



Financial Statements

For the Years Ended December 31, 2024 and 2023

To the Shareholders of Grounded Lithium Corp.:

Opinion

We have audited the financial statements of Grounded Lithium Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2024 and December 31, 2023, and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and December 31, 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss and had negative cash flows from operations during the year ended December 31, 2024 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Scott Laluk.

Calgary, Alberta

April 16, 2025

MNP LLP

Chartered Professional Accountants

GROUNDED LITHIUM CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

As at	December 31, 2024	December 31, 2023
Assets		
Current assets		
Cash	\$ 144,971	\$ 193,009
Restricted cash	26,999	26,232
Short-term investments (note 6)	100,000	-
Accounts receivable (note 18a)	525,110	13,606
Prepaid expenses (note 7)	24,731	174,053
Total current assets	821,811	406,900
Property and equipment (note 8)	10,803	21,605
Right-of-use asset (note 9)	-	47,306
Exploration and evaluation assets (note 10)	2,081,249	2,881,800
Total non-current assets	2,092,052	2,950,711
Total assets	\$ 2,913,863	\$ 3,357,611
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 692,831	\$ 418,080
Restricted share unit liability (note 11)	48,255	-
Lease liability (note 9)	-	56,363
Total current liabilities	741,086	474,443
Decommissioning liability (note 12)	8,321	8,602
Restricted share unit liability (note 11)	14,478	-
Total liabilities	763,885	483,045
Shareholders' Equity		
Share capital (note 14)	12,076,957	11,968,709
Warrants (note 14)	949,981	949,981
Contributed surplus (note 14)	1,739,318	1,498,256
Deficit	(12,616,278)	(11,542,380)
Total equity	2,149,978	2,874,566
Total liabilities and shareholders' equity	\$ 2,913,863	\$ 3,357,611

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

Nature of Operations and Going Concern (see note 1)

On Behalf of the Board:

"Signed" Dave Antony
Director

"Signed" Mark McMurray
Director

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

For the year ended December 31,	2024	2023
Revenue		
Interest income <i>(note 16)</i>	\$ 10,760	\$ 16,179
Gain on settlement of payables	8,171	-
	18,931	16,179
Expenses		
Investor relations	133,106	1,136,940
Professional fees	84,075	465,183
Wages and benefits <i>(note 19)</i>	106,724	637,418
Share-based compensation <i>(note 14)</i>	502,190	887,472
Other G&A expenses	136,147	287,724
Consulting fees	223,528	384,952
Subsurface mineral lease rentals	58,332	256,453
Impairment expense <i>(note 10)</i>	-	31,255
Depreciation <i>(notes 8 & 9)</i>	58,108	105,415
Director fees	37,183	-
Operating overhead recoveries <i>(note 1)</i>	(87,263)	-
Capital overhead recoveries	-	(868)
	1,252,130	4,191,944
Results from operating activities	(1,233,199)	(4,175,765)
Change in restricted share unit <i>(note 11)</i>	160,729	-
Finance expense <i>(note 16)</i>	(1,428)	(11,462)
Loss before income taxes	(1,073,898)	(4,187,227)
Loss and comprehensive loss	\$ (1,073,898)	\$ (4,187,227)
Loss and comprehensive loss per share <i>(note 14(c))</i>		
Basic and diluted	\$ (0.01)	\$ (0.06)

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

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

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total Equity
Balance, at January 1, 2024	76,613,873	\$11,968,709	\$949,981	\$1,498,256	\$(11,542,380)	\$2,874,566
Common shares issued (note 14)	1,665,354	108,248	-	-	-	108,248
Reclass to RSU liability (note 11)	-	-	-	(167,537)	-	(167,537)
Restricted share units settled (note 11)	-	-	-	(37,666)	-	(37,666)
Share-based compensation (note 14)	-	-	-	446,265	-	446,265
Loss and comprehensive loss	-	-	-	-	(1,073,898)	(1,073,898)
Balance at December 31, 2024	78,279,227	\$12,076,957	\$949,981	\$1,739,318	\$(12,616,278)	\$2,149,978

	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
Issuance of common shares (note 14)	6,957,450	645,408	-	-	-	645,408
Warrants to be issued (note 14)	-	-	119,812	-	-	119,812
Shares issued for property acquisition (note 14)	779,557	250,000	-	-	-	250,000
Exercise of finders' warrants (note 14)	4,116	1,692	-	(663)	-	1,029
Share-based compensation (note 14)	-	-	-	887,472	-	887,472
Loss and comprehensive loss	-	-	-	-	(4,187,227)	(4,187,227)
Balance at December 31, 2023	76,613,873	\$11,968,709	\$949,981	\$1,498,256	\$(11,542,380)	\$2,874,566

