

# Li-Metal Corp.

---



*Scalable Technologies for Next-Generation Batteries*

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

**For the Three and Six Months Ended September 30, 2024**

# Li-Metal Corp.

---

## Table of Contents

<b>1.</b>	Introduction .....	3
<b>2.</b>	Overview of the Company .....	4
2.1	Our History.....	4
2.2	Our Products.....	5
<b>3.</b>	Overview of Our Strategy and Progress to Date.....	5
<b>4.</b>	Recent Developments.....	5
<b>5.</b>	Selected Quarterly Financial Information.....	6
5.1	Summary of Quarterly Results.....	6
5.2	Discussions of Operations.....	7
5.3	Summary of Quarterly and Annual Results.....	11
<b>6.</b>	Liquidity and Capital Resources .....	12
6.1	Operating Activities.....	12
6.2	Investment Activities .....	12
6.3	Financing Activities .....	12
6.4	Liquidity.....	13
6.5	Financial Instruments and Other Instruments.....	13
6.6	Financial Assets .....	14
6.7	Other Financial Liabilities.....	14
<b>7.</b>	Outstanding Share Data .....	15
<b>8.</b>	Off-Balance Sheet Arrangements .....	15
<b>9.</b>	Related Party Transactions .....	15
<b>10.</b>	Critical Accounting Estimates Risks and Uncertainties .....	16
<b>11.</b>	Qualitative and Quantitative Disclosures about Risks and Uncertainties .....	18
<b>12.</b>	Forward Looking Statements.....	22

# Li-Metal Corp.

---

## 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 subsidiary and includes the operating and financial results for the three and six months ending September 30, 2024 and September 30, 2023 and should be read in conjunction with the Company's interim financial statements for the period ended September 30, 2024, including the notes thereon.

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 November 28, 2024, and all information is current as of such date unless indicated otherwise. Readers are encouraged to read the Company's public information filings on SEDAR at <https://www.sedarplus.ca>. The Company's financial statements are also available on Li-Metal's website at [www.li-metal.com](http://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, 2024. 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 and the audited annual consolidated financial statements of the Company for the year ended March 31, 2024. 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 period ended September 30, 2024 are not necessarily indicative of the results that may be expected for any future period.

For the purposes of preparing this Interim MD&A, management of Li-Metal, in conjunction with the board of directors of the Company (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

# Li-Metal Corp.

---

information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Management's Discussion and Analysis for Li-Metal is the responsibility of management of the Company, 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 lithium anode materials and their production.

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 2555663 Ontario Limited (DBA as Li-Metal) through a share exchange transaction (the "RTO Transaction"). Following completion of the RTO Transaction, the Company amalgamated with 2555663 Ontario Limited and changed its name to Li-Metal Corp. and the Company also changed its fiscal year from December 31 to March 31.

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 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".

On August 2, 2024, the company announced it had completed the sale of certain assets constituting its lithium metal productions business to Arcadium Lithium plc ("Arcadium") for a purchase price of US\$11,000,000. These assets include all of the Company's lithium metal production technology, including all related patents, proprietary, know-how, and physical assets utilized in lithium metal production.

Having recently completed the asset sale transaction of its lithium metal production business, the Company is currently focusing on its anode technology business.

# Li-Metal Corp.

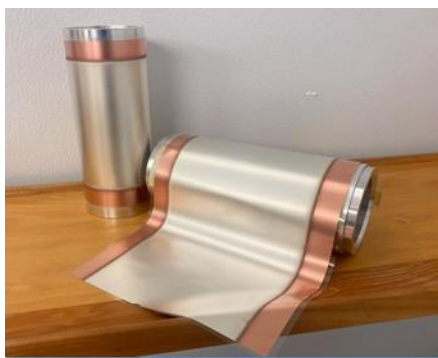
---

## 2.2 Our Products

With the strategic sale of its metal production business in August 2024, the Company continues to develop its production processes and technology to produce ultra-thin lithium anodes using physical vapor deposition (PVD). This technology comprises proprietary processes and products which use 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.

The Company has signed a long-term supply agreement with Arcadium to secure the key feedstock, being lithium, which is required for its commercial anode production process.

