

This Management's Discussion and Analysis (the "MD&A") of Lithium Energi Exploration Inc. (the "Company" or "Lexi"), is dated July 26, 2024, and provides an analysis of the Company's financial position and results of operations for the three-month period ended May 31, 2024. The following information should be read in conjunction with its audited consolidated financial statements ended February 29, 2024 and February 28, 2023, which have been prepared under International Financial Reporting Standards ("IFRS"), and which are available on SEDAR+ at <a href="https://www.sedarplus.ca">www.sedarplus.ca</a>.

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. The Company is presently a "Venture Issuer" as defined in NI 51-102.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting currency of the Company. The Company's functional currency is Canadian Dollar, and the Company's wholly-owned subsidiaries' functional currency is also Canadian Dollar.

Certain information included in this MD&A may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as may be required by law.

## **DESCRIPTION OF BUSINESS**

Lithium Energi Exploration Inc. was incorporated on February 13, 1998, under the British Columbia Business Corporations Act. The Company is engaged in acquiring, exploring, and evaluating lithium properties. The Company's principal address and registered and records office are located at 161 Bay St. 27th Floor, Toronto, Ontario, M5J 2S1, Canada. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol LEXI, and on the OTCQB under the symbol LXENF.

The Company owns a combined portfolio of projects comprising approximately 54,518 hectares of brine assets in the Province of Catamarca, Argentina through its subsidiary Lithium Energi Argentina, S.A. ("LEA") and a non-dilutable 20% interest in 15,000 hectares through the joint venture with Triangle Lithium Argentina S.A.

## **Overall Performance and Discussion of Operations**

During the period ended May 31, 2024, the Company incurred a net loss of \$902,661 (2023 –\$2,192,197) with a total accumulated deficit of \$31,543,649 and working capital deficit of \$112,889.

As at May 31, 2024, the Company had no revenues and operating expenses were primarily associated with exploration and evaluation activities including drilling campaigns, geological consulting fees, and public and community relations. Other expenditures included expenses related office administration, consulting, management and professional fees.



Management's Discussion and Analysis For the Three Months Ended May 31, 2024

# Discussions of Corporate Activities for the period ended May 31, 2024 and up to the filing of this MD&A

New Credit Facility. In accordance with, and subject to, the terms and conditions of the Settlement Agreement, Arena agreed to provide the Company with a new \$15 million credit facility (the "New Credit Facility") to be drawn down in three tranches (each, a "Term Loan"). At Closing on March 20, 2023, the first tranche of \$7 million was drawn. Subsequently, Term Loans will be subjected to mutually agreed milestones as set out in the definitive loan documentation. Each Term Loan will have a maturity date that is 24 months from the draw down date. Each Term Loan will be secured against all of the assets of the Company and bear interest at 12% per annum and, at Arena's option, up to 50% of such interest can be paid in common shares of the Company.

As consideration for the Term Loan, the Company issued to Arena share purchase warrants (the "Loan Warrants") to acquire up to 29,166,666 common shares of the Company at an exercise price of \$0.24 per warrant share expiring on March 20, 2026. The Loan Warrants were valued at \$472,712 using Black Scholes Options Pricing Model with the following assumptions: volatility of 85%; risk free rate of 4.17% and estimated time to liquidity of 2 years. On January 23, 2024, Arena had exercised 97,828 warrants at an exercise price of \$0.24 for a gross proceeds of \$23,479.

As at May 31, 2024, in relation to the Term Loan, the Company had issued 3,616,396 common shares valued at \$423,461 and had paid \$424,630 in cash to settle its accrued interest of \$1,010,301 with \$162,210 still owing to Arena at the period end. The number of common shares to be issued is calculated as the greater of the five day volume weighted share price preceding the payment date or the market price.

The following highlights settlement activities on accrued interest in relation to the Term Loan:

On April 20, 2023, the Company settled its accrued interest due to Arena under the first Term Loan by issuing 145,597 common shares valued at \$35,671.

On June 22, 2023, the Company settled its accrued interest due to Arena as at June 20, 2023 with the issuance of 340,738 common shares valued at \$70,192 and \$107,014 in cash.

On September 20, 2023, the Company settled its accrued interest due to Arena as of that date, by issuing 756,165 common shares valued at \$105,863 and \$105,872 in cash.

On December 20, 2023, the Company settled its accrued interest due to Arena as of that date, with the issuance of 962,390 common shares valued at \$105,872 and \$105,872 in cash.

