Common Shares outstanding for the three and six months ended June 30, 2024 and for the three and six months ended June 30, 2023. For both periods ended June 30, all the stock options, performance warrants and finders' warrants were anti-dilutive and were omitted from the weighted average number of diluted Common Shares outstanding calculation.

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Weighted average shares outstanding	<b>78,279,227</b>	69,656,423	<b>77,702,758</b>	69,132,779
Weighted average diluted shares outstanding	<b>78,279,227</b>	69,656,423	<b>77,702,758</b>	69,132,779
Net loss per share				
Net loss	<b>\$ (241,823)</b>	\$ (944,463)	<b>\$ (749,430)</b>	\$ (2,626,751)
Basic (\$/share)	-	(0.01)	<b>(0.01)</b>	(0.04)
Diluted (\$/share)	-	(0.01)	<b>(0.01)</b>	(0.04)

**12. SUPPLEMENTAL CASH FLOW INFORMATION**

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

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Change in receivables	<b>\$ 46,474</b>	\$ 42,091	<b>\$ (40,702)</b>	\$ 38,113
Change in prepaid expense and deposits	<b>17,683</b>	75,179	<b>121,507</b>	170,178
Change in accounts payable and accrued liabilities	<b>(49,354)</b>	160,102	<b>(10,118)</b>	(299,603)
	<b>\$ 14,803</b>	\$ 277,372	<b>\$ 70,687</b>	\$ (91,312)
Change in operating non-cash working capital	<b>14,803</b>	277,372	<b>70,687</b>	19,592
Change in investing non-cash working capital	-	-	-	(110,904)

Change in accounts payable and accrued liabilities does not include the \$108,248 of trade payable that relate to the 1,665,354 common shares issued to satisfy the obligation owed to an arm's length party (*note 11 (a)*).

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

For the six-month periods ended June 30, 2024 and June 30, 2023

**13. FINANCE INCOME (EXPENSE)**

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
<b>Finance income:</b>				
Income on short-term investments	\$ 2,833	2,538	\$ 6,515	10,999
<b>Finance expenses:</b>				
Misc. interest	(46)	(66)	(129)	(88)
Interest on lease liabilities	(236)	(3,016)	(1,029)	(6,624)
Accretion on decommissioning	(69)	(64)	(134)	(129)
	(351)	(3,146)	\$ (1,292)	(6,841)
Net finance income	\$ 2,482	\$ (608)	\$ 5,223	\$ 4,158

**14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

As at June 30, 2024, the Company's financial instruments include cash, receivables, term deposits, trade payables and accrued liabilities. Cash and receivables are classified as financial assets at amortized cost. Trade payables and accrued liabilities are classified as amortized cost. The carrying value of these financial instruments approximates their fair value due to their short-term maturity.

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

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

**(a) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash and receivables. The Company minimizes its exposure to credit risk by placing its cash with Canadian Schedule 1 chartered banks. As at June 30, 2024, the Company had unrestricted, restricted cash and cashable GIC's of \$456,683 (December 31, 2023 \$219,241).

The Company's secondary exposure to credit risk is on its receivables. As at June 30, 2024, the Company had a receivable of \$36,236 (December 31, 2023 - \$ nil) pursuant to the Earn-In Agreement and \$18,072 (December 31, 2023 - \$13,606) in taxes receivable from Canada Revenue Agency, interest receivable and other receivables. The Company did not have any allowance for doubtful accounts as at June 30, 2024 and did not provide for any doubtful accounts as all amounts are deemed collectible.

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

For the six-month periods ended June 30, 2024 and June 30, 2023

As at June 30, 2024, 94 percent of the Company's accounts receivable were under 90 days in age and considered collectible.

<b>Aging</b>	
Current (less than 90 days)	\$ 51,578
Past due (over 90 days)	2,730
<b>Total</b>	<b>\$ 54,308</b>

**(b) Liquidity risk**

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

As at June 30, 2024, the Company had a working capital surplus of \$208,583 (December 31, 2023 - \$67,543 working capital deficit). At June 30, 2024, the Company had a cash equivalent balance of \$456,683 which is sufficient to pay its current liabilities of \$354,954 and to continue operations during 2024.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as of June 30, 2024:

	Carrying amount	Contractual cash flows total	< 1 year	1 – 2 years	2 – 5 years	More than 5 years
Accounts payable and other liabilities	\$299,714	\$299,714	\$299,714	\$ -	\$ -	\$ -

**(c) Market risk**

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

**Foreign currency exchange rate risk**

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

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

# GROUNDING LITHIUM CORP.

## SELECTED NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-month period ended June 30, 2024 and June 30, 2023

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### **Commodity price risk**

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

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

### **Interest rate risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company had no debt outstanding during the period ended June 30, 2024.

### **(d) Capital management**

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

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

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

## **15. RELATED PARTY TRANSACTIONS**

During the period ended June 30, 2024, legal services totalling \$56,045 (June 30, 2023 - \$141,571) were provided by a law firm in which an Officer of the Company is a partner. As at June 30, 2024, there is \$38,413 (June 30, 2023 - \$106,896) included in accounts payable and accruals.

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