



Scalable Technologies for Next-generation Batteries

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

For the Three Months Ended June 30, 2023

Li-Metal Corp. (formerly Eurotin Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Introduction	3
2. Overview of the Company.....	4
3. Overview of Our Strategy and Progress to Date.....	6
4. Recent Developments.....	8
5. Selected Quarterly Financial Information.....	9
6. Liquidity and Capital Resources.....	12
7. Outstanding Share Data.....	14
8. Off Balance Sheet Arrangements.....	15
9. Related Party Transactions.....	15
10. Critical Accounting Estimates.....	15
11. Qualitative & Quantitative Disclosures about Risks and Uncertainties...17	
12. Forward Looking Statements.....	21

Li-Metal Corp. (formerly Eurotin Inc.)

1. Introduction

This interim Management's Discussion and Analysis ("MD&A") of Li-Metal Corp. ("Li-Metal", "We", "Us", "Our" or the "Company") includes its wholly owned subsidiaries and includes the operating and financial results for the quarters ending June 30, 2023 and June 30, 2022 and should be read in conjunction with the Company's interim financial statements for the quarter ended June 30, 2023, including the notes thereon (the "Consolidated Financial Statements").

The Company's interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. This MD&A was prepared as of August 29, 2023, and all information is current as of such date. Readers are encouraged to read the Company's public information filings on SEDAR at www.sedar.com. The Company's Financial Statements are available on Li-Metal's website at www.li-metal.com

This discussion provides management's analysis of the Company's historical operating and financial results and provides estimates of future operating and financial performance based on information currently available. Actual results may vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance. Cautionary statements regarding forward-looking information and mineral reserves and mineral resources can be found in Section 12 titled "Forward-Looking Statements".

This Interim MD&A has been prepared to provide material updates to the business operations, liquidity and capital resources of the Corporation since its last management discussion & analysis, being the Management Discussion & Analysis ("**Annual MD&A**") for the fiscal year ended March 31, 2023. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, the audited annual consolidated financial statements of the Company for the year ended March 31, 2023. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three months ended June 30, 2023 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as of August 29, 2023 unless otherwise.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Li-Metal's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Li-Metal Corp. (formerly Eurotin Inc.)

Management's Discussion and Analysis for Li-Metal is the responsibility of management, and the Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the MD&A.

2. Overview of the Company

2.1 Our History

Li-Metal is a Canadian based technology company, specializing in the development of technologies for the next generation battery supply chain, focused on metallic lithium metal and lithium anode materials and their production.

The head office of the Company is located at 90 Riviera Drive, Markham, Ontario, L3R 5M1. The registered office of Li-Metal is located at 77 King Street West, TD North Tower, Suite 700, Toronto, Ontario, M5K 1G8.

In October 2021, the Company, which at the time was named Eurotin Inc. ("Eurotin"), completed the acquisition of 255663 Ontario Limited (DBA as Li-Metal) through a share exchange transaction (RTO Transaction). Following completion of the RTO Transaction, the Company amalgamated with 255663 Ontario Limited and changed its name to Li-Metal Corp.; the Company also changed its fiscal year from December 31 to March 31. Since the Company holds all 255663 Ontario Limited assets and liabilities and will continue with its operations the historical figures presented herein for the three and twelve months ended December 31, 2020 represent those of 255663 Ontario Limited. 255663 Ontario Limited was incorporated under the OBCA on January 11, 2017. On May 7, 2019, 255663 Ontario Limited filed articles of amendment under the OBCA to change the classes and maximum number of shares that Ontario Limited is authorized to issue.

On March 31, 2021, the Company incorporated in Albany, NY USA its wholly owned subsidiary Li-Metal US Inc.

On October 25, 2021, the Company changed its name to Li-Metal Corp. concurrent with the appointment of the new board of directors ("Board") and management team and the expansion of the corporate growth strategy.

On November 3, 2021, the common shares of the Company began trading on the Canadian Securities Exchange (the "CSE") under the ticker "LIM".

2.2 Our Products

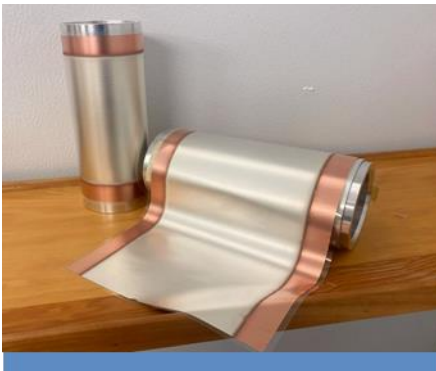
Li-Metal Corp is developing three key technologies – production of lithium metal from lithium carbonate, production of ultra-thin lithium anodes using physical vapor deposition (PVD) and the reprocessing of metal anode scrap into usable metal ingots. The three complementary technologies are intended to function together in a vertically integrated and sustainable battery materials production process that will accept lithium carbonate salt or scrap metal anodes as the lithium source and produce metallic lithium or lithiated anode materials (battery components) for next-generation batteries. The Company plans to build commercial facilities to manufacture lithium metal, produce lithiated metal anodes and reprocess scrap lithium from anode production once the technologies are ready for commercialization. The two principal technologies being scaled-up by LIM include:

Li-Metal Corp. (formerly Eurotin Inc.)