### Photo 2. Ultra-Thin Lithium Metal Anode



## 3. Overview of Our Strategy and Progress to Date

Li-Metal successfully completed the asset sale transaction of its lithium metal production business to Arcadium. The sale included all asset pertaining to the Company's lithium metal production technology, including all related patents, proprietary, know-how, and physical assets utilized in lithium metal production. The Company also signed a long-term supply agreement for lithium metal with Arcadium to support its anode production business.

The Company is currently evaluating its go forward strategy with respect to its remaining business, being the development and production of ultra-thin lithium anodes.

## 4. Recent Developments

On October 22, 2024 the Issuer announced that the Company would not be proceeding with its previously announced plan to delist its common shares from the Canadian Securities Exchange.

# Li-Metal Corp.

---

## 5. Selected Quarterly Financial Information

### 5.1 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 September 30, 2024. Such information is derived from the interim financial statements.

**Table 1. Selected Financial Information for the Quarters ending September 30, 2024 & 2023**

	For the Quarter Ended September 30, 2024	For the Quarter Ended September 30, 2023
Revenues	\$ 27,856	\$ 127,195
Net gain (loss) for the period	\$ 9,543,543	\$ (6,200,889)
Diluted gain (loss) per share	\$ 0.06	\$ (0.04)
Current assets	\$ 14,590,993	\$ 5,707,865
Total assets	\$ 16,303,219	\$ 10,657,060
Current liabilities	\$ 681,312	\$ 915,922
Cash and cash equivalents	\$ 13,771,243	\$ 5,103,936
Property and equipment	\$ 922,780	\$ 4,000,923
Total equity	\$ 15,479,938	\$ 9,028,901

# Li-Metal Corp.

**Table 2. Operating Results for the Quarters ending September 30, 2024 & 2023**

	For the Quarter Ended September 30, 2024	For the Quarter Ended September 30, 2023
Revenues	\$ 27,856	\$ 127,195
Research and development	\$ 267,405	\$ 199,594
Salaries and wages	\$ 191,336	\$ 373,856
Professional fees	\$ 1,997,109	\$ 630,862
Share based compensation	\$ 2,370	\$ (202,112)
Investor relations & reporting issuer costs	\$ 31,421	\$ 388,382
General and administration	\$ 184,193	\$ 408,905
Interest & bank charges	\$ 800	\$ 1,776
Amortization	\$ 379,245	\$ 105,785
Foreign exchange loss (gain)	\$ 491,475	\$ (50,997)
Operating loss	\$ (3,517,498)	\$ (1,728,856)
Interest and other income	\$ 80,491	\$ 90,009
Business development expense	\$ -	\$ (4,858,565)
Gain on assignment of lease	\$ 82,135	\$ -
Accretion of lease liability	\$ (17,653)	\$ (24,694)
Gain on disposition of property and equipment	\$ 14,618,267	\$ -
Impairment of property and equipment	\$ (1,774,126)	\$ -
Total loss and comprehensive loss for the quarter	\$ 9,471,616	\$ (6,522,106)
Foreign currency translation adjustment	\$ 71,927	\$ 321,217
Total gain (loss) and comprehensive gain (loss) for the quarter	\$ 9,543,543	\$ (6,200,889)

## 5.2 Discussions of Operations

### Revenues

During the quarters ended September 30, 2024 and 2023, the Company recorded \$27,856 and \$127,195 for service and shipping revenue, respectively. This income represents results from providing samples and R&D for paying and recurring customers. Previously the Company's revenue from sample anode products for distribution to battery developers was applied as an offset against research and development costs.

### Research and Development

Research and Development expenditure for the quarters ended September 30, 2024 and 2023 was \$267,405 and \$199,594 respectively. Activities for lithium anode product and process development activities included development of advanced characterization techniques, quality improvements and product sampling to customers. Li-Metal continues to strengthen its IP portfolio and file patents to protect its technology and products, the fees associated with IP filing is included in this section as well. Research & Development includes salaries & wages for all employees involved directly in developing the Company's technologies. As part of the asset sale for the metal production business, Li-Metal employees involved in development of its metal production and refining technologies transitioned to Arcadium on August 5, 2024. The salaries, wages and statutory payments for the

# Li-Metal Corp.

departing technical employees are included in this section. Overall gross R&D cost reduced compared to quarter ended September 30, 2023 due to the sale of its metal operations.

