POWR LITHIUM CORP.

Management's Discussion and Analysis

For the three months ended November 30, 2024 and 2023

(Expressed in Canadian dollars, except where noted)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of POWR Lithium Corp. (formerly Clear Sky Lithium Corp.) (the "Company") has been prepared by management, in accordance with the requirements of National Instrument 51-102 *Continuous Disclosure Obligations* and contains information as at January 28, 2025 ("MD&A Date"). This MD&A provides analysis of the Company's financial results for the three months ended November 30, 2024 and 2023, and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended November 30, 2024 and 2023 (the "Financial Statements"), and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS Accounting Standards"), as issued by the International Accounting Standards Board ("IASB"). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are presented in Canadian dollars, the presentation and functional currency of the Company and its subsidiaries.

In this MD&A, "POWR" or the words "we", "us", or "our", collectively refer to the Company and it's subsidiaries. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively.

Management is responsible for the preparation and integrity of the Company's financial statements, including the maintenance of appropriate information systems, procedures, and internal controls. Management is responsible for ensuring that information disclosed externally, including the information contained within the Company's financial statements and MD&A, is complete and reliable.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties, and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements. For additional information on forward-looking statements and material risks associated with them, please see the "Cautionary Note Regarding Forward-Looking Statements" section of this document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this document constitute forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "estimate", "will", "expect", "plan", "intend", or similar words suggesting future outcomes or an outlook. Forward-looking information in this document includes, but is not limited to:

- our business plan and investment strategy; and
- general business strategies and objectives.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect. Assumptions have been made with respect to the following matters, in addition to any other assumptions identified in this document which includes, but is not limited to:

- taxes and capital, operating, general & administrative and other costs;
- general business, economic and market conditions;
- the ability of the Company to obtain the required capital to finance its investment strategy and meet its commitments and financial obligations;
- the ability of the Company to obtain services and personnel in a timely manner and at an acceptable cost to carry out activities; and
- the timely receipt of required regulatory approvals.

Although the Company believes that the expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on them as there can be no assurance that such expectations will prove to be correct. Forward-looking information is based on expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially to those described in the forward-looking information. The material risks and uncertainties include, but are not limited to:

- meeting current and future commitments and obligations;
- general business, economic and market conditions;
- the uncertainty of estimates and projections relating to future costs and expenses;
- changes in, or in the interpretation of, laws, regulations or policies;
- the ability to obtain required regulatory approvals in a timely manner;
- the outcome of existing and potential lawsuits, regulatory actions, audits and assessments; and
- other risks and uncertainties described elsewhere in this document.

The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "Risk and Uncertainties" herein. The forward-looking information contained in this document is made as at the date hereof and, except as required by applicable securities law, the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

BUSINESS OVERVIEW

POWR Lithium Corp. (formerly Clear Sky Lithium Corp.) is in the business of the exploration and evaluation of mineral properties. The Company was incorporated under the Business Corporations Act of British Columbia on June 25, 2018 and changed its name from Clear Sky Lithium Corp. to POWR Lithium Corp. on January 30, 2023. The address of the Company's registered and records office is 1021 West Hastings Street, 9th floor, Vancouver, BC, V6E 0C3.

The Company's common shares trade on the Canadian Securities Exchange (the "CSE") under the symbol "POWR", on the OTC Markets Exchange under the symbol "CSKYF", and on the Frankfurt Stock Exchange under the symbol "6JX".

The Company is in the exploration stage with respect to its interests in exploration and evaluation assets. The recoverability of the amounts comprising exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development and upon future profitable production.

INVESTOR RELATIONS

The Company engaged Stride Report Inc. ("Stride") (Principal: Raafat Nasser; address: 1120-625 Howe Street, Vancouver, BC V6C 2T6), an arm's length party to the Company, to provide digital marketing services for a term of six months commencing on October 5, 2023. The services included the development, publishing, and management of digital content in Canada, Germany and the United States and other related services (collectively, the "Services"). In consideration for providing the Services, the Company has paid $735,000 to Stride.

EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

A summary of the Company's exploration and evaluation assets is as follows:

	ELi Property	**Halo Project**	**Laroque Lake Project**	**Total**
	$	$	$	$
Balance, August 31, 2023	127,500	2,274,306	-	2,401,806
Impairment loss	(127,499)	(2,274,306)	-	(2,401,805)
Balance, August 31, 2024	1	-	-	1
Acquisition costs	-	-	14,000	14,000
Balance, November 30, 2024	**1**	**-**	**14,000**	**14,001**

A summary of the Company's exploration and evaluation expenditures for the three months ended November 30, 2024 is as follows:

	ELi Property	Halo Project	Laroque Lake Project	Total
	$	$	$	$
Geological consulting	2,827	-	-	2,827
Permitting	1,083	-	-	1,083
	3,910	**-**	**-**	**3,910**

A summary of the Company's exploration and evaluation expenditures for the three months ended November 30, 2023 is as follows:

	ELi Property	Halo Project	Laroque Lake Project	Total
	$	$	$	$
Drilling	-	344,916	-	344,916
Mining claims and maintenance	115	228	-	343
	115	**345,144**	**-**	**345,259**

ELi Property

The ELi Property is a sediment-hosted lithium deposit is located in central Nevada and about one hour south of Eureka, a regional mining center. Access to the property is good and both exploration and exploitation activities can be conducted year-round. Initial sampling of over 150 surface samples returned average lithium values of 342 ppm (max 1,023 ppm, min 45 ppm) and are contained within a sedimentary sequence of Miocene mudstone and claystone.

The origin of this lithium deposit is suspected to be similar to the Clayton Valley deposit located about 200 km to the south. Both projects are reasonably well represented by the USGS preliminary deposit model, which describes the primary characteristics as light-colored, ash-rich, lacustrine (lake) rocks containing swelling clays, occurring within hydrologically closed basins in an arid climate with some abundance of proximal silicic volcanic rocks (in the hanging wall at ELi property). For more information, please refer to the National Instrument 43-101, *Standards of Disclosure for Mineral Projects* ("NI 43-101") Technical Report: Eli Sedimentary Hosted Lithium Deposit, Nye & Eureka Counties, Nevada on SEDAR+.

During Q4 2022, POWR competed a detailed mapping project over the ELi property which focused on understanding the surficial exposure of claystone on the property to provide a clearer understanding of exploration vectors and geological controls on mineralization. During this mapping, a larger sample was collected at the ELi site for metallurgical studies.

To increase the understanding of the clay types on the ELi property, POWR engaged ActLabs to complete a clay speciation study on the property. The X-Ray Diffraction (XRD) results provided mineral abundances and detailed clay speciation that were used to support metallurgy work. The Company initiated bench scale metallurgy test work through its partnership with MDS Technical Corp. and their initial review indicates that the sample represents a mineralogical blend specifically suitable to their patented process that aims to leach, concentrate, and purify lithium from claystone, with the ultimate objective of producing battery grade lithium carbonate.

At present, substantive exploration work is neither budgeted nor planned. As a result, on August 31, 2024, the Company impaired the property and recognized impairment loss on this asset of $127,499.

Halo Project

On August 4, 2022, the Company entered into an option agreement with Halo Lithium LLC (the "Optionor") to acquire a 100% interest in 98 mineral claims located in Esmeralda and Nye Counties, Nevada, (the "Halo Project"). The option agreement requires a series of cash payments, reimbursement of expenses and share consideration as follows:

- $319,914 (US$250,000) cash, $97,917 (US$76,518) reimbursement of expenses, and 1,865,269 common shares of the Company payable within five days of the effective date of the agreement (fully paid and issued). The fair value of this first tranche of shares was measured as $1,212,425 based on a $0.65 per share market price on the date of issuance.
- US$200,000 cash and 1,250,000 common shares of the Company payable on or before August 4, 2023 (fully paid and issued). The fair value of this second tranche of shares was measured as $268,750 based on a $0.215 per share market price on the date of issuance.
- US$200,000 cash and 500,000 common shares of the Company payable on or before August 4, 2024.

The claims are subject to a 1% net smelter royalty ("NSR") to the Optionor, subject to a buyback right whereby the Company is entitled to purchase one half of the NSR from the Optionor for a cash payment of US$1,000,000 any time prior to the commencement of commercial production.

Pursuant to the Halo Project option agreement, the Company incurred finder's fees requiring the issuance of common shares ("Finder's fee shares") in separate tranches as follows:

- 118,406 common shares due within five days of August 4, 2022 (issued).
- 75,000 common shares and common shares equal to US$12,000 due on August 4, 2023 (issued).
- 30,000 common shares and common shares equal to US$12,000 due on August 4, 2024.