LiM Metal Production Process (LMPP) – This patent-pending process uses molten-salt electrolysis to convert lithium carbonate to a lithium metal product which can potentially be sold either to the existing lithium metal market or be used as the input for Li-Metal’s anode production process. The principal advantage of the LMPP is that it allows lithium carbonate, the most widely available lithium salt, to be used directly in the process, while eliminating the significant chlorine gas generation associated with conventional lithium metal production processes.



LiM PVD Anodes (LAP) – This technology comprises proprietary processes and products which use physical vapour deposition (PVD) to form ultra-thin lithium metal anode materials on a variety of metallic and polymer substrates. PVD offers the potential for low-cost production of these materials at scale, and at thickness that have not been commercially achievable by conventional foil rolling. Additionally, the flexibility of the production process allows alterations to material composition and structure to be made that improve the electrochemical performance of the materials relative to conventional foil anodes at modest incremental cost.



LiM Metal Reprocessing (LMR) – Li-Metal is in the process of commissioning a pilot scale ingot casting capability to support its sample production and alloying needs. An element of this project, funded under the OVIN grant, will see Li-Metal build on its experience in alloying to develop specialized treatment processes and alloying equipment, and casting equipment that will enable the production of custom alloys, with a focus on the specific lithium-magnesium alloys required by some battery technologies. Li-Metal is establishing the capability to reprocess scrap lithium anode

Li-Metal Corp. (formerly Eurotin Inc.)

foils, ingot buds etc. and cast it into viable ingots, crucible and other formats based on customer requirements.

3. Overview of Our Strategy and Progress to Date

To position the Company for long-term growth, we will focus on executing a three-fold strategy:

1. Position Li-Metal as the preferred anode partner to next-gen battery developers and OEMs

- Advance our Anode Business in line with Customer Growth: The Li-Metal team continues to progress our ultra-thin metal anodes business, further strengthening our technological advantage with our roll-to-roll physical vapor deposition (PVD) process. Our efforts to accelerate customer engagement have resulted in increased requests for samples and we are strategically expanding our workforce at our Rochester anode facility to meet this demand.
- Secure Commercial Partnerships with Key Players in the Next Generation Battery Industry: Li-Metal continues to build relationships with leading battery developers and automakers. Over the last quarter, the business development team has accelerated these conversations, with the aim of converting these conversations into strategic agreements to secure a robust customer pipeline for our anode materials. In addition, Li-Metal is also engaged in conversations with customers for sale of PVD equipment for in-house production of anodes. As we work towards prototype commercial-scale PVD capabilities, which we expect we will achieve in 2024, it is critical for us to build a healthy order book to maximize our PVD process and technology.

2. Scale-up our modular metal production and scrap reprocessing process

- Demonstrate Modular Lithium Metal Production: As we continue to engage with our customers, it has become evident that a sustainable and modular process for producing lithium metal is crucial. The projected demand for lithium metal is expected to increase by 10-12 times the current capacity by 2030 to 40,000 tonnes¹ per annum. Our team has diligently been working to advance our modular lithium metal production technology and prove it at the current pilot scale; an important milestone in this endeavor is the ongoing engineering study, which we are conducting in collaboration with an external engineering firm and expect to finalize this year.
- Establish a Pilot to Demonstrate Lithium Anode Scrap Reprocessing: As we continue to supply customers with sample metal anode material, a need to reprocess scrap anodes has evolved and we believe this presents an accretive opportunity for Li-Metal. To our knowledge, there are currently no reprocessing facilities in North America and customers are actively looking for solutions for their scrap lithium foil. The Company is currently commissioning a pilot scale lithium metal anode scrap reprocessing and casting facility with material supplied by potential customers and aims to demonstrate the process at pilot scale. The process will allow scrap lithium to be reintroduced in the battery supply chain industry and minimize lithium waste.

3. Strategic partnerships and new customer agreements

- Develop Partnership with Key Equipment Supplier: A key development for the commercial team was the entering of a non-binding agreement with Mustang Vacuum Systems ("MVS"), a seasoned

¹ <https://www.mckinsey.com/industries/metals-and-mining/our-insights/australias-potential-in-the-lithium-market>

Li-Metal Corp. (formerly Eurotin Inc.)

PVD machine builder and technological leader, for the exclusive supply of high-performance PVD machines to produce battery materials for next-generation batteries. The partnership supports Li-Metal's growth strategy for its anode business by securing an experienced machine building partner, thus improving ability to serve its growing customer base.

- Secure Long-Term Contracts with Customers: The Li-Metal commercial team also secured its first major recurring commercial order for anode materials with a battery developer. This key commercial agreement generates future revenues while providing an additional opportunity to further validate the performance of our anode materials. Furthermore, we continue to expand upon the discussions we are having with battery developers and automotive OEMs.
- Advance plans for Commercial Demonstration Scale Anode Plant: The Li-Metal commercial team continues to receive inquiries from OEMS and next generation battery developers regarding producing wider and longer rolls of anode materials. The team is currently exploring different options to commence the buildout of its commercial scale PVD unit and sign contractual agreements with potential customers to supply them with anode material.

