

# **NEVADA LITHIUM RESOURCES INC.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31, 2022 AND 2021**

(Expressed in Canadian Dollars)

## **NEVADA LITHIUM RESOURCES INC.**

### **Management's Discussion and Analysis**

For the three and six months ended October 31, 2022 and 2021

Expressed in Canadian dollars, unless otherwise noted

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The following Management's Discussion and Analysis ("MD&A") has been prepared by management, in accordance with the requirements of NI 51-102 as at December 21, 2022 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six months ended October 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**

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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.

## NEVADA LITHIUM RESOURCES INC.

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#### 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 Corp, 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 in Canada under the ticker symbol "NVLH" and on the OTCQB Market under the symbol "NVLHF".

#### OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

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

	October 31, 2022	April 30, 2022
	\$	\$
Cash	19,102	28,829
Exploration and evaluation assets	8,675,464	8,675,464
Total assets	8,728,496	8,808,693
Total liabilities	656,124	285,003
Working capital deficiency	(603,092)	(151,774)

#### *For the three months ended October 31, 2022 and 2021*

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

	2022	2021
	\$	\$
<b>Operating expenses</b>		
Filing fees	16,404	36,091
General and administrative	4,910	9,196
Investor relations	7,923	323,816
Interest expense	4,343	-
Management and consulting fees	121,687	67,409
Share-based compensation	-	590,456
Professional fees	87,035	185,823
	242,302	1,212,791
Foreign exchange loss	-	1,997
<b>Loss and comprehensive loss</b>	242,302	1,214,788
<b>Net loss per common share - basic and diluted</b>	0.00	0.03

## NEVADA LITHIUM RESOURCES INC.

### Management's Discussion & Analysis

For the three and six months ended October 31, 2022 and 2021

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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. During the current period the Company had operating expenses of \$242,302 (2021 - \$1,212,791). Significant changes in operating expenses were as follows:

- Investor relations expense decreased to \$7,923 compared to \$323,816 in the prior year period mainly due to consulting services of \$302,664 related to an online marketing campaign that occurred during the prior year period. No online marketing campaigns occurred during the current period.
- Management and consulting fees increased to \$121,687 compared to \$67,409 in the prior year period due to additional consultants being required following the acquisition of the interest in the Bonnie Claire lithium project.
- Share-based compensation decreased to \$nil compared to \$590,456 in the prior year period due to all options being fully vested and no additional stock option grants in the current period.
- Professional fees decreased to \$87,035 compared to \$185,823 in the prior year period due to decreased legal fees in connection with the Company's private placement and acquisition of the 50% interest in the Bonnie Claire lithium project in the prior year period.

#### **For the six months ended October 31, 2022 and 2021**

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

	2022	2021
	\$	\$
<b>Operating expenses</b>		
Filing fees	33,460	42,367
General and administrative	13,236	13,612
Investor relations	72,968	377,736
Interest expense	7,719	-
Management and consulting fees	208,705	108,660
Share-based compensation	-	590,456
Professional fees	115,504	195,706
	<b>451,592</b>	1,328,537
Foreign exchange loss (gain)	(274)	1,997
<b>Loss and comprehensive loss</b>	<b>451,318</b>	1,330,534
<b>Net loss per common share - basic and diluted</b>	<b>0.01</b>	0.03

During the current period, the Company had operating expenses of \$451,592 (2021 - \$1,328,537). Significant changes in operating expenses were as follows:

- Investor relations expenses decreased to \$72,968 compared to \$377,736 in the prior year period due to consulting services of \$302,664 related to an online marketing campaign that occurred during the prior year period. No online marketing campaigns occurred during the current period.
- Management and consulting fees increased to \$208,705 compared to \$108,660 in the prior year period due to greater consulting required following the acquisition of the interest in the Bonnie Claire lithium project.
- Share-based compensation decreased to \$nil compared to \$590,456 in the prior year period due to all options being fully vested and no additional stock option grants in the current period.
- Professional fees decreased to \$115,504 compared to \$195,706 in the prior year period due to decreased legal fees incurred in connection with the Company's private placement and acquisition of the 50% interest in the Bonnie Claire lithium project in the prior year period.

