

POWR LITHIUM CORP. (formerly Clear Sky Lithium Corp.)

Management's Discussion and Analysis

For the three and nine months ended May 31, 2023 and 2022

(Expressed in Canadian dollars)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of POWR Lithium Corp. (formerly Clear Sky Lithium Corp.) (the "Company") has been prepared by management, in accordance with the requirements of NI 51-102 as at July 19, 2023. This MD&A provides analysis of the Company's financial results for the three and nine months ended May 31, 2023 and 2022, and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements (the "financial statements") for the three and nine months ended May 31, 2023 and 2022, 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, "POWR" or the words "we", "us", or "our", collectively refer to POWR 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. Periods for the nine months ended May 31, 2023 and 2022 are referred to as "YTD 2023" and "YTD 2022", 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 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.

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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

POWR Lithium Corp. (formerly 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 and changed its name from Clear Sky Lithium Corp. to POWR Lithium Corp. on January 30, 2023. 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 (the "OTCQB") under the ticker symbol "CSKYF". As of February 3, 2023, common shares quoted on the OTCQB use the symbol "PWRLF".

On July 12, 2022, the Company's common shares commenced trading on Frankfurt Stock Exchange ("FSE") under the ticker symbol "FRA: K4A / WKN: A3DM2W". As of February 3, 2023, common shares are trading on FSE under the ticker symbol "6JX".

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.

MINERAL EXPLORATION PROJECTS

A summary of the Company's exploration and evaluation assets 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 May 31, 2023 and August 31, 2022	127,500	1,707,220	1,834,720

A summary of the Company's exploration and evaluation expenditures for the three months ended May 31, 2023 is as follows:

	ELi Property	Halo Project	Total
	\$	\$	\$
Geophysics	-	7,875	7,875
	-	7,875	7,875

A summary of the Company's exploration and evaluation expenditures for the nine months ended May 31, 2023 is as follows:

	ELi Property	Halo Project	Total
	\$	\$	\$
Geological	59,235	7,247	66,482
Geophysics	5,443	87,414	92,857
Mining claims and maintenance	-	1,669	1,669
Permitting	-	6,161	6,161
	64,678	102,491	167,169

For the three and nine months ended May 31, 2022, 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 assumed the obligation to issue shares with the total fair value of \$38,951.

As 1291455BC did not meet the definition of a business under 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. 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, POWR completed 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, POWR 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 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 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 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 POWR 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

A summary of the Company's results of operations and selected information from the financial statements is as follows:

	Three months ended May 31, 2023	2022	Nine months ended May 31, 2023	2022
	\$	\$	\$	\$
Acquisition expense	-	-	-	1,044,609
Bank charges	44	112	1,251	227
Consulting and management fees	72,750	-	408,783	-
Exploration and evaluation expenditures	7,875	-	167,169	-
General and administrative	44,410	33,122	161,463	80,815
Legal and professional fees	22,983	83,371	178,127	319,353
Marketing	6,000	25,350	235,631	37,850
Salaries and wages	-	40,369	-	117,958
Share-based compensation	26,829	-	452,138	3,931
Transfer agent and regulatory fees	10,302	-	36,660	-
	191,193	182,324	1,641,222	1,604,743
Other expenses				
Foreign exchange	(265)	(1,166)	(4,298)	(930)
Net loss and comprehensive loss	(191,458)	(183,490)	(1,645,520)	(1,605,673)
Weighted average number of common shares - basic and diluted	32,925,628	16,753,880	31,983,053	15,247,889
Net loss per share - basic and diluted	(0.01)	(0.01)	(0.05)	(0.11)

Q3 2023 compared to Q3 2022

The Company incurred a net loss and comprehensive loss of \$191,458 compared to \$183,490 in the prior year comparable period. The primary drivers of the increase in net loss were as follows:

- Consulting and management fees increased to \$72,750 from \$nil in the prior year comparable period due to the management compensation of \$37,500 for the CEO, \$5,250 for corporate secretary services, and \$29,500 for corporate advisory services provided during Q3 2023.
- Exploration and evaluation expenditures increased to \$7,875 from \$nil in the prior year comparable period due to exploration activities at the Halo Project which commenced in Q1 2023.
- General and administrative costs increased to \$44,410 from \$33,122 in the prior year comparable period due to the increase in office rent and travelling costs.
- Share-based compensation increased to \$26,829 from \$nil in the prior year comparable period due to the periodic vesting of restricted share units granted to a director and a consultant on August 18, 2022 and September 23, 2022.
- Transfer agent and regulatory fees increased to \$10,302 from \$nil in the prior year comparable period due the costs of maintaining the public listings completed in prior year and fees related to the issuance of common shares for options and warrants exercised.