Key Milestones Achieved:

- The Li-Metal team has continued to make significant progress and achieved the following milestones: **Successful Pilot Production of Metal Directly from Lithium Carbonate:** In May 2023, the team accomplished a major milestone for our lithium metal business as we successfully produced lithium metal directly from lithium carbonate. This helps further demonstrate Li-Metal's patented lithium metal technology can produce this strategic next-generation battery material sustainably. Li-Metal continues to advance its technology and aim to scale up production to full-scale capacity at our pilot plant. The full scale pilot production of lithium metal will help prove the economics of the process and bring the technology one step closer to commercialization.
- **Anode Production in Rochester:** The Company continues to demonstrate its ability to produce high performance anode materials for production qualification using our roll-to-roll PVD technology, equipment and process. To-date in 2023, the team produced approximately 7,000 metres of sample lithium metal anode material for its customers and internal R&D. Li-Metal continues to achieve high efficiency and process intensity metrics, which are important targets for PVD processes.
- **Non-Dilutive Grant Funding:** In June 2023, Li-Metal was awarded non-dilutive funding of more than CAD\$1.4 million in grants, from various programs sponsored by the Government of Ontario, to develop and commercialize our lithium metal production technology. The funding from the Ontario Vehicle Innovation Network (\$930,826) and the Critical Minerals Innovation Fund (\$500,000) further supports our efforts to advance our growth strategy for our lithium metal business. We believe receiving these grants also further validates our technology and endorses the role that Li-Metal plays in building a next-generation battery supply chain.
- **Protecting our Technology and IP Portfolio:** In support of our ongoing product development roadmap, Li-Metal continues to expand its intellectual property portfolio with a total of 33 patents and patents pending.

Li-Metal Corp. (formerly Eurotin Inc.)

The Company is engaged in the research, development and commercialization of innovative new technologies for developing lithium metal anodes and lithium metal production technologies for use in next-generation batteries. As with most companies at the R&D stage, it is difficult to estimate timing and costs.

The Company funds these projects from working capital and records the expenses as Research and Development. The Company allocates funds to projects based upon current initiatives and prioritises funding for near term results. In order to develop its assets; complete the projects and to commence profitable operations in the future the Company will need to raise funds from various sources including:

- debt financing on reasonable terms from lenders;
- capital from shareholders and other investors; or,
- other sources including Government funding.

4. Recent Developments

- On April 4, 2023, the Company and Mustang Vacuum Systems Inc. announced their strategic partnership for the production of next-generation battery anodes.
- On April 17, 2023, the Company granted to five officers an aggregated of 2,830,000 Restricted Share Units ("RSU"), 707,500 RSU will vest in 12, 24, 36 and 48 months starting from the date of the grant.
- On April 17, 2023, the Company granted to twenty-two employees an aggregated of 602,981 Restricted Share Units ("RSU"), 200,994 RSU will vest in 12, 24 and 36 months starting from the date of the grant.
- On May 3, 2023, the Company announced the appointment of Dr. Srinu Godavarthy as Chief Executive Officer (CEO) effective May 15, 2023 and the appointment of Co-founder Maciej Jastrzebski as the newly formed role of Chief Technology Officer (CTO).
- On May 23, 2023, the Company announced that it became the first company to produce lithium metal from its patented lithium carbonate process.
- On June 6, 2023, the Company announced that it was awarded \$1.4 million in grant funding from the Government of Ontario.
- On August 1, 2023 the Company announced the appointment of Richard Halka as Chief Financial Officer (CFO) effective immediately and the retirement of the current CFO, Carlos Pinglo. The Company also announced that Kunal Phalpher will be stepping down from his role as President on August 10, 2023, to pursue other opportunities.

Li-Metal Corp. (formerly Eurotin Inc.)

5. Selected Quarterly Financial Information

Summary of Quarterly Results

The current financial statements reflect operating costs resulting from in-house and third-party research and development activities. Developing production processes and advanced products is inherently expensive and raising sufficient capital to continue research and development is a major focus for the management team.

The following tables set out selected financial information of Li-Metal Corp. for the period ended June 30, 2023. Such information is derived from the interim financial statements.

	For the Quarter Ended June 30, 2023	For the Quarter Ended June 30, 2022
Revenues	\$ -	\$ -
Net Gain (Loss) for the period	\$ (4,252,856)	\$ (2,789,472)
Diluted Gain (Loss) per share	\$ (0.03)	\$ (0.02)
Current Assets	\$ 7,795,501	\$ 21,632,928
Total Assets	\$ 12,834,718	\$ 25,461,838
Current Liabilities	\$ 1,104,006	\$ 1,022,547
Cash And Cash Equivalent	\$ 6,719,059	\$ 21,017,722
Property and Equipment	\$ 4,020,830	\$ 2,616,104
Total Equity	\$ 10,945,013	\$ 23,474,322

	For the Quarter Ended June 30, 2023	For the Quarter Ended June 30, 2022
Revenues	\$ -	\$ -
Research and Development	\$ 673,628	\$ 970,119
Salaries and Wages	\$ 277,149	\$ 157,056
Professional Fees	\$ 563,089	\$ 452,457
Share Based Compensation	\$ 477,158	\$ 345,115
Investor relations & reporting issuer costs	\$ 192,318	\$ 195,178
General and Administration	\$ 818,576	\$ 479,550
Interest & bank charges	\$ 2,025	\$ 2,103
Amortization	\$ 938,680	\$ 215,261
Foreign Exchange Loss (Gain)	\$ 234,325	\$ 2,006
Operating Loss	\$ (4,176,948)	\$ (2,818,845)
Interest and Other Income	\$ 134,518	\$ 58,824
Accretion of Lease Liability	\$ (26,364)	\$ (29,451)
Total Loss and Comprehensive Loss for the Period	\$ (4,068,794)	\$ (2,789,472)
Foreign Currency Translation Adjustment	\$ (184,062)	
Total Loss and Comprehensive Loss for the Period	\$ (4,252,856)	\$ (2,789,472)

Li-Metal Corp. (formerly Eurotin Inc.)

