

FORM 51-102F3

AMENDED AND RESTATED MATERIAL CHANGE REPORT
AMENDS AND RESTATES THE MATERIAL CHANGE REPORT DATED OCTOBER 16, 2020

ITEM 1. Name and Address of Company

United Lithium Corp. (the “**Company**”)
Suite 1080, 789 West Pender Street
Vancouver, BC V6C 1H2

ITEM 2. Date of Material Change

October 13, 2020

ITEM 3. News Release

A news release with respect to the contents of this report was issued on October 14, 2020 and was disseminated through the facilities of recognized newswire services. A copy of the news release was filed on SEDAR.

ITEM 4. Summary of Material Change

On October 13, 2020, the Company’s wholly-owned subsidiary, 1263391 B.C. Ltd. (“**Subco**”), completed an amalgamation (“**Amalgamation**”) with 1257590 B.C. Ltd. (“**125**”) under the *Business Corporations Act* (British Columbia). Pursuant to the Amalgamation, the Company has indirectly acquired an option (the “**Option**”) to acquire up to 100% of the Barbara Lake Lithium Property (the “**Property**”).

ITEM 5. Full Description of Material Change

5.1 Full Description of Material Change

On October 13, 2020, Subco and 125 completed the Amalgamation, pursuant to which the Company has indirectly acquired an Option to acquire up to 100% of the Property.

As consideration for the Amalgamation, the Company issued an aggregate of 11,500,00 common shares in the capital of the Company to the former shareholders of 125 and an additional 109,965 common shares in the capital of the Company to the owner of the Property.

5.2 Disclosure for Restructuring Transactions

The Company

The Company was incorporated under the *Business Corporations Act* (British Columbia) on April 28, 2017 and is a reporting issuer in British Columbia, Alberta and Ontario. The following information has been incorporated by reference in this Material Change Report from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from 125 at Suite 1080, 789 West Pender Street, Vancouver, BC V6C 1H2 Attention: Faizaan Lalani, (778) 233-3537, and are also available electronically at www.sedar.com.

A. audited financial statements of the Company for the years ended July 31, 2019 and 2018;

- B. Management's Discussion and Analysis of Financial Results for the Company for the year ended July 31, 2019;
- C. unaudited interim financial statements of the Company for the nine months ended April 30, 2020 and 2019;
- D. Management's Discussion and Analysis of Financial Results for the Company for the nine months ended April 30, 2020;
- E. Management Information Circular of the Company dated February 28, 2019 with respect to the Annual General and Special Meeting held on April 18, 2019;
- F. Press Release dated September 2, 2020;
- G. Material Change Report dated September 2, 2020;
- H. Press Release dated October 14, 2020;
- I. Material Change Report dated October 16, 2020; and
- J. Annual Information Form dated April 26, 2021.

Subco

SubCo was a corporation incorporated in accordance with the laws of the Province of British Columbia. It was incorporated by the Company on August 28, 2020 for the purpose of amalgamating with 125 in connection with the Amalgamation and did not engage in any other active business.

125

Please refer to the attached Appendix "A" for information regarding 125.

Also included in this Amended and Restated Material Change report are:

- the audited annual financial statements of 125 from the period of incorporation to July 31, 2020 (attached as Appendix "B");
- management's discussion and analysis of Financial Results for 125 for the period of incorporation to July 31, 2020 (attached as Appendix "C").

ITEM 6. Reliance on Subsection 7.1(2) of National Instrument 51-102

This report is not being filed on a confidential basis.

ITEM 7. Omitted Information

There are no significant facts required to be disclosed herein which have been omitted.

ITEM 8. Executive Officer

The name and business number of the executive officer of 125 who is knowledgeable of the material change and this report is:

Faizaan Lalani
Chief Financial Officer
Telephone – 778-233-3537

ITEM 9.

Date of Report

September 7, 2021

APPENDIX “A”

INFORMATION CONCERNING 1257590 B.C. LTD.

The following information is provided in respect of 1257590 B.C. Ltd (“**125**”) as at October 13, 2020 prior to its amalgamation with 1263391 B.C. Ltd. (the “**Amalgamation**”), unless the context requires otherwise.

CORPORATE STRUCTURE

Name, Address and Incorporation

125 was incorporated under the *Business Corporations Act* (British Columbia) on July 17, 2020 under the name “1257590 B.C. Ltd.” No material amendments were made to 125’s articles or other constating documents between the time of its incorporation and completion of the Amalgamation.

125’s head office is located at 1930 - 1177 West Hastings Street, Vancouver, British Columbia V6E 4T5 and its registered and records office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

Intercorporate Relationships

125 has no wholly-owned subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

125’s business is the acquisition, exploration and evaluation of natural resource properties in Canada. 125 holds an option (the “**Option**”) to acquire up to 100% of the Barbara Lake Lithium Property (the “**Property**” or the “**Barbara Lake Project**”), which is comprised of 56 mining cell claims covering approximately 2,147 hectares of land in the Barbara Lake Area, Thunder Bay Mining District, Ontario, Canada.

125 has not determined whether its mineral property interests contain economically recoverable mineral reserves. 125’s operations and the underlying value of its mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of 125 to obtain the necessary financing to complete the exploration of its mineral property interests and necessary mining permits, and on future profitable production or the proceeds from the disposition of the exploration and evaluation assets.

Three Year History of 125

In early 2020, management of 125 identified the increasing market demand for lithium and growth opportunities within the lithium industry. Accordingly, management engaged discussions with a consulting geologist to assist with identifying potential lithium assets for the purposes of acquiring a qualifying asset. Through the consulting geologist, management was introduced to Mr. Alex Pleson, an individual who held various options in multiple different properties. In discussions with Mr. Pleson and upon review of potential opportunities, management identified the Barbara Lake Project as its desired qualifying asset given the potential of the property and the market value. In April 2020, management and Mr. Pleson came to a mutual understanding on the terms and value of the Option. After a couple months of deliberation with regard to the best course forward towards public listing, management proceeded with the incorporation of 125 to be in position to finalize an option agreement with Mr. Pleson regarding the Barbara Lake Project.