The fair value of the first tranche of the Finder's fee shares was measured as $76,964 based on the $0.65 per share market price on the date of issuance. The fair value of the second tranche of the Finder's fee shares was measured at $33,936 based on the $0.215 per share market price on the date of issuance.

The Company did not pay the option payments scheduled for August 4, 2024. As a result, the option agreement has been terminated. As at August 31, 2024, the Company recognized impairment loss on this asset of $2,274,306 (August 31, 2023 - $nil).

The Halo Project consisted of 98 claims totalling 819 hectares (2,024 acres) and was located 6km northwest of Tonopah within Big Smoky Valley on the boundary of Nye and Esmeralda Counties. The project was south of American Lithium's TLC project and north of American Battery Technology Tonopah Flats project. The nearby regional centre of Tonopah offers ready access to skilled labour, electricity, and transport logistics.

During Q4 2022, the Company completed a preliminary prospecting program on the property that included reconnaissance and minor sampling/mapping. The Company engaged consultants Mira Geoscience and Axiom Exploration Group to start planning a geophysics program at Halo with the aim of better understanding the surficial cover, claystone depth and depth to basement. The field work portion of the geophysics program was completed in early 2023. The interpretation and modeling of the collected data was completed by Mira Geoscience. The Company enlisted Westland Engineering & Environmental Services to start the drill permitting process.

Drilling permit was granted by the Bureau of Land Management on September 1, 2023 and is good for two years. POWR paid the required surface reclamation bond of US$16,605, which was accepted by the Bureau of Land Management on Sept 11, 2023.

The disclosure of the above geological information in this MD&A has been reviewed and approved by Anna Hicken, P. Geo, a consultant for the Company and a Qualified Person ("QP") for the purposes of NI 43-101. The metallurgical and processing information in this MD&A has been provided to the Company by MDS Technical Corp.

On October 11, 2023, POWR engaged Falcon Drilling for a planned 3,300ft (~1,000m) diamond drilling campaign. This fiscal 2024 drilling program started on October 31, 2023 and was completed on November 13, 2023. The company completed 884 meters in 4 HQ core holes across the project area. Hole depths ranged from 153.6 to 245.4 metres and all holes traversed a thick sequence of finely laminated claystone and siltstone. Logging, cutting and sampling were conducted by POWR's technical team at their logging facility in Tonopah. A total of 490 samples (including internal QAQC) were retrieved by American Assay Laboratories and delivered to their analytical facilities in Sparks, Nevada.

The geological information disclosure relating to the fiscal 2024 drilling program in this MD&A has been reviewed and approved by Robert Johansing, P. Geo, a consultant for the Company and a Qualified Person ("QP") for the purposes of NI 43-101.

Notes:

All sampling completed by POWR within the exploration program are subject to a company standard of internal quality control and quality assurance programs which include the insertion of certified reference materials, blank materials and pulp duplicate analysis. All samples are sent to American Assay Labs located in Reno, Nevada where they are processed for lithium analysis by ICP-5AM48. American Assay Labs quality systems conform to requirements of ISO/IEC Standard 17025 guidelines and meets assay requirements outlined for NI 43-101. Data verification of the analytical results included a statistical analysis of the standards and blanks that must pass certain parameters for acceptance to ensure accurate and verifiable results.

Surface claystone samples are selective in nature and may not represent the true grade or style of mineralization across the entire property.

Laroque Lake Project

On October 10, 2024, the Company entered into a property option agreement to acquire a 100% interest in mineral claims located in Laroque Lake, Saskatchewan, Canada (the "Laroque Lake Project"). The Laroque Lake Project is comprised of 1820 hectares in the Northeast Athabasca Basin, located directly on the northwest corner of IsoEnergy Limited's Larocque East project and adjacent to the four-season Athabasca Seasonal Road, and is considered prospective for uranium. The option agreement requires a series of cash payments, expenditures, and share consideration as follows:

- $10,000 cash and 50,000 common shares of the Company payable on or before October 17, 2024 (fully paid and issued).
- $17,500 cash, expenditures of $50,000, and 75,000 common shares of the Company payable on or before October 10, 2025.
- $25,000 cash and expenditures of $50,000 payable on or before October 10, 2026.
- $57,500 cash and expenditures of $100,000 payable on or before October 10, 2027.