Discussions of Operations

Revenues

The Company's activities consist of research & development and technology commercialization in the area of lithium metal production and metallic lithium anode production. The Company currently produces various volumes of sample anode products for distribution to battery developers for research and development purposes.

Research and Development

Research and Development expenditure for first quarter ending June 30, 2023 and June 30, 2022 was \$673,628 and \$970,119, respectively. The decrease for the quarter represents timing of expenditures and activities as the company awaits the outcome of testing. Li-Metal's internal R&D team has grown significantly to support its increasing scope and scale of technology development compared to full fiscal year 2023. As well, the team designed a new process to reprocess and cast scrap lithium metal into acceptable formats and reintroduce it back in the battery supply chain. Li-Metal is currently conducting testing for its pilot scale reprocessing operation and aim to commercialize the technology within the next 20-22 months.

R&D Cost Breakdown	For the Quarter Ended June 30, 2023	For the Quarter Ended June 30, 2022
Consumables (1)	\$ 159,654	\$ 683,404
Professional Fees	\$ 186,519	\$ -
Salary & Wages	\$ 327,455	\$ 286,715
Total R&D	\$ 673,628	\$ 970,119

(1) The Company implemented a new system to properly identify, account for, and allocate consumable, professional fees and salary and wages for R&D. The breakdown between consumables and professional fees was not available for the quarter ended June 30, 2023, and therefore the total of consumables and professional fees has been shown under consumables as one figure.

Salaries and Wages

Salaries and wages expenditures for first quarter ending June 30, 2023 and June 30, 2022 were \$277,149 and \$157,056, respectively. The R&D team consists of engineers, scientists and technicians from various technical backgrounds engaged in progressing the development of lithium metal and anode production technologies to the next stage. The increase reflects the growth in the team and the subsequent expansion of Li-Metal's operations. The operations team ensures the Company has the required resources and internal capability to support Li-Metal carrying out its process/equipment development and testing activities.

Professional Fees

Professional, legal and consulting fees expenditures for first quarter ending June 30, 2023 and June 30, 2022 were \$563,089 and \$452,457, respectively. Li-Metal continues to work with various consultants and contractors to advance its technologies. Professional services include technical/operational experts, skilled trades – electrician, specialized fabricators etc., laboratory testing services for purity analysis/surface characterization and engineering Consulting firms to conduct scoping level studies for a demonstration/commercial lithium metal and anode production facilities.

Li-Metal Corp. (formerly Eurotin Inc.)

Share Based Compensation

Share-based compensation expense for first quarter ending June 30, 2023 and June 30, 2022 was \$477,158 and \$345,115 respectively. The increase is in connection with the grant on April 17, 2023 of 3,432,981 Registered Stock Units (“RSU”) to Officers, Employees and Consultants.

Investor Relations & Reporting

Issuer Costs Investor relations & reporting issuer costs for first quarter ending June 30, 2023 and June 30, 2022 was \$192,318 and \$195,178 respectively. The company continues to pursue effect investor relations programs.

General and Administrative

General and administrative expenditures for first quarter ending June 30, 2023 and June 30, 2022 was \$818,576 and \$479,550, respectively. The increase reflects the growth in the operational activity and expansion of Li-Metal’s operations. The figure also includes a one-time sign on bonus for the CEO of USD \$243,000 (approximately CDN \$325,620).

Interest and bank charges

Interest & bank charges for the first quarter ending June 30, 2023 and June 30, 2022 was \$2,025 and \$2,103, respectively.

Amortization

Amortization for first quarter ending June 30, 2023 and June 30, 2022 was \$938,680 and \$215,261, respectively. The increase in amortization reflects the \$2,608,173 of additions in property plant in fiscal 2023 and a further \$311,535 in the quarter ending June 30, 2023.

Foreign Exchange Loss (Gain)

Foreign Exchange Loss (Gain) for first quarter ending June 30, 2023 and June 30, 2022 was \$234,325 and \$2,006, respectively. The movement reflects the increase in the assets in Li-Metal US operations, as well as an unfavourable exchange rate movements and increased transactions in US dollars.

Interest and Other Income

Interest and Other Income for first quarter ending June 30, 2023 and June 30, 2022 was \$134,518 and \$58,824, respectively. The movement reflects the value the Company charges for samples and the increased volumes for the Company’s product samples for testing.

Accretion of Lease Liability

Accretion of lease liability for the first quarter ending June 30, 2023 and June 30, 2022 was \$26,364 and \$29,451, respectively.

Foreign Currency Translation Adjustment

FC translation \$184,062 is the result of translation of US sub from USD functional currency to CAD reporting currency. The increase is due to the increase in the volume of the US company transactions.

Li-Metal Corp. (formerly Eurotin Inc.)

Summary of Quarterly and Annual Results

The following table shows the results for the last eight fiscal quarters as prepared in accordance with IFRS and presented in Canadian dollars, the Company's functional currency:

There are no significant seasonal variations in quarterly results as the Company is not subject to significant seasonality in its research and corporate activities.