From the date of incorporation to October 13, 2020

- On July 17, 2020, 125 was formed with the view for acquiring a lithium asset and pursuing listing on the Canadian Securities Exchange (the “CSE”).
- On July 17, 2020, 125 issued 100 common shares in the capital of 125 (the “**Common Shares**”) as part of its incorporation at a price of \$0.01 per Common Share, for gross proceeds of \$1.00.
- On August 5, 2020, 125 entered into an option agreement with Alex Pleson (the “**Option Agreement**”) to earn a 100% interest in the Barbara Lake Project.
- On August 6, 2020, 125 issued 1,000 Common Shares at \$0.01 per Common Share for gross proceeds of \$10.00.
- On August 19, 2020, having regard to the CSE’s policies regarding builder shares, existing shareholders of 125 made a contribution to the capital of 125 in the aggregate amount of \$10.00, pursuant to which the issuance price of previously issued Common Shares to such shareholders increased from \$0.01 to \$0.02.
- On August 19, 2020, 125 issued 10,500 Common Shares at \$0.02 per Common Share for gross proceeds of \$210.00.
- On September 2, 2020, 125 entered into an amalgamation agreement with United Lithium Corp. (formerly, United Battery Metals Corp.) (the “**Company**”) and 1263391 B.C. Ltd. (“**126**”). Please see “*Description of the Business – The Amalgamation*” for further details.
- On October 13, 2020, 125 repurchased for cancellation 100 Common Shares previously issued in connection with incorporation, for an aggregate purchase price of \$1.00.
- On October 13, 2020, 125 completed the Amalgamation with 126, pursuant to which the resulting company became a wholly-owned subsidiary of the Company. Please see “*Description of the Business – The Amalgamation*” for further details.

Significant Transactions

Please see “*Description of the Business – The Amalgamation*”.

NARRATIVE DESCRIPTION OF THE BUSINESS

Overview

As described above under “*General Development of the Business*”, 125 is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties.

125 has an Option to acquire up to 100% of the Barbara Lake Project, located in the Barbara Lake Area, Thunder Bay Mining District, Ontario, Canada. 125 has not determined whether its property interests contain mineral resources or mineral reserves that are economically recoverable. The recoverability of

amounts shown for resource properties and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of 125's interest in the underlying mineral claims, the ability of 125 to obtain necessary financing to complete the development of the resource property and upon future profitable production or proceeds from the disposition thereof. Please see the sections entitled "Risk Factors" and "Mineral Project Disclosure" in the annual information form for the Company dated April 26, 2021 (the "AIF"), which has been incorporated by reference in this Material Change Report. A copy of the AIF incorporated herein by reference may be obtained on request without charge at Suite 1080, 789 West Pender Street, Vancouver, BC V6C 1H2 Attention: Faizaan Lalani, (778) 233-3537, and is also available electronically at www.sedar.com.

The Amalgamation

On September 2, 2020, 125 entered into a definitive amalgamation agreement (the "**Amalgamation Agreement**") with the Company and 126, pursuant to which 126 agreed to amalgamate with 125.

On October 13, 2020, the Amalgamation was completed. In consideration for the Amalgamation, the Company issued to the previous shareholders of 125 an aggregate of 11,500,000 common shares. In addition, the Company issued to the owner of the Barbara Lake Project 109,965 common shares. No finder's fee was paid in connection with the transaction.

The consideration payable to 125 shareholders was determined following arm's length negotiations, utilizing business judgement, including consideration of the following factors:

- The Company had no asset and was at potential risk of a delisting review by the Canadian Securities Exchange.
- The Company incurred significant cost, both financially and in terms of management resources, to maintain compliance with securities regulatory requirements and had significant difficulty in raising new funds.
- The Company's prior financing was completed on August 18, 2020 at a price of \$0.11 per unit for gross proceeds of \$2,199,874.38, with each unit comprised of one common share and one common share purchase warrant, with each warrant being exercisable to acquire an additional common share at a price of \$0.25 for a period of twenty-four months.
- The Company's stock was thinly-traded; average trading volume for the month of July was: 16,571 common shares per day; for August was 36,543 common shares per day; and for September was 15,109 common shares per day.

In addition, the Company determined the consideration based on a review of the technical report prepared in respect of the Barbara Lake Project and the perceived general market potential of lithium, and of the region in which the project is situated.

It is noted that the consideration received by 125 shareholders pursuant to the Amalgamation included the assumption of responsibility by the Company for making the initial cash option payment of \$40,000 required under the terms of the Option Agreement. Such payment was made by the Company through the issuance of Company shares.

Bankruptcy and Receivership

125 has not been the subject of any bankruptcy or any receivership or similar proceedings or any voluntary bankruptcy, receivership or similar proceedings, since incorporation.

Material Restructuring

Prior to the Amalgamation, 125 had not completed any reorganization.

Mineral Projects

Barbara Lake Project

The mineral project information regarding the Barbara Lake Project has been incorporated by reference in this Material Change Report from the AIF filed by the Company. A copy of the AIF incorporated herein by reference may be obtained on request without charge at Suite 1080, 789 West Pender Street, Vancouver, BC V6C 1H2 Attention: Faizaan Lalani, (778) 233-3537, and are also available electronically at www.sedar.com.

SELECTED FINANCIAL INFORMATION

Financial Information – Annual Information

The following table provides a brief summary of the financial information of 125 as at and for the period from incorporation on July 17, 2020 to July 31, 2020. Such information is derived from the financial statements of 125 and should be read in conjunction with such financial statements.

