# RECHARGE RESOURCES LTD.

(formerly Le Mare Gold Corp.)

**Management Discussion & Analysis ("MD&A")**

Period Ended September 30, 2022

**Date of Report: November 25, 2022**

The following management's discussion and analysis should be read together with the consolidated financial statements and accompanying notes for the year ended December 31, 2021 and related notes hereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This management discussion and analysis includes certain statements that may be deemed "forward-looking statements". Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

## Nature of Business and Overall Performance

Recharge Resources Ltd. (formerly known as Le Mare Gold Corp.) ("Recharge" or the "Company") was incorporated in the province of British Columbia on March 9, 2010 as Signal Resources Inc. The Company is a resource exploration company that is acquiring and exploring mineral properties. The name was changed to Le Mare Gold Corp., on February 2, 2018 and to Recharge Resources Ltd. on July 15, 2021, after which the Company commenced trading as "RR" on the TSX Venture Exchange (the 'TSXV'). On March 4, 2022, the Company delisted from the TSXV and commenced trading as "RR" on the Canadian Securities Exchange (the "CSE").

## Background

The Company has completed a corporate rebranding and has recently acquired a portfolio of highly prospective battery metals projects, with a view to continue exploring world class camps focusing on nickel and lithium.

### *Brussels Creek*

On February 3, 2021, the Company entered into a mineral option assignment agreement whereby the Company has been assigned the right to acquire up to a 100% interest in the Brussels Creek property located in the Kamloops Mining District, British Columbia. The assignor assigned all its right, title, and interest in and to the option agreement dated February 25, 2020 that it is a party to for $157,500 (paid) and 80,000 common shares of the Company (issued). The Company agreed to assume the obligations of the assignor under the option agreement subject to the optionor agreeing to accept 200,000 common shares of the Company in substitution for shares of the assignor otherwise due to be issued to the optionor under the option agreement.

On March 18, 2022, the Company entered into a mineral property acquisition agreement, replacing the option assignment agreement, whereby the Company shall acquire 100% right, title and interest in the property in consideration of Recharge paying the sum of $75,000 (paid) and issuing 250,000 common shares in the Company.

The interest earned is subject to a 2% Net Smelter Royalty payable to the optionor. One half of the royalty may be purchased for $1,000,000, exercisable anytime on or before the expiration of one year from the commencement of commercial production.

The Property is an early-stage exploration property, located approximately 24 km west of Kamloops, BC, and is immediately adjacent to New Gold's New Afton mine. The Property comprises 17 claims (66 cells) covering 1350.43 ha. The geological setting of the Property is very similar to New Afton, a silica-saturated copper-gold alkalic porphyry-style deposit, as well as the Highland Valley, Mount Polly, Kemess and Galore Creek deposits. Recent field observations noted the presence of a substantial mineralized quartz-feldspar porphyry body intruding the overlying Nicola Group volcanics. Historic sampling and mapping on the property, in 1983 and 1984, located a broad anomalous zone (200 m by 400 m) with gold values up to 3.5 g/t. Grab samples taken from the property in 2019 include values of 10.1 g/t Au (with 0.7 g/t Pd) and 11.5 g/t Au. In 2020, Syber commenced exploration work on the property and has completed an airborne magnetometer survey over the entire property, a LiDAR and orthophotography survey, and also one week of prospecting and mapping. Interpretation of the geophysical survey identified six areas of interest, showing potential for the structural complexities and potassic alteration that are common features of this style of porphyry copper-gold deposit.

Recharge commissioned Healex Consulting of Nanaimo, BC, to complete a National Instrument 43-101 Technical Report on the Property. The report will be made available on [www.sedar.com](http://www.sedar.com).

***Kagoot Brook***

On June 24, 2021, the Company entered into an agreement with West Mining Corp. whereby the Company may acquire a 75% interest in the Cobalt-Nickel Kagoot Brook project a 4,233-hectare area located in the Bathurst mining camp, New Brunswick, Canada.