**Table 3. R&D Detail for the Quarters ending September 30, 2024 & 2023**

R&D Cost Breakdown	For the Quarter Ended September 30, 2024	For the Quarter Ended September 30, 2023
Government assistance	\$ -	\$ (550,869)
Consumables	\$ 36,675	\$ 115,150
Professional fees	\$ -	\$ 252,618
Salary & wages	\$ 230,730	\$ 382,695
Total R&D	\$ 267,405	\$ 199,594

## Salaries and Wages

Salaries and wages expenditures for the quarters ending September 30, 2024 and 2023 were \$191,336 and \$373,856 respectively. The decrease is due to the sale of the lithium metal business to Arcadium on August 2, 2024 and the transfer of the workforce in the operations team who were involved with supporting the lithium metal production business.

## Consulting and Professional Fees

Professional, legal and consulting fees expenditures for the quarters ending September 30, 2024 and 2023 were \$1,997,109 and \$630,862 respectively. The increase related primarily to consulting fees paid in connection with the termination of the advisory agreement with Blue Horizon Advisors LLC and professional fees associated with the asset sale of the lithium metal production business.

## Share Based Compensation

Share-based compensation expenses for the quarters ending September 30, 2024 and 2023 were \$2,370 and negative \$202,112 respectively. The gross decrease is due to the reduction in granting and the vesting of stock options and restricted stock units to officers, employees and consultants of the Company.

## Investor Relations & Reporting

Issuer costs and various investor relations and reporting issuer costs for the quarters ending September 30, 2024 and 2023 were \$31,421 and \$388,382 respectively. The reduction represents reduced activity in this area as the management focused its resources on strategic transactions.

## General and Administrative

General and administrative expenditures for the quarters ending September 30, 2024 and 2023 were \$184,193 and \$408,905 respectively. General and administrative expenses include all expenses associated with the administration and general operations including executive and administrative



# Li-Metal Corp.

---

wages, rent, insurance, travel and other costs associated to support the activities of the Company not specifically identifiable to other expense areas. The reduction is due to reduction in G&A activity resulting from the asset sale of the lithium metal business to Arcadium.

## **Interest and bank charges**

Interest and bank charges for the quarters ending September 30, 2024 and 2023 were \$800 and \$1,776 respectively.

## **Amortization**

Amortization for the quarters ending September 30, 2024 and 2023 were \$379,245 and \$105,785 respectively. The increase in amortization reflects the full rate depreciation on the opening property plant and equipment balance as at July 1, 2024 of \$5,742,649.

## **Foreign Exchange Loss (Gain)**

The foreign exchange loss (gain) for the quarters ending September 30, 2024 and 2023 were \$491,475 and (\$50,997) respectively. This increase in the loss reflects unfavorable exchange rate movements on transactions in US dollars.

## **Interest and Other Income**

Interest and other income for the quarters ending September 30, 2024 and 2023 were \$80,491 and \$90,009 respectively. The movement reflects the reduction of interest on cash deposits.

## **Business Development Expense**

The business development expense for the quarters ending September 30, 2024 and 2023 were nil and \$4,858,565 respectively. In the quarter ended September 30, 2023, the Company, as part of a strategic collaboration agreement, issued 4,375,000 common shares of the Company at an issue price of \$0.20 per share for a total of \$875,000 and 21,000,000 warrants, with a recorded value of \$3,983,565, for a total a business development expense of \$4,858,565.

## **Gain on assignment of lease**

During the three and six months ended September 30, 2024, the Company assigned the lease in Canada to Arcadium as part of the transaction for \$nil consideration and derecognized the right-of-use asset and lease liability, resulting a gain on assignment of lease of \$82,135.

## **Accretion of Lease Liability**

Accretion of lease liability for the quarters ending September 30, 2024 and 2023 were \$17,653 and \$24,694 respectively.