	For the Period from Incorporation to July 31, 2020
Operating Data:	
Total revenues	Nil
Total expenses	(\$13,000)
Net loss for the year	(\$13,000)
Basic and diluted loss per share	(\$130)
Dividends	Nil
Balance Sheet Data:	
Total assets	\$1
Total liabilities	\$13,000

Financial Information – Quarterly Information

The following table summarizes certain amounts for each of the eight most recently completed quarters ending at the end of the most recently completed financial year:

Quarter Ended	Total Revenue	Net Income (Loss)	Net Income (Loss) per Share
July 31, 2020	Nil	(\$13,000)	(\$130)
April 31, 2020	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾
January 31, 2020	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾
October 31, 2019	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾
July 31, 2019	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾
April 31, 2019	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾
January 31, 2019	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾
October 31, 2018	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾

Notes:

(1) 125 was incorporated on July 17, 2020 pursuant to the BCBCA

Dividends

It is not contemplated that any dividends will be paid in the immediate or foreseeable future, if at all.

MANAGEMENT DISCUSSION AND ANALYSIS

Management's discussion and analysis of the financial statements of 125 is included in this Material Change Report as Appendix "C".

MARKET FOR SECURITIES

125 is not a reporting issuer in any province of Canada and its shares are not traded on any stock exchange.

CONSOLIDATED CAPITALIZATION

The following table summarizes 125's consolidated capitalization as of the date immediately prior to the completion of the Amalgamation:

Designation of Security	Amount Authorized	As at the date immediately prior to the completion of the Amalgamation
Common Shares	Unlimited	11,500

OPTIONS TO PURCHASE SECURITIES

125 has not adopted an equity incentive stock plan.

DESCRIPTION OF THE SECURITIES

General

125's authorized capital consists of an unlimited amount of Common Shares, of which 11,500 Common Shares are issued and outstanding as of the date immediately prior to the completion of the Amalgamation.

Common Shares

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of 125 and each Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders of 125. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of 125, are entitled to receive such dividends in any financial year as the board of directors of 125 (the "**Board**") may by resolution determine. In the event of the liquidation, dissolution or winding-up of 125, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of 125, the remaining property and assets of 125. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Prior Sales

The following table sets out details of the Common Shares which were issued within the 12 months immediately prior to the completion of the Amalgamation.

Date	Number of Common Shares	Issue Price per Common Share	Aggregate Gross Proceeds Received
July 17, 2020	100	\$0.01	\$1.00
August 6, 2020	1,000	\$0.02 ⁽¹⁾	\$20.00
August 19, 2020	10,500	\$0.02	\$210.00

Notes:

- (1) On August 19, 2020, having regard to the CSE's policies regarding builder shares, existing shareholders of 125 made a contribution to the capital of 125 in the aggregate amount of \$10.00, pursuant to which the issuance price of previously issued Common Shares to such shareholders increased from \$0.01 to \$0.02.

Trading Price and Volume

The Common Shares are not traded or quoted on any stock exchange or other marketplace.

ESCROWED SECURITIES

As of the date immediately prior to the completion of the Amalgamation, no Common Shares are held in escrow or subject to a contractual restriction on transfer.

PRINCIPAL SHAREHOLDERS

To the knowledge of the sole director and officer of 125, as of the date immediately prior to the completion of the Amalgamation, no person beneficially owns or exercises control or direction over Common Shares carrying more than 10% of the votes attached to Common Shares other than the following:

Name	Beneficial Shareholder	Nature of Holdings	Number of Common Shares	Date Acquired	Price per Common Share	Percentage of Issued and Outstanding Common Shares
FDS Capital Inc.	Mike Veldhuis	Direct	2,000	August 6, 2020; August 19, 2020	\$0.02	17.39%
Solito Capital Corp.	Paul Sexton	Direct	2,000	August 6, 2020; August 19, 2020	\$0.02	17.39%
Rior Technology Limited	Gary Lee	Direct	1,500	August 6, 2020; August 19, 2020	\$0.02	13.04%
Kevin Huynh	N/A	Direct	2,000	August 6, 2020; August 19, 2020	\$0.02	17.39%
Shainoor Lalani ⁽¹⁾	N/A	Direct	2,000	August 6, 2020; August 19, 2020	\$0.02	17.39%
1104255 B.C. Ltd.	Harwinder Parmar ⁽²⁾	Direct	1,250	August 6, 2020;	\$0.02	10.87%

				August 19, 2020		
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Notes:

- (1) A relative of Mr. Faizaan Lalani, a director of the Company.
(2) A relative of Mr. Aman Parmar, a director of the Company.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the name of the sole director and executive officer of 125, his municipality of residence, his current position with 125, his principal occupation during the past five years and the number and percentage of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the date immediately prior to the completion of the Amalgamation.

Name, Municipality of Residence and Position Held	Principal Occupation for Past Five Years	Director/Officer of 125 Since ⁽¹⁾	Number and Percentage of Common Shares Beneficially Owned or Controlled, Directly or Indirectly ⁽²⁾
Eli Dusenbury Chief Executive Officer, Chief Financial Officer and Director Vancouver, British Columbia	Chartered Professional Accountant and CFO of various public companies	July 17, 2020	375, 3.26%

Notes:

- (1) The directors of 125 are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are duly elected or appointed in accordance with the 125's Articles or until such director's earlier death, resignation or removal.
(2) On an undiluted basis, based on 11,500 Common Shares issued and outstanding.

Corporate Cease Trade Orders or Bankruptcies; Penalties or Sanctions; Personal Bankruptcies

The sole director and officer of 125 is not, at the date immediately prior to the completion of the Amalgamation, nor has been, within 10 years before the date immediately prior to the completion of the Amalgamation, a director, chief executive officer or chief financial officer of any company, including any personal holding company that, while such person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under securities legislation, for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director or officer ceased to be a director or officer, in the other issuer being the subject of a cease trade or similar order or an order that denied the other issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

The sole director and officer of 125 has not been subject to: (i) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

The sole director and officer of 125 has not (neither himself nor through a personal holding company), within 10 years before the date immediately prior to the completion of the Amalgamation, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of 125 also holding positions as directors or officers of other companies. The sole director and officer of 125 has been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on his own behalf and on behalf of other companies, and situations may arise where the sole director and officer of 125 will be in direct competition with 125. Conflicts, if any, will be subject to the procedures and remedies provided under the BCBCA.