Pursuant to the Agreement, West Mining has assigned its original agreement made with Great Atlantic Resources Corp. and Explorex Resources Inc. to Recharge. Recharge may acquire a 75% interest in the Project, subject to an underlying 2% NSR pursuant to the underlying agreement, by issuing to West Mining 100,000 common shares (issued) and assuming the $650,000 exploration commitment to be completed before May 10$^{th}$, 2023 and a $50,000 royalty payment to underlying royalty holders by January 23$^{rd}$, 2022. Recharge shall issue 50,000 (issued) common shares to Great Atlantic Resources for the extension on the exploration expenditures.

On September 9, 2022, the Company terminated the option agreement with Kagoot Brook with an objective of focusing time and capital on the Company's more advanced assets.

***Murray Ridge and Pinchi Lake***

On July 28, 2021, the Company entered into a share purchase agreement with the shareholders of Battmetals Resources Corp., under which Recharge purchased all of Battmetals issued and outstanding shares, representing a 100% interest. As consideration for Recharge's purchase of the Battmetals shares, Recharge issued an aggregate of 5.7 million shares to the vendors.

The Company has 100 per cent interest in the Murray Ridge and Pinchi Lake Nickel projects. The properties are located approximately 15 to 30 km northwest of Fort St. James and 120 km northwest of Prince George in Central British Columbia. The project was previously explored by Nanton Nickel Corp. The project consists of three separate claim blocks totalling 3354.64 hectares that were carefully selected to cover the best sampling results (greater than 0.20% nickel in rocks) reported by Nanton Nickel company in 2013 shortly after the discovery of the Decar Nickel property owned FPX NICKEL CORP. (FPX.TSX-V). Awerite was confirmed to be a constituent of the nickel values.

The Decar Nickel Project geology which lies 60km South West is analogous suite of ultramafic intrusions are hosts to widely disseminated coarse grained awaruite mineralization. Compositionally, awaruite (Ni2Fe-Ni3Fe) is comprised of approximately 75% nickel, 25% iron and 0% sulfur, and therefore it is considered "natural steel". Absence of sulfur allows a concentrate to be shipped directly to steel mills without incurring smelting and refining costs, and minimal environmental problems.

The Company additionally holds the Georgia Lake North & West Lithium Properties next to RockTech Lithium's (RCK:CSE) Georgia Lake Property consisting of two projects totalling 320 hectares and 432 hectares. The RockTech project is located 160 km northeast of Thunder Bay within the Thunder Bay Mining Division and is host to a number of spodumene-bearing pegmatites. Lithium mineralization was discovered in 1955 and subsequently explored by several historic owners. RockTech acquired the licenses since 2009 and carried out several drill campaigns until 2017. Based on a total of 351 drill holes with a combined length of 47,384 m an NI43-101 compliant resource estimate of 6.58 million tonnes in the measured and indicated category and 6.72 million tonnes in the inferred category was published in August 2018.

***Pocitos 1***

On March 21, 2022, the Company entered into an option agreement with Spey Resources Corp. ("Spey") whereby the Company may acquire up to 100% undivided interest in the Pocitos 1 project, an 800-hectare lithium brine project located just outside of Salta, Argentina.

To earn an 80% undivided interest in the property, the Company must pay to Spey cash and share payments totalling US$1,750,000 per the following commitments:

i) Cash payments to be made:
   - US$350,000 upon execution of the agreement; (paid)
   - US$500,000 on or before March 21, 2023

ii) Shares to be issued:
   - US$400,000 equivalent shares upon execution of the agreement; (issued)
   - US$500,000 equivalent shares on or before March 21, 2023

iii) Exploration expenditures to be incurred:
   - US$250,000 on or before March 21, 2023

If the remaining 20% is acquired, the Company must pay Spey an additional US$6,000,000 on or before March 21, 2027.

A royalty of 7.5% of the FOB price of lithium carbonate or other lithium compounds sold on the project shall remain payable pursuant to an underlying agreement.

The project is located approximately 10km from the township of Pocitos where there is gas, electricity, and telephone internet services. Pocitos 1 is approximately 800 hectares and is accessible by road. Previous exploration and development teams have spent over US$1.5M exploring the project, including surface sampling, trenching, TEM geophysics and drilling two 400m holes with promising results. Locations for immediate follow up drilling have been designed and identified for upcoming exploration.