# Li-Metal Corp.

---

## **Gain on Disposition of Property Plant and Equipment**

Gain on disposition of property plant and equipment expense for the quarters ending September 30, 2024 and 2023 were \$14,618,267 and nil respectively. On August 12, 2024 the Company announced that it had completed the sale of certain assets constituting its lithium metal productions Pursuant to a definitive Asset Purchase Agreement dated August 2, 2024. The Company sold the assets for aggregate cash consideration of \$15,470,558 (US\$11,000,000). The Assets include all of the Company's lithium metal production technology, including all related patents, proprietary, know-how, and physical assets utilized in lithium metal production. The assets sold had a book value of \$852,291 for a gain on disposition of \$14,618,267.

## **Impairment of Property and Equipment**

Impairment of property plant and equipment expense for the quarters ending September 30, 2024 and 2023 were \$1,774,126 and nil, respectively. The impairment in 2024 relates to the termination of a contract production and strategic collaboration agreement. The initial payment under this agreement of USD 500,000 (\$684,711) was recorded as assets under production in fixed assets. This balance has been written off and expensed in the quarter ended September 30, 2024.

As well an impairment charge was recorded for an asset held for sale. The Company received purchase order for sale of a piece of equipment with a net asset value of \$1,663,123 for US\$425,000 (CDN \$573,708) which was received subsequent to September 30, 2024. The Company recorded an impairment for the equipment to its fair value based on its sale price of \$573,708 and recorded an impairment of equipment of \$1,089,415 and reclassified the equipment to asset held for sale bring the total impairment charge for the quarter to \$1,774,126.

## **Foreign Currency Translation Adjustment**

Foreign currency translation for the quarters ending September 30, 2024 and 2023 for gains of \$71,927 and \$321,217 is the result of the translation of Li-Metal's US subsidiary from USD functional currency to CAD reporting currency.

# Li-Metal Corp.

## Summary of Quarterly Results for the Six Months Ended September 30, 2024 & 2023

	For the Six Months Ended September 30, 2024	For the Six Months Ended September 30, 2023
Revenues	\$ 61,790	\$ 310,300
Research and development	\$ 511,711	\$ 1,056,327
Salaries and wages	\$ 432,235	\$ 651,005
Professional fees	\$ 2,229,677	\$ 1,193,951
Share based compensation	\$ 51,478	\$ 275,046
Investor relations & reporting issuer costs	\$ 67,996	\$ 580,700
General and administration	\$ 425,453	\$ 1,227,481
Interest & bank charges	\$ 1,569	\$ 3,801
Amortization	\$ 657,351	\$ 1,044,465
Foreign exchange loss (gain)	\$ 576,599	\$ 183,328
Operating loss	\$ (4,892,279)	\$ (5,905,804)
Interest and other income	\$ 100,666	\$ 224,527
Business development expense	\$ -	\$ (4,858,565)
Gain on Lease Assignment	\$ 82,135	\$ -
Accretion of lease liability	\$ (37,314)	\$ (51,058)
Gain on disposition of property and equipment	\$ 14,618,267	\$ -
Impairment of property and equipment	\$ (1,774,126)	\$ -
Total loss and comprehensive loss for the quarter	\$ 8,097,349	\$ (10,590,900)
Foreign currency translation adjustment	\$ 200,082	\$ 128,155
Total income (loss) and comprehensive gain (loss) for the six months	\$ 8,297,431	\$ (10,462,745)

The total income for the six months ended September 30, 2024 was \$8,297,431 compared to a loss of \$10,462,745, a positive change of \$18,678,041. The swing was principally due to the gain in the six months ended September 30, 2024 of \$14,678,041 due to the sale of the Company's metal production business and no business development expense was incurred in the six months ended September 30, 2024 ended as compared to \$4,858,565 for a total of change \$19,536,606.