Management

A brief biography for the sole director and executive officers of 125 is set out below:

Eli Dusenbury (Age 38) – Chief Executive Officer, Chief Financial Officer and Director

Mr. Dusenbury, CPA, CA has extensive experience in public accounting, providing services to both public and private sector clients reporting in Canada and in the United States over a broad range of industries including, but not limited to, technology, agriculture, engineering, mining & exploration, manufacturing and financing. Mr. Dusenbury obtained his Chartered Professional Accountant designation in 2011 and holds a BBA in business and accounting from Capilano University. Mr. Dusenbury has served as consultant for audit and public practice firms in both Canada and the United States and has held Chief Financial Officer positions for: Integral Technologies, Inc. (resigned June 2018), YDX Innovation Corp. (resigned May 2019), Isodiol International Inc. (resigned June 2020), Chemesis International Inc. (since September 2018), IMC International Mining Corp. (resigned February 2020), Alpha Esports Tech Inc. (since March 2020), HAVN Life Sciences Inc. (from April 2020 – July 2021) and Golden Sun Mining Corp. (since September 2020).

STATEMENT OF EXECUTIVE COMPENSATION

The following information is presented in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* (“**Form 51-102F6V**”) and provides details of all compensation for each of the named executive officers or “**NEOs**”, as defined in Form 51-102F6V, and the sole director of 125 for the period from incorporation on July 17, 2020 to July 31, 2020.

During the period from incorporation on July 17, 2020 to July 31, 2020, 125 had one NEO: Eli Dusenbury, Chief Executive Officer (“**CEO**”) and Chief Financial Officer (“**CFO**”).

Director and Named Executive Officer Compensation – Excluding Compensation Securities

The following table sets out all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by 125 to each NEO and director, in any capacity, for the period from incorporation on July 17, 2020 to July 31, 2020.

Table of Compensation Excluding Compensation Securities							
Name and position	Year (1)	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Eli Dusenbury CEO, CFO and Director	2020	Nil	Nil	Nil	Nil	Nil	Nil

Stock Options and Other Compensation Securities

No NEO or director of 125 was granted or issued compensation securities by 125 for the period from incorporation on July 17, 2020 to July 31, 2020.

No NEO or director of 125 exercised any compensation securities for the period from incorporation on July 17, 2020 to July 31, 2020.

Employment, Consulting and Management Agreements

Management functions of 125 are not, to any substantial degree, performed other than by the sole director and officer and NEO of 125. There are no agreements or arrangements that provide for compensation to NEOs or directors of 125, or that provide for payments to a NEO or director at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, severance, a change of control in 125 or a change in the NEO or director's responsibilities.

Oversight and Description of Director and Named Executive Officer Compensation

Compensation of Directors

Compensation of directors of 125 is reviewed annually and determined by the Board. The level of compensation for directors is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources.

In the Board's view, there is, and has been, no need for 125 to design or implement a formal compensation program for directors. 125 does not offer any long-term incentive plans, share compensation plans or any other such benefit programs for directors.

Compensation of NEOs

Compensation of NEOs is reviewed annually and determined by the Board. The level of compensation for NEOs is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources. In the Board's view, there is, and has been, no need for 125 to design or implement a formal compensation program for NEOs.

Elements of NEO Compensation

As discussed above, 125 does not offer any long-term incentive plans, share compensation plans, retirement plans, pension plans, or any other such benefit programs for NEOs.

Due to the relatively small size of 125, limited cash resources, and the early stage and scope of 125's operations, the NEOs do not currently receive annual salaries. The Board will review 125's financial performance on an annual basis to determine whether salaries can be paid to the NEOs at a later date.

Pension Disclosure

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by 125 and none are proposed at this time.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, officer or employee 125, nor any associates of such persons, is indebted to 125 and no indebtedness of such persons is the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by 125.

RISK FACTORS

An investment in the Common Shares should be considered highly speculative due to the nature of 125's business and the present stage of development. An investment in the Common Shares should only be made by knowledgeable and sophisticated investors who are willing to risk and can afford the loss of their entire investment and who are able to understand the unique nature and risks of 125. Potential investors should consult with their professional advisors to assess an investment in 125. In evaluating 125 and its business, investors should carefully consider, in addition to other information contained in this Material Change Report, the risk factors below. These risk factors are not a definitive list of all risk factors associated with an investment in 125 or in connection with its operations.

The following are certain factors relating to 125's business, which prospective investors should carefully consider before deciding whether to purchase Common Shares. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information set out elsewhere in this Material Change Report.

No History of Operations

125 is an early-stage exploration and development company and has no history of exploration, development, mining or refining mineral products. As such, 125 is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that 125 will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

No History of Earnings

125 was recently incorporated on July 17, 2020 and has not yet commenced operations in the mineral resource sector and therefore has no history of earnings or of a return on investment in this sector, and there is no assurance that any of its property interests or other assets will be economically viable or will be advanced to generate earnings, operate profitably or provide a return on investment in the future. No operating revenues are anticipated until 125's project comes into production, which may or may not occur. 125 will continue to experience losses unless and until it can successfully develop and begin profitable commercial production at its property.

No History of Profitability

125 is an early-stage exploration and development company with no history of revenues or profitability in the mineral resource sector. There can be no assurance that the activities of 125 will be economically viable or profitable in the future. 125 will require additional financing to further explore, develop, acquire, and achieve commercial production on its property interests and, if financing is unavailable for any reason, 125 may become unable to acquire and retain its property interests and carry out its business plan.

Management

The success of 125 is currently largely dependent on the performance of its sole director and officer. The sole director and officer does not alone provide the sufficient management required for an exploration and development company, and without the engagement of the services of any additional directors and officers experienced in the mineral resource sector, this could have a materially adverse effect on 125's business and prospects. There is no assurance 125 can engage the services of new directors, officers or other qualified personnel required to operate its business.

