



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

**For the Fifteen Month Period Ended March 31, 2022**

**(Expressed in Canadian Dollars)**

# Li-Metal Corp. (formerly Eurotin Inc.)

---

## Introduction

The following Management's Discussion and Analysis ("**MD&A**") of the results of operations and financial condition for Li-Metal Corp. (formerly Eurotin Inc.) (the "**Company**" or "**Li-Metal**") 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 audited consolidated financial statements for the fifteen months ended March 31, 2022 ("**FY 2022**"), as well as the audited consolidated financial statements for the year ended December 31, 2020 ("**FY 2021**") and the related notes (the "**Financial Statements**"). Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars.

The Company's Financial Statements are available on Li-Metal's website at [www.li-metal.com](http://www.li-metal.com) and under the Company's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at [www.sedar.com](http://www.sedar.com).

The audited consolidated financial statements for FY 2022 and FY 2021, have been prepared using International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee.

For the purposes of preparing this 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.

This MD&A was prepared as of July 28, 2022, and all information is current as of such date.

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.

This MD&A was reviewed and approved by the Company's Board of Directors on July 28, 2022.

The information contained in this management discussion and analysis may contain some forward-looking statements. Forward-looking information may include but is not limited to information with respect to our future financial and operating performance, future development activities and adequacy of financial resources.

## Overview of the Company

This MD&A provides an overview of the Company's operations, performance and financial condition for the period January 1, 2021 – March 31, 2022.

# Li-Metal Corp. (formerly Eurotin Inc.)

---

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 anode materials and their production.

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 2555663 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 2555663 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 2555663 Ontario Limited. Therefore, audited financials of the Company as of March 31, 2022 shows the comparative results of 2555663 Ontario Limited for the 12 months ended that date.

Eurotin was incorporated under the Ontario Business Corporation Act (“**OBCA**”) as “**Natex Mineral Corp**” on July 31, 2008. On August 22, 2008, Eurotin filed articles of amendment changing its name to “**Eurotin Inc.**”, and on November 4, 2008, Eurotin filed articles of amendment to remove the transfer and shareholder restrictions. On December 28, 2018, Eurotin amalgamated with its subsidiary, Stannico Resources Inc. On January 3, 2019, in connection with its plan of arrangement with Elementos Limited, Eurotin filed articles of arrangement.

2555663 Ontario Limited was incorporated under the OBCA on January 11, 2017. On May 7, 2019, 2555663 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.

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 333 Bay Street, Suite 2400, Toronto, Ontario, M5H 2T6.

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**”

Li-Metal is developing innovative lithium battery technologies for the next generation batteries expected to power electric vehicles, electric aircraft, handheld devices, and many other applications starting in the mid-2020s. More specifically, Li-Metal is developing and scaling up innovative, patent-pending technology for production of lithium metal and metallic lithium battery anodes. The products and processes are engineered to provide a low-cost, technically-superior and environmentally friendly solution to one of the key hurdles facing next generation lithium batteries, including solid state batteries, advanced liquid electrolyte lithium-ion batteries, and lithium sulfur batteries.

Next generation batteries promise improved energy storage and safety characteristics allowing for longer range electric vehicles, practical electric flight, extended run times on portable devices, and new

# Li-Metal Corp. (formerly Eurotin Inc.)

---

applications not possible with today's bulky and heavy batteries. In order to facilitate commercialization of next generation batteries, improved technology is needed to provide thinner, lower cost lithium metal anodes and the ability to produce lithium metal in an economic, safe and environmentally friendly manner. The present industry is structured to supply materials for the current generation of lithium-ion batteries, including graphite, lithium carbonate and lithium hydroxide, and various cathode metal oxides. The next generation of lithium batteries requires, a dramatic reshaping of the anode supply chain, including several-fold expansion of lithium metal supply and the build-out of lithium metal-based anode production capacity. It is expected that this will take place alongside the 8-10-fold expansion of overall battery production capacity predicted to happen throughout the 2020s.