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

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

For the year ended December 31,	2024	2023
Operating activities		
Loss for the year	\$ (1,073,898)	\$ (4,187,227)
Adjustments for:		
Share-based compensation (note 14)	502,190	887,472
Change in restricted share unit (note 11)	(160,729)	-
Impairment expense (note 10)	-	31,255
Depreciation (notes 8 & 9)	58,108	105,415
Finance expense (note 16)	1,428	11,462
Interest paid (note 16)	(129)	(445)
Restricted share units vested (note 11)	(37,666)	-
Changes in non-cash working capital (note 15)	(9,617)	95,038
Net cash used in operating activities	(720,313)	(3,057,030)
Financing activities		
Issuance of common shares (note 14)	-	645,408
Issuance of warrants (note 14)	-	119,812
Exercise of finders warrants (note 14)	-	1,029
Lease liability payments (note 9)	(57,392)	(114,784)
Net cash from financing activities	(57,392)	651,465
Investing activities		
Expenditures on exploration and evaluation (note 10)	800,000	(201,846)
(Purchase) redemption of short-term investments (note 6)	(100,000)	2,250,000
Changes in non-cash working capital (note 15)	30,434	(106,744)
Net cash from investing activities	\$ 730,434	1,941,410
Change in cash	\$ (47,271)	\$ (464,155)
Cash, beginning of year	219,241	683,396
Cash, end of year	\$ 171,970	\$ 219,241
Cash and cash equivalents		
Unrestricted cash	144,971	193,009
Restricted cash – security for credit cards	26,999	26,232
Cash and cash equivalents	\$ 171,970	\$ 219,241

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

GROUNDED LITHIUM CORP.

SELECTED NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

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.

The head office and our registered office is at Suite 4000, 421 – 7th 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 year ended December 31, 2024, the Company incurred a net loss of \$1,073,898 and had net cash used in operating activities of \$720,313. In addition, the Company has a deficit of \$12,616,278.

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 2025 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”) on the Kindersley Lithium Project (“KLP”) with Denison Mines Corp. (“Denison”). Under the Earn-in, 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. The operating overhead recovery stems from the rate charged back to the former employees of the Company, who are now independent contractors to the Company, for services performed for the KLP under the Earn-in.

GROUNDED LITHIUM CORP.

SELECTED NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

2. BASIS OF PRESENTATION

a) Statement of compliance

These financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee.

The financial statements were authorized for distribution by the Company’s Board of Directors on April 16, 2025.

b) Basis of measurement

These financial statements are stated in Canadian dollars which is the Company’s functional currency and were prepared on a going concern basis, under the historical cost convention except for financial instruments that have been measured at fair value.

Expenses in the statement of operations and comprehensive loss are presented as a combination of function and nature in conformity with industry practice. Share-based compensation and depreciation are presented on separate lines by their nature, while operating expenses and net general and administrative expenses are presented on a functional basis.

3. MATERIAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Cash

Cash includes cash on hand at Canadian financial banking institutions.

When cash is not available for use directly by the Company to finance general operations as a result of contractual or other specific obligations, it is classified as Restricted Cash.

Short-term investments

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

GROUNDING LITHIUM CORP.

SELECTED NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

Exploration and evaluation (“E&E”) assets

E&E assets consist of mineral permit acquisition costs and exploration costs directly related to specific properties and are deferred, commencing on the date that the Company acquires legal rights to explore a mineral property, until technical and economic feasibility of extracting a mineral resource is demonstrable, or until the properties are sold or abandoned. All other costs, including administrative overhead, are expensed as incurred. E&E assets are not depreciated or depleted. If the properties enter the development phase, they will be reclassified from E&E assets and depletion will commence using the unit of production basis based upon proven reserves. If the properties are sold or abandoned, these expenditures will be written off.

The Company currently has one Cash Generating Unit (“CGU”) – Kindersley and Sceptre Lithium Project, (2023 – 2 CGUs). An impairment loss is recognized on the Company’s E&E assets when the carrying amount of the asset, or its CGU, exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Property and equipment

Property and equipment is recorded at cost less accumulated depreciation and impairment losses. Where an item of property and equipment comprises significant components with different useful lives, the components are accounted for as separate items of property and equipment.

