Grounded Lithium Corp

Management's Discussion and Analysis

For the quarter ended June 30, 2024

Management’s Discussion and Analysis

The following management’s discussion and analysis (“MD&A”) was prepared as of August 20, 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 unaudited condensed interim financial statements of the Company for the period ended June 30, 2024 together with the notes related thereto, as well as the audited financial statements of the Company for the year ended December 31, 2023, together with the notes related thereto along with the management’s discussion and analysis thereon.

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 of 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 reviewed and approved the financial statements and MD&A for distribution on August 20, 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 81,229 hectares of land with plans to review opportunities to add to the portfolio. Grounded entered into a material contract with a considerably larger mining enterprise in early 2024, the goal of which sees Grounded’s flagship lithium project funded and operated by this entity assuming performance under the contract. Grounded’s development plan calls for a modular design of plants ranging from 10,000 to 20,000 tonnes per year of capacity which would produce battery grade lithium feedstock. A modular design avoids several risks associated with large projects, namely design and construction, permitting and financing. It is envisioned that the initial project and its associated cash flows can be repeated and largely fund subsequent modules thereby mitigating financing risk.

Forward-Looking Statements and Information: *Certain statements included or incorporated by reference in this MD&A constitute forward-looking statements or forward-looking information. Forward-looking statements or information typically contain statements with words such as “anticipate”, “believe”, “expect”, “plan”, “intend”, “estimate”, “propose”, or similar words suggesting future outcomes or statements. Forward-looking statements or information in this MD&A include, but are not limited to, capital expenditures, business strategy and objectives, net revenue, future production levels, exploration plans, development plans, acquisition plans and the timing thereof, operating and other costs, royalty rates, timing of tax payment obligations, sources of funding to meet future obligations, future dividend payments and capital structure, including the balance of debt and equity in Grounded’s capital structure.*

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to other assumptions identified in this MD&A, assumptions have been made regarding, among other things:

- *the ability of Grounded to fund, advance and develop the project;*
- *Grounded’s ability to operate in a safe and effective manner;*
- *the ability to obtain mining, exploration, environmental and other permits, authorizations and approvals;*
- *results from the 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 Grounded’s competitive position in the industry;*

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

Although Grounded believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements and information because Grounded can give no assurance that such expectations will prove to be correct. Forward-looking statements and information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Grounded and described in the forward-looking statements or information. These risks and uncertainties include but are not limited to:

- *the ability of management to execute its business plan;*
- *the occurrence of unexpected events involved in the industry in which Grounded operates;*
- *risks and uncertainties involving the geology of lithium deposits;*
- *the uncertainty of resource estimates;*
- *the uncertainty of estimates and projections relating to production, costs and expenses;*
- *potential delays or changes in plans with respect to exploration or development projects or capital expenditures;*
- *Grounded's ability to enter into or renew leases;*
- *fluctuations in lithium prices, foreign currency exchange rates and interest rates;*
- *health, safety and environmental risks;*
- *uncertainties as to the availability and cost of financing;*
- *the ability of Grounded to add production and reserves through development and exploration activities;*
- *general economic and business conditions;*
- *the possibility that government policies or laws may change or governmental approvals may be delayed or withheld;*
- *uncertainty in amounts and timing of royalty payments;*
- *risks associated with potential future lawsuits and regulatory actions against Grounded; and*
- *other risks and uncertainties described elsewhere in this MD&A or in any of Grounded's other filings and documents that have been distributed to its shareholders.*

The forward-looking statements and information contained in this MD&A are made as of the date hereof and except where required by law, Grounded undertakes no obligation to update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise. The forward-looking statements and information contained in this MD&A are expressly qualified by this cautionary statement.

Non-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.*

nmf – not a meaningful number

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

	Three months ended June 30			Six months ended June 30		
($ except where noted)	**2024**	2023	% change	**2024**	2023	% change
Cash flow used in operating activities	**$ 93,410**	$ 407,588	(77)	**$ 505,166**	$2,138,424	(76)
Change in non-cash working capital	**14,803**	277,372	(95)	**70,687**	19,592	261
Funds flow used in operations	**$ 108,213**	$ 684,960	(84)	**$ 575,853**	$2,158,016	(73)

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 from brine reservoirs. 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 4000, 421 – 7th Ave SW, Calgary, Alberta.