## Highlights

- On October 25, 2021, the Company announced the completion of the reverse takeover transaction pursuant to which 2555663 Ontario Limited, doing business as Li-Metal acquired Eurotin Inc. Under the terms of an amalgamation agreement previously agreed between Eurotin, 2555663 Ontario Limited and 2848302 Ontario Inc., a wholly owned subsidiary of Eurotin ("**Subco**"), the RTO was completed by way of a three-cornered amalgamation under the laws of the Province of Ontario. Pursuant to the RTO, Subco amalgamated with 2555663 Ontario Limited, with 2555663 Ontario Limited surviving as a wholly owned subsidiary of Eurotin, known as Li-Metal North America Inc. In addition, Eurotin underwent a 124.72 to 1 share consolidation, entered into a settlement of debt agreements with some creditors through the issuance of common shares of the capital of the Company for the equivalent of approximately \$2.14 million and changed its name to "**Li-Metal Corp.**". Immediately following the closing of the RTO, the Resulting Issuer and Li-Metal North America Inc. amalgamated by way of a short-form amalgamation under the laws of the Province of Ontario, with the Resulting Issuer surviving the amalgamation. The Resulting Issuer now holds all of 2555663 Ontario Limited assets and conducts the business of 2555663 Ontario Limited under the Li-Metal Corp. name.
- On October 25, 2021, after the RTO completion indicated above, the Company converted into 3,000,000 common shares and 3,000,000 warrants the \$3 million Convertible Debentures issued as per the Private Placement completed in May 2021. The Convertible Debentures carried a 10% coupon rate that matured in May 2022. On November 23, 2021 the interest was paid by issuing 141,367 common shares as indicated below. Each warrant allows its holder to acquire one common share at the exercise price of \$1.85355.
- On October 25, 2021, after the RTO completion as indicated above, the Company converted 7.5 million subscription-receipts issued as per the Private Placement completed on September 7, 2021 into 7,500,000 shares and 7,500,000 warrants. Each warrant allows its holder to acquire one common share at the exercise price of \$1.85355.
- On October 26, 2021, the Company granted 1,485,000 stock options to certain officers, directors, employees and consultants. The exercise price is \$1.2357 and will expire October 1, 2026. The stock options were issued in accordance with the Company's stock option plan. After the split of its share capital on a four-for-one basis implemented on January 31, 2022, those stock options granted become 5,940,000 and the strike price became \$0.31

## Li-Metal Corp. (formerly Eurotin Inc.)

---

- On November 3, 2021, the common shares of the Company began trading on the Canadian Securities Exchange (the “CSE”) under the ticker “LIM”.
- On November 10, 2021, the Company announced it had retained First Marketing GmbH (the “Service Provider”), a leading investor relations and marketing firm based in Heidelberg, Germany, to provide advertising, corporate communications and promotional services in Germany, Switzerland and Austria. Pursuant to the terms and conditions of this agreement, which commenced on November 12, 2021, the Service Provider was to provide content distribution, translation and advertising services in Europe.
- On November 23, 2021, the Company announced it will be accelerating the expiration of all its outstanding warrants, pursuant to the terms of the warrant indenture dated September 7, 2021. Li-Metal issued a total of 10,500,000 warrants with an expiration date of October 25th, 2023, (the “Warrants”) which were exercisable at \$1.85355
- On November 23, 2021, the Company also announced that had issued 141,367 common Shares to six prior debenture holders in satisfaction of interest owed by the Company on senior secured convertible debentures (the “Debentures”) in the amount of US\$141,369 (the “Interest Payment”). No fractional common shares were issued in satisfaction of the Interest Payment. The common shares issued in satisfaction of interest payable under the Debentures are subject to four-month hold period resale restrictions under Canadian securities laws.
- On November 25, 2021, the Company announced that its advanced anode material development facility (the “Facility”) in Markham, Ontario has reached initial operation capability. The Facility houses small-scale deposition equipment that can rapidly produce anode materials for evaluation and testing, which is a key piece of the strategy to develop Li-Metal’s highly scalable, cost effective, sustainable lithium anode technology. These advanced anode materials will be produced at the Facility for evaluation and optimization, followed by initial industrialization at the roll-to-roll anode facility in Rochester, NY.
- On December 6, 2021, the Company granted an employee 3,500 incentive stock options exercisable at a price of \$10.75 per share for a period of five years, 1,750 options vest in 12 months and 1,750 options vest in 24 months, starting from the date of the grant. After the split of its share capital on a four-for-one basis implemented on January 31, 2022, those stock options granted become 14,000 and the strike price became \$2.69
- On December 10, 2021, 24,365 stock options were exercised by a consultant at an exercise price of \$0.903 for gross proceeds of \$22,002.
- On December 23, 2021, the Company successfully completed the construction and installation of the pilot scale lithium anode production facility in Rochester, NY.
- As of December 23, 2021, all the Company’s warrants indicated above were exercised. Li-Metal raised \$19,462,275 from the exercise of 10,500,000 share warrants with an exercise price of \$ 1.85355 per warrant.
- On December 30, 2021, the Company announced it retained the services of Renmark Financial Communications Inc. to further support its investor relations activities.
- On January 4, 2022, 8,303 stock options were exercised by an employee at an exercise price of \$0.903 for gross proceeds of \$7,494.
- On January 4, 2022, 40,000 stock options were exercised by an officer at an exercise price of \$1.236 for gross proceeds of \$49,428.