### 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.

# Li-Metal Corp.

For the Quarter Ending	Revenue	Total Loss and Comprehensive Gain (Loss) for the Quarter	Basic and Fully Diluted Gain (Loss) per share
September 30, 2024	\$ 27,856	\$ 9,543,543	\$ 0.06
June 30, 2024	\$ 33,934	\$ (1,285,506)	\$ (0.01)
March 31, 2024	\$ -	\$ (2,493,814)	\$ (0.02)
December 31, 2023	\$ 4,624	\$ (1,906,909)	\$ (0.01)
September 30, 2023	\$ 127,195	\$ (5,404,473)	\$ (0.03)
June 30, 2023	\$ 183,105	\$ (4,252,856)	\$ (0.03)
March 31, 2023	\$ -	\$ (2,419,646)	\$ (0.02)
December 31, 2022	\$ -	\$ (4,106,438)	\$ (0.03)

For the Years Ending	Revenue	Total Loss and Comprehensive Loss for the Year	Basic and Fully Diluted Gain (Loss) per share
March 31, 2024	\$ 311,803	\$ (13,496,353)	\$ (0.09)
March 31, 2023	\$ -	\$ (12,740,823)	\$ -
March 31, 2022	\$ -	\$ (18,734,825)	\$ (0.21)

## 6. Liquidity and Capital Resources

### 6.1 Operating Activities

Net cash used in operating activities for the quarters ended September 30, 2024 and 2023 was \$3,892,380 and \$4,791,668 respectively. The cash used reflects a continuing investment in research and development as well as professional fees to support its activities as Li-Metal further advanced its technology. The expenses also included the expenses incurred for completing the asset purchase agreement with Arcadium.

### 6.2 Investment Activities

Net cash provided (used) in investment activities for the quarters ending September 30, 2024 and 2023 was \$14,872,107 and (\$503,888) respectively. The cash provided (used) reflects the proceeds from disposition of property and equipment of \$15,062,558.

### 6.3 Financing Activities

Net cash provided by financing activities for the quarters ending September 30, 2024 and 2023 was \$946,050 and nil, respectively. During the six months ended September 30, 2024 the Company received \$946,050 as the net cash proceeds from financing activities.

# Li-Metal Corp.

---

## 6.4 Liquidity

As of September 30, 2024, the Company had net working capital of \$13,909,681 which increased as compared to net working capital of \$1,307,430 as of March 31, 2024. As of September 30, 2024, Li-Metal had \$13,771,243 in cash and cash equivalents as compared to \$1,648,430 as of March 31, 2024. The Company utilizes its funds obtained from the sale of assets and equity financing and other financing transactions to maintain its capacity to continue its research and development efforts.

The funds raised by the asset sale of the Company's lithium metal production business allows for the continued development of Li-Metal's ultra-thin, high energy density anodes for next-generation batteries. The Company will be required to raise additional capital through equity or debt financing and government assistance for scale up and commercialization activities, including the build out and commissioning of its commercial scale facilities.

The Company's interim unaudited consolidated financial statements for the six months ended September 30, 2024 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 September 30, 2024, 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 and corporate development expenditures. The research and development activities are mainly focused on the development of Li-Metal's advanced anode products. Management assesses its planned expenditures based on the Company's working capital resources, and the overall condition of the financial markets. The Company is currently evaluating its go forward strategy with respect to its remaining business, being the development and production of ultra-thin lithium anodes.

## 6.5 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.

# Li-Metal Corp.

---

## 6.6 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 equivalents and amounts receivable and other assets. As of September 30, 2024, the Company's financial assets were \$13,771,243 compared with \$1,648,430 as of March 31, 2024.

## 6.7 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 September 30, 2024, the Company's financial liabilities were \$626,131 compared with \$561,986 as of March 31, 2024.

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.