Partially offsetting the increase in net loss were the following decreases in expenses:

- Legal and professional fees decreased to \$22,983 from \$83,371 in the prior year comparable period due to higher activity in Q3 2022 related to completion of the SPA Transaction, financing activities and the preparation for public listing completed in June and July 2022.
- Marketing decreased to \$6,000 from \$25,350 in the prior year comparable period. Q3 2023 marketing was spent to maintain the Company's website whilst Q3 2022 marketing was spent to support investor relations.
- Salaries and wages, which include payroll taxes, decreased to \$nil from \$40,369 in the prior year comparable period due to the resignation of the former CEO in August 2022. CEO management compensation of \$37,500 is included in consulting and management fees for Q3 2023.

YTD 2023 compared to YTD 2022

The Company incurred a net loss and comprehensive loss of \$1,645,520 compared to \$1,605,673 in the prior year comparable period. The primary drivers of the increase in net loss were as follows:

- Consulting and management fees increased to \$408,783 from \$nil in the prior year comparable period due to the management compensation of \$112,500 for the CEO, \$15,750 for corporate secretary services, \$210,533 for corporate advisory services, and \$70,000 for general exploration activities provide during YTD 2023.
- Exploration and evaluation expenditures increased to \$167,169 from \$nil in the prior year comparable period due to exploration activities commencing at the ELi Property, and Halo Project during fiscal 2023.
- General and administrative costs increased to \$161,463 from \$80,815 in the prior year comparable period due to the increase in office rent and travelling costs.
- Marketing increased to \$235,631 from \$37,850 in the prior year comparable period due to costs incurred for brand development, updating the website and investor relations activities during YTD 2023.
- Share-based compensation increased to \$452,138 from \$3,931 in the prior year comparable period due to the immediate vesting of 1,300,000 stock options issued on January 10, 2023 and the periodic vesting of restricted share units granted to a director and a consultant on August 18, 2022 and September 23, 2022.
- Transfer agent and regulatory fees increased to \$36,660 from \$nil in the prior year comparable period due to regulatory costs of maintaining the public listings completed in the prior year and the fees related to the issuance of common shares for options and warrants exercised.

Partially offsetting the increase in net loss were the following decreases in expenses:

- Legal and professional fees decreased to \$178,127 from \$319,353 in the prior year comparable period due to the completion of the SPA Transaction in December 2021, financing activities in January 2022 and the preparation for public listings that were not repeated in the current period. The current period legal fees include annual audit fees and legal fees for the corporate name change.
- Salaries and wages, which include payroll taxes, decreased to \$nil from \$117,958 in the prior year comparable period due to the resignation of the former CEO in August 2022. CEO management compensation of \$112,500 is included in consulting and management fees for YTD 2023

SHARE CAPITAL HIGHLIGHTS

During the nine months ended May 31, 2023, the Company completed the following transactions:

- The Company issued 4,108,889 common shares pursuant to the exercise of outstanding warrants for cash proceeds of \$410,889. In connection with the exercised warrants, \$43,519 was transferred from reserves to share capital.
- The Company issued 290,000 common shares pursuant to the exercise of outstanding stock options for cash proceeds of \$42,500. In connection with the exercised stock options, \$21,946 was transferred from reserves to share capital.
- On February 21, 2023, the Company issued 50,000 common shares pursuant to the conversion of 50,000 restricted share units.
- 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 vested and were exercisable upon issuance. The stock options expire on January 10, 2025.

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

- The Company issued 50,000 common shares pursuant to the conversion of 50,000 restricted share units.
- The Company issued 150,000 common shares pursuant to the exercise of stock options for cash proceeds of \$30,000. In connection with the exercised stock options, \$15,236 was transferred from reserves to share capital.
- The Company issued 5,250,023 common shares pursuant to the exercise of outstanding warrants for cash proceeds of \$585,002. In connection with the exercised warrants, \$106,502 was transferred from reserves to share capital.
- 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.

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- 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 \$0.25, 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

A summary of the Company's selected quarterly financial information is as follows:

	Q3 2023	Q2 2023	Q1 2023	Q4 2022
	\$	\$	\$	\$
Loss and comprehensive loss	(191,458)	(752,155)	(701,907)	(984,421)
Total assets	1,933,987	2,013,973	2,207,898	2,498,530
Working capital surplus	(280,219)	(115,590)	149,064	459,774
Net loss per share - basic and diluted	(0.01)	(0.02)	(0.02)	(0.04)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021
	\$	\$	\$	\$
Loss and comprehensive loss	(183,490)	(1,268,598)	(153,585)	(60,667)
Total assets	1,376,955	1,540,720	447,971	158,968
Working capital deficiency	949,511	1,133,001	(50,716)	(94,781)
Net loss per share - basic and diluted	(0.01)	(0.08)	(0)	(12)

The loss and comprehensive loss for each quarter is the result of management decisions to pursue various general exploration and marketing activities as well as the commencement of the evaluation and exploration expenditures during Q4 2022 for ELi Property and during Q1 2023 for Halo Project. The loss and comprehensive loss for Q2 2022 includes the acquisition expense of \$1,044,609 related to the completion of the SPA transaction.