Additional risk factors pertaining to the operations of 125 have been incorporated by reference in this Material Change Report from the AIF filed by the Company. A copy of the AIF incorporated herein by reference may be obtained on request without charge at Suite 1080, 789 West Pender Street, Vancouver, BC V6C 1H2 Attention: Faizaan Lalani, (778) 233-3537, and are also available electronically at www.sedar.com.

PROMOTERS

Eli Dusenbury may be considered a promoter of 125 within the meaning of applicable securities legislation by reason of his initiative and involvement in the formation and establishment of 125. For a description of the number and percentage of Common Shares in 125 to be beneficially owned, directly or indirectly, or over which direction or control will be exercised by Mr. Dusenbury, please see above "*Options to Purchase Securities*"; "*Directors and Executive Officers*"; "*Statement of Executive Compensation*" and "*Interest of Management and Others in Material Transactions*".

LEGAL PROCEEDINGS

Legal Proceedings

There are no legal proceedings outstanding, threatened or pending as of the date immediately prior to the completion of the Amalgamation by or against 125 or to which it is a party or its business or any of its assets is the subject of, nor to the knowledge of the sole director and officer of 125 are any such legal proceedings contemplated which could become material to 125.

Regulatory Actions

There have not been any penalties or sanctions imposed against 125 by a court relating to provincial or territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against 125, and 125 has not entered into any settlement agreements before a court relating to provincial or territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Neither the sole director and officer of 125, nor any associate or affiliate of the foregoing person, has, or has had, any material interest, direct or indirect, in any transaction that has materially affected or will materially affect 125.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

The auditor of 125 is Charlton & Company, Chartered Professional Accountants, located at Suite 1735 – 555 Burrard Street, Vancouver, Canada, V7X 1M9.

There is no transfer agent and registrar for 125.

MATERIAL CONTRACTS

Except for contracts entered into by 125 in the ordinary course of business, and except as described elsewhere in this Material Change Report, 125 has no other current material contracts.

INTEREST OF EXPERTS

All scientific and technical information in this Material Change Report has been reviewed and approved by Michael Dehn, who is a qualified person under NI 43-101. As of the date immediately prior to the completion of the Amalgamation, Mr. Dehn and his firm beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares.

The auditor of 125 is Charlton & Company, Charter Professional Accountants. Charlton & Company has informed 125 that it is independent with respect to ULTH within the meaning of the *Code of Professional Conduct* of the Chartered Professional Accountants of British Columbia.

OTHER MATERIAL FACTS

Other than as set out elsewhere in this Material Change Report, there are no other material facts about 125 its securities which are necessary in order for this Material Change Report to contain full, true and plain disclosure of all material facts relating to 125 and its securities.

APPENDIX "B"

**AUDITED FINANCIAL STATEMENTS OF 1257590 B.C. LTD. FROM THE PERIOD OF
INCORPORATION TO JULY 31, 2020**

1257590 B.C. LTD.

Financial Statements

For the period from incorporation on July 17, 2020 to July 31, 2020

(Expressed in Canadian Dollars)

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555 BURRARD STREET
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VANCOUVER, BC V7X 1M9



charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Directors of
1257590 B.C. Ltd.

Opinion

We have audited the accompanying financial statements of 1257590 B.C. Ltd. (the “Company”), which comprise the statement of financial position as at July 31, 2020, and the statement of loss and comprehensive loss, changes in shareholders’ deficiency and cash flows for the period from incorporation on July 17, 2020 to July 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2020 and its financial performance and its cash flows for the period from incorporation on July 17, 2020 to July 31, 2020 in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial statements, which indicates that the Company incurred a net loss of \$13,000 during the period from incorporation on July 17, 2020 to July 31, 2020 and, as of that date, the Company’s current liabilities exceeded its current assets by \$12,999. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Charlton & Company

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC

August 6, 2021

1257590 B.C. LTD.
Statement of Financial Position
(Expressed in Canadian dollars)

As at	Notes	July 31, 2020
ASSETS		
Current Assets		
Cash	\$	1
TOTAL ASSETS		1
LIABILITIES		
Current		
Accounts payable and accrued liabilities		13,000
SHAREHOLDERS' DEFICIENCY		
Share capital	5	1
Deficit		(13,000)
Total shareholders' deficiency		(12,999)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		\$ 1

Nature of operations – Note 1
 Going concern – Note 2
 Subsequent events – Note 10

These financial statements were authorized for issue by the Director of the Board on August 6, 2021.

Approved on behalf of the Board of Director:

“FAIZAAN LALANI”, Director

The accompanying notes are an integral part of these financial statements.

1257590 B.C. LTD.
Statement of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	For the period from incorporation on July 17, 2020 to July 31, 2020	
EXPENSES		
Professional fees	\$	13,000
TOTAL OPERATING EXPENSES		(13,000)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$	(13,000)
Loss per common share – Basic and diluted	\$	(130)
Weighted average number of common shares outstanding – Basic and diluted		100

The accompanying notes are an integral part of these financial statements.

1257590 B.C. LTD.
Statement of Changes in Shareholders' Deficiency
(Expressed in Canadian dollars)

	Share Capital		Deficit	Total deficiency
	Number	Amount		
		\$	\$	\$
Balance, July 17, 2020 (date of incorporation)	-	-	-	-
Incorporation shares	100	1	-	1
Loss for the period	-	-	(13,000)	(13,000)
Balance, July 31, 2020	100	1	(13,000)	(12,999)

The accompanying notes are an integral part of these financial statements.

