CLEAR SKY LITHIUM CORP.

Management's Discussion and Analysis

For the three months ended November 30, 2022 and 2021

(Expressed in Canadian dollars)

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 January 23, 2023. This MD&A provides analysis of the Company's financial results for the three months ended November 30, 2022 and 2021, and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements "financial statements" for the three months ended November 30, 2022 and 2021, as well as the audited consolidated financial statements for the years ended August 31, 2022 and 2021 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"). 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 therein and in the following MD&A are quoted in Canadian dollars.

In this MD&A, "Clear Sky", the "Company", or the words "we", "us", or "our", collectively refer to Clear Sky Lithium Corp. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively.

Management is responsible for the preparation and integrity of the Company's financial statements, including the maintenance of appropriate information systems, procedures, and internal controls. Management is also responsible for ensuring that information disclosed externally, including the information contained within the Company's financial statements and MD&A, is complete and reliable.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties, and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements. For additional information on forward-looking statements and material risks associated with them, please see the "Cautionary Note Regarding Forward-Looking Statements" section of this document.

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", "believe", "estimate", "will", "expect", "plan", "intend", 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 and capital, operating, general & administrative and 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 to those 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 at 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.

BUSINESS OVERVIEW

Clear Sky Lithium Corp. (the "Company") is in the business of the exploration and evaluation of mineral properties. The Company was incorporated under the Business Corporations Act of British Columbia on June 25, 2018. The address of the Company's registered and records office is 1021 West Hastings Street, 9th floor, Vancouver, BC, V6E 0C3.

On June 13, 2022, the Company's common shares commenced trading on the Canadian Securities Exchange (the "CSE") under the ticker symbol "POWR".

On July 7, 2022, the Company's common shares commenced trading on OTC Markets Exchange under the ticker symbol "CSKYF".

On July 12, 2022, the Company's common shares commenced trading on Frankfurt Stock Exchange under the ticker symbol "FRA: K4A / WKN: A3DM2W".

The Company is considered to be in the exploration stage with respect to its interests in exploration and evaluation assets. The recoverability of the amounts comprising exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development and upon future profitable production.

HIGHLIGHTS SUBSEQUENT TO PERIOD END

In December 2022, the Company issued 1,244,751 common shares pursuant to the exercise of outstanding warrants for cash proceeds of $124,475.

In December 2022, the Company issued 104,500 common shares pursuant to the exercise of outstanding stock options for cash proceeds of $11,125.

On January 10, 2023, the Company granted 1,300,000 stock options to certain directors, officers, and consultants of the Company. Each stock option entitles the holder to purchase one common share at an exercise price of $0.435. All the stock options were vested and exercisable upon issuance. The stock options expire on January 10, 2025.

MINERAL EXPLORATION PROJECTS

A summary of exploration and evaluation asset acquisition costs as at November 30, 2022 and August 31, 2022 is as follows:

	ELi Property	**Halo Project**	**Total**
	$	$	$
As at August 31, 2021	-	-	-
Acquisition costs	127,500	1,630,256	1,757,756
Finder's fee shares	-	76,964	76,964
As at November 30, 2022 and August 31, 2022	**127,500**	**1,707,220**	**1,834,720**

A summary of exploration and evaluation expenditures for all properties for the three months ended November 30, 2022 is as follows:

	ELi Property	Halo Project	Total
	$	$	$
Exploration and evaluation expenditures:			
Geological	59,235	7,247	66,482
Geophysics	5,390	55,492	60,882
Mining claims and maintenance	-	1,669	1,669
	64,625	**64,408**	**129,033**

For the three months ended November 30, 2021, there were no exploration and evaluation expenditures.

ELi Property

On December 23, 2021, the Company closed the acquisition of 1291455 B.C. LTD. ("1291455BC"), a Canada and US based mining and exploration company.