The cost of replacing an item within property and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the part that has been replaced is expensed.

Depreciation is calculated at the following declining balance basis:

Office furniture and equipment	20 percent
Computer equipment	25 percent
Computer software	33 percent

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date.

GROUNDING LITHIUM CORP.

SELECTED NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

A lease liability is initially measured at the present value of the unpaid lease payments, discounted using the lessee's incremental borrowing rate applied to the lease liabilities. Subsequently, the Company measures a lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation or any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. The estimated decommissioning provision is recorded as a liability in the period in which it is incurred, with a corresponding increase in the carrying amount of the related asset. Decommissioning provision is measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position using the risk-free rate. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as a finance cost and increases/decreases in the provision due to changes in estimated future cash flow are recorded as adjustments to the carrying amount of the related asset. The capitalized amount is depreciated along with the related asset using the unit-of-production method based on proved and probable reserves. Actual costs incurred upon the settlement of the decommissioning provision are charged against the decommissioning provision to the extent the provision was established.

GROUNDING LITHIUM CORP.

SELECTED NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

Financial instruments

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost; fair value through other comprehensive income (“FVOCI”); or fair value through profit or loss (“FVTPL”). Financial assets are categorized based on the Company’s objective for the asset and the contractual cash flows. A financial asset is classified as amortized cost if the asset is held with the objective to collect contractual cash flows that are solely payments of principal and interest on principal amounts outstanding. A financial asset is classified as FVOCI if the asset is held with the objective to both collect contractual cash flows and sell the financial asset. All other financial assets are measured at FVTPL. Financial assets are assessed for impairment using an expected credit loss model. Trade and other receivables are classified and measured at amortized cost. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Transaction costs that are directly attributable to the acquisition or issue of a financial asset or a financial liability classified as FVTPL are expensed at inception of the contract. For a financial asset or a financial liability carried at amortized cost, transaction costs directly attributable to acquiring or issuing the asset or liability are added to, or deducted from, the fair value on initial recognition and amortized through net income or loss over the term of the financial instrument.

The measurement categories for each class of financial asset and financial liability are summarized in the following table:

Financial Instrument	Classification
Cash and restricted cash	Amortized cost
Accounts receivable	Amortized cost
Prepaid expenses	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Restricted share unit liability	FVTPL

Financial instruments may be utilized by the Company to manage its exposure to commodity price fluctuations and foreign currency exposures. The Company’s practice is not to utilize financial instruments for trading or speculative purposes. The Company has not designated its financial derivative contracts as effective accounting hedges, and thus has not applied hedge accounting, even though the Company considers all financial derivative contracts to be economic hedges. As a result, all financial derivative contracts are classified at fair value through profit or loss and are recorded on the statement of financial position at fair value. Transaction costs are recognized in profit or loss when incurred.

Impairment of financial assets is determined by calculating the expected credit loss (“ECL”). The Company measures an ECL allowance for trade and other receivables. The Company determines the ECL which is the probability of default events related to the financial asset by using historical realized bad debts and forward-looking information. The carrying amounts of financial assets are reduced by the amount of the ECL through an allowance account and losses are recognized with general and administrative expense in the statement of income or loss.

Share-based compensation

Compensation expense associated with share-based compensation plans is recognized in profit or loss, over the vesting period of the plan, with a corresponding increase in contributed surplus. Compensation expense is based on the fair value of the equity-based compensation at the date of the grant determined in part based on the Black-Scholes option pricing model. The amount recognized as an expense is adjusted to reflect the actual number of stock options for which the related service conditions are met. The amount of non-cash compensation expense for equity-based plans is recognized in contributed surplus and is recorded as an increase in shareholders’ equity when equity based compensation plans are exercised.

GROUNDING LITHIUM CORP.

SELECTED NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is also recognized in equity.

Current tax is the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, based on laws enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities when the Company intends to settle current tax liabilities and assets on a net basis, or when the tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Per share information

Basic per share amounts are calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the year. Diluted per share amounts are determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which consist of performance warrants and stock options granted to employees.

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Impairment of financial assets is determined by calculating the ECL. The Company measures an ECL allowance for trade and other receivables. The Company determines the ECL which is the probability of default events related to the financial asset by using historical realized bad debts and forward-looking information. The carrying amounts of financial assets are reduced by the amount of the ECL through an allowance account and losses are recognized with general and administrative expense in the statement of operations and comprehensive loss.