## NEVADA LITHIUM RESOURCES INC.

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#### Summary of quarterly results

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

	October 31, 2022	July 31, 2022	April 30, 2022	January 31, 2022
	\$	\$	\$	\$
Loss and comprehensive loss	242,302	209,016	373,064	593,228
Loss per share, basic and diluted	0.00	0.00	0.01	0.01

  

	October 31, 2021	July 31, 2021	April 30, 2021	December 17, 2020, to January 31, 2021
	\$	\$	\$	\$
Loss and comprehensive loss	1,214,788	115,746	124,063	15,075
Loss per share, basic and diluted	0.03	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.

There was no transaction related to exploration and evaluation assets during the six months ended October 31, 2022.

##### **Share capital highlights**

###### ***During the six months ended October 31, 2022***

There were no share capital transactions that occurred during the six months ended October 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 on April 30, 2021, for shares issued in a private placement that closed on January 21, 2021.

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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**

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The net working capital deficiency of the Company as at October 31, 2022, was \$603,092 (April 30, 2022 - \$151,774).

#### **For the three months ended October 31, 2022 and 2021**

The Company used cash in operating activities of \$6,802 (2021 - \$784,366). 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.

The Company had cash provided by financing activities of \$nil (2021 - \$105,000). In the prior year period, the Company generated cash from the issuance of common shares of \$105,000.

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

#### **For the six months ended October 31, 2022 and 2021**

The Company used cash in operating activities of \$79,227 (2021 - \$923,604). 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.

The Company had cash provided by financing activities of \$69,500 (2021 - \$261,031) 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 \$261,031.

There were no investing activities during the six months ended October 31, 2022, and 2021.

#### **Liquidity outlook**

The Company's cash position is highly dependent on its ability to raise cash through equity financing and the issue of debt.

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.

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#### 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 October 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 Mineral Rights 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 at 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.

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#### CONTRACTUAL OBLIGATIONS

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

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#### 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 at October 31, 2022. The preparation of financial statements requires management to establish accounting policies and make estimates and assumptions that affect the timing and reported amounts of assets, liabilities, 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 and the period from incorporation on December 17, 2020 to April 30, 2021.

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#### RELATED PARTY TRANSACTIONS

The Company's related parties include subsidiaries, affiliated entities and key management personnel. Transactions with, and amounts due to or from, related parties are unsecured and non-interest bearing and measured at the amount of consideration established and agreed to by the related parties.

Key management personnel are those having the authority and responsibility for planning, directing, and controlling the Company.

As at October 31, 2022, accounts payable and accrued liabilities included \$202,816 (April 30, 2022 - \$59,422) due to related parties.

For the three and six months ended October 31, 2022 and 2021, key management personnel compensation consisted of:

	Three months ended		Six months ended	
	October 31,		October 31,	
	2022	2021	2022	2021
			\$	\$
Management and consulting fees	94,443	11,070	153,036	40,167
Share-based compensation	-	188,795	-	188,795
	94,443	199,865	153,036	228,962

On September 28, 2021, the Company granted 1,200,000 share options to directors and officers of the Company. The options are exercisable into one common share at a price of \$0.20 per option. The options vested immediately and expire five years from the grant date.

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On September 28, 2021, the Company granted 190,000 restricted share units ("RSUs") to an officer of the Company. The RSUs vested after four months and may be converted into common shares at the discretion of the beneficiary or the Company. The RSUs expire three years after the grant date if not converted into common shares.

### OFF BALANCE SHEET ARRANGEMENTS

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

### PROPOSED TRANSACTIONS

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

### FINANCIAL INSTRUMENTS

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

For the periods presented in these interim financial statements, the Company's financial instruments other than equity instruments consisted of cash, accounts payable and accrued liabilities, and notes payable, which are all measured at amortized cost. The carrying values of cash, accounts payable and accrued liabilities, and notes payable 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's cash is exposed to credit risk. The Company reduces the credit risk on cash by placing this instrument with financial institutions of high credit worthiness.

##### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common stock or debt as required. As at October 31, 2022, the Company has current liabilities totaling \$656,124 (April 30, 2022 - \$285,003) and cash of \$19,102 (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 exposed to foreign currency risk from accounts payable and accrued liabilities denominated in USD. Assuming all other variables constant, a change of 10% of the USD against the Canadian dollar would have had negligible impact on the statements of loss and comprehensive loss for the three and six months ended October 31, 2022.

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 its notes payable have a fixed rate of interest.

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

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#### **OUTSTANDING SHARE DATA**

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The authorized capital of the Company consists of an unlimited number of common shares without par value. As at 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**

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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](http://www.SEDAR.com).