## Li-Metal Corp. (formerly Eurotin Inc.)

---

- On January 13, 2022, the Company announced that its roll-to-roll anode pilot plant (the “Facility in Rochester, NY has been commissioned and has produced its first batch of lithium metal anode product. The Facility represents a greater than tenfold expansion in the Company’s ability to supply lithium anode samples to next-generation battery makers and enable the Company to produce anode in the quantities needed for product qualification. The Facility establishes key infrastructure for the North American next-generation battery ecosystem, establishing capacity to produce thousands of large pouch cells per year.
- On January 26, 2022, the Company held a special meeting of shareholders (the “**Special Meeting**”). During the Special Meeting Li-Metal’s shareholders granted to the Company’s Board of Directors (the “**Board**”) the authority to split the Company’s issued and outstanding common shares on a 4-for-1 basis allowing for a more accessible trading range for investors, to enhance liquidity and to increase investor interest in Li-Metal and its business. This share split did not affect the market value of Li-Metal’s shares or a shareholder’s proportionate ownership stake in the Company. Any authority proposed to be granted by the Board to split the shares was conditional upon the prior approval of the Canadian Securities Exchange. Board size was the second matter considered by the Board at the Special Meeting. Shareholders approved a resolution authorizing the board to determine the number of directors on the Board from time to time within the minimum and maximum number set in the articles of the Corporation. In addition to this, the Special Meeting approved to increase the number of directors to six and elected Colin Farrell to the Board.
- On January 31, 2022, the Company announced the implementation of the split of its share capital on a four-for-one basis increasing its issued and outstanding shares to 154,953,828 (the “**Share Split**”). The Share Split was approved by a special resolution on the Company’s Special Meeting held on January 26, 2022.
- On January 31, 2022, the Company announced a new timetable for the release of the Company’s escrowed securities. The new schedule was confirmed by the Canadian Security Exchange due to Li-Metal’s strengthened position, which has allowed the Company to meet higher financial and operating standards. The new timetable allows for 15% of escrowed securities to be released immediately, with an additional 25% of escrowed securities to be released every six (6) months. Ten percent of the original number of escrowed securities were released upon commencement of trading in November.
- On February 8, 2022, the Company announced that it has shipped its first batch of lithium metal anode product to a next generation battery developer customer. This batch of product was produced at the Company’s newly commissioned Facility.
- On February 14, 2022, the Company granted to certain employees an aggregate of 64,000 incentive stock options exercisable at a price of \$2.04 per share for a period of five years, 40,000 options vest in 25% instalments every 12 months, starting from the date of the grant and 24,000 options vest in 50% instalments every 12 months, starting from the date of the grant.
- On February 28, 2022, the Company announced that it has 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 marked a strategic milestone

# Li-Metal Corp. (formerly Eurotin Inc.)

for Li-Metal as it moves toward product testing and qualification, ensuring the adoption of its anode technologies in next-generation batteries.

- On February 28, 2022, the Company granted to an employee 9,900 incentive stock options exercisable at a price of \$1.60 per share for a period of five years, 3,300 options vest in 33.3% instalments every 12 months, starting from the date of the grant.
- On March 7, 2022, the Company granted to an employee 35,295 incentive stock options exercisable at a price of \$1.60 per share for a period of five years, 11,765 Options vest in 33.3% instalments every 12 months, starting from the date of the grant.
- On March 21, 2022, the Company granted to an officer 100,000 incentive stock options exercisable at a price of \$1.43 per share for a period of five years, 33,333 Options vest in 33.3% instalments every 12 months, starting from the date of the grant.
- On March 22, 2022, the Company announced the appointment of Keshav Kochhar to the role of Chief Operating Officer (COO), effective immediately.

## Summary of Annual and 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.

Operating Expenses	Fifteen Months Ended March 31 2021	Year Ended December 31 2020
Research and Development	\$ 2,151,425	\$ 860,379
Salaries and wages	1,295,621	309,420
Share-base compensation	4,654,322	752,751
Professional Fees	159,787	35,967
Legal Fees	1,794,788	65,447
Consulting Fees	1,890,865	805,527
Investor Relations	1,765,881	-
Reporting Issuer cost	118,745	-
Office and general	1,022,103	55,114
Interest and bank charges	185,640	2,511
Foreign exchange loss (gain)	(64,634)	39,263
Amortization of property and equipment	415,254	36,442
Amortization of right-of-use assets	196,042	-
<b>Operating loss before the following items</b>	<b>(15,585,839)</b>	<b>(2,962,821)</b>