All impairment losses are recognized in the statement of operations and comprehensive loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the statement of operations and comprehensive loss.

GROUNDING LITHIUM CORP.

SELECTED NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than E&E assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. E&E assets are assessed for impairment when they are reclassified to lithium properties and equipment, as lithium interests, and also if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When testing lithium assets or lithium interests, the CGU is generally the field except where several field interests are grouped because cash inflows are interdependent.

Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proven and probable reserves.

Goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to the CGUs that are expected to benefit from the synergies of the combination. E&E assets are allocated to related CGUs when they are assessed for impairment, both at the time of any triggering event and circumstances as well as on reclassification to lithium properties.

An impairment loss is recognized in the statement of operations and comprehensive loss if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

Finance income and expenses

Finance income consists of interest income on funds invested. Interest income is recognized as it accrues in the statement of operations and comprehensive loss, using the effective interest method.

Finance expense consists of interest expense on borrowings, accretion of the discount on provisions and impairment losses recognized on financial assets.

Borrowing costs incurred for the construction of qualifying assets, except E&E assets, are capitalized during the period of time that is required to complete and prepare the assets for their intended use or sale. All other borrowing costs are recognized in the statement of operations and comprehensive loss using the effective interest method. The capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the Company's outstanding borrowings during the year.

Foreign currency gains and losses, reported under finance income and expenses, are reported on a net basis.

GROUNDING LITHIUM CORP.

SELECTED NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the consolidated financial statements and revenue and expenses for the period then ended. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note 1 – nature of operations and going concern
- Note 10 – valuation of exploration assets
- Note 13 – deferred income taxes
- Note 14 – measurement of share-based payments

Critical judgments in applying accounting policies

The following are critical judgements that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Taxes

The Company recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available to utilize the Company's deductible temporary differences which are based on management's judgement on the degree of future taxable profits. To the extent that future taxable profits differ significantly from the estimates impacts the amount of deferred tax assets management judges is probable.

Financial instruments

The Company is required to classify its various financial instruments into certain categories for the financial instruments' initial and subsequent measurement. This classification is based on management's judgement as to the purpose of the financial instrument and to which category is most applicable.

Going concern

Management has applied judgment in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the year ended December 31, 2024. Management prepares the financial instruments on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considers a wide range of factors relating to current and expected profitability, debt repayment schedules and potentials source of financing.

Impairment of E&E assets

The Company's exploration and evaluation assets are evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amounts is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amounts. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use. Management's criteria for evaluating indications of impairment in the asset carrying values include both external and internal factors such as market and economic conditions,

GROUNDING LITHIUM CORP.

SELECTED NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

commodity prices, future plans for the Company's mineral properties and mineral resources and/or reserve estimates.

Establishing CGU

For the purpose of assessing impairment of its long-term assets, the Company determines the CGU; as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The determination of the CGU and the classification of the Company's assets to the determined CGU require significant judgment having a potentially significant incidence on the result of the subsequent impairment analysis. The Company periodically reviews the determination of the CGU and the corresponding grouping of the Company's assets, including its assets classified as common assets. Management has determined that the Company has one CGU.

Key sources of estimation uncertainty

The following are key estimates and their assumptions made by management affecting the measurement of balances and transactions in these financial statements.

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, is subject to measurement uncertainty.

Share-based payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Determining the fair value of such share-based awards requires estimates as to the appropriate valuation model and the inputs for the model require assumptions including the rate of forfeiture of options granted, the expected life of the options, the Company's share price and its expected volatility, the risk-free interest rate and the expected dividends.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Property and equipment

Estimation of recoverable quantities of proven and probable reserves include estimates and assumptions regarding future lithium prices, exchange rates, discount rates and production and transportation costs for future cash flows as well as the interpretation of complex geological and geophysical models and data. Changes in reported reserves can affect the impairment of assets, the decommissioning obligations, the economic feasibility of exploration and evaluation assets and the amounts reported for depletion, depreciation and amortization of property, plant and equipment. These reserve estimates are verified by third party professional engineers, who work with information provided by the Company to establish reserve determinations in accordance with National Instrument 43-101.