Pursuant to the terms of the share purchase agreement (the "SPA Transaction"), the Company has acquired all of the issued and outstanding common shares of 1291455BC for consideration of $1,037,412 which was satisfied by the issuance of 3,468,736 units; each unit is comprised of one common share and one warrant. Each warrant is exercisable to acquire one common share at a price of $0.10 for 36 months after the closing date. The fair value of a common share was estimated at $0.164 per share based on the implied price from a subsequent financing on January 17, 2022. The fair value of warrants was determined using the Black-Scholes option pricing model with the following assumptions: a share price of $0.164, an exercise price of $0.10, an estimated weighted average life of three years, volatility of 114%, and a risk-free interest rate of 0.94%. Pursuant to the terms of the SPA Transaction, the Company also assumed to the obligation to issue shares with the total fair value of $38,951.

As 1291455BC did not meet the definition of a business under in IFRS 3 *Business Combinations*, the SPA Transaction was accounted for as an asset acquisition under IFRS 2 *Share-based Payment*. Accordingly, the fair value of the consideration in excess of the fair value of the net liabilities assumed, was recognized as an acquisition expense.

As a result of the SPA Transaction on December 23, 2021, the Company acquired a 100% interest in 26 unpatented mining claims situated in Eureka County and Nye County, Nevada, (the "ELi Property") with a fair value of $127,500. The fair value on acquisition was determined based on the price that was paid by 1291455BC in an arm's length transaction prior to it being acquired by the Company.

On November 16, 2021, the Company's subsidiary, 1291455BC, purchased a 100% interest in the ELi Property for purchase consideration comprising US$50,000 cash and 100,000 common shares of 1291455BC with a contractual value of US$50,000 (the "share contractual value") or US$0.50 per share. On June 13, 2022, the Company completed the initial public offering process and was listed on CSE with the share price of $0.25, which was lower than the share contractual value of US$0.50. Pursuant to the agreement, an obligation to issue shares of $38,951 was recognized in connection with this requirement (Note 4). In addition, the Company agreed to provide the seller with a gross returns mineral production royalty of 2% from the production of minerals from the ELi Property and any unpatented mining claims that the Company locates in an identified area of interest.

The ELi property is a sediment-hosted lithium deposit is located in Central Nevada and about one hour south of Eureka, a regional mining center. Access to the property is good and both exploration and exploitation activities could be conducted year-round. Initial sampling of over 150 surface samples returned average lithium values of 342 ppm (max 1,023 ppm, min 45 ppm)[1] and are contained within a sedimentary sequence of Miocene mudstone and claystone.

The origin of this lithium deposit is suspected to be similar to the Clayton Valley deposit located about 200 km to the south. Both projects are reasonably well represented by the USGS preliminary deposit model, which describes the primary characteristics as light-colored, ash-rich, lacustrine (lake) rocks containing swelling clays, occurring within hydrologically closed basins in an arid climate with some abundance of proximal silicic volcanic rocks (in the hanging wall at ELi property). For more information, please refer to the NI 43-101 Technical Report: Eli Sedimentary Hosted Lithium Deposit, Nye & Eureka Counties, Nevada on SEDAR.

During Q4 2022, Clear Sky competed a detailed mapping project over the ELi property which focused on understanding the surficial exposure of claystone on the property to provide a clearer understanding of exploration vectors and geological controls on mineralization. During this mapping, a larger sample was collected at the ELi site for metallurgical studies.

To increase the understanding of the clay types on the ELi property, Clear Sky engaged ActLabs to complete a clay speciation study on the property. The X-Ray Diffraction (XRD) results provided mineral abundances and detailed clay speciation that were used to support metallurgy work. The Company also initiated bench scale metallurgy test work through its partnership with MDS Technical Corp. and their initial review indicates that the sample represents a mineralogical blend specifically suitable to their patented process that aims to leach, concentrate, and purify lithium from claystone, with the ultimate objective of producing battery grade lithium carbonate.