Period Ending	Revenue	Total Loss and Comprehensive Loss for the Quarter	Basic and Fully Diluted Gain (Loss) per share
June 30, 2023	\$ -	\$ (4,252,856)	\$ (0.03)
March 31, 2023	\$ -	\$ (2,211,564)	\$ (0.01)
December 31, 2022	\$ -	\$ (4,106,438)	\$ (0.03)
September 30, 2022	\$ -	\$ (3,241,205)	\$ (0.02)
June 30, 2022	\$ -	\$ (2,789,472)	\$ (0.02)
March 31, 2022	\$ -	\$ (8,147,496)	\$ (0.05)
December 31, 2021	\$ -	\$ (7,015,262)	\$ (0.05)
September 30, 2021	\$ -	\$ (1,621,031)	\$ (0.03)
June 30, 2021	\$ -	\$ (2,818,845)	\$ (0.02)

6. Liquidity and Capital Resources

Operating Activities

Net cash used in operating activities for the first quarter ending June 30, 2023 and June 30, 2022 was \$3,286,629 and \$1,916,143, respectively. The cash used reflects a continuing investment in research and development activities as Li-Metal scaled up its technology, expanded its R&D program and designed a new lithium scrap reprocessing and casting process.

Investment Activities

Net cash used in investment activities for the first quarter ending June 30, 2023 and June 30, 2022 was \$405,371 and \$222,492, respectively. The cash used reflects an investment in property and equipment and repayment of lease liability. The Company scale up its technology, expanded its R&D program and run a larger pilot scale operation for lithium metal production. The new facility in Markham supports the development efforts and bench scale production of lithium metal anodes as well.

Financing Activities

Net cash used in financing activities for the first quarter ending June 30, 2023 and June 30, 2022 was \$Nil. During the first quarter ending June 30, 2023 and June 30, 2022 the Company received \$ Nil as a Net Cash proceeds from financing activities.

Li-Metal Corp. (formerly Eurotin Inc.)

Liquidity

As of June 30, 2023, the Company had a net working capital of \$6,691,495 which decreased as compared to a net working capital of \$9,544,460 as of March 31, 2023. As of June 30, 2023, Li-Metal had \$6,719,059 in cash and cash equivalents as compared to March 31, 2023 of \$ \$10,418,506. The Company has no operating revenues and therefore must utilize its funds obtained from the equity financing and other financing transactions to maintain its capacity to continue its research and development efforts.

The rate of capital spend will continue as Li-Metal continues to grow and scale up its technologies. The Company will be required to raise additional capital through equity or debt financing and government assistance to continue development and commercialization activities, including the build out and commissioning of its commercial scale facilities.

The Company's interim unaudited consolidated financial statements for the three ended June 30, 2023 have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of the business.

As of June 30, 2023, the Company's credit and interest rate risk remains minimal. Accounts payable and accrued liabilities are short-term and non-interest bearing.

The Company's current and future uses of cash are principally in two areas; namely, funding of its research and development activities and funding its business/corporate development expenditures. The research and development activities will mainly be focused on a) Continuation of piloting activities for lithium metal and lithium metal anode production b) Development of Li-Metal's advanced anode products c) Development of lithium anode scrap reprocessing operation. Management assesses its planned expenditures based on the Company's working capital resources, and the overall condition of the financial markets.

Financial Instruments and Other Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive loss and those measured at amortized cost. Measurement and classification of financial assets is dependent on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial Assets

Financial assets not measured at fair value through profit or loss or fair value through other comprehensive income are measured at amortized cost using the effective interest method, less any impairment losses, with interest expense recognized on an effective yield basis. Assets in this category include cash and cash

Li-Metal Corp. (formerly Eurotin Inc.)

equivalents and amounts receivable and other assets. As of June 30, 2023, the Company's financial assets were \$6,719,059 compared with \$10,418,506 as of March 31, 2023.

Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. Any gains or losses arising from the realization of other financial liabilities are included in the statement of loss and comprehensive loss. Liabilities in this category include amounts payable and other liabilities. As of June 30, 2023, the Company's financial liabilities were \$814,837 compared with \$1,426,135 as of March 31, 2023.

We do not have any material obligations under forward foreign exchange contracts, guarantee contracts, retained or contingent interests in transferred assets, outstanding derivative instruments or nonconsolidated variable interests.

7. Outstanding Share Data

The authorized and issued capital stock of the Company consists of an unlimited authorized number of common shares as follows:

Shares	Quarter Ended				
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Open	154,953,828	154,953,828	154,953,828	154,953,828	154,953,828
Issued	-	-	-	-	-
Close	154,953,828	154,953,828	154,953,828	154,953,828	154,953,828
Restricted Share Units ("RSU")	Quarter Ended				
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Open	1,383,029	1,383,029	-	-	-
Issued	3,432,981	-	1,383,029	-	-
Close	4,816,010	1,383,029	1,383,029	-	-
Options	Quarter Ended				
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Open	14,459,521	15,079,521	11,771,087	11,266,087	10,321,587
Issued	-	-	3,391,029	505,000	1,004,500
Exercised	-	-	-	-	-
Forfeited	-	620,000	82,595	-	60,000
Close	14,459,521	14,459,521	15,079,521	11,771,087	11,266,087
Fully Diluted	174,229,359	170,796,378	171,416,378	166,724,915	166,219,915

As of the date of this MD&A Li-Metal has:

- 154,953,828 issued and outstanding shares.
- 14,459,521 stock options outstanding.
- 4,816,010 Restricted Shares Units.
- Total Fully Diluted Share Capital of 174,229,359.