# Li-Metal Corp.

## 7. Outstanding Share Data

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

**Table 5. Summary of Capital Stock for the Last Eight Quarters Fiscal 2024 & 2023**

Shares	Quarter Ended							
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Open	164,496,224	159,328,828	159,328,828	159,328,828	154,953,828	154,953,828	154,953,828	154,953,828
Issued	-	5,167,396	-	-	4,375,000	-	-	-
Close	164,496,224	164,496,224	159,328,828	159,328,828	159,328,828	154,953,828	154,953,828	154,953,828
Restricted Share Units ("RSU")	Quarter Ended							
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Open	1,429,768	1,432,664	1,432,664	4,816,010	4,816,010	1,383,029	1,383,029	-
Issued	-	(2,896)	-	-	-	3,432,981	-	1,383,029
Forfeited	(194,474)	-	-	3,383,346	-	-	-	-
Close	1,235,294	1,429,768	1,432,664	1,432,664	4,816,010	4,816,010	1,383,029	1,383,029
Options	Quarter Ended							
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Open	12,871,030	12,893,530	12,983,697	14,459,523	14,459,523	14,459,523	15,079,523	11,771,089
Issued	-	-	-	-	-	-	-	3,391,029
Exercised	-	-	-	-	-	-	-	-
Forfeited	(14,167)	(22,500)	90,167	1,475,826	-	-	620,000	82,595
Close	12,856,863	12,871,030	12,893,530	12,983,697	14,459,523	14,459,523	14,459,523	15,079,523
Warrants	Quarter Ended							
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Open	23,582,250	21,000,000	21,000,000	21,000,000	-	-	-	-
Issued	-	2,582,250	-	-	21,000,000	-	-	-
Close	23,582,250	23,582,250	21,000,000	21,000,000	21,000,000	-	-	-
<b>Fully Diluted</b>	<b>202,170,631</b>	<b>202,379,272</b>	<b>194,655,022</b>	<b>194,745,189</b>	<b>199,604,361</b>	<b>174,229,361</b>	<b>170,796,380</b>	<b>171,416,380</b>

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

- 164,496,224 issued and outstanding shares.
- 12,856,863 stock options outstanding.
- 1,235,294 Restricted Shares Units.
- Total Fully Diluted Share Capital of 202,170,631.

## 8. Off-Balance Sheet Arrangements

The Company is not currently subject to any off-balance sheet arrangements.

## 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, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"). Key management personnel remuneration includes the following payments:

# Li-Metal Corp.

**Table 6. Related Party Transactions**

Related Party	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Director fees	\$ 50,000	\$ 71,500	\$ 100,000	\$ 143,000
Salaries and short-term employment	\$ 355,733	\$ 290,550	\$ 600,843	\$ 882,370
Consulting fees	\$ -	\$ -	\$ -	\$ -
Share-based compensation	\$ 32,010	\$ 61,509	\$ 69,123	\$ 110,983
<b>Total</b>	<b>\$ 437,743</b>	<b>\$ 423,559</b>	<b>\$ 769,966</b>	<b>\$ 1,136,353</b>

## 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.

### Key Sources of Estimation Uncertainty

#### Share Price

The measurement of entity share price is used in the measurement of convertible debenture 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. Management has estimated the Company's share price by reference to recent share transactions, including the market value of the Common Shares on the CSE.

#### 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



# Li-Metal Corp.

---

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.

## **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.

## **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.

## **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.

# Li-Metal Corp.

---

## **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, 2024.

## **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 on the above criteria it is management's assessment as of September 30, 2024 that Li-Metal Corp. is in the research stage and therefore such 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 the war in Ukraine, as well as the conflict in Israel, receiving required permits in Canada and the USA, process and 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.

### **Price Volatility**

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.

---

## **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 research and development programs and operating activities, the Company will require financing from external sources, including from the sale of equity and debt securities, getting funds from governmental 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 and testing activities 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

# Li-Metal Corp.

---

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**

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.

## **Competition may adversely affect the Company.**

The industry is intensely competitive. The Company will compete with other companies in the lithium anode 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 and in Li-Metal's public disclosure record. 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 the 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.

# Li-Metal Corp.

---

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 and 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 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.

## **Russia's military action against Ukraine and conflict in Israel**

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 as well as the ongoing conflict in Israel.

While the Company expects any direct impacts, from the conflict in Israel 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 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 September 30, 2024, 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;
- 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;
- That the Company will be successful in achieving commercialization; including that the anticipated timeline and cost to achieve commercialization for anode production

# Li-Metal Corp.

---

- 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.

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;
- That the Company will move through the development phase and the value of anode 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 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 Company will be able to complete development of its standard anode product in time for qualification to be completed;
- 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; and,

# Li-Metal Corp.

---

- 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".

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.