Halo Project

On August 4, 2022, the Company entered into an option agreement with Halo Lithium LLC (the "Optionor") to acquire a 100% interest in 98 mineral claims located in Esmeralda and Nye Counties, Nevada, (the "Halo Project"). The option agreement requires a series of cash payments, reimbursement of expenses and share consideration as follows:

- $319,914 (US$250,000) cash, $97,917 (US$76,518) reimbursement of expenses, and 1,865,269 common shares of the Company payable within five days of the effective date of the agreement (fully paid and issued). The fair value of this first tranche of shares was measured as $1,212,425 based on a $0.65 per share market price on the date of issuance.
- US$200,000 cash and 1,250,000 common shares of the Company payable on or before the August 4, 2023.
- US$200,000 cash and 500,000 common shares of the Company payable on or before the August 4, 2024.

The claims are subject to a 1% net smelter royalty ("NSR") to the Optionor, subject to a buyback right whereby the Company is entitled to purchase one half of the NSR from the Optionor for a cash payment of US$1,000,000 any time prior to the commencement of commercial production.

Pursuant to the Halo Project option agreement, the Company incurred finder's fees requiring the issuance of common shares ("Finder's fee shares") in separate tranches as follows:

- 118,406 common shares due within five days of the effective date of the agreement (issued)
- 75,000 common shares and common shares equal to US$12,000 due on August 4, 2023.
- 30,000 common shares and common shares equal to US$12,000 due on August 4, 2024.

The fair value of the first tranche of the Finder's fee shares was measured as $76,964 based on the $0.65 per share market price on the date of issuance. Pursuant to the finder's fee agreement, the Company is obligated to issue the remaining 105,000 common shares, as and when the option agreement payments are made.

The Halo project consists of 98 claims totalling 819 hectares (2,024 acres) and is located 6km northwest of Tonopah within Big Smoky Valley on the boundary of Nye and Esmeralda Counties. The project is south of American Lithium's TLC project and north of American Battery Technology Tonopah Flats project. The nearby regional centre of Tonopah offers ready access to skilled labour, electricity, and transport logistics.

The project site is partially overlain by a flat alluvial outwash plane. The lithium-bearing rocks within the project area are referred to as tuffaceous and other young tertiary sedimentary rocks in digital geologic models generated by the Nevada Bureau of Mines. This Pliocene to Miocene-age unit is believed to have a strong volcanic component. In Esmeralda County this Miocene-aged unit is referred to as Siebert Tuff. It corresponds to units Ts3 and Tts from the 1978 State map and is present in all counties of Nevada.

During Q4 2022, the Company completed a preliminary prospecting program on the property that included reconnaissance and minor sampling/mapping. The Company also engaged consultants Mira Geoscience and Axiom Exploration Group to start planning a geophysics program at Halo with the aim of understanding the surficial cover, claystone depth and depth to basement. The Company also enlisted Westland Engineering & Environmental Services to start the drill permitting process.

The disclosure of geological information in this MD&A has been reviewed & approved by Anna Hicken, P. Geo, a consultant for the Company and a Qualified Person ("QP") for the purposes of National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101"). The metallurgical and processing information in this MD&A has been provided to the Company by MDS Technical Corp. The information has been reviewed and approved by Anna Hicken of Geomax Consulting and consultant to the Company, a Qualified Person as defined under the terms of National Instrument 43-101, who has relied on upon the information provided by MDS.

Notes:

All sampling completed by Clear Sky within the exploration program are subject to a company standard of internal quality control and quality assurance programs which include the insertion of certified reference materials, blank materials and pulp duplicate analysis. All samples are sent to American Assay Labs located in Reno, Nevada where they are processed for lithium analysis by ICP-5AM48. American Assay Labs quality systems conform to requirements of ISO/IEC Standard 17025 guidelines and meets assay requirements outlined for NI 43-101. Data verification of the analytical results included a statistical analysis of the standards and blanks that must pass certain parameters for acceptance to ensure accurate and verifiable results.