Decommissioning liability

The Company estimates the decommissioning obligations for lithium wells and their associated production facilities and pipelines. In most instances, removal of assets and remediation occurs many years into the future. Amounts recorded for the decommissioning obligations and related accretion expense require assumptions regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, inflation estimates, future removal technologies in determining the removal cost, and the estimate of the liability specific discount rates to determine the present value of these cash flows.

GROUNDING LITHIUM CORP.

SELECTED NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

5. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities

The fair value of cash, accounts receivable and accounts payable and accrued liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At December 31, 2024 and December 31, 2023, the fair value of these balances approximated their carrying value due to their short term to maturity.

Share-based payment transactions

The fair value of employee stock options and performance warrants is measured in part using the Black-Scholes option pricing models. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends and the risk-free interest rate.

6. 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.

	Year ended December 31, 2024	Year ended December 31, 2023
Balance, beginning of year	\$ -	\$ 2,250,000
GIC, maturity date November 7, 2023 3.25%	-	(1,000,000)
GIC, maturity date November 9, 2023 3.25%	-	(750,000)
GIC, maturity date November 9, 2023 3.25%	-	(500,000)
GIC, maturity date January 29, 2025 4.25%	100,000	-
Balance, end of year	\$ 100,000	\$ -

7. PREPAID EXPENSES

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

	Year ended December 31, 2024	Year ended December 31, 2023
Investor relation fees	\$ -	\$ 50,000
Subsurface mineral permit rentals	-	58,332
Insurance	13,449	23,565
Communications and software	1,082	22,391
Lease liability rating deposit	10,200	10,200
Office lease deposit	-	9,565
Balance, end of period	\$ 24,731	\$ 174,053

GROUNDED LITHIUM CORP.
SELECTED NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

8. PROPERTY AND EQUIPMENT

(\$)	Total
Cost	
Balance at December 31, 2022	\$ 40,369
Additions	-
Balance at December 31, 2023	\$ 40,369
Additions	-
Balance at December 31, 2024	\$ 40,369
Accumulated depreciation:	
Balance at December 31, 2022	\$ (7,961)
Depreciation for the year	(10,803)
Balance at December 31, 2023	\$ (18,764)
Depreciation for the year	(10,802)
Balance at December 31, 2024	\$ (29,566)
Net carrying value:	
Balance December 31, 2023	\$ 21,605
Balance December 31, 2024	\$ 10,803

As at December 31, 2024 and December 31, 2023, no impairment indicators were identified and therefore an impairment test was not performed.

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company leased office space with a term from November 2022 to June 2024. The lease payments were discounted using the Company's incremental borrowing rate of ten percent at the inception of the lease to calculate the lease liability. The office space lease was not renewed and the Company conducts operations virtually/remotely.

Right-of-use Assets

(\$)	Total
Cost	
Balance at December 31, 2022	\$ 141,918
Depreciation	(94,612)
Balance at December 31, 2023	\$ 47,306
Depreciation	(47,306)
Balance at December 31, 2024	\$ -

GROUNDING LITHIUM CORP.
SELECTED NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

Lease Liability

(\$)	Total
Balance at 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
Balance at December 31, 2024	\$ -

10. EXPLORATION AND EVALUATION ASSETS (“E&E”)

The following table summarizes the Company’s E&E asset expenditures in its Kindersley Lithium Project (“KLP”) as at December 31, 2024:

	Year ended December 31, 2024	Year ended December 31, 2023
Cost		
Balance, beginning of year	\$ 2,881,800	\$ 2,461,365
Property acquisition	-	428,328
Royalty disposition	(800,000)	-
Production testing/completions	-	23,168
Other	-	350
Decommissioning asset	(551)	(156)
Balance, end of year	\$ 2,081,249	\$ 2,913,055
Impairment expense	-	(31,255)
Balance, end of year	\$ 2,081,249	\$ 2,881,800

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.

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

Consideration	
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.

GROUNDING LITHIUM CORP.

SELECTED NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

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 on the KLP with Denison. Under the Earn-in, 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 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. The Company also sold a two percent gross overriding royalty on the KLP in accordance with the terms of a royalty agreement for a cash payment of \$800,000 from Denison. As the amount received was in relation to an interest in a capital project the \$800,000 has reduced the E&E balance for the year ended December 31, 2024.

As at December 31, 2024, no impairment indicators were identified and therefore an impairment test was not performed.