The claims are subject to a 1% net smelter royalty ("NSR") to the Optionor, subject to a buyback right whereby the Company is entitled to purchase the NSR from the Optionor for a cash payment of $1,000,000 any time prior to the commencement of commercial production.

RESULTS OF OPERATIONS

A summary of the Company's results of operations from the financial statements is as follows:

	Q1 2025	Q1 2024
	$	$
Bank charges	**210**	349
Consulting and management fees	**34,250**	129,688
Exploration and evaluation expenditures	**3,910**	345,259
General and administrative	**1,938**	49,701
Legal and professional fees	**57,476**	53,864
Marketing	**2,652**	259,608
Share-based compensation	**42,346**	659,525
Transfer agent and regulatory fees	**8,091**	9,634
	150,873	1,507,628
Other income (expenses)		
Foreign exchange loss	**(322)**	(1,380)
Interest income	**-**	1,465
Net loss and comprehensive loss	**(151,195)**	(1,507,543)
Net loss per share - basic and diluted	**(0.00)**	(0.03)
Weighted average number of common shares - basic and diluted	**52,246,481**	45,300,680

Q1 2025 compared to Q1 2024

Net loss and comprehensive loss decreased to $151,195 compared to $1,507,543 in the prior year comparable period. The primary drivers of the decrease in net loss were as follows:

- Consulting fees decreased to $34,250 from $129,688 in the prior year comparable period due to slowing of the engagement of consultants to conserve cash while the Company secures new financing.
- Exploration and evaluation expenditures decreased to $3,910 from $345,259 in the prior year comparable period due to a curtailment of exploration activities while the Company secures new financing. Drilling activities were undertaken at the Halo Project during Q1 2024.
- General and administrative decreased to $1,938 from $49,701 in the prior year comparable period while the Company secures new financing.
- Marketing decreased to $2,652 from $259,608 in the prior year comparable period due to management's decision to conserve cash while the Company secures new financing. In Q1 2024, marketing cost were focused on investor relations activities after engaging Stride Marketing in October 2023.
- Share-based compensation decreased to $42,346 from $659,525 in the prior year comparable period due to fewer options and RSU's vesting during the period when compared to Q1 2024. During Q1 2024, the Company granted 1,350,000 stock options to consultants of the Company which vested immediately.

SHARE CAPITAL HIGHLIGHTS

During the three months ended November 30, 2024, the Company had the following share capital transactions:

- On October 22, 2024, the Company issued 50,000 common shares as consideration for the Laroque Lake project mineral property option. The fair value of the shares was measured as $4,000 based on a $0.08 per share market price on the date of issuance.

During the year ended August 31, 2024, the Company completed the following transactions:

- On September 29, 2023, the Company issued 10,000,000 units at $0.20 per unit for gross proceeds of $2,000,000.
- Concurrent with the September 29, 2023 private placement, the Company settled outstanding payables totaling $142,750 for consideration of 713,750 units at a price of $0.20.
- The Company issued 352,834 common shares pursuant to the exercise of outstanding warrants for gross proceeds of $35,283.
- On January 30, 2024, the Company issued 3,275,000 common shares pursuant to the conversion of 3,275,000 restricted share units.

SUMMARY OF QUARTERLY RESULTS

A summary of the Company's selected quarterly financial information is as follows:

	Q1 2025	Q4 2024	Q3 2024	Q2 2024
	$	$	$	$
Loss and comprehensive loss	**(151,195)**	(2,572,127)	(247,607)	(1,050,413)
Total assets	**105,391**	50,565	2,508,717	2,748,561
Working capital surplus (deficiency)	**(423,036)**	(303,879)	(133,914)	119,146
Net loss per share - basic and diluted	**(0.00)**	(0.05)	(0.00)	(0.02)

	Q1 2024	Q4 2023	Q3 2023	Q2 2023
	$	$	$	$
Loss and comprehensive loss	(1,507,543)	(302,836)	(191,458)	(752,155)
Total assets	3,749,657	2,575,071	1,933,987	2,013,973
Working capital surplus	732,649	(489,080)	(280,219)	(115,590)
Net loss per share - basic and diluted	(0.03)	(0.01)	(0.01)	(0.02)

The loss and comprehensive loss for each quarter is the result of management decisions to pursue various general exploration and marketing activities combined with available funds to pursue these activities. Commencement of the evaluation and exploration expenditures began for the Halo Project during Q2 2023, with drilling activities being undertaken during Q1 and Q2 2024. ELi Property and Halo Project were both impaired during Q4 2024, resulting in an impairment loss of $2,401,805.