DETAILED FINANCIAL ANALYSIS

OPERATING EXPENSES

	Three months ended June 30			Six months ended June 30		
($, except where noted)	**2024**	2023	% change	**2024**	2023	% change
Operating expenses	**6,975**	64,849	(89)	**51,126**	133,788	(62)

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

Operating expenses decreased to $6,975 for the three months ended June 30, 2024 from $64,849 for the three months ended June 30, 2023. Operating expenses decreased to $51,126 for the six months ended June 30, 2024 from $133,788 for the six months ended June 30, 2023. The decrease in operating expenses stems from the Earn-In Option Agreement ("Earn-in Agreement") with Denison Mines Corp ("Denison") wherein Denison funds all Kindersley Lithium Project ("KLP") expenditures.

GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June 30			Six months ended June 30		
($, except where noted)	**2024**	2023	% change	**2024**	2023	% change
Consulting fees	**69,182**	109,861	(37)	**129,643**	184,842	(30)
Investor relations	**21,500**	82,106	(74)	**116,106**	996,802	(88)
Wages and benefits	**4,151**	182,452	(98)	**102,427**	441,217	(77)
Other (rent, office costs)	**25,592**	83,074	(69)	**83,819**	150,574	(44)
Professional fees	**5,350**	165,133	(97)	**64,719**	262,572	(75)
Director fees	**-**	-	-	**37,183**	-	nmf
Gross G&A expense	**125,775**	622,626	(80)	**533,897**	2,036,007	(73)
Operating overhead recoveries	**(21,750)**	-	nmf	**(40,450)**	-	nmf
Capital overhead recoveries	**-**	(43)	(100)	**-**	(868)	(100)
Net G&A expense	**104,025**	622,583	(83)	**493,447**	2,035,139	(76)

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 employee and consultant compensation, investor relations, financing fees, computer software, office rent, accounting and legal costs.

Gross G&A decreased to $125,775 for the three months ended June 30, 2024 from the $622,626 for the three months ended June 30, 2023. Gross general and administrative expenses decreased to $533,897 for the six months ended June 30, 2024 from $2,036,007 for the six months ended June 30, 2023. Investor relations expenses for the six months ended June 30, 2023 were higher due to the Company making a concerted effort to increase awareness in the USA with its qualification for trading on the OTCQB in December 2022. Generally, the Company has made efforts to reduce G&A as a result of its Earn-in Agreement with Denison. Given the nature of the Earn-in Agreement, the level of activity required by the Company is less. Furthermore, this serves to maintain working capital balances.

SHARE-BASED COMPENSATION

	Three months ended June 30			Six months ended June 30		
($, except where noted)	**2024**	2023	% change	**2024**	2023	% change
Share-based compensation	**129,481**	230,069	(44)	**321,990**	409,274	(21)

Share-based compensation decreased to $129,481 for the three months ended June 30, 2024 from $230,069 for the three months ended June 30, 2023. Share-based compensation decreased to $321,990 for the six months ended June 30, 2024 from $409,274 for the six months ended June 30, 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.

FINANCE INCOME AND EXPENSE

	Three months ended June 30			Six months ended June 30		
($, except where noted)	**2024**	2023	% change	**2024**	2023	% change
Interest income	**2,833**	2,538	11	**6,515**	10,999	(41)
Finance expense						
Misc. interest expense	**(46)**	(66)	(30)	**(129)**	(88)	47
Interest on lease obligation	**(236)**	(3,016)	(92)	**(1,029)**	(6,624)	(84)
Net interest income	**2,551**	(544)	nmf	**5,357**	4,287	25
Decommissioning accretion	**(69)**	(64)	8	**(134)**	(129)	4
Net finance income (expense)	**2,482**	(608)	nmf	**5,223**	4,158	26

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

DEPRECIATION EXPENSE

	Three months ended June 30			Six months ended June 30		
($, except where noted)	**2024**	2023	% change	**2024**	2023	% change
Depreciation expense	**26,354**	26,354	-	**52,707**	52,708	-

Depreciation expense remains unchanged at $26,354 for the three months ended June 30, 2024 from $26,354 for the three months ended June 30, 2023. Depreciation expense remains relatively unchanged at $52,707 for the six months ended June 30, 2024 compared to $52,708 for the six months ended June 30, 2023. Depreciation expense consists of depreciation on the Company's corporate assets and 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. Prices have continued to remain at lower levels into 2024. 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.