Li-Metal Corp. (formerly Eurotin Inc.)

8. Off-Balance Sheet Arrangements

On February 16, 2022, the Company signed a Joint Development and Commercialization Agreement (“JD/CA”) with Blue Solutions, the largest producer of solid-state lithium metal batteries. The JD/CA will help significantly advance the development of Li-Metal’s high-performance low-cost lithium metal anode technologies and Blue Solutions’ solid-state batteries to be used in passenger electric vehicles (EVs).

The JD/CA has two phases: Joint Development and Commercialization. The joint development phase has not been completed yet and the agreement will terminate at the earlier of August 16, 2023 or the date on which at least one lithium batteries anode product is first available for commercial exploitation. Each Party bears the costs of its activities including labor and materials.

9. Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Key management of the Company are its Board of Directors and the Senior Officers: The President, The Chief Executive Officer (“CEO”) and The Chief Financial Officer (“CFO”). Key management personnel remuneration includes the following payments:

Related Party	For the Quarter Ended June 30, 2023	For the Quarter Ended June 30, 2022
Director Fees	\$ 71,500	\$ 71,500
Officer Compensation (1)	\$ 591,820	\$ 87,500
Share-based Compensation	\$ 127,554	\$ 46,821

(1) The Officers Compensation are related to: Maciej Jastrzebski, CEO from April 1,2019 to May 15, 2023 and CTO from May 15, 2023 to June 30, 2023; Carlos Pinglo, CFO from November 1,2022 to June 30, 2023; Kunal Phalpher, President from October 17, 2022 to June 30,2023; and, Srin Godavarthy, CEO from May 15, 2023 to June 30, 2023.

10. Critical Accounting Estimates Risks and Uncertainties

The preparation of the Company’s financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Critical Judgement in Applying Accounting Policies

Judgement is required in determining whether the respective costs are eligible for capitalization where applicable which may be based on assumptions about future events and circumstances. Estimates and assumptions made may change if new information becomes available.

Li-Metal Corp. (formerly Eurotin Inc.)

Key Sources of Estimation Uncertainty

1) Share Price

The measurement of entity share price is used in the measurement of convertible debenture, estimate of fair value in the RTO transaction and share based payments. The Company incorporates various estimates in the calculation of the fair value of the convertible debentures using a valuation model where the inputs include the equity value of the Company, market rate of interest, terms of instrument and volatility. The estimates are based on the Company's own experience as well as similar companies operating in the same or similar industry. Judgement is involved in determining the equity value of the Company's shares as the Company was privately held. Management has estimated the Company's share price by reference to recent share transactions.

2) Stock-based compensation

The determination of the fair value of stock-based compensation is not based on historical cost but is derived based on subjective assumptions input into an option pricing model. The model requires that management make forecasts as to future events, including estimates of the average future hold period of issued stock options before exercise, expiry or cancellation; future volatility of the Company's share price in the expected hold period (using historical volatility as a reference); and the appropriate risk-free rate of interest. Stock-based compensation incorporates an expected forfeiture rate and is estimated based on historical forfeitures and expectations of future forfeitures and is adjusted if the actual forfeiture rate differs from the expected rate.

The resulting value calculated is not necessarily the value that the holder of the option could receive in an arm's length transaction, given that there is no market for the options, and they are not transferable. It is management's view that the value derived is highly subjective and dependent entirely upon the input assumptions made.

3) Income taxes and deferred taxes

The Company is subject to income tax laws in various jurisdictions. Tax laws are complex and potentially subject to different interpretations by the taxpayer and the relevant tax authority. The provision for income taxes and deferred tax represents management's interpretation of the relevant tax laws and its estimate of current and future income tax implications of the transactions and events during the period. The Company may be required to change its provision for income taxes or deferred tax balances when the ultimate deductibility of certain items is successfully challenged by taxing authorities or if estimates used in determining the amount of deferred tax asset to be recognized changes significantly, or when receipt of new information indicates the need for adjustment in the amount of deferred tax to be recognized. Additionally, future events, such as changes in tax laws, tax regulations, or interpretations of such laws or regulations, could have an impact on the provision for income tax, deferred tax balances and the effective tax rate. Any such changes could materially affect the amounts reported in the financial statements in the year these changes occur.

Judgement is required to continually assess changing tax interpretations, regulations and legislation, to ensure liabilities are complete and to ensure assets are realizable. The impact of different interpretations and applications could be material.

Li-Metal Corp. (formerly Eurotin Inc.)

4) Provisions and contingent liabilities

Judgements are made as to whether a past event has led to a liability that should be recognized in the financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgements and estimations. These judgements are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, past experience and the probability of a loss being realized. Several of these factors are sources of estimation uncertainty.

5) Functional currency

In accordance with IAS 21 *"The Effects of Changes in Foreign Exchange Rates"*, management determined that the functional currency of Li-Metal US Inc is the United States Dollar.

6) Going concern risk assessment

The assessment of the Company's ability to continue as a going concern involves significant judgment. Refer to our discussion in Note 2 of the consolidated financial statements for the year ended March 31, 2023.