The quarterly trend in total assets and working capital is primarily driven by movements in cash balances due to the Company's financing and operating activities. There was an increase in the total assets during Q1 2024 that is a result of the $2,000,000 private placement completed in September 2023 which were then expended on corporate and exploration activities. There was a decrease in total assets and an increase in loss and comprehensive loss during Q4 2024 due to the impairment loss recognized or the Eli Property and the Halo Project on August 31, 2024.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

As at November 30, 2024, the Company had a working capital deficiency of $423,036 (August 31, 2023 - $303,879).

In order to continue as a going concern and to meet its corporate objectives, which primarily consist of investigating new potential properties and exploration work on those potential properties, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has previously been successful in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Factors that could affect the availability of financing include the progress and exploration results of the mineral properties, the state of international debt, equity and metals markets, and investor perceptions and expectations.

The Company's financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

Sources and uses of cash

	Q1 2025	Q1 2024
	$	$
Cash used in operating activities	**(24,912)**	(1,288,912)
Cash used in investing activities	**(10,000)**	-
Cash provided by financing activities	**46,970**	1,906,997
Change in cash	**12,058**	618,085
Cash, beginning of the year	**4,298**	75,124
Cash, end of the year	**16,356**	693,209

For Q1 2025, the Company reported a net increase in cash of $12,058 compared to a net increase in cash of $618,085 in the prior year comparable period.

Cash used in operating activities during Q1 2025 decreased as result of management's decision to conserve cash while the Company secures new financing compared to cash used in operating activities during Q1 2024 for corporate overhead expenses which included a $735,000 payment to Stride Marketing in October 2023, and an increase in cash spent on exploration and evaluation expenditures on the Halo Project.

Cash used in investing activities for Q1 2025 was due to the payment of $10,000 for the first option payment for the Laroque Lake project.

Cash provided by financing activities during Q1 2025 of $46,970 was the result of deposits received for a non-brokered private placement of units priced at $0.05 per unit expected to close on February 5, 2025. Cash provided by financing activities during Q1 2024 was the result of a $2,000,000 private placement completed in September 2023. These funds were used for working capital purposes and to fund further exploration at the ELi Property and Halo Project.

PROPOSED TRANSACTIONS

The Company has no undisclosed proposed transactions as at November 30, 2024 or at the MD&A Date.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at November 30, 2024 or at the MD&A Date.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The Company had the following related party transactions during the three months ended November 30, 2024 and 2023:

A summary of the Company's amounts paid to key management personnel and/or entities over which they have control is as follows:

	Q1 2025	Q1 2024
	$	$
Consulting and management fees provided by a company owned by an officer	**15,000**	37,500
Exploration and evaluation expenditures provided by a company owned by a director	**1,402**	-
Legal and professional fees provided by a company owned by an officer	**25,625**	26,650
Share-based compensation	**5,692**	10,590
	47,719	74,740

During the three months ended November 30, 2024, the Company was charged $15,000 (2023 - $nil) for management fees pursuant to a service agreement with Number Eight Management Ltd., a company of which Matt Chatterton, the Company's CEO, is the President. Mr. Chatterton was appointed the CEO of the Company on December 12, 2023.

During the three months ended November 30, 2024, the Company was charged $nil (2023 - $37,500) for management fees pursuant to a service agreement with Enermetal Ventures Inc., a company of which Patrick Morris, the Company's CEO, is the President. Mr. Morris served as the CEO of the Company from July 27, 2022 to December 12, 2023.

During the three months ended November 30, 2024, the Company was charged $1,402 (2023 - $nil) for exploration and evaluation expenditures pursuant to a geological service agreement with Tigren Inc., a company of which Marco Montecinos, a director of the Company, is the President.

During the three months ended November 30, 2024, the Company was charged $25,625 (2023 - $26,650) for professional fees pursuant to an accounting service agreement with Invictus Accounting Group LLP, a company of which Oliver Foeste, the Company's CFO, is the Managing Partner.

A summary of the Company's balances due to related parties is as follows:

	November 30, 2024	August 31, 2024
	$	$
Accounts payable and accrued liabilities	**52,165**	7,730

Accounts payable and accrued liabilities due to related parties are non-interest bearing and due on demand.