TAXES

Grounded did not record any current or deferred income taxes during the six months ended June 30, 2024 or for the six months ended June 30, 2023. At the end of June 30, 2024, Grounded had approximately $10,396,425 of accumulated tax pools that are available for deduction against taxable income, compared to approximately $9,386,120 at June 30, 2023. 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 June 30, 2024:

Tax Pool Category		Amount	Maximum Annual Deduction
Canadian mining property	$	940,165	30%
Undepreciated capital cost		82,550	30%
Share issue costs		636,010	20%
Non-capital losses		8,737,700	100%
Total	$	10,396,425	

NET EARNINGS, FUNDS FLOW USED IN OPERATIONS

Net Earnings and Funds Flow Used in Operations

	Three months ended June 30			Six months ended June 30		
($, except where noted)	**2024**	2023	% change	**2024**	2023	% change
Net loss	**241,823**	944,463	(74)	**749,430**	2,626,751	(71)
Items not involving cash:						
Share-based compensation	**(129,481)**	(230,069)	(44)	**(321,990)**	(409,274)	(21)
Mark to market RSU liability	**22,530**	-	nmf	**164,617**	-	nmf
Finance expense	**(351)**	(3,146)	(89)	**(1,292)**	(6,841)	(81)
RSU's settled in cash	**-**	-	-	**37,666**	-	nmf
Interest paid	**46**	66	(30)	**129**	88	47
Depreciation	**(26,354)**	(26,354)	-	**(52,707)**	(52,708)	-
Funds flow used in operations	**108,213**	684,960	(84)	**575,853**	2,158,016	(73)

Per Share Information

($, except where noted)	Three months ended June 30			Six months ended June 30		
	2024	2023	% change	**2024**	2023	% change
Net loss	**241,823**	944,463	(74)	**749,430**	2,626,751	(71)
Basic *($/share)*	**-**	0.01	(100)	**0.01**	0.04	(75)
Diluted *($/share)*	**-**	0.01	(100)	**0.01**	0.04	(75)
Funds flow used in operations	**108,213**	684,960	(84)	**575,853**	2,158,016	(73)
Basic *($/share)*	**-**	0.01	(100)	**0.01**	0.03	(67)
Diluted *($/share)*	**-**	0.01	(100)	**0.01**	0.03	(67)

Funds flow used in operations decreased to $108,213 ($nil per basic and diluted share) for the three months ended June 30, 2024 from $684,960 ($ 0.01 per basic and diluted share) for the three months ended June 30, 2023. Funds flow used in operations for the six months ended June 30, 2024 decreased to $575,853 ($0.01 per basic and diluted share) from $2,158,016 ($0.03 per basic and diluted share) for the six months ended June 30, 2023.

Net loss decreased to $241,823 ($nil per basic and diluted share) for the three months ended June 30, 2024 from $944,463 ($0.01 per basic and diluted share) for the three months ended June 30, 2023. Net loss for the six months ended June 30, 2024 decreased to $749,430 ($0.01 income per basic and diluted share) from a loss of $2,626,751 ($0.04 loss per basic and diluted share) for the six months ended June 30, 2023.

CAPITALIZATION AND FINANCIAL RESOURCES

CAPITAL EXPENDITURES

	Three months ended June 30		Six months ended June 30	
	2024	2023	**2024**	2023
Property acquisition	**-**	-	**-**	428,328
Earn-in agreement proceeds	**-**	-	**(800,000)**	-
Production testing/completions	**-**	7,210	**-**	23,168
Subsurface mineral permits	**-**	-	**-**	310
Drilling costs	**-**	-	**-**	40
Total exploration and evaluation costs	**-**	7,210	**(800,000)**	451,846
Total capital expenditures	**-**	7,210	**(800,000)**	451,846

Net capital dispositions for the six months ended March 31, 2024 were $800,000. On January 15, 2024 the Company entered into an 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 asset.

Net capital expenditures for the six months ended June 30, 2023 were $451,846. The majority of the costs incurred in the six months ended June 30, 2023 were associated with the acquisition of a freehold subsurface mineral permits in the South West Saskatchewan area.