On March 20, 2024, the Company settled its accrued interest due to Arena as of that date by issuing 1,411,506 common shares valued at \$105,863 and \$105,872 in cash.

On June 20, 2024, the Company settled its accrued interest due to Arena as of that date by issuing 1,628,662 valued at \$105,863 and paid \$105,863 in cash. As of the date of the MDA filing, a total of 5,245,057 common shares and cash payment of \$530,502 has been made to settle its accrued interest payable relating to the term loan.

*New Offering.* On July 19, 2024 the Company announced a non-brokered private placement to Arena for an aggregate proceeds of \$4,112,405.76 (US\$3,000,000). The Offering will consist of 82,248,115 units at a price of \$0.05 per Unit. Each Unit will consist of one common share and one common share purchase



Management's Discussion and Analysis For the Three Months Ended May 31, 2024

warrant entitling the holder to acquire one additional common share at an exercise price of \$0.055 for a period of 60 months from the date of issuance. All securities issued in connection with the Offering will be subject to a four-month-and one-day statutory hold period. The net proceeds of the Offering will be used for working capital and general corporate purposes.

2024 Drilling Campaign. The 2024 Drilling Campaign is being planned for LEA 26 in the southern Antofalla properties which will include the completion of a geophysics program in September and the start of its drilling activities.

## **EXPLORATION PROJECT – ARGENTINA LITHIUM BRINE ASSETS**

On March 22, 2017, the Company entered into a Share Purchase Agreement with Lithium Energi Argentina, S.A. ("LEA"), Antofalla North, S.A. ("AN"), and Antofalla South, S.A. ("AS") whereby the Company acquired all the issued and outstanding shares of LEA, AN, and AS, which held lithium brine assets in the Argentina Province of Catamarca. LEA held certain rights to eight (8) mining concessions ("Laguna Caro Project"); AN held certain mineral rights to thirteen (13) mineral concessions ("Antofalla North Project"); and AS held certain rights to eighteen (18) mineral concessions ("Antofalla South Project"). In consideration for the outstanding share capital of LEA, AN, and AS, the Company issued 1,000,000, 8,450,000, and 11,550,000 common shares of the Company, respectively, and issued an additional 1,150,000 common shares as finder's fees. In addition, the Company assumed the respective obligations of LEA, AN, and AS in respect of the three projects it acquired. In order to complete the acquisitions of the properties in the Laguna Caro, Antofalla North, and Antofalla South Projects, the Company was required to make cash payments of US\$650,000, US\$761,000, and US\$1,267,000, respectively within a twelve-month period, and reimburse prior down payments and other expenses associated with the acquired projects totaling US\$366,201.

During the fiscal year ended February 28, 2019, the Company determined that the vendors of the eight mineral concessions comprising the Laguna Caro Project and of the two mineral concessions included in the Antofalla North Project would be unable to transfer title of the purchased mineral concessions to the Company. The Company reduced the carrying amount of the exploration and evaluation assets by US\$60,000 it paid to the vendors on closing, and US\$620,000 owing to the vendors for these claims for a total reversal of \$858.633.

Located in close proximity to each other, LEA's concessions currently represent approximately 56,000 hectares located in the lithium-prolific, northwestern quadrant of Catamarca Province. Located less than 10 km northeast of the northern Antofalla properties, Livent (fka FMC Corporation) operates its Fenix mine at Salar de Hombre Muerto, which is Argentina's largest lithium extraction operation and one of the largest such operations in the world.

LEA's concessions are located just west of the Hombre Muerto Salar in the northern and southern portions of the Salar de Antofalla. On September 12, 2016, Albemarle Corporation, the world's largest lithium producer, announced it had entered into an agreement with Bolland Minera, S.A. for the exclusive exploration and acquisition rights to a block of lithium resources in the central portion of the Antofalla salar. In Albemarle Corporation's news release, it stated their belief that the Salar de Antofalla will be certified as the largest lithium resource in Argentina.

On October 19, 2021, the Company entered into an option and joint venture agreement ("JV Agreement") with Global Oil Management Group, LLC ("GOMG"). Pursuant to the JV Agreement, GOMG agreed to



Management's Discussion and Analysis For the Three Months Ended May 31, 2024

provide capital for certain lithium mining claims owned by the Company ("JV Concessions"). To facilitate the terms of the JV Agreement, a new Argentine company, Triangle Lithium Argentina, S.A. ("Trila") was established, effective April 6, 2022 ("Trila"). GOMG holds 80% of Trila and the Company holds 20% of Trila. At its discretion, the Company has an option to convert its equity holdings in Trila into a 6% gross royalty on future production from Trila.

