# NEVADA LITHIUM RESOURCES INC.

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**FOR THE THREE MONTHS ENDED JULY 31, 2022 AND 2021**

(Unaudited - expressed in Canadian Dollars)

The following Management's Discussion & Analysis ("MD&A") has been prepared by management, in accordance with the requirements of NI 51-102 as of September 29, 2022 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended July 31, 2022 and 2021 (the "Interim Financial Statements"), and the related notes contained respectively therein which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

In this MD&A, "Nevada Lithium", the "Company", or the words "we", "us", or "our", collectively refer to Nevada Lithium Resources Inc., and its subsidiaries.

The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. Except as otherwise disclosed, all dollar figures included in the following MD&A are quoted in Canadian dollars. References to "USD" are to US dollars.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

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

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

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

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

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

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

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

Expressed in Canadian dollars, unless otherwise noted

## BUSINESS OVERVIEW

Nevada Lithium Resources Inc. is a mineral resource company principally engaged in the business of the exploration and evaluation of mineral properties. Its objective is to locate and develop precious and base metals, focusing initially in Nevada, USA. The Company was incorporated under the Business Corporations Act of British Columbia on December 17, 2020. The address of the Company's registered and records office and principal place of business is 1500-1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

On January 29, 2021, the Company acquired a 100% interest in Nevada Lithium Corp., based in Nevada, USA. The Company's subsidiary, Nevada Lithium, entered into an option agreement dated November 30, 2020 last amended on November 29, 2021 (the "Option Agreement"), and to acquire up to a 50% interest in the Bonnie Claire lithium project located in Nye County, Nevada, subject to 2.0% net smelter returns royalty. On December 15, 2021, pursuant to the payment of all required option payments totalling $7,185,400 (USD$5,600,000), the Company acquired 50% interest in the mineral rights of the Bonnie Claire lithium project (the "Mineral Rights").

The Company's common shares are listed on the Canada Securities Exchange ("CSE") in Canada under the ticker symbol "NVLH" and on the OTCQB Market ("OTCQB") under the symbol "NVLHF".

## OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

The following table summarizes selected information as at July 31, 2022 and April 30, 2022:

| | **July 31, 2022** | April 30, 2022 |
|---|---|---|
| | **$** | $ |
| Cash | **25,904** | 28,829 |
| Exploration and evaluation assets | **8,675,464** | 8,675,464 |
| Total assets | **8,746,573** | 8,808,693 |
| | | |
| Current liabilities | **431,899** | 285,003 |
| Total liabilities | **431,899** | 285,003 |
| | | |
| Working capital deficiency | **(360,790)** | (151,774) |

The following table summarizes the results of operations for the three months ended July 31, 2022 and 2021:

| | **2022** | 2021 |
|---|---|---|
| | **$** | $ |
| **Operating expenses** | | |
| Filing fees | **17,056** | 6,276 |
| General and administrative | **8,326** | 4,416 |
| Interest expense | **3,376** | - |
| Investor relations | **65,045** | 53,920 |
| Management and consulting fees | **87,018** | 41,251 |
| Professional fees | **28,469** | 9,883 |
| **Total operating expenses** | **209,290** | 115,746 |
| Foreign exchange gain | **(274)** | - |
| **Loss and comprehensive loss** | **209,016** | 115,746 |
| | | |
| **Net loss per common share - basic and diluted** | **0.00** | 0.00 |

Expressed in Canadian dollars, unless otherwise noted

## Results of operations

The Company is an exploration stage mineral resource company with no revenues to-date. From the date of incorporation on December 17, 2020 to the date of this report, the Company's activity has been limited to raising capital to acquire interest in its mineral property, the Bonnie Claire lithium project, and incurring operating expenses. For the three months ended July 31, 2022, the Company had operating expenses of $209,290 (2021 - $115,746) comprised mainly of filing fees, investor relations expenses, professional fees, and management fees.