The quarterly trend in total assets and working capital is primarily driven by movements in cash balances related to the Company's financing and operating activities. There is an increase in the total assets during Q4 2022 that is a result of the acquisition of the Halo Project in August 2022.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The net working capital deficiency of the Company at May 31, 2023 was \$280,219 compared to a net working capital of \$459,774 at August 31, 2022.

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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.

Sources and uses of cash

	YTD 2023	YTD 2022
	\$	\$
Cash used in operating activities	(856,853)	(417,477)
Cash used in investing activities	-	(47,303)
Cash provided by financing activities	427,167	1,545,663
Change in cash	(429,686)	1,080,883
Cash, beginning of the period	444,917	156,408
Cash, end of the period	15,231	1,237,291

For YTD 2023, the Company reported a net decrease in cash of \$429,686 compared to the net increase in cash of \$1,080,883 in the prior year comparable period.

Cash used in operating activities during YTD 2022 was the result of the preparation for the SPA Transaction in December 2021, the private placement in January 2022 and the public listing in June 2022. Cash used in operating activities for YTD 2023 was due to the consulting and exploration activities for the ELi Property and Halo Project.

Cash used by investing activities for YTD 2022 was due to financing the target company prior to the SPA Transaction.

Cash provided by financing activities for YTD 2023 was primarily driven by the exercise of warrants and stock options. Cash provided by financing activities for YTD 2022 was generated through the private placements completed in September 2021 and January 2022.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at May 31, 2023 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.

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The Company has entered into the following related party transactions during the three and nine months ended May 31, 2023 and 2022:

a) Purchase of services

During the three and nine months ended May 31, 2023, the Company was charged \$37,500 and \$112,500, respectively, (2022 - \$nil and \$nil, respectively) for management fees pursuant to a service agreement with Enermetal Ventures Inc., a company of which Patrick Morris, the Company's CEO, is the President. Mr. Morris was appointed as the CEO of the Company on July 27, 2022.

During the three and nine months ended May 31, 2022, the Company paid salaries and wages of \$37,500 and \$112,500, respectively, to Craig Engelsman, the former CEO and director of the Company, who resigned on July 27, 2022.

During the three and nine months ended May 31, 2023, the Company was charged \$nil and \$14,494, respectively, (2022 - \$nil and \$nil, respectively) for exploration and evaluation expenditures pursuant to a geological service agreement with Tigren Inc., a company of which Marco Montecinos, a director of the Company, is the President.

During the three and nine months ended May 31, 2023, the Company was charged \$20,500 and \$77,388, respectively, (2022 - \$21,412 and \$88,630, respectively) for professional fees pursuant to an accounting service agreement with Invictus Accounting Group LLP, a company of which Oliver Foeste, the Company's CFO, is the Managing Partner.

b) Key management personnel

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

	Three months ended		Nine months ended	
	2023	May 31, 2022	2023	May 31, 2022
	\$	\$	\$	\$
Consulting and management fees	37,500	-	112,500	-
Exploration and evaluation expenditures	-	-	14,494	-
Legal and professional fees	20,500	21,412	77,388	88,630
Salaries and wages	-	37,500	-	112,500
Share-based compensation	13,984	-	113,490	1,965
	71,984	58,912	317,872	203,095

A summary of the Company's balances due to related parties is as follows:

	May 31, 2023	August 31, 2022
	\$	\$
Accounts payable and accrued liabilities	26,250	19,654

Accounts payable and accrued liabilities as at May 31, 2023 and August 31, 2022 were non-interest bearing and due within 90 days of period end.

CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTION

The Company's critical accounting estimates, judgments and assumptions are described in Note 3 of the Company's audited financial statements for the years ended August 31, 2022 and 2021.

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.

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 May 31, 2023, the Company had cash of \$15,231 (August 31, 2022 - \$444,917) and accounts payable and accrued liabilities of \$379,486 (August 31, 2022 - \$177,814) with contractual maturities of less than one year. The Company did not have sufficient cash to meet its current liabilities as at May 31, 2023. The Company is exposed to liquidity risk as at May 31, 2023, and 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:

	May 31, 2023	August 31, 2022
	\$	\$
Promissory note	-	26,222

As at May 31, 2023, the Company had no exposure to foreign currency risk, as the promissory note of \$26,222 was repaid on October 27, 2022.

OUTSTANDING SHARE DATA

The authorized capital of the Company consists of an unlimited number of common shares without par value. As at May 31, 2023 and the date of this MD&A, the Company has the following outstanding:

	#
Common shares	32,925,628
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://www.powlithium.com> and at www.SEDAR.com.