# Li-Metal Corp. (formerly Eurotin Inc.)

## Selected Financial Data

Quarterly Results	Fifteen Months ended March 31, 2022 (audited)	Quarter ended March 31, 2022	Quarter ended December 31, 2021	Quarter ended September 30, 2021
	FY 2022	Q5 2022	Q4 2022	Q3 2022
	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil
Net Gain (Loss) for the period	(18,734,825)	(8,189,867)	(7,015,262)	(1,621,031)
Diluted Gain ( Loss) per share	(0.12)	(0.05)	(0.05)	(0.03)
Current Assets	23,855,572	23,855,572	28,619,476	3,242,048
Total Assets	27,703,322	27,703,322	30,826,218	4,983,661
Current Liabilities	865,345	825,345	491,311	4,008,676
Cash and Cash Equivalent	23,162,453	23,162,453	27,817,487	2,916,066
Property and Equipment	2,618,049	2,618,049	2,206,742	1,741,613
Total equity	25,917,450	25,917,450	30,277,255	4,983,661

  

Quarterly Results	Quarter ended June 30, 2021	Quarter ended March 31, 2021	Twelve Months ended December 31, 2020 (audited)	Quarter ended December 31, 2020
	Q2 2022	Q1 2022	FY 2021	Q4 2021
	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil
Net Gain (Loss) for the period	(1,068,571)	(840,094)	(2,961,397)	(2,353,134)
Diluted Gain ( Loss) per share	(0.02)	(0.01)	(0.05)	(0.04)
Current Assets	4,382,776	1,929,813	3,382,238	3,382,238
Total Assets	6,069,434	3,005,305	3,666,640	3,666,640
Current Liabilities	4,010,713	215,038	113,824	113,824
Cash and Cash Equivalent	4,115,004	1,817,166	3,047,978	3,047,978
Property and Equipment	1,686,658	1,075,492	284,402	284,402
Total equity	2,001,069	2,790,267	3,512,816	3,512,816

The Company has experienced considerable fluctuation in its results over the preceding five quarters. Such fluctuations are to be expected for a development stage company undertaking a technology development program as its sole focus; as the nature, scope and scale of activities and associated expenses vary considerably between different development stages.

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 products for distribution to battery developers for research and development



## Li-Metal Corp. (formerly Eurotin Inc.)

---

purposes. It consequently has no revenue and does not foresee substantial revenue in the near term. All costs related to ongoing research and development activities have been presented as research expenses.

The Company intends to generate revenue based on the sale of products currently under development. The Company is therefore focused on completing product development, process development, IP protection and commercialization. As with any product in development phases, value will be created by (a) proving acceptable performance with battery developers; (b) ensuring commercial viability of such products in specific markets through development of manufacturing capability that can give appropriate gross and net margins; and (c) securing reliable supply of key input materials; (d) protect all IP generated by/within the Company.

The Company currently has sufficient expertise to manage the research and development process for each of the products. The value ascribed to each product will increase as it moves through the development phase and will reach maximum value at the point where it has completed product qualification trials with major battery developers and its products are being used in mass produced next generation batteries. Management currently anticipates the first products to obtain this status within ~ 2 years.

During Q1-Q2 2022, the Company mainly focused on assembly and testing of its bench scale metal production in Mississauga. Throughout Q3 – Q5 2022, the Company was primarily engaged in the design, construction and commissioning of its larger pilot scale metal production facility in Markham, ON and pilot scale anode production facility in Rochester, NY. The facility in Markham also houses Li-Metal's anode development R&D facility. The increased expenditure in Q3-Q5 2022 is associated with expansion of Li-Metal's process, new equipment purchase, increased staffing levels, further development of ongoing R&D expenses and increased contractor costs to assist with the setup of Li-Metal's two new facilities.

The bulk of the increase in G&A losses recorded for Q4 2022 are also associated with Li-Metal closing its RTO transaction to be listed on Canadian Securities Exchange (CSE). The increased expenditure covered legal closing costs, engagement of Investor Relations ("IR") firms to support IR and marketing costs and engagement of consultants to assist with process development. Additionally, Li-Metal's anode development facility in Markham became operational in November 2021 and its anode pilot facility in Rochester, NY finished construction in December 2021 (commissioned in January 2022) which contributed to higher losses in Q4 2022.

Increased losses of \$18,734,825 during the fifteen months ended March 31,2022 ("FY 2022") compared with \$2,961,397 for the twelve months ended December 31,2020 ("FY 2021") largely related to a larger number of months during FY 2022. Other factors include:

- Share based compensation - \$4,654,322 ( \$752,751- FY 2021); in connection with the expense revaluation arising from the modification of the legacy 255663 Ontario Limited options granted before the RTO and for the stock options granted to directors, officers, employees and consultants before and after the RTO.
- Research and Development expanded activities for lithium metal production and refining, sample anode production - \$2,151,425 (\$860,379 – FY 2021); The R&D costs increased more than two folds in FY 2022 from FY 2021. The increase in cost reflects Li-Metal successfully completing its bench

## Li-Metal Corp. (formerly Eurotin Inc.)

---

scale campaigns for its lithium metal and lithium anode technologies and progressing to larger-scale piloting activity.