1257590 B.C. LTD.
Statement of Cash Flows
(Expressed in Canadian dollars)

For the period from
incorporation on
July 7, 2020 to
July 31, 2020

Cash (used in) provided by:

OPERATING ACTIVITIES

Loss for the period \$ (13,000)

Net changes in non-cash working capital items:

Accounts payable and accrued liabilities 13,000

Net cash used in operating activities -

FINANCING ACTIVITY:

Proceeds from issuance of common shares 1

Cash provided by financing activity 1

Net increase in cash 1

Cash, beginning of period -

Cash, end of period \$ 1

During the period ended July 31, 2020, the Company paid \$nil for interest and taxes and there were no non-cash financing or investing activities.

The accompanying notes are an integral part of these financial statements.

1257590 B.C. LTD.

Notes to the Financial Statements

For the period from incorporation on July 17, 2020 to July 31, 2020

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

1257590 B.C. Ltd. ('the Company') was incorporated under the laws of British Columbia on July 17, 2020. The Company's registered office is Suite 2200-885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

The Company has been active in establishing strategic relationships towards executing the goal of acquiring assets and businesses in the exploration and mining industries. On October 14, 2020, the Company completed an amalgamation with United Lithium Corp. (formerly United Battery Metals Corp.) and its wholly owned subsidiary 1263391 B.C. Ltd., a publicly traded exploration and development company on the Canadian Securities Exchange (Note 10).

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

As at July 31, 2021, the Company had working capital deficit of \$12,999 and a deficit of \$12,999. During the period ended July 31, 2020, the Company recorded a loss of \$13,000. The Company is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful exercise of its mineral property option agreements, results from its exploration activities and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations and ongoing operating losses. These circumstances comprise a material uncertainty which may cast significant doubt about the Company's ability to continue operations as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and/or private placement of common shares.

These financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2.1. Covid-19 pandemic

In March 2020, the World Health Organization declared a global Covid-19 pandemic. The expected impacts on global commerce are far reaching. To date there have been significant stock market fluctuations, and the movement of people and goods has become restricted. The mineral exploration sector is expected to be impacted significantly as many local and regional governments have issued public health orders in response to Covid-19, including restricting the movement of people, which could

1257590 B.C. LTD.

Notes to the Financial Statements

For the period from incorporation on July 17, 2020 to July 31, 2020

(Expressed in Canadian dollars)

2.1. Covid-19 pandemic (continued)

impact the Company's ability to access potential properties and completing required exploration programs in the coming year. A continuing period of lower prices could significantly affect the economic potential of many properties and may result in the Company dropping its interest in, some or all potential properties. As the Company does not have revenues, the ability to fund ongoing operation is affected by the availability of financing. Due to market uncertainty the Company may be restricted in its ability to raise additional funding.

The impact of these factors on the Company is not yet determinable. However, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. In particular, there may be heightened risk of asset impairment and liquidity or going concern uncertainty.

3. BASIS OF PRESENTATION

3.1. Basis of measurement

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies below have been applied to all periods presented in these financial statements and are based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

These audited financial statements of the Company for the period ended July 31, 2020, were approved by the Board of Director on August 6, 2021.

3.2. Significant judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities 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 Accounting Judgments

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

1257590 B.C. LTD.

Notes to the Financial Statements

For the period from incorporation on July 17, 2020 to July 31, 2020

(Expressed in Canadian dollars)

Critical Accounting Estimates

Critical Accounting Estimate

Income Taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

3.3 Foreign Currency Translation

Functional currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”).

The functional currency of the Company was determined to be the Canadian dollar.

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rate prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Cash

Cash comprises petty cash at July 31, 2020. The Company has not experienced any losses related to this balance and management believes the credit risk to be minimal.

4.2. Exploration and evaluation assets

Acquisition costs of exploration and evaluation assets together with direct expenditures thereon are capitalized to the statement of financial position. Once a project has been established as commercially viable and technically feasible, exploration and evaluation assets are reclassified as tangible assets. When production is attained these costs will be amortized using the unit of production method based upon estimated proven recoverable reserves. When deferred expenditures on individual producing properties exceed the estimated net realizable value, the properties are written down to the estimated value. Costs relating to properties abandoned are written off when the decision to abandon is made. Any excess of a recovery over the book value is charged to profit and loss.

1257590 B.C. LTD.

Notes to the Financial Statements

For the period from incorporation on July 17, 2020 to July 31, 2020

(Expressed in Canadian dollars)

4.2. Exploration and evaluation assets (continued)

The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Exploration costs that are not attributable to a specific property are charged to operations as general exploration expense. Exploration costs incurred prior to the Company acquiring the legal rights to a property are charged to operations as general exploration expense.

The Company is in the process of exploring its exploration and evaluation assets. Management reviews the carrying value of the exploration and evaluation assets on a periodic basis and will recognize impairment in value based upon current exploration and development results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values. The ultimate recovery of such capitalized costs is dependent upon the development of economic ore reserves or the sale of mineral rights.

4.3. Restoration, rehabilitation, and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arise from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss. The Company has no significant restoration, rehabilitation and environmental obligations as at July 31, 2020.

4.4. Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

1257590 B.C. LTD.

Notes to the Financial Statements

For the period from incorporation on July 17, 2020 to July 31, 2020

(Expressed in Canadian dollars)

4.5. Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

1257590 B.C. LTD.

Notes to the Financial Statements

For the period from incorporation on July 17, 2020 to July 31, 2020

(Expressed in Canadian dollars)

4.6. Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity (deficiency).

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as reserves.

4.7. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

4.8. Earnings (loss) per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributed to common shareholders of the Company (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

1257590 B.C. LTD.

Notes to the Financial Statements

For the period from incorporation on July 17, 2020 to July 31, 2020

(Expressed in Canadian dollars)

4.9. Financial instruments - recognition and measurement

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company classifies its financial instruments as follows:

Financial assets/liabilities	
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of loss in the period in which they arise.

Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss. The Company has not elected to carry on financial assets at FVOCI.

1257590 B.C. LTD.

Notes to the Financial Statements

For the period from incorporation on July 17, 2020 to July 31, 2020

(Expressed in Canadian dollars)

4.9. Financial instruments - recognition and measurement (continued)

(iii) Impairment of financial assets at amortized cost.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

4.10. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and it has the right to direct the use of the asset.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments, and amounts expected to be payable at the end of the lease term.