Surface claystone samples are selective in nature and may not represent the true grade or style of mineralization across the entire property.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

The following tables summarize the results of operations and provide selected information from the Company's financial statements for the three months ended November 30, 2022 and 2021.

		Three months ended November 30,
	2022	2021
	$	$
Bank charges	**755**	60
Consulting fees	**178,633**	-
Exploration and evaluation expenditures	**129,033**	-
General and administrative	**48,974**	21,032
Legal and professional fees	**64,315**	77,918
Marketing	**192,482**	12,500
Salaries and wages	**-**	38,144
Share-based compensation	**73,408**	3,931
Transfer agent and regulatory fees	**11,950**	-
Total operating expenses	**699,550**	153,585
Foreign exchange loss	**2,357**	-
Net loss and comprehensive loss	**701,907**	153,585
Weighted average number of common shares - basic and diluted	**30,254,939**	7,804,817
Net loss per share - basic and diluted	**0.02**	0.02

	November 30, 2022	August 31, 2022
	$	$
Total assets	**2,207,898**	2,498,530
Current liabilities	**224,114**	204,036
Total liabilities	**224,114**	204,036
Working capital surplus	**149,064**	459,774

Analysis of operating results:

During the three months ended November 30, 2022, the Company incurred a net loss and comprehensive loss of $701,907 compared to $153,585 in the three months ended November 30, 2021. Highlights of the financial results for Q1 fiscal 2023 include:

- Consulting fees increased to $178,633 from $nil in comparative period due to increased consultation for management, finance, and marketing activities.
- Exploration and evaluation expenditures increased to $129,033 from $nil in the comparative period due to exploration activities commencing at the ELi Property and the Halo Project during Q1 of 2023.
- General and administrative costs increased to $48,974 from $21,032 in the comparative period due to increased administration costs including office rent and travelling costs.
- Marketing increased to $192,482 from $12,500 in the comparative period due to costs incurred for marketing and investor relations activities during Q1 of 2023.

- Salaries and wages decreased to $nil from $38,144 in the comparative period due to the resignation of the former CEO in August 2022. The management compensation for the current CEO is included in consulting fees during Q1 2023.
- Share-based compensation increased to $73,408 from $3,931 in the comparative period due to the vesting of stock options and restricted share units granted to an employee, a director, and consultants since Q4 of 2022.
- Transfer agent and regulatory fees increased to $11,950 from $nil in the comparative period due to regulatory costs of maintaining the public listings since June 2022.

Share Capital Highlights

During the three months ended November 30, 2022, the Company completed the following transactions:

During the three months ended November 30, 2022, the Company issued 2,864,138 common shares pursuant to the exercise of outstanding warrants for cash proceeds of $286,414. In connection with the exercised warrants, $37,163 was transferred from reserves to share capital.

During the three months ended November 30, 2022, the Company issued 185,500 common shares pursuant to the exercise of outstanding stock options for cash proceeds of $31,375. In connection with the exercised stock options, $13,477 was transferred from reserves to share capital.

During the year ended August 31, 2022, the Company completed the following transactions:

On August 31, 2022, the Company issued 50,000 common shares pursuant to the conversion of 50,000 restricted share units.

During the year ended August 31, 2022, the Company issued 150,000 common shares pursuant to the exercise of stock options.

During the year ended August 31, 2022, the Company issued 5,250,023 common shares pursuant to the exercise of outstanding warrants.

On August 9, 2022, the Company issued 1,865,269 and 118,406 common shares as consideration for the Halo Project mineral property option and related finder's fee respectively.

On February 16, 2022, the Company issued 275,000 common shares pursuant to the exercise of 275,000 special warrants.