Lithium values of up to 125ppm from Laboratory analysis conducted by Alex Stewart were recorded by A.I.S. Resources Ltd during their drill campaign in May 2018 using a double packer in HQ Diamond drillholes to a depth of 409 metres and the flow rate of the hole exceeded 75,000 Litres per minute and continued for more than 5 hours. Both drill holes had exceptional brine flow rates. Recharge's plan is to sample the current drill holes and drill a further two holes to work towards a NI43-101 resource calculation.

**Highlights**

On March 14, 2022, the Company entered into a digital marketing services agreement with TD Media LLC dba Life Water Media LLC whereby TD Media will provide digital marketing services including content creation, distribution, and market awareness campaigns in consideration of US$350,000 for a 90 day term.

On April 21, 2022, the Company announced the extension of the contract by 30 days in consideration of US$100,000.

On March 18, 2022, the Company entered into a mineral property acquisition agreement, replacing the option assignment agreement, whereby the Company shall acquire 100% right, title and interest in the Brussels Creek property in consideration of Recharge paying the sum of $75,000 (paid) and issuance 250,000 common shares in the Company (issued May 10, 2022).

On March 21, 2022, the Company entered into an option agreement with Spey Resources whereby the Company may acquire up to 100% undivided interest in the Pocitos 1 project, an 800-hectare lithium brine project located just outside of Salta, Argentina. On March 9, 2022, the Company made payments totalling US$350,000 (CDN$450,565) and on March 24, 2022, the Company issued 1,005,680 common shares with a fair value of $502,840 (US$400,000) pursuant to the agreement.

On March 21, 2022, the Company welcomed Andrew Mugridge to the Board of Directors and accepted the resignation of Andreas Schleich.

During the three months ended March 31, 2022, the Company granted 500,000 stock options exercisable at a price of $0.65 to consultants of the Company and issued 300,000 common shares for proceeds of $195,000 pursuant to the exercise of stock options.

During the three months ended March 31, 2022, the Company granted 200,000 RSUs to consultants of the Company and issued 200,000 common shares pursuant to the vesting of RSUs.

On May 13, 2022, the Company accepted the resignation of Bryson Goodwin as President and a director of the Company.

On May 26, 2022, the Company consolidated its outstanding common shares on a 10:1 basis. All share amounts have been retroactively restated.

On June 21, 2022, the Company issued 11,445,000 units at a price of $0.09 per unit for proceeds of $1,030,050. Each unit consisted of one common share and one transferable share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at $0.15 per share expiring on June 1, 2023.

On June 21, 2022, the Company issued 2,083,333 flow-through units at a price of $0.12 per unit for proceeds of $249.999.84. Each unit consisted of one common share and one transferable share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at $0.18 per share expiring on June 1, 2023.

During the three months ended June 30, 2022, the Company granted 175,000 stock options exercisable at $0.60 to consultants, officers and directors of the Company, issued 180,000 common shares for proceeds of $114,250 pursuant to the exercise of stock options and cancelled 195,000 stock options.

During the three months ended June 30, 2022, the Company issued 56,000 RSUs to consultants, officers and directors of the Company and issued 56,000 common shares pursuant to the vesting of RSUs.

On August 16, 2022, the Company appointed Lawrence Segerstrom as a director of the Company accepted the resignation of Joel Warawa as a director of the Company.

On August 29, 2022, the Company announced the addition of Brad Dixon, an attorney based in Boise, Idaho, to its Advisory Board. The Company also added Hani El Rayess to its Advisory Board as a M&A and Business Development Advisor.
During the three months ended September 30, 2022, the Company granted 5,541,812 RSUs to consultants, officers and directors of the Company and issued 4,869,312 common shares pursuant to the vesting of RSUs.

On September 9, 2022, the Company terminated the option agreement for its Kagoot Brook project with an objective of focusing time and capital on the Company's more advanced assets.

On September 13, 2022, the Company announced the addition of Richard Robins, cofounder and former CFO of International Battery Metals Ltd., to its Senior Advisory Board.