The Company does not recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term. As at July 31, 2020, the Company does not have any leases.

1257590 B.C. LTD.

Notes to the Financial Statements

For the period from incorporation on July 17, 2020 to July 31, 2020

(Expressed in Canadian dollars)

4.11. New accounting standards interpretations issued but not yet effective

IAS 1 –Presentation of Financial Statements (“IAS 1”), has been amended to clarify how to classify debt and other liabilities as either current or non-current. The amendment to IAS 1 is effective for the years beginning on or after January 1, 2023, with early application permitted. The Company is currently assessing the impact of this amendment on its financial statements.

5. SHARE CAPITAL

5.1. Authorized share capital

Unlimited number of common shares without par value

5.2. Shares issued

Shares issued and outstanding as at July 31, 2020 are 100 common shares.

During the period ended July 31, 2020, the Company issued the following shares:

- i. On July 17, 2020, the Company incorporated and issued 100 common shares at a price of \$0.01 per share for gross proceeds of \$1.

There were no stock options or warrants issued or outstanding from the date of incorporation on July 17, 2020 through July 31, 2020.

6. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are the directors and officers of the Company.

There was no key management compensation or related party transactions for the period ended July 31, 2020.

7. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	2020
Loss and comprehensive loss for the period	\$ (13,000)
Expected income tax (recovery)	(3,510)
Change in unrecognized deductible temporary differences	3,510
Total income tax expense (recovery)	\$ -

The significant components of the Company’s unrecognized deferred tax assets are as follows:

	2020
Non-capital loss carry forwards	\$ 3,510
Deferred tax assets not recognized	\$ 3,510

1257590 B.C. LTD.

Notes to the Financial Statements

For the period from incorporation on July 17, 2020 to July 31, 2020

(Expressed in Canadian dollars)

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized.

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the financial statement of financial position are as follows:

		2021	Expiry date
Non-capital loss	\$	13,000	2040

Tax attributes are subject to review, and potential adjustments, by tax authorities.

8. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

9. RISK MANAGEMENT

9.1. Financial risk management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Capital risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of cash and share capital.

b. Credit risk

Credit risk is the risk that a counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

1257590 B.C. LTD.

Notes to the Financial Statements

For the period from incorporation on July 17, 2020 to July 31, 2020

(Expressed in Canadian dollars)

9.1. Financial risk management (continued)

c. Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at July 31, 2020, the Company's working capital deficit is \$12,999 and it does not have any long-term liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2020, the Company had cash of \$1 and total liabilities of \$13,000.

d. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

Currency risk

The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. As at July 31, 2020, the Company is not exposed to any currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it has no interest bearing debt.

Price risk

The Company is exposed to price risk with respect to equity prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to raise financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

9.2. Fair values

The carrying values of cash and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

1257590 B.C. LTD.

Notes to the Financial Statements

For the period from incorporation on July 17, 2020 to July 31, 2020

(Expressed in Canadian dollars)

9.2. Fair values (continued)

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Cash is measured using level 1.

10. SUBSEQUENT EVENTS

Subsequent to July 31, 2020, the following events occurred:

- i) During August 2020, the Company completed the following private placements:
 - a. Issued 11,500 common shares at a price of \$0.02 per common share for gross proceeds of \$230;
- ii) During August 2020, the Company entered into an Option Agreement to acquire 56 mining cell claims in the Barbara Lake Area, Thunder Bay Mining District, Ontario, Canada. Under the terms of the Agreement, the Company will have the option acquire 100% of the mining claims for an aggregate of \$130,000 cash payments, \$130,000 equivalent of common share issuances of the Company, and an aggregate of \$850,000 committed property expenditures; and
- iii) During October 2020, the Company completed an amalgamation with United Lithium Corp. (formerly United Battery Metals Corp.) and its wholly owned subsidiary 1263391 B.C. Ltd., a publicly traded exploration and development company on the Canadian Securities. Under the terms of the amalgamation, the Company will receive 11,500,000 common shares of United Lithium Corp. and the previous owner of the Barbara Lake Area mining claims property will receive 109,965 common shares of United Lithium Corp. in exchange to acquire up to 100% of the 56 mining cell claims in the Barbara Lake Area, Thunder Bay Mining District, Ontario, Canada

APPENDIX “C”

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS FOR 1257590
B.C. LTD. FOR THE PERIOD OF INCORPORATION TO JULY 31, 2020**

1257590 B.C. LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS For the period from incorporation on July 17, 2020 to July 31, 2020

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the financial statements and notes thereto for the period from incorporation on July 17, 2020 to July 31, 2020 of 1257590 B.C. Ltd. (the "Company"). Such financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

DATE

This MD&A is prepared as of August 6, 2021.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities including statements related to the development of existing and future property interests, availability of financing and projected costs and expenses. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, estimates and assumptions about the global economic environment, the market price and demand for products and our ability to manage our operating costs, may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) the uncertainty of government regulation and politics (3) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (4) other factors beyond our control.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

DESCRIPTION OF BUSINESS

The Corporation has been active in establishing strategic relationships towards executing the goal of acquiring assets and businesses in the exploration and mining industries. On October 14, 2020, the Company completed an amalgamation with United Lithium Corp. (formerly United Battery Metals Corp.) and its wholly owned subsidiary 1263391 B.C. Ltd., a publicly traded exploration and development company on the Canadian Securities Exchange. Under the terms of the amalgamation, the Company's previous shareholders will receive 11,500,000 common shares of United Lithium Corp. and the previous owner of the Barbara Lake Area mining claims property will receive 109,965 common shares of United Lithium Corp. in exchange to acquire up to 100% of the 56 mining cell claims covering approximately 2, 147 hectares of land in the Barbara Lake Area, Thunder Bay Mining District, Ontario, Canada

OVERALL PERFORMANCE

The Company has not generated revenues to date from operations as it is in the start up phase.