- Cost associated with the acquisition of the securities listing (RTO transaction) - \$2,267,108 (\$Nil FY 2021).
- Consulting fees \$1,890,865 (\$805,527 – FY 2021) additional consultants included some senior officers were retained for the RTO completion and to help the Company getting to the next step of development.
- Legal fees \$1,794,788 (\$65,447 – FY 2021) includes substantial one-time legal fees associated with the RTO transaction, subsequent warrant acceleration and share split, as well as increased patent drafting and filing costs.
- Investor Relations \$1,765,881 (\$Nil – FY 2021) Additional on-going costs include fees paid to investor relations firms to promote the Company activities and keep the shareholders and investors informed after the RTO.
- Salaries and wages due to the expansion of team - \$1,295,621 (\$309,420-FY 2021); the team is rapidly expanding to support Li-Metal's growth and achieve the targets set for 2023-2025 FY.
- Office and General Expenses - \$1,022,103 (\$455,114 – FY 2021) due to the increase of the activities after the RTO. The expenses were related to setting up office & administrative spaces in the two new facilities, insurance, travel and accommodation, expansion of the team and expansion of general scope of activities.
- Change in the fair value of convertible debentures -\$833,689 (\$Nil-FY 2021); was due to the loss in the revaluation of the debenture after the valuation of the Li-Metal Share price using the first day of trading.

The drivers for the loss of \$8,147,496 during the three months ended March 31, 2022 were:

- Share based compensation - \$3,399,555; in connection with the expense revaluation arising from the modification of the legacy 255663 Ontario Limited options granted before the RTO and for the stock options granted to directors, officers, employees and consultants before and after the RTO.
- Consulting and professional fees - \$2,350,335; Consultants, including senior officers were retained for the RTO completion and to help the Company getting to the next step of development; and the increase in legal fees in connection with the warrants acceleration.
- Change in the fair value of convertible debentures - \$782,264 was due to the loss in the revaluation of the debenture after the valuation of the Li-Metal Share price using the first day of trading.

# Li-Metal Corp. (formerly Eurotin Inc.)

---

- Research and Development \$ 742,995. The increase in cost reflects Li-Metal successfully expanded activities for lithium metal production and refining, sample anode production.
- Salaries and wages \$557,865. The increase was due to the team expansion to support Li-Metal's growth and achieve the targets set for 2023-2025.

## Changes in Accounting Policies including Initial Adoption

New standards, amendments and interpretations adopted in the current period have not been disclosed as they did not have a material impact to the Company's financial statements.

### **New standards and interpretations not yet adopted**

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- a. clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- b. clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- c. make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

These amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

Property, Plant and Equipment ("IAS 16") was amended.

The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

## 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

# Li-Metal Corp. (formerly Eurotin Inc.)

assets is dependent on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Company's financial instruments as of March 31, 2022, and December 31, 2020 are as follows:

	March 31, 2022	December 31, 2020
<b>Financial assets</b>		
Cash and Cash equivalents	\$ 23,162,453	\$ 3,047,978
<b>Total financial assets</b>	<b>\$ 23,162,453</b>	<b>\$ 3,047,978</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	\$ 447,412	\$ 113,824
Lease liabilities	377,933	
Government Assistance	40,000	
<b>Total financial liabilities</b>	<b>\$ 865,345</b>	<b>\$ 113,824</b>

Additional financial instruments disclosure, including an analysis of risks associated with financial instruments, is contained in Note 4 of the Company's audited consolidated financial statements for the fifteen months ended March 31, 2022 and the twelve months ended December 31 2020.

## Liquidity and Capital Resources

### (a) Liquidity

The Company's working capital as of March 31, 2022, was \$22,990,227 as compared to working capital of \$3,268,414 on December 31, 2020. Included in working capital was cash and cash equivalents of \$23,162,453 (December 31, 2020 - \$3,047,978).

The Company is in the early stages of operation and at present its operations do not generate cash flow. For the fifteen months ended March 31, 2022, the Company incurred a net loss of \$18,734,825 (twelve months ended September 31, 2020 - \$2,961,397) and accumulated deficit was \$22,325,993 (December 31, 2020 - \$3,633,539).

The Company completed the RTO transaction on October 25, 2021, and began trading on the Canadian Securities Exchange (CSE: LIM) on November 3, 2021. This transaction ensured The Company has sufficient financial resources to meet its financial obligations and keep driving its technological developmental efforts forward. Through the RTO transaction and exercise of its warrants, Li-Metal was able to continue build out and commission the pilot scale production facilities for lithium metal and lithium anodes.

Except as disclosed, the Company does not know of any trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in liquidity are substantially determined by the success or failure of the Company's investigation and development programs and the Company's ability to raise additional capital as required.