On September 29, 2023, 196,678 units were issued to the CEO of the Company to settle accounts payable of $39,375.

SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The Company applied the same significant judgements in applying its accounting policies and is exposed to the same sources of estimation uncertainty as disclosed in Note 4 of the Company's audited financial statements for the years ended August 31, 2024 and 2023.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company's financial statements for the years ended August 31, 2024 and 2023 have been prepared in accordance with IFRS Accounting Standards as issued by the IASB and IFRIC, effective as of August 31, 2024. The Company's significant accounting policies are described in Note 3 of the Company's audited financial statements for the years ended August 31, 2024 and 2023.

Certain new standards, interpretations, amendments and improvements to existing standards were issued by IASB or IFRIC that are mandatory for future accounting periods which are not expected to have a material effect on the Company's financial statements. During the year ended August 31, 2024, the Company adopted new accounting standards which are described in Note 3 of the Company's audited financial statements for the years ended August 31, 2024 and 2023.

As disclosed in Note 3 of the Financial Statements, during the three months ended November 30, 2024, the Company adopted the following amendment to IAS 1:

Classification of liabilities as current or non-current - amendments to IAS 1

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments have not had an impact on the classification of the Company's liabilities.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts payables and accrued liabilities, subscription liabilities, and obligation to issue shares. The Company's financial assets and liabilities are classified as and measured at amortized cost. The carrying values of the Company's financial assets and liabilities approximate their respective fair values due to the short-term nature of these instruments.

The Company's risk exposures on financial instruments are summarized below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under contract. The Company's is exposed to credit risk through its cash. The Company reduces its credit risk by placing cash with financial institutions of high credit worthiness.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common shares or debt as required. The Company is exposed to liquidity risk through its accounts payable and accrued liabilities. As at November 30, 2024, the Company has a working capital deficiency of $423,036 (August 31, 2024 - $303,879). Management mitigates this risk by monitoring its cash position. As the Company does not have sufficient cash to fund its current obligations, it will need to raise additional proceeds in the form of debt or equity financing. There is no assurance that the Company will be able to obtain financing on terms that are acceptable to the Company or at all. Liquidity risk is therefore assessed as high.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not significantly exposed to market risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's is not exposed to interest rate risk as the Company has no financial instruments that are subject to variable interest rates.

Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in foreign currencies (US$).

A summary of the Company's financial liabilities that are denominated in US$ is as follows:

	November 30, 2024	August 31, 2024
	$	$
Accounts payable and accrued liabilities	**3,569**	1,084

SUBSEQUENT EVENTS

a) Stock options and warrants expiry

On December 23, 2024, 2,744,236 warrants with an exercise price of $0.10 expired unexercised.

On January 10, 2025, 1,240,000 stock options with exercise price of $0.435 expired unexercised.

On January 17, 2025, 5,733,200 warrants with exercise price of $0.25 expired unexercised.

b) Private Placement announcement and extension

On October 11, 2024, the Company announced its intention to complete a non-brokered private placement consisting of up to 10,000,000 units (the "Units") of the Company at a price of $0.05 per Unit for gross proceeds of up to $500,000 (the "Private Placement"). There is no minimum number of Units or minimum gross proceeds required to close the Private Placement. Each Unit will consist of one common share (each, a "Share") and one share purchase warrant (each, a "Warrant"). Each whole Warrant will entitle the holder thereof to purchase one additional Share at a price of $0.05 for a period of 60 months from the date of issue. On December 23, 2024, the Company received an extension of the deadline for completion of the Private Placement from the Canadian Securities Exchange and anticipates completing the Private Placement before February 3, 2025. There are no changes to the terms of the Private Placement in connection with the extension.

OUTSTANDING SHARE DATA

A summary of the number of the Company's issued and outstanding equity instruments is as follows:

	November 30, 2024	Date of the MD&A
	#	#
Common shares	52,275,052	52,275,052
Warrants	14,262,089	5,784,653
Stock options	3,300,000	2,060,000
Restricted share units	450,000	450,000

RISKS AND UNCERTAINTIES

For a detailed listing of the risk factors faced by the Company, please refer to the annual MD&A for the years ended August 31, 2024 and 2023 filed on SEDAR+ at https://www.sedarplus.ca

OTHER INFORMATION

Additional information about the Company is available on the Company's website at https://www.powrlithium.com and at SEDAR+ at https://www.sedarplus.ca.