11. RESTRICTED SHARE UNIT LIABILITY

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

	Year ended December 31, 2024	Year ended December 31, 2023
Balance, beginning of year	\$ -	\$ -
Reclass from contributed surplus (i)	167,537	-
Share-based compensation (ii)	55,925	-
Revaluation of restricted share unit (iii)	(160,729)	-
Balance, end of year	\$ 62,733	\$ -

- (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 which are expected to be settled in cash. 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.
- (iii) On December 31, 2024, the Company recorded a mark-to-market gain for the remaining 1,568,323 RSU's at \$0.04.

GROUNDING LITHIUM CORP.

SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

12. 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 December 31, 2024 to be approximately \$10,200 (December 31, 2023 - \$10,200) with the abandonment expected to commence in 2042. A discount rate of 3.33 percent (December 31, 2023 - 3.02 percent) and an inflation rate of 2.1 percent (December 31, 2023 - 2.1 percent) was used to calculate the decommissioning provision.

A reconciliation of the decommissioning provision is provided below:

	Year ended December 31, 2024	Year ended December 31, 2023
Balance, beginning of year	\$ 8,602	\$ 8,492
Provisions made during the year	-	-
Change in discount rate	(551)	(156)
Accretion	270	266
Balance, end of year	\$ 8,321	\$ 8,602

13. TAXES

The provision for income taxes in the financial statements differs from the result which would have been obtained in applying the combined federal and provincial tax rate to the Company's earnings before income taxes. The difference results from the following items:

	Year ended December 31, 2024	Year ended December 31, 2023
Loss before taxes	\$ 1,073,898	\$ 4,187,227
Combined federal and provincial tax rate	23.0%	23.0%
Computed "expected" income tax reduction	246,997	963,062
Increase (decrease) in income taxes resulting from:		
Non-deductible share-based compensation	(65,559)	(204,118)
Tax assets not recognized	(181,438)	(758,944)
Deferred income tax reduction	\$ -	\$ -

A summary of deferred tax assets (liabilities) as at December 31, 2024 and 2023 is provided below:

	Year ended December 31, 2024	Year ended December 31, 2023
Property, plant and equipment	\$ (280,393)	\$ (199,974)
Non capital losses	163,185	25,245
Share issuance costs	117,208	174,729
	\$ -	\$ -

GROUNDED LITHIUM CORP.
SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS

For the periods ended December 31, 2024 and December 31, 2023

A summary of unrecognized temporary differences at December 31, 2024 and 2023 is provided below:

	Year ended December 31, 2024	Year ended December 31, 2023
Non capital losses	\$ 8,378,800	\$ 7,696,955
Share issuance costs	-	-
	\$ 8,378,800	\$ 7,696,955

A summary of tax pools at December 31, 2024 is provided below:

	Amount	Maximum Annual Deduction
Canadian mining property	\$ 794,120	30%
Undepreciated capital cost	78,830	20% to 30%
Share issue costs	509,600	20%
Non-capital losses	9,088,300	100%
Total	\$ 10,470,850	

At December 31, 2024, the Company has non-capital losses of approximately \$9,088,300 available to shelter future taxable income. The non-capital loss carry-forwards will expire in 2041 if not utilized, subject to provisions of the Income Tax Act of Canada that may limit the Company's ability to utilize these losses.

14. 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 year.

a) Issued and outstanding

	Year ended December 31, 2024		Year ended December 31, 2023	
	Number of Common Shares	Amount	Number of Common Shares	Amount
Balance, beginning of year	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 year	78,279,227	\$ 12,076,957	76,613,873	\$ 11,968,709

GROUNDED LITHIUM CORP.

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For the years ended December 31, 2024 and December 31, 2023

- (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 10*);
- (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 at that time 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.

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

GROUNDING LITHIUM CORP.
SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

The following table summarizes the activity under the Company's stock option plan:

	Year ended December 31, 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 year	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 year	9,589,100	\$ 0.17	5,523,100	\$ 0.24
Exercisable, end of year	5,741,465	\$ 0.20	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 December 31, 2024:

Options Outstanding at December 31, 2024			Options Exercisable at December 31, 2024		
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Exercise Price (\$/share)	Number Exercisable	Weighted Average Exercise Price (\$/share)
\$0.06	4,066,000	4.2	\$0.06	1,355,333	\$0.06
\$0.10	638,200	1.9	\$0.10	638,200	\$0.10
\$0.18	1,360,900	2.0	\$0.18	907,267	\$0.18
\$0.25	50,000	2.0	\$0.25	33,332	\$0.25
\$0.29	2,000,000	2.8	\$0.29	1,333,333	\$0.29
\$0.30	1,474,000	3.1	\$0.30	1,474,000	\$0.30
	9,589,100	3.3	\$0.17	5,741,465	\$0.20

GROUNDED LITHIUM CORP.
SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 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:

	Year ended December 31, 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 (%)	-	-
Fair value of stock options granted (\$/share)	0.04	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 year ended December 31, 2024 was \$339,641 (2023 - \$575,644).