On September 27, 2022, the Company announced that it had executed a technology licence agreement for countrywide use of Ekosolve$_{TM}$ Lithium Solvent Exchange Extraction ("Ekosolve$_{TM}$) equipment to build a lithium plant capable of producing up to 20,000 tonnes of lithium carbonate annually at the Pocitos 1 project.

On September 30, 2022, the Company announced that it had signed a letter of intent with Richlink Capital Pty Ltd ("Richlink") for the supply of a minimum of 10,000 up to 20,000 tonnes annually of lithium chloride or, at Richlink's discretion, lithium carbonate, from the Pocitos 1 project.

On October 5, 2022, the Company announced the addition of John Percival to its Senior Advisory Board to advise the Company on plant financing for the EkosolveTM Agreement.

On October 20, 2022, the Company announced its plans to transfer its Pinchi Lake project to a new subsidiary (“SpinCo”), provide funding to SpinCo, then spin-out the shares of SpinCo to Recharge’s shareholders of record on a 1 for 3 basis.

On November 7, the Company announced that it had engaged Marco Messina for a 4-week European advertising campaign, commencing on November 14, 2022, in consideration of €100.000.

On November 22, 2022, the Company announced that it is in the process of registering as a mining company in Argentina operating under the name “Recharge Resources Argentina SA”, a 100% owned subsidiary of Recharge.

During the period subsequent to September 30, 2022, the Company granted 515,000 stock options exercisable at $0.38; 1,000,000 stock options exercisable at $0.32; and 135,000 stock options exercisable at $0.375 to consultants of the Company and issued 765,000 common shares for proceeds of $260,700 pursuant to the exercise of stock options.

During the period subsequent to September 30, 2022, the Company granted 1,545,000 RSUs to consultants of the Company and issued 1,345,000 common shares pursuant to the vesting of RSUs.

**Liquidity and Capital Resources**

As at September 30, 2022, the Company had working capital of $470,939 (December 31, 2021 – $1,328,926). The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. The Company requires additional working capital to meet its primary business objectives. Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the funding through future equity issuances and through short-term borrowing in order to fund ongoing operations and to meet its obligations. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

**Results of Operations**

| | Three months ended September 30, 2022 $ | Three months ended September 30, 2021 $ | Nine months ended September 30, 2022 $ | Nine months ended September 30, 2021 $ |
|---|---|---|---|---|
| Expenses | | | | |
| Consulting fees | 14,500 | 346,942 | 74,700 | 415,317 |
| Exploration expenses write-down | 129,095 | – | 129,095 | – |
| General and administrative | 2,831 | 13,052 | 30,249 | 32,432 |
| Investor relations | 97,799 | 231,349 | 901,307 | 892,535 |
| Management fees (Note 5) | 327,500 | 82,500 | 549,500 | 127,500 |
| Professional fees | 2,737 | 30,761 | 31,438 | 42,843 |
| Share-based compensation (Note 7) | 1,541,300 | – | 1,909,810 | 8,541 |
| Transfer agent and filing fees | 30,052 | 9,621 | 54,460 | 47,896 |
| Travel | 1,497 | 1,236 | 15,416 | 2,204 |
| Total expenses | 2,147,311 | 715,461 | 3,695,975 | 1,569,268 |

Total operating expenses for the period ended September 30, 2022, an increase of $2,126,707 compared to the prior year period. Significant changes over the prior year are as follows; an increase of $422,000 in management fees largely offset by a decrease of $340,617 in consulting fees as well as an increase of

$1,901,269 in share-based compensation as the Company implemented its RSU plan to compensate consultants, officers and directors. The overall increases are a result of the Company's continued growth, expansion of market awareness and addition of mineral assets, most recently the Pocitos project. The Company also impaired its Kagoot Brook property and recorded a write down of exploration expenses of $129,095.