7) Intangible Capitalization

IAS 38 Intangible assets gives guidance on the accounting treatment for intangible assets that are not dealt with specifically in another standard. It requires an entity to recognize an intangible asset upon fulfillment of certain recognition criteria. It also specifies how to measure the carrying amount of intangible assets and requires certain disclosures regarding intangible assets. Based in the above criteria it is the Management assessment as of June 30, 2023 that Li-Metal Corp. is in the research stage and expenditures are expensed.

11. Qualitative and Quantitative Disclosures about Risks and Uncertainties

The Company's Research and Development activities and related results are subject to a number of different risks at any given time. These factors, include but are not limited to disclosure regarding uncertainty due to COVID-19, the war in Ukraine, receiving required permits in Canada and the USA, process/product test results, additional financing, project delay, market fluctuations and share price volatility, inflation, supply chain problems, operating hazards, insurable risks and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulations risks.

The cost of conducting programs may be substantial and the likelihood of success is difficult to assess.

The following are additional risk factors which the Company's management believes are most important in the context of the Company's business. It should be noted that this list is not exhaustive and that other risk factors may apply.

Metals (Lithium/Copper) and commodities (energy) price volatility may affect the future production, profitability, and financial condition of the Company. Metal prices are subject to significant fluctuation and are affected by several factors which are beyond the control of the Company. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, global supply and demand, and political economic conditions of major metal consuming countries throughout the world.

Li-Metal Corp. (formerly Eurotin Inc.)

Li-Metal Corp may need substantial additional financing in the future and cannot assure that such financing will be available

To meet its operating costs and to finance its respective research & development program, operating activities and pilot and demonstration plant construction; the Company will require financing from external sources, including from the sale of equity and debt securities, getting funds from Government grants or subsidies, entering into joint ventures or seeking other means to meet its financing requirements. There can be no assurance that additional funding will be available to the Company or, if available, that such funding will be offered on terms acceptable to the Company. If additional financing is raised through the issuance of equity or convertible debt securities, control of the Company may change and the interests of shareholders in the net assets of the respective Company may be diluted.

If unable to secure financing on acceptable terms, the Company may have to cancel or postpone some of its planned research and development, testing activities, pilot and demonstration plant construction and may not be able to take advantage of new opportunities.

The volatility of the capital markets may affect the Company's access to and cost of capital

Securities markets throughout the world are cyclical and, over time, tend to undergo high levels of price and volume volatility, and the market price of securities of many companies, can experience wide fluctuations which are not necessarily related to the operating performance, underlying asset values or prospects of such companies. Increased levels of volatility and resulting market turmoil may adversely impact the Company and its share price.

If the Company is required to access credit markets to carry out their respective development objectives, the state of domestic and international credit markets and other financial systems could affect their respective access to, and cost of, capital. If these credit markets were significantly disrupted, as they were in 2007 and 2008, such disruptions could make it more difficult for the Company to obtain or increase its cost of obtaining capital and financing for its operations. Such capital may not be available on terms acceptable to the Company or at all, which may have a material adverse impact on its business, financial condition and results of operations.

Early Stage of Development

There is limited financial, operational and other information available with which to evaluate the prospects of the Company. There can be no assurance that the Company's operations will be profitable in the future or will generate sufficient cash flow to satisfy its working capital requirements.

The Company's prospects depend on its ability to attract and retain qualified personnel

Recruiting and retaining qualified personnel will be critical to the Company's success. The Company believes that it has the necessary personnel to meet its corporate objectives but, as its business activities grow, it will require additional key financial, administrative, technological and public relations personnel as well as additional staff on the operations side. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

The costs of complying with applicable laws and governmental regulations may have an adverse impact on the Company's business

Li-Metal Corp. (formerly Eurotin Inc.)

The Company's operations activities will be subject to laws and regulations governing various matters. These include without limitation laws and regulations relating to transfer pricing, intercompany loans, presumed interest, repatriation of capital and exchange controls, taxation, labor standards and occupational health and safety.

Amendments to current laws, could have a material adverse effect on the Company's business, financial condition, results of operations by increasing operation expenses, future capital expenditures or future production costs or by reducing the future level of production, or cause the abandonment of or delays in the development of the Plants.

Competition may adversely affect the Company.

The industry is intensely competitive. The Company will compete with other companies in the lithium metal production and electrification industry.

The Company's insurance coverage may not cover all of its potential losses, liabilities and damages related to its business and certain risks are uninsured or uninsurable.

The Company's business will be subject to a number of risks and hazards (as further described herein). Although the Company will maintain insurance to protect against certain risks in such amounts as it considers being reasonable, such insurance will likely not cover all the potential risks associated with its activities. The Company may also be unable to maintain insurance to cover its risks at economically feasible premiums, or at all. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of the new technologies may not be available to the Company on acceptable or any terms. Losses from these events may cause the Company to incur significant costs which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Research and Development of new Technologies is inherently dangerous and subject to factors or events beyond the Company's control.

The Company's business will involve various types of risks and hazards typical of companies engaged in Research and Development of new Technologies.

Such risks include but are not limited to industrial accidents; environmental hazards; failure of processing and mechanical equipment and other performance problems; labor disputes or slowdowns; and force majeure events, or other unfavorable operating conditions.