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 timeframe 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:

	Year ended December 31, 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 and end of year	3,360,000	\$ 0.75	3,360,000	\$ 0.75
Exercisable, end of year	2,452,732	\$ 0.74	1,545,467	\$ 0.71

Share-based compensation from performance warrants recognized in net loss for the year ended December 31, 2024 was \$106,624 (2023 - \$106,624).

GROUNDING LITHIUM CORP.
SELECTED NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

The following table summarizes information regarding performance warrants outstanding at December 31, 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	3.9	\$ 0.25	159,550	\$ 0.25	
\$0.40	680,450	4.0	0.40	453,633	0.40	
\$0.50	159,550	3.9	0.50	159,550	0.50	
\$0.65	680,450	4.0	0.65	453,633	0.65	
\$0.75	159,550	3.9	0.75	159,550	0.75	
\$0.90	680,450	4.0	0.90	453,633	0.90	
\$1.00	159,550	3.9	1.00	159,550	1.00	
\$1.15	680,450	4.0	1.15	453,633	1.15	
	3,360,000	4.0	\$ 0.75	2,452,732	\$ 0.74	

Finders' Warrants

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

	Year ended December 31, 2024		Year ended December 31, 2023	
	Number of Finders' Warrants	Weighted Average Exercise Price (\$/warrant)	Number of Performance Warrants	Weighted Average Exercise Price (\$/warrant)
Balance, beginning of year	2,347,746	\$ 0.19	2,351,862	\$ 0.19
Exercised (i)	-	-	(4,116)	(0.25)
Expired (ii)	(2,347,746)	(0.19)	-	-
Balance, end of year	-	\$ -	2,347,746	\$ 0.19
Exercisable, end of year	-	\$ -	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.
- (ii) On August 21, 2024, 2,004,137 finders' warrants at an exercise price of \$0.18 per share expired.
- (iii) On November 3, 2024, 343,609 finders' warrants at an exercise price of \$0.25 per share expired.

GROUNDED LITHIUM CORP.

SELECTED NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

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 \$119,812. 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:

	Year ended December 31, 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 year	15,478,721	\$ 0.43	12,000,000	\$ 0.50
Issue of warrants	-	-	3,478,721	0.18
Expired (i)	(12,000,000)	(0.50)	-	-
Balance, end of year	3,478,721	\$ 0.18	15,478,721	\$ 0.43

- (i) On November 3, 2024 12,000,000 warrants at an exercise price of \$0.50 per share expired.

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

	Year ended December 31, 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 (%)	-	-
Fair value of warrants granted (\$/share)	-	0.03

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

GROUNDING LITHIUM CORP.

SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

Restricted Share Units

On February 8, 2023, the Company granted 1,018,000 Restricted Share Units (“RSU’s”) at \$0.30 per share to certain employees, officers and directors under the Plan. 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 restricted share units:

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

Share-based compensation from restricted share units recognized in net loss for the year ended December 31, 2024 was \$55,925 (2023 - \$205,204).

(c) Per share amounts

The Company calculates per share amounts based on the weighted average Common Shares outstanding for the years ended December 31, 2024 and December 31, 2023. For both periods ended December 31, all the stock options, performance warrants, RSU’s and finders’ warrants were anti-dilutive and were omitted from the weighted average number of diluted Common Shares outstanding calculation.

	Year ended December 31, 2024	Year ended December 31, 2023
Weighted average Common Shares outstanding	77,992,568	71,245,719
Dilutive stock options, RSU’s and performance warrants outstanding	-	-
Weighted average diluted Common Shares outstanding	77,992,568	71,245,719
Net loss per Common Share		
Net loss	\$ (1,073,898)	\$ (4,187,227)
Basic (\$/share)	(0.01)	(0.06)
Diluted (\$/share)	(0.01)	(0.06)

GROUNDED LITHIUM CORP.
SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

15. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital comprise:

	Year ended December 31, 2024	Year ended December 31, 2023
Change in receivables	\$ (511,504)	\$ 63,115
Change in prepaid expenses and deposits	149,322	208,882
Change in accounts payable and accrued liabilities	382,999	(283,703)
	\$ 20,817	\$ (11,706)
Change in operating non-cash working capital	(9,617)	95,038
Change in investing non-cash working capital	30,434	(106,744)

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 14 (a)(iv)*).