# Li-Metal Corp. (formerly Eurotin Inc.)

---

The Company is not now and does not expect in the future, to be engaged in currency hedging to offset any risk of currency fluctuations.

## (b) Capital Resources

The Company's focus for the recently completed fiscal period and going forward is the advancement and development of its research and development projects. The major expenses that will be incurred by the Company in the next twelve months will be costs associated with its development activities and general and administrative activities. The Company believe its current working capital is sufficient to maintain its core operations for the next twelve months, and additional funding will be required by the Company to complete its strategic and long-term objectives.

The Company's ability to continue as a going concern is dependent on its capacity to obtain adequate financing on reasonable terms from lenders, shareholders and other investors in order to develop its assets; and to commence profitable operations in the future. Although the Company has been successful in raising funds in the past, there is no assurance that it will be able complete any future offerings otherwise it may be unable to meet its obligations. These factors indicate the existence of material uncertainty which may cast significant doubt on its ability to continue as a going concern. After reviewing the current cash position and having considered the Company's ability to raise funds in the short term, the directors have adopted the going concern basis in preparing its financial statements

## (c) Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements for Li-Metal.

## 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.

A summary of the Company's financial instruments risk exposure was provided in Note 4 of the Company's consolidated financial statements for the period ended March 31, 2022. 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

# Li-Metal Corp. (formerly Eurotin Inc.)

---

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 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 certain 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 will have 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.

# Li-Metal Corp. (formerly Eurotin Inc.)

---

***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, labour 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 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.

# Li-Metal Corp. (formerly Eurotin Inc.)

---

## ***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 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.



## Li-Metal Corp. (formerly Eurotin Inc.)

---

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 March 31, 2022, 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.

# Li-Metal Corp. (formerly Eurotin Inc.)

## Outstanding Share Data (March 31st, 2022) <sup>(1)</sup>

Shares Class A	Quarter ended March 31, 2022	Quarter ended December 31, 2021	Quarter ended September 30, 2021	Quarter ended June 30, 2021	Quarter ended March 31, 2021	Quarter ended December 31, 2020
Open	-	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Issued	-	-	-	-	-	-
Converted	-	-	-	-	-	-
Forfeited	-	4,000,000	-	-	-	-
<b>Close</b>	-	-	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>

Shares Class B	Quarter ended March 31, 2022	Quarter ended December 31, 2021	Quarter ended September 30, 2021	Quarter ended June 30, 2021	Quarter ended March 31, 2021	Year ended December 31, 2020
Open	154,760,616	13,184,236	12,924,112	12,540,152	12,540,152	6,495,200
Issued	193,212	92,662,856	260,124	383,960	-	6,044,952
Converted	-	62,097,760	-	-	-	-
Forfeited	-	13,184,236	-	-	-	-
<b>Close</b>	<b>154,953,828</b>	<b>154,760,616</b>	<b>13,184,236</b>	<b>12,924,112</b>	<b>12,540,152</b>	<b>12,540,152</b>

Warrants	Quarter ended March 31, 2021	Quarter ended December 31, 2021	Quarter ended September 30, 2021	Quarter ended June 30, 2021	Quarter ended March 31, 2021	Quarter ended December 31, 2020
Open	-	-	-	-	-	-
Issued	-	42,000,000	-	-	-	-
Exercised	-	42,000,000	-	-	-	-
Forfeited	-	-	-	-	-	-
<b>Close</b>	-	-	-	-	-	-

Options	Quarter ended March 31, 2021	Quarter ended December 31, 2021	Quarter ended September 30, 2021	Quarter ended June 30, 2021	Quarter ended March 31, 2021	Quarter ended December 31, 2020
Open	10,305,604	944,600	944,600	1,121,280	1,121,280	-
Issued	209,195	5,954,000	-	-	-	1,121,280
Converted	-	3,504,464	-	-	-	-
Exercised	193,212	97,460	-	176,680	-	-
Forfeited	-	-	-	-	-	-
<b>Close</b>	<b>10,321,587</b>	<b>10,305,604</b>	<b>944,600</b>	<b>944,600</b>	<b>1,121,280</b>	<b>1,121,280</b>

<b>Fully Diluted</b>	<b>165,275,415</b>	<b>165,066,220</b>	<b>18,128,836</b>	<b>17,868,712</b>	<b>17,661,432</b>	<b>17,661,432</b>
----------------------	--------------------	--------------------	-------------------	-------------------	-------------------	-------------------

(1) The share data was adjusted to reflect the split of its share capital on a four-for-one basis implemented on January 31, 2022.

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

- 154,953,828 issued and outstanding shares.
- 11,274,088 stock options outstanding, 8,913,388 of which are exercisable.