On January 17, 2022, the Company issued 5,933,200 units at a price of $0.25 for gross proceeds of $1,483,300. Each unit consists of one common share of the Company and one warrant, with each warrant entitling the holder thereof to purchase one post-consolidation common share of the Company at a price of $0.40 per share for a period of thirty-six months from the issuance date. The warrants were valued using a Black-Scholes option pricing model with the following assumptions: a share price on the issue date of $0.16, an exercise price of $0.40, estimated weighted average life of three years, volatility of 114%, and a risk-free interest rate of 0.94%. Applying the relative fair value approach, each common share has a $0.164 fair value, and each warrant has a $0.086 fair value. As a result, the fair value of share capital on the date of issuance was $972,097 and the fair value allocated to the warrant reserve was $511,203. The Company incurred total share issuance costs of $13,450.

On December 23, 2021, the Company completed the SPA Transaction with the shareholders of 1291455BC. whereby the Company purchased all the outstanding shares of 1291455BC in exchange for the issuance of 3,468,736 units, each unit comprised of one post-consolidation common share and one warrant.

On December 22, 2021, the Company consolidated its common shares on a 2:1 basis. Shares outstanding of 22,732,200 were consolidated into 11,366,104 shares. As a result, all information relating to basic and diluted loss per share, issued and outstanding common shares, and per share amounts in these financial statements have been adjusted retrospectively to reflect the share consolidation.

On September 28, 2021, the Company issued 11,266,104 units at a price of $0.02 for gross proceeds of $225,322. Each unit consists of one common share of the Company and one warrant, with each warrant entitling the holder thereof to purchase one common share of the Company at a price of $0.10 per share for a period of thirty-six months from the issuance date. Applying the relative fair value method, each common share has a fair value of $0.015 and each warrant has a fair value of $0.005, using the Black-Scholes option pricing model with the following assumptions for the warrants: expected life of three years, a risk-free interest rate of 0.64%, expected volatility of 114% and 0% expected dividend yield. As a result, the fair value of share capital on the date of issuance was $167,894 and the fair value allocated to the warrant reserve was $57,428. The Company incurred total share issuance costs of $7,900.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected quarterly financial information.

	Q1 2023	Q4 2022	Q3 2022	Q2 2022
	$	$	$	$
Loss and comprehensive loss	**701,907**	984,421	183,490	1,268,598
Total assets	**2,207,898**	2,498,530	1,376,955	1,540,720
Working capital surplus	**149,064**	459,774	949,511	1,133,001
Net loss per share - basic and diluted	**0.02**	0.04	0.01	0.08

	Q1 2022	Q4 2021	Q3 2021	Q2 2021
	$	$	$	$
Loss and comprehensive loss	153,585	60,667	30,760	186
Total assets	447,971	158,968	47,977	18,313
Working capital deficiency	(50,716)	(94,781)	(4,856)	(5,354)
Net loss per share - basic and diluted	0.02	12	30,760	186

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The net working capital of the Company at November 30, 2022 was $149,064 compared to a net working capital of $459,774 at August 31, 2022. The Company's net cash used in operating activities for the three months ended November 30, 2022 was $442,980 (2021 - $103,377). The Company's cash flows from operations are negative as it is an exploration stage company.

For the three months ended November 30, 2022, the Company had net cash used in investing activities of $nil (2021 - $59,103) which was due to the payment on behalf of 1291455BC prior to the SPA transaction on December 23, 2021.

For the three months ended November 30, 2022, the Company had net cash provided by financing activities of $291,567 (2021 - $317,010) due to the exercise of the warrants and stock options and the repayment of the promissory note.

At November 30, 2022, the Company had cash of $293,504 (August 31, 2022 - $444,917) and accounts payable and accrued liabilities of $224,114 (August 31, 2022 - $177,814) with contractual maturities of less than one year. The Company had sufficient cash to meet its current liabilities as at November 30, 2022. The Company assessed its liquidity risk as low at November 30, 2022, however, will require additional financing to fund future operations.