16. FINANCE INCOME (EXPENSE)

	Year ended December 31, 2024	Year ended December 31, 2023
Finance income:		
Interest income on short-term investments	\$ 10,760	\$ 16,179
Finance expenses:		
Non-deductible interest and penalties	-	(445)
Misc interest expense	(129)	
Interest on lease liabilities	(1,029)	(10,751)
Accretion on decommissioning provision	(270)	(266)
	(1,428)	(11,462)
Net finance income recognized in profit or loss	\$ 9,332	\$ 4,717

17. COMMITMENTS

Grounded has no financial commitments as at December 31, 2024.

GROUNDLED LITHIUM CORP.

SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

As at December 31, 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 December 31, 2024, the Company had unrestricted, restricted cash and cashable GIC's of \$171,970 (2023 - \$219,241).

The Company's secondary exposure to credit risk is on its receivables. As at December 31, 2024, the Company had a receivable of \$441,402 (December 31, 2023 - \$ nil) pursuant to the Earn-In and \$83,708 (December 31, 2023 - \$13,606) in taxes receivable from Canada Revenue Agency and interest receivable. The Company did not have any allowance for doubtful accounts as at December 31, 2024 and did not provide for any doubtful accounts nor was it required to write-off any of the receivable during the year ended December 31, 2024.

As at December 31, 2024, 100 percent (100 percent at December 31, 2023) of the Company's accounts receivable were under 90 days in age and considered collectible.

Aging

Current (less than 90 days)	\$ 525,110
Past due (over 90 days)	-
Total	\$ 525,110

(b) Liquidity risk

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

As at December 31, 2024, the Company had a working capital surplus of \$80,725 (2023 - \$67,543 working capital deficit). At December 31, 2024, the Company had a cash, restricted cash and short term investments (GIC's) of \$271,970 (2023 - \$219,241), which is not sufficient to pay its current liabilities of \$738,956 (2023 - \$474,443) and to continue operations through 2025.

GROUNDED LITHIUM CORP.
SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

The following are the contractual maturities of financial liabilities, including estimated interest payments as of December 31, 2024:

	Accounting amount	Contractual cash flows total	< 1 year	1 – 2 years	2 – 5 years	More than 5 years
Accounts payable and other liabilities	\$692,831	\$692,831	\$692,831	\$ -	\$ -	\$ -
Restricted share units	62,733	62,733	48,255	12,517	-	-

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

	Accounting amount	Contractual cash flows total	< 1 year	1 – 2 years	2 – 5 years	More than 5 years
Accounts payable and other liabilities	\$418,080	\$418,080	\$418,080	\$ -	\$ -	\$ -
Office lease liabilities	57,392	57,392	57,392	-	-	-

(c) Market risk

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

Foreign currency exchange rate risk

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

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

Commodity price risk

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

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

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company had no debt outstanding during the year ended December 31, 2024.

GROUNDING LITHIUM CORP.

SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS

For the years ended December 31, 2024 and December 31, 2023

(d) Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations. The Company's policy and objective is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital and contributed surplus, net of accumulated deficit. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements. 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 year. The Company is not subject to any externally imposed capital requirements.

19. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2024, legal services totalling \$65,938 (2023 - \$233,851) were provided by a law firm in which an Officer of the Company is a partner. As at December 31, 2024, there is \$27,736 (2023 - \$78,432) included in accounts payable and accrued liabilities related to these services.

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers. Key management personnel includes the Chief Executive Officer, Senior V.P. Corporate Development & Chief Financial Officer, V.P. of Operations, V.P. of Exploration, and V.P. of Land and Regulatory and directors.

For the year ended December 31, 2024, 3,944,000 stock options (2023 - 1,437,000), nil performance warrants (2023 - nil) and 1,692,000 restricted share units (2023 - 1,018,000) were granted to key management personnel.

During the years ended December 31, 2024 and 2023, the remuneration for key management personnel was as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Wages and salaries	\$ 106,724	\$ 637,418
Share-based compensation	473,166	833,118
Total employee remuneration	\$ 579,890	\$ 1,470,536

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