WORKING CAPITAL

Grounded had a working capital surplus of $208,583 at June 30, 2024 (December 31, 2023 - $67,543 working capital deficit). During the first quarter of 2024, the Company's working capital improved with the $800,000 payment received from Denison as part of the Earn-In Agreement.

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 August 20, 2024. The Company expects to be able to meet near-term operating obligations associated with on-going operations from existing working capital and payments under the Earn-in Agreement assuming performance by Denison.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares ("Common Shares"). Grounded closed separate equity offerings subsequent to incorporation in addition to various other transactions involving Common Shares, resulting in the issuance of an aggregate 78,279,227 Common Shares.

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

	August 20, 2024	June 30, 2024
Common Shares	**78,279,227**	78,279,227
Dilutive Securities		
Warrants	**15,478,721**	15,478,721
Stock options	**9,589,100**	9,589,100
Restricted share units	**2,253,000**	2,253,000
Performance warrants	**3,360,000**	3,360,000
Finders' warrants	**2,347,746**	2,347,746
Total Dilutive Securities	**33,028,567**	33,028,567
Total Basic and Diluted Common Shares	**111,307,794**	111,307,794
Weighted average Common Shares		
Basic	**77,849,238**	77,702,758
Diluted	**77,849,238**	77,702,758

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

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

During the 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, $38,413 (June 30, 2023 - $106,896) is included in accounts payable and accruals.

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

CRITICAL ACCOUNTING ESTIMATES

Management is often required to make judgements, assumptions and estimates in the application of International Financial Reporting Standards that have a significant impact on the financial results of the Company. A comprehensive discussion of the Company's significant accounting policies is contained in note 4 to the annual financial statements.

RISKS AND UNCERTAINTIES

Management defines risk as the evaluation of probability that an event might happen in the future that could negatively affect the financial condition and / or results of operations of the Company. The risks that could affect the Company have been described in the MD&A of the Company for the year ended December 31, 2023. The risks identified therein do not constitute an exhaustive list of all possible risks as there may be additional risks of which management is currently unaware.

SUMMARY OF QUARTERLY RESULTS

Financial	**Q2 2024**	Q1 2024	Q4 2023	Q3 2023
($, except per share amounts)				
Funds flow used in operations	**108,213**	467,640	451,375	542,677
Per share – basic	**-**	0.01	0.01	0.01
Per share – diluted	**-**	0.01	0.01	0.01
Cash used in operations	**93,410**	411,756	368,654	549,952
Per share – basic	**-**	0.01	-	0.01
Per share – diluted	**-**	0.01	-	0.01
Net loss	**241,823**	507,607	776,459	783,927
Per share – basic	**-**	0.01	0.01	0.01
Per share – diluted	**-**	0.01	0.01	0.01
Capital expenditures	**-**	(800,000)	-	999
Total assets	**2,660,942**	2,873,699	3,357,611	3,943,452
Total net cash and working capital (deficit)	**208,583**	303,222	(67,543)	385,560
Shares outstanding, end of period	**78,279,227**	78,279,227	76,613,873	76,613,873
Weighted average shares (basic and diluted)	**78,279,227**	77,126,290	76,613,873	70,034,345

Financial	Q2 2023	Q1 2023	Q4 2022	Q3 2022
($, except per share amounts)				
Funds flow used in operations	684,960	1,473,056	2,110,192	704,651
Per share – basic	0.01	0.02	0.04	0.02
Per share – diluted	0.01	0.02	0.04	0.02
Cash used in operations	407,588	1,730,836	1,965,105	833,496
Per share – basic	0.01	0.03	0.03	0.02
Per share – diluted	0.01	0.03	0.03	0.02
Net loss	944,463	1,682,288	2,246,228	3,539,319
Per share – basic	0.01	0.02	0.04	0.09
Per share – diluted	0.01	0.02	0.04	0.09
Capital expenditures, net	7,210	443,637	593,497	1,062,102
Total assets	3,711,924	4,292,102	6,028,743	4,662,537
Total net cash and working capital (deficit)	166,415	890,061	2,587,236	2,394,958
Shares outstanding, end of period	69,656,423	69,656,423	56,872,750	56,872,750
Weighted average shares (basic and diluted)	69,656,423	68,603,316	56,872,750	40,308,155