# Li-Metal Corp. (formerly Eurotin Inc.)

---

## Capital Equipment

Li-Metal transitioned to a new location (Markham, ON) in Q4, 2022 to expand its internal R&D capability. The facility includes offices, process development space suitable for pilot scale operation of Li-Metal's lithium metal production process, and an advanced anode materials research lab (facility commissioned in November 2021) in to support the development efforts and bench scale R&D of lithium metal anodes. The Company also expanded its anode production capability by building a pilot scale lithium anode production facility in Rochester, NY; this facility is used to produce lithium anode samples for customers for product sampling and qualification. Various types of equipment were purchased or manufactured inhouse to support the Company's development and commercialization efforts. The equipment includes process vessels, heating equipment, equipment to maintain controlled environments, vacuum equipment, surface analysis equipment, battery performance testing tools, control systems, coating machines and other ancillary equipment to support its operations. As a result, the capital assets increased to \$2,618,049 as of March 31, 2022.

## Operating activities

Net cash used in operating activities totalled \$9,718,774 for fifteen months ending on March 31, 2022 compared to \$2,163,959 for twelve months ending on December 31, 2020. Increased net losses reflect a significant increase in research and development activities and the RTO transaction costs as noted above. Other operating costs were incurred as a result of supporting the development of the metal and anode technologies; including increased quantities of raw materials needed for piloting operation and setting up & commissioning of two new facilities (Rochester, NY and Markham, ON). Net-changes in non-cash working capital include payments on research agreements signed during FY 2022, deposits on anode production for customer orders, deposit paid for the new facility and additions to accounts payable.

## Investment activities

The Company incurred costs of \$2,973,867 for fifteen months ending on March 31, 2022 compared to \$266,067 for twelve months ending on December 31, 2020. The increase is due to progress payments made to design, manufacture, install and commission pilot scale anode production equipment, purchase of quality/performance specs testing to build further internal capability, upgrade of pilot scale metal production equipment and bench scale refining equipment to progress to the next stage of technology development.

# Li-Metal Corp. (formerly Eurotin Inc.)

## Financing activities

During the fifteen months ended March 31, 2022 the Company received \$ 32,807,116 compared to \$5,024,954 for twelve months ending on December 31, 2020 as a net cash proceeds provided by financing activities described in the Highlights section.

## Outlook

Although significant progress has been made in advancing Li-Metal's technologies to commercial readiness, additional investment is needed before they can be commercialized.

The anode products and production technologies should be considered a technology platform capable of satisfying the needs of a number of different next generation battery technologies. While the underlying technology is at a high level of maturity, investment is required to complete development and demonstration of full-scale production equipment. The Company is currently evaluating several options for implementing a full-scale anode production demonstration facility while it pursues anode piloting and sample production at its Rochester, NY pilot production plant, and metal production piloting at its Markham, ON facility.

On-going anode and metal production research and development activities, including piloting work and pilot-scale production are expected to require between \$5 - \$6M in expenditures over the next 12 months. With corporate and overhead expenses requiring \$5.5 – \$6.5M over the same period.

## Transactions with Related Parties

Key management of the Company are its Board of Directors and members of executive management. Key management personnel remuneration includes the following payments:

	<b>Fifteen Months Ended December 31 2021</b>	<b>Year Ended December 31 2020</b>
Salaries and short-term employment	\$ 468,130	\$ 96,500
Consulting and professional fees	305,863	25,483
Share-based compensation	825,153	752,751
Share capital issued	157,865	327,911

## Financial Risk Management

The Company's activities expose it to financial risks: market risk specifically to cash flow and fair value interest rate risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge these risks.

# Li-Metal Corp. (formerly Eurotin Inc.)

---

## Commitments

- Li-Metal signed a 5-year lease contract with 1692317 Ontario Inc. for its head office and R&D center at Markham. The lease commenced on July 1, 2021, and will end on June 30, 2026 with option to extend if needed. The Lease liabilities and the right to use assets are described and disclosed in the Notes 4 and 8 of Li-Metal Consolidated Financial Statements.
- Li-Metal signed a 3-year lease contract with Kodak Realty Inc. for its pilot scale anode production facility in Rochester, NY. The lease commenced on August 1, 2021, and will end on November 30, 2024, with option to extend if needed. The Lease liabilities and the right to use assets are described and disclosed in the Notes 8 and 13 of Li-Metal Consolidated Financial Statements.
- On February 28, 2022 the Company entered into a Joint Development and Commercialization Agreement (“**JD/CA**”) with Blue Solutions, the largest producer of solid-state lithium metal batteries. The JD/CA commits both parties to joint development and commercialization of an ultra-thin anode product adapted for Blue Solutions’ battery technologies and based on Li-Metal’s anode production technology. The agreement grants certain non-exclusive preferential commercial rights to any new intellectual property developed during the course of the agreement.