In order to continue as a going concern and to meet its corporate objectives, which primarily consist of investigating new potential properties and exploration work on those potential properties, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has previously been successful in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Factors that could affect the availability of financing include the progress and exploration results of the mineral properties, the state of international debt, equity and metals markets, and investor perceptions and expectations.

The Company's 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.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at November 30, 2022 or at the date of this MD&A.

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

A summary of the Company's related party transactions is as follows:

	Three months ended November 30,	
	2022	2021
	$	$
Consulting fees provided by a company owned by an officer	**37,500**	-
Exploration and evaluation expenditures provided by a company owned by a director	**14,494**	-
Legal and professional fees provided by a company owned by an officer	**24,344**	16,913
Key management compensation included in the salaries and wages	**-**	37,500
Share-based compensation	**38,533**	1,965
	114,871	56,378

Balances due to related parties were as follows:

	November 30, 2022	August 31, 2022
	$	$
Accounts payable and accrued liabilities	**20,615**	19,654

Accounts payable and accrued liabilities as at November 30, 2022 and August 31, 2022 are non-interest bearing and due within 90 days of year end.

PROPOSED TRANSACTIONS

The Company has no proposed transactions as at November 30, 2022 or at the date of this MD&A.

CRITICAL ACCOUNTING ESTIMATES AND 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.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

Valuation of share-based compensation

The Company determines the fair value of share-based compensation granted using the Black-Scholes option pricing model. This option pricing model requires the development of market-based subjective inputs, including the risk-free interest rate, expected price volatility and expected life of the option. Changes in these inputs and underlying assumption used to develop them can materially affect the fair value estimate.

Functional currency

Determination of an entity's functional currency involves judgment taking into account the transactions, events, and conditions relevant to the entity. Determination of functional currency involves evaluating evidence about the primary economic environment in which the entity operations and is re-evaluated when facts and circumstances indicate that conditions have changed.

Going concern

The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures requires significant judgment.

Impairment of exploration and evaluation assets

The Company is required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the development of a specific area is unlikely, and exploration and evaluation assets should be impaired.

Deferred tax assets and liabilities

The measurement of a deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future tax provisions or recoveries could be affected.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company's financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standard Board. The Company's significant accounting policies are described in Note 3 of the Company's audited financial statements for the years ended August 31, 2022 and 2021.

FINANCIAL INSTRUMENTS

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 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).
Company's financial instruments consist of cash, accounts payables and accrued liabilities, and promissory note. The carrying values of these financial instruments approximate their respective fair values due to the term of these instruments. The Company did not have any financial instruments measured at fair value.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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 its credit risk by placing cash 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 its financial liabilities. 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.

At November 30, 2022, the Company had cash of $293,504 (August 31, 2022 - $444,917) and accounts payable and accrued liabilities of $224,114 (August 31, 2022 - $177,814) with contractual maturities of less than one year. The Company had sufficient cash to meet its current liabilities as at November 30, 2022. The Company assessed its liquidity risk as low at November 30, 2022, however, will require additional financing to fund future operations.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not significantly exposed to market risk.

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in foreign currencies. The carrying amounts of the Company's foreign currency denominated monetary assets are as follows:

	November 30, 2022	August 31, 2022
	$	$
Promissory note	**-**	26,222

As at November 30, 2022, the Company had no exposure to foreign currency risk, as a promissory note of $26,222 was repaid during the period. The Company has no foreign currency risk as at November 30, 2022. The Company does not currently use financial instruments designed to hedge these market risks.

OUTSTANDING SHARE DATA

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 outstanding:

Common shares	32,875,628
Warrants	11,409,128
Stock options	3,150,000

RISK FACTORS

For a detailed listing of the risk factors faced by the Company, please refer to the Company's MD&A for the years ended August 31, 2022 and 2021.

OTHER INFORMATION

Additional information about the Company is available on the Company's website at https://clearskylithium.com and at www.SEDAR.com.