For the three months ended July 31, 2022 and 2021, the Company incurred the following operating expenses:

- Filing fees increased to $17,056 compared to $6,276 in the prior year period due to increased regulatory and filing requirements as a result of the acquisition of the Bonnie Claire lithium project.
- General and administrative expenses increased to $8,326 compared to $4,416 in the prior year period due to a new insurance agreement.
- Interest expense increased to $3,376 compared to $nil in the prior year period due to two promissory note agreements that the Company issued during the period. The promissory notes accrue interest at a rate of 25% per annum and are repayable on demand.
- Management and consulting fees increased to $87,018 compared to $41,251 in the prior year period due to higher management and consulting requirements following the acquisition of the 50% interest in the Bonnie Claire lithium project.
- Investor relations fees increased to $65,045 compared to $53,920 in the prior year period due to additional marketing expenditures to increase public awareness of the Company.
- Professional fees increased to $28,469 compared to $9,883 in the prior year period due to increased legal fees incurred in connection with the Company's private placement and acquisition of the 50% interest in the Bonnie Claire lithium project.

## Summary of quarterly results

The following table summarizes the results for the Company's previous seven quarters from the date of incorporation on December 17, 2020.

| | **July 31, 2022** | April 30, 2022 | January 31, 2022 | October 31, 2021 |
|---|---|---|---|---|
| | **$** | $ | $ | $ |
| Loss and comprehensive loss | **209,016** | 373,064 | 593,228 | 1,214,788 |
| Loss per share, basic and diluted | **0.00** | 0.01 | 0.01 | 0.03 |

| | July 31, 2021 | April 30, 2021 | December 17, 2020 to January 31, 2021 |
|---|---|---|---|
| | $ | $ | $ |
| Loss and comprehensive loss | 115,746 | 124,063 | 115,746 |
| Loss per share, basic and diluted | 0.00 | 0.00 | 0.00 |

## HIGHLIGHTS IN THE PERIOD

**Exploration and evaluation assets**

Pursuant to the Option Agreement, the Company made payments totaling $7,185,400 (USD$5,600,000) for the Mineral Rights as follows:

- During the period ended April 30, 2021, the Company earned a 20% interest in the Mineral Rights through the payment of $2,027,680 (USD$1,600,000).
- On December 1, 2021, the Company paid $2,573,580 (USD$2,000,000) and achieved a total 35% interest in the Mineral Rights.
- On December 15, 2021, the Company paid $2,584,140 (USD$2,000,000) and achieved the maximum 50% interest in the Mineral Rights of the Bonnie Claire lithium project.

**Share capital highlights**

***During the three months ended July 31, 2022***

There were no share capital transactions that occurred during the three months ended July 31, 2022.

***During the year ended April 30, 2022***

On May 7, 2021, the Company completed a non-brokered private placement for the issuance of 2,480,000 common shares at $0.20 for gross proceeds of $496,000. During the year ended April 30, 2021, $266,194 was received in the form of subscription deposits. During the year ended April 30, 2022, the Company received the remaining funds of $229,806. Of the $229,806 received, $124,806 was received prior to July 31, 2021, and the remaining $105,000 was received by October 31, 2021.

On June 11, 2021, pursuant to the terms of the special warrants, the Company issued 364,000 common shares. As a result, $18,200 was reclassified from special warrants to share capital.

On June 14, 2021, the Company received $31,225 that had been recorded as subscriptions receivable at April 30, 2021, for shares issued in a private placement that closed on January 21, 2021.

On March 29, 2022, pursuant to the receipt of a final short-form prospectus qualifying the distribution of 12,257,890 units issuable upon the deemed exercise of the November 2021 special warrants and the December 2021 special warrants, 12,257,890 special warrants were exercised into 12,257,890 units consisting of one common share and one-half of one common share purchase warrant. As a result, $4,903,156 was reclassified from the special warrants reserve to share capital and $612,895 was reclassified to reserves, applying the residual accounting method.

## LIQUIDITY AND CAPITAL RESOURCES

The net working capital deficiency of the Company as at July 31, 2022 was $360,790 (April 30, 2022 - $151,774).

For the three months ended July 31, 2022, the Company used cash in operating activities of $72,425 (2021 - $139,238). The Company's cash flows from operations are negative as the Company is currently in the exploration phase and has not generated any revenues to date.

For the three months ended July 31, 2022, the Company had cash provided by financing activities of $69,500 related to proceeds from the issuance of notes payable. In the prior year period, the Company generated cash from the issuance of common shares of $156,031.