**Summary of Quarterly Results**

The following table sets out selected quarterly information for each of the Company's most recent eight completed quarters:

| | Revenues<br>$ | Net loss<br>$ | Net loss per share (basic and diluted)<br>$ |
|---|---|---|---|
| December 31, 2020 | – | (60,556) | (0.02) |
| March 31, 2021 | – | (352,215) | (0.12) |
| June 30, 2021 | – | (503,622) | (0.06) |
| September 30, 2021 | – | (715,461) | (0.07) |
| December 31, 2021 | – | (220,701) | (0.02) |
| March 31, 2022 | – | (563,159) | (0.05) |
| June 30, 2022 | – | (979,745) | (0.08) |
| September 30, 2022 | – | (2,150,179) | (0.07) |

**Transactions with Related Parties**

(a) As at September 30, 2022, the amount of $99,750 (December 31, 2021 – $nil) is owed to a company controlled by the CEO of the Company. The amount owed is non-interest bearing, unsecured, and due on demand. During the period ended September 30, 2022, the Company incurred management fees of $200,000 (2021 - $nil) to a company controlled by the CEO of the Company.

(b) As at September 30, 2022, the amount of $15,750 (December 31, 2021 - $5,250) is owed to a company controlled by the Chief Financial Officer ("CFO") of the Company which is included in accounts payable and accrued liabilities. The amount owed is non-interest bearing, unsecured, and due on demand. During the period ended September 30, 2022, the Company incurred management fees of $93,500 (2021 - $45,000) to a company controlled by the CFO of the Company.

(c) As at September 30, 2022, the amount of $6,619 (December 31, 2021 - $2,957) is owed to the CFO of the Company which is included in accounts payable and accrued liabilities. The amount owed is non-interest bearing, unsecured, and due on demand.

(d) As at September 30, 2022, the amount of $nil (December 31, 2021 - $2,625) is owed to a company controlled by the Corporate Secretary of the Company which is included in accounts payable and accrued liabilities. The amount owed is non-interest bearing, unsecured, and due on demand. During the period ended September 30, 2022, the Company incurred management fees of $36,000 (2021 - $22,500) to a company controlled by the Corporate Secretary of the Company.

(e) During the period ended September 30, 2022, the Company incurred consulting fees of $10,000 (2021 - $nil) to a company controlled by a director of the Company.

(f) As at September 30, 2022, the amount of $9,390 (December 31, 2021 – due $11,560) is owed to the former CEO of the Company which is included in accounts payable and accrued liabilities. The amount owed is non-interest bearing, unsecured, and due on demand. During the period ended September 30, 2022, the Company incurred management fees of $220,000 (2021 - $nil) to the former CEO of the Company.

(g) As at September 30, 2022, the amount of $nil (December 31, 2021 - $2,100) is owed to a company controlled by a former director of the Company which is included in accounts payable and accrued liabilities. The amount owed is non-interest bearing, unsecured, and due on demand. During the period ended September 30, 2022, the Company incurred consulting fees of $31,500 (2021 - $6,000) to a company controlled by a former director of the Company.

**Financial Instruments and Risk Management**

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash, and accounts payable and accrued liabilities, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The risk in cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies. The carrying amount of financial assets represents the maximum credit exposure.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

(d) Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company requires funds to finance its business development activities. In addition, the Company needs to raise equity financing to carry out its exploration programs. There is no assurance that financing will be available or, if available, that such financing will be on terms acceptable to the Company.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

**Additional Disclosure for Venture Issuers Without Significant Revenue**

An analysis of material components of the Company's exploration and evaluation assets is disclosed in the condensed interim consolidated financial statements for the period ended September 30, 2022.

## Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended September 30, 2022, and have not been early adopted in preparing the accompanying condensed interim consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

## Outstanding Share Data

As at November 25, 2022, the Company has 36,407,436 common shares issued and outstanding.

As at November 25, 2022, the Company has 10,843,332 share purchase warrants outstanding.

As at November 25, 2022, the Company has 885,000 stock options outstanding.

As at November 25, 2022, the Company has 872,500 restricted share units outstanding.

## Coronavirus Pandemic

The current outbreak of COVID-19 and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions, which may adversely impact the Company's operations, and the operations of its suppliers, contractors and service providers, the ability to obtain financing and maintain necessary liquidity. The outbreak of COVID-19 and political upheavals in various countries have caused significant volatility in commodity prices. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Travel bans and other government restrictions may also adversely impact the Company's operations.

## Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

## Other Requirements

Additional disclosure of the Company's technical reports, material change reports, news releases and other information can be obtained on SEDAR at *www.sedar.com.*