These risks, conditions and events could result in damage to, or destruction of, the value of, the Company's facilities; personal injury or death; environmental damage to the properties of others; delays or prohibitions to operate; monetary losses; and potential legal liability. Any of the foregoing could have a material adverse effect the Company's business, financial condition, results of operation or prospects.

Directors and officers may be subject to conflicts of interest.

Certain directors and officers of the Company are or may become associated with other research development companies which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the company with

Li-Metal Corp. (formerly Eurotin Inc.)

which they serve are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve such a contract. In addition, directors and officers are required to act honestly and in good faith with a view to the best interests of their respective company. Some of the directors and officers have either other full-time employment or other business or time restrictions placed on them and accordingly, the Company will not be the only business enterprise of these directors and officers. Further, any failure of the directors or officers of the Company to address these conflicts in an appropriate manner, or to allocate opportunities that they become aware of to the Company, could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Global pandemic outbreak

Since January 2020 there has been a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations.

It is not possible to reliably estimate the duration and severity of the consequences of COVID-19, as well as the impact on the financial position and results of the Company for future periods. The impact of COVID-19 did not have a material impact on operations of the Company. Despite not being adversely affected and prior to being a public company, the Company was eligible to receive government assistance for the CEBA loans in the amount of \$40,000.

Russia's military action against Ukraine

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to the business to be limited, the indirect impacts on the economy and on the industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company estimates its maximum exposure to be the carrying value of cash and cash equivalents and receivables.

The Company manages credit risk by maintaining bank accounts with Schedule 1 Canadian banks and investing only in Guaranteed Investment certificates. The Company's cash is not subject to any external limitations.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to capital markets is

Li-Metal Corp. (formerly Eurotin Inc.)

hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company has historically generated cash flow from its financing activities. The Company manages liquidity risk through the management of its capital structure and financial leverage. As of June 30, 2023, the Company's current liabilities comprised accounts payable and accrued liabilities. The Company will require additional funding to maintain corporate and administrative functions and to fund its continuing activities and commitments.

12. Forward Looking Statements

Certain of the statements made and information contained herein constitute “forward-looking information” and “forward looking statements”. These statements relate to future events or the Company’s future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “propose”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements and the Company’s actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth above and elsewhere in this MD&A including, pertaining to the following:

- Next generation batteries and the timeline for development;
- Being able to reach commercial-scale physical vapor deposition (PVD) capabilities and secure customers in 2024;
- That the value ascribed to each product will increase as it moves through the development phase;
- That the maximum value will be reached at the point where it has completed product qualification trials with major battery developers/other customers and is being used in mass produced next generation batteries or other markets;
- Management currently anticipates the first products to obtain commercial status within approximately 20-22 months;
- That the Company will be successful in achieving commercialization; including that the anticipated timeline and cost to achieve commercialization for anode production and lithium metal production will be achieved;
- The market size and future growth of the market;
- Capital expenditure programs and development of resources, including our estimate of costs and timelines;
- Anticipated results of research and development and our plans regarding future R&D including our estimate of costs and timelines;
- Treatment under governmental and taxation regimes; and
- Expectations regarding the Company’s ability to raise capital.

Li-Metal Corp. (formerly Eurotin Inc.)

With respect to forward-looking statements listed above and contained in the MD&A, the Company has made assumptions regarding, among other things:

- The Company's ability to meet the needs of next generation batteries;
- The ability to reach commercial-scale PVD capabilities and secure customers in 2024;
- That the Company will move through the development phase and the value of both anode and lithium metal will increase;
- That the maximum value will be achieved where it has completed product qualification trials with major battery developers/other customers and that such trials will be successful and that the Company products will be used in mass production of next generation batteries or other markets;
- That the Company's products will obtain commercial status and that it can be obtained within 2 years;
- That the Company will be successful in achieving commercialization;
- That the testing and qualification of the anode will proceed on the anticipated timeline and cost to achieve commercialization for anode production will be achieved;
- That the testing and qualification of the lithium metal will proceed on the anticipated timeline and cost to achieve commercialization for lithium metal production will be achieved;
- That the Company will be able to complete development of its standard anode and lithium metal products in time for qualification to be completed;
- That prospective customers the Company is working with will be able to secure positive feedback and regarding the qualification program for their batteries with their customers;
- That the eventual specification for anode products will fall within the process capabilities of the issuer's process;
- That further scale-up and deployment of capacity needed to produce larger quantities of samples can be funded on the basis of initial acceptance, whether through partnerships or by raising capital in the markets;
- The impact of currency fluctuations in the United States of America;
- Anticipated results customer testing of samples;
- Research and development costs and timelines;
- Estimates of market size and future growth of the market;
- Anticipated capital expenditure programs, our estimate of costs and timelines;
- Further development of resources, our estimate of costs and timelines;
- Anticipated results of research and development and our plans regarding future R&D including our estimate of costs and timelines;
- Availability of additional financing or joint-venture partners;
- Anticipated results of research and development ;
- Anticipated timeline and cost to achieve commercialization for anode production;
- Anticipated timeline and cost to achieve commercialization lithium metal production; and,
- The Company's ability to obtain additional financing on satisfactory terms.

Information about risks that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found herein under the heading "Qualitative and Quantitative Disclosures About Risks and Uncertainties".

Li-Metal Corp. (formerly Eurotin Inc.)

Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.