The Company's working capital deficit is (\$12,999) as at July 31, 2020 which consists of cash of \$1 net of accounts payable and accrued liabilities \$13,000.

SELECTED ANNUAL INFORMATION

The following information sets out the Company's audited selected annual information for the period from incorporation on July 17, 2020 to July 31, 2020:

	Period Ended July 31, 2020
	(\$)
Operating Expenses	(13,000)
Net Income (Loss)	(13,000)
Basic and Diluted Earnings (Loss) Per Share	(130)

	As at July 31, 2020
	(\$)
Cash	1
Total Assets	1

RESULTS OF OPERATIONS

Period Ended July 31, 2020

During the period ended July 31, 2020, the Company incurred a net and comprehensive loss of \$13,000. The net and comprehensive loss for the period consists of professional fees of \$13,000.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the period from incorporation on July 17, 2020 to July 31, 2020:

	For the period from incorporation on July 17, 2020 to July 31, 2020 \$
Revenue	Nil
Net loss	(13,000)
Loss per share, basic and diluted	(130)

On a quarter-by-quarter basis, losses are expected to fluctuate significantly due to a number of factors including timing of operating activities from the date of incorporation due to the nature of a start up Company.

An analysis of the quarterly result from inception shows that the Company has incurred professional fees related to the newly formed entity and the pending amalgamation transaction with the resource exploration and development company.

LIQUIDITY

The Company had cash of \$1 as at July 31, 2020. The Company had a working capital deficit of \$12,999 as at July 31, 2020.

During the period ended July 31, 2020:

- a. Issued 100 incorporation share for gross proceeds of \$1 on July 17, 2020. These shares were subsequently repurchased and canceled by the Company on October 12, 2020.

Subsequent to year end, the Company completed the following private placements:

- a. Issued 11,500 common shares at a price of \$0.02 per common share for gross proceeds of \$230;

Operating Activities

The Company used net cash of \$nil in operating activities during the period ended July 31, 2020.

Financing Activities

The Company received net cash of \$1 from financing activities during the period ended July 31, 2020.

Investing Activities

The Company had no investing activities during the period ended July 31, 2020.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. The Company considers all Directors and Officers of the Company to be key management personnel.

There were no related party transactions and balances for the period ended July 31, 2020.

PROPOSED TRANSACTIONS

As of the date of this MD&A, there were no proposed transactions.

SUBSEQUENT EVENTS

In addition to the financing activities discussed under the section titled LIQUIDITY the Company had the following subsequent events:

- i) During August 2020, the Company entered into an Option Agreement to acquire 56 mining cell claims covering approximately 2, 147 hectares of land in the Barbara Lake Area, Thunder Bay Mining District, Ontario, Canada. Under the terms of the Agreement, the Company will have the option acquire 100% of the mining claims for an aggregate of \$130,000 cash payments, \$130,000 equivalent of common share issuances of the Company, and an aggregate of \$850,000 committed property expenditures.

- ii) Curing October 2020, the Company completed an amalgamation with United Lithium Corp. (formerly United Battery Metals Corp.) and its wholly owned subsidiary 1263391 B.C. Ltd., a publicly traded exploration and development company on the Canadian Securities. Under the terms of the amalgamation, the Company will receive 11,500,000 common shares of United Lithium Corp. and the previous owner of the Barbara Lake Area mining claims property will receive 109,965 common shares of United Lithium Corp. in exchange to acquire up to 100% of the 56 mining cell claims covering approximately 2, 147 hectares of land in the Barbara Lake Area, Thunder Bay Mining District, Ontario, Canada

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

During the period from incorporation on July 17, 2020 to July 31, 2020, the Company incurred the following significant expenses:

	2020
Professional fees	\$13,000

These professional fees consist of the legal and audit accrual for work performed to date.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

The Company's authorized share capital consists of an unlimited number common shares without par value. As at July 30, 2020 the Company had 100 common shares issued and outstanding and as at August 6, 2021, the Company had 11,500 common shares outstanding.

RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

Risks Related to the Company's Business

The Company's future is dependent upon its ability to obtain financing and if the Company does not obtain such financing, the Company may have to cease its activities and investors could lose their entire investment.

There is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company will require additional financing to sustain its business operations if it is not successful in earning revenues. The Company currently does not have any arrangements for further financing and it may not be able to obtain financing when required. The Company's future is dependent upon its ability to obtain financing. If the Company does not obtain such financing, its business could fail and investors could lose their entire investment.

The Company's directors and officers are engaged in other business activities and accordingly may not devote sufficient time to the Company's business affairs, which may affect its ability to conduct operations and generate revenues.

The Company's directors and officers are involved in other business activities. As a result of their other business endeavours, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

The Company has no operating history

The Company has no operating history and may not succeed. The Company is subject to all risks inherent in a developing business enterprise. The Company's likelihood of continued success must be considered in light of the problems, expenses, difficulties, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues, complications, and delays frequently encountered in connection with the competitive and regulatory environment in which it operates. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of losses

The Company has incurred losses in the period from incorporation on July 17, 2020 to July 31, 2020. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

Reliance on management

The Company is currently in good standing with all high-level employees and believes that with well managed practices will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Insurance and uninsured risks

The Company's business is subject to a number of risks and hazards including accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, delays in operations, monetary losses and possible legal liability.

Although the Company intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

Dependence on suppliers and skilled labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

Difficulty to forecast

The Company must rely largely on its own market research to forecast sales. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Management of growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Internal controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and materially adversely affect the trading price of the Company's shares.

Liquidity

The Company cannot predict at what prices the Company will trade and there can be no assurance that an active trading market will develop or be sustained. There is a significant liquidity risk associated with an investment in the Company.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for Reporting Issuer's shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Reporting Issuer resources.

BOARD APPROVAL

The board of directors of the Company has approved this MD&A.