There were no investing activities during the three months ended July 31, 2022 and 2021.

**Liquidity outlook**

The Company's cash position is highly dependent on its ability to raise cash through financings.

The Company will need to complete additional external financing either through equity or debt, in order to fund future exploration programs and to cover administrative and overhead expenses, the Company will need to raise funds through equity sales, from the exercise of convertible securities, debt, deferral of payments to related parties, or other forms of raising capital.

At present, the Company's operations do not generate cash inflows and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control.

Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the short and long term but recognizes that there will be risks involved which may be beyond its control.

## GOING CONCERN

The Company's Interim Financial Statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at July 31, 2022, the Company has not yet achieved profitable operations. This condition indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company's commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values. The Company's Interim Financial Statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

As of the date of this report, the ongoing coronavirus pandemic, COVID-19, has not had a determinable impact on the Company's ability to access capital and conduct exploration and evaluation activities. However, the ongoing COVID-19 pandemic continues to develop and may impact the Company's ability to raise funding or explore its properties should travel restrictions related to COVID-19 be extended or expanded in scope.

## CONTRACTUAL OBLIGATIONS

The Company has no undisclosed contractual obligations as at July 31, 2022 or the date of this MD&A.

## SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The Interim Financial Statements have been prepared in accordance with IFRS as issued by the IASB and IFRIC, effective as of July 31, 2022. The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amounts of assets, liabilities, revenues, and expenses. These estimates are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances and require judgment on matters which are inherently uncertain. Details of the Company's significant accounting policies can be found in Note 3 of the annual consolidated financial statements for the year ended April 30, 2022.

Expressed in Canadian dollars, unless otherwise noted

## 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. 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.

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

At July 31, 2022 and April 30, 2022, accounts payable and accrued liabilities contained the following amounts due to related parties:

| | **July 31, 2022** | April 30, 2022 |
|---|---|---|
| | **$** | $ |
| Management and consulting fees payable | **117,741** | 59,422 |

For the three months ended July 31, 2022 and 2021, transactions with key management personnel consisted of the following:

| | **2022** | 2021 |
|---|---|---|
| | **$** | $ |
| Management and consulting fees paid to directors and officers | **58,593** | 29,097 |

## OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at July 31, 2022 or at the date of this MD&A.

## PROPOSED TRANSACTIONS

The Company has no undisclosed proposed transactions as at July 31, 2022 or at the date of this MD&A.

## FINANCIAL INSTRUMENTS

### a) Fair value measurement of financial assets and liabilities

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the consolidated statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

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

For the periods presented in these Interim Financial Statements, the Company's financial instruments consisted of cash, accounts payable and accrued liabilities, and notes payable, which are all measured at amortized cost. The carrying values of cash and accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of these instruments.

**b) Risk Management**

***Credit risk***

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under contract. The Company is not exposed to significant credit risk.

***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. As at July 31, 2022, the Company has current liabilities totaling $431,899 (April 30, 2022 - $285,003) and cash of $25,904 (April 30, 2022 - $28,829). Due to the Company's current working capital deficit, the Company is exposed to liquidity risk. As a result, the Company will need to raise funds to continue operations. The Company intends to raise further funds in the form of debt and equity financing.

***Market risk***

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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign exchange 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.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company does not have any financial instruments exposed to other price risk.

The Company does not use derivative instruments to reduce its insignificant exposure to market risks.

***Commodity price risk***

The ability of the Company to raise funds to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of lithium. The Company monitors lithium prices to determine the appropriate course of action to be taken.

## OUTSTANDING SHARE DATA

The authorized capital of the Company consists of an unlimited number of common shares without par value. As of the date of this MD&A, the Company had the following securities outstanding:

- 61,814,890 common shares
- 860,491 special warrants
- 7,676,445 warrants
- 3,930,000 share options
- 190,000 restricted share units

## RISK FACTORS

An investment in the Company should be considered highly speculative due to the nature of Nevada Lithium's business and operations. In addition to the other information in this MD&A, an investor should carefully consider each of the risk factors listed in the Company's annual MD&A for the year ended April 30, 2022 and the period from incorporation on December 17, 2020 to April 30, 2021 as filed on www.SEDAR.com.