## Significant Judgements and Sources of Estimation Uncertainty

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

#### 1) 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-

# Li-Metal Corp. (formerly Eurotin Inc.)

---

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.

## **2) 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.

## **3) 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.

## **4) 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

## **5) 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 period ended March 31, 2022.

# Li-Metal Corp. (formerly Eurotin Inc.)

---

## 6) Impairment of Assets

IAS 36 Impairment of Assets seeks to ensure that Li-Metal's assets or CGU are not carried at more than their recoverable amount (the higher of fair value less costs of disposal and value in use). The management have reviewed and evaluated the Internal and external Impairment indicators. There are not impairment indicators present as of March 31,2022. As of March 31,2022, the assets are currently at fair market value. The Management will continue reviewing the internal and external indicators in the regular basis to assess the fair value and will run Value in Use procedure once the design and qualification are finished and the Company will be able to complete a future cash flow.

## 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 March 31,2022 that Li-Metal Corp. is in the Research Cost stage and didn't achieve yet the Development stage.

## Forward Looking Statements

Certain of the statements made and information contained herein are considered "forward-looking information" within the meaning of the British Columbia Securities Act. 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, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company on its properties and work plans to be conducted by the Company. With respect to forward-looking statements listed above and contained in the MD&A, the Company has made assumptions regarding, among other things:

# Li-Metal Corp. (formerly Eurotin Inc.)

---

- the impact of currency fluctuations in the United States of America;
- unpredictable changes to the market prices for energy, lithium and copper;
- research and development costs;
- availability of additional financing or joint-venture partners;
- anticipated results of research and development ; and
- the Company's ability to obtain additional financing on satisfactory terms.

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, uncertainty due to COVID-19, volatility in the market price for minerals; fluctuations in currencies and interest rates; incorrect assessments of the value of equipment acquisitions and or design; unanticipated results research and development activities; competition for, amongst other things, capital, and skilled personnel; lack of availability of additional financing and/or joint venture partners.

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.

## Subsequent Events

- On April 1, 2022, the Company granted to an employee 400,00 incentive stock Options exercisable at a price of \$1.31 per share for a period of five years, 133,333 Options vest in 33.3% instalments every 12 months, starting from the date of the grant.
- On April 4, 2022, the Company announced that it has been approved to trade in the United States on the OTC Pink Market (the "**OTC Pink**"), a U.S. trading platform that is operated by the OTC Markets Group in NY. The Company trades on the OTC Pink under the symbol "LIMFF".
- On April 12, 2022, the Company provided a corporate and operational update, indicating that the major equipment installation at Li-Metal's lithium metal pilot facility, located in Markham, Ontario, had been completed. and the plant achieved initial operating capability at the end of April 2022.
- On April 12, 2022, the Company announced that, having received independent legal advice, the marketing and investor relations contract with First Marketing GmbH ("**First Marketing**") concerning the provision of investor relations and marketing services in the German-speaking region (Germany, Austria and Switzerland) is terminated as of April 11, 2022. As a result, the final payment of €500,000 that was to be paid on April 1, 2022 will not be made.
- On April 12, 2022, the Company announced that it had signed a marketing agreement on April 11, 2022, retaining Hybrid Financial Ltd. ("**Hybrid**") to provide investor relations services to the Company. Hybrid has been engaged to heighten market and brand awareness for the Company and



## Li-Metal Corp. (formerly Eurotin Inc.)

---

to broaden the Company's reach within the investment community both in Canada and the United States.

- On April 29, 2022, the Company announced that it had been granted \$1.9 million, as part of a \$5.1 million joint project with Blue Solutions, awarded by Next Generation Manufacturing Canada (NGen), an industry-led organization supporting advanced manufacturing in Canada, to develop the Company's lithium metal anode technologies.
- On May 2, 2022, the Company granted to an employee 200,000 incentive stock options exercisable at a price of \$0.96 per share for a period of five years, 50,000 Options vest in 25% instalments every 12 months, starting from the date of the grant.
- On May 2, 2022, the Company granted to a consultant 400,00 incentive stock options exercisable at a price of \$1.00 per share for a period of five years, 200,000 Options vest in 50% instalments every 12 months, starting from the date of the grant.
- On May 6, 2022, 60,000 incentive stock options granted to an employee exercisable at a price of \$0.31 were cancelled.
- On June 30, 2022, the Company granted to an employee 4,500 incentive stock options exercisable at a price of \$0.62 per share for a period of five years, 1,500 Options vest in 33.33% instalments every 12 months, starting from the date of the grant.
- On July 14, 2022, the Company granted to two employees a total of 8,000 incentive stock options exercisable at a price of \$0.72 per share for a period of five years, 2,666 Options will vest in 12 and 24 months, and 2,668 will vest in 36 months starting from the date of the grant.