The JV Agreement requires GOMG to provide up to US\$3,000,000 in funding to cover exploration costs on the JV Concessions and to develop a full NI 43-101 resource estimate within three years from the execution of the JV Agreement ("Exploration Period"). In addition to the exploration funding, subject to economic suitability, GOMG is responsible, at its discretion, to provide all funding to construct and operate a lithium extraction facility to exploit the lithium-bearing brine located under the JV Concessions.

# **Exploration and Development Activities**

## Antofalla North

In December 2023, the Company's drilling of the third well in LEA V has reached a final depth of 400 meters. As of the date of this MDA filing, Geo Resource has confirmed the completion of its 2023 drilling campaign for three target drill holes in LEA V and is planning a new drilling program for LEA 26. The plan included the completion of a geophysics program by September as well as the start of its 2024 Drilling Campaign.

On September 15, 2023, the Company announced that it had successfully drilled and completed the first two wells in the Antofalla North Project followed by drilling on the third well within the Antofalla North Project. Lexi's drilling crew began mobilizing towards the new site in LEA V expecting to begin work on the drilling platform before mobilizing south to the LEA 26 property where the geophysical survey is being conducted.

On May 10, 2023, the Company announced it had entered into contracts for the initial holes in its Antofalla North Project drilling campaign. The Campaign began during Q2 of fiscal 2024. The Campaign will initially undertake 1,600 meters of drilling in four diamond core wells to obtain physical core samples and characterize the subsurface in the properties. Average total depth per well is anticipated to be 400 meters; however, based on real-time field results, deeper horizons may also be explored. The core samples will reveal porosity, permeability, and can provide chemical analysis critical for resource estimation. Core samples are planned for analysis at Geosystems Analysis, Inc. in Tucson, Arizona, one of the foremost analytical laboratories in the world for analyzing lithium brine core samples. Brine sample analysis will be conducted at Alex Stewart Laboratories to yield full spectroscopic analysis of brine chemistry and lithium concentrations. Lithium hydrogeologist and qualified person, Murray Brooker, has planned the location of drill holes for the upcoming program, based on previous TEM electrical geophysics for the company and extensive knowledge acquired working on salt lake projects in Argentina for more than a decade. Based on data obtained from core samples and pump tests, the Campaign is expected to yield a NI 43-101 resource estimate.

## Antofalla South

Interpretation of the surveys completed by Geo Resource confirm the presence of extensive brine targets with high conductivity (low resistivity) on the salar and the possibility that brine continues west of the salar. Drilling of these targets is planned in the future when market conditions allow.



Management's Discussion and Analysis For the Three Months Ended May 31, 2024

On September 15, 2023, the Company announced that under the auspices of Qualified Person, Murray Brooker, Geo Resource Ltda. ("GR") with a team of eight professionals, including geologists and geophysicists, the Company conducted the Phase 1 campaign utilizing Magnetotelluric (MT) and Transient Electromagnetic (TEM) geophysical measurements in Lexi's nearly 4,000 hectare LEA 26 property. Nine separate profiles, totaling over 7.5 kilometers, were surveyed during the initial ten days of fieldwork. Preliminary results show important and significant conductive anomalies within the explored areas of LEA 26. The Company and GR had spent several weeks compiling and analyzing the data into geological and hydrogeological representations.

Phase 2 of the geophysics occurred in mid November of 2023, included additional MT and TEM surveys in over 20 separate profiles, totaling over 16 kilometers of the central sections of LEA 26. The objective was to identify and characterize the best sectors for a drilling campaign by understanding the hydrogeological dynamics of the LEA 26 property. Additional activities included preparation of access to the proposed drilling sites.

On August 1, 2023, the Company announced the commencement of a new geophysical exploration campaign in its Antofalla South Project. Surface geophysics is an important part of defining brine drilling targets and resources. Electrical geophysics uses variations in physical properties to map out brine and changes in porosity. These techniques have proved highly successful in many brine projects in Argentina.

The campaign will begin in the almost 4,000-hectare LEA 26 property. The Company will carry out 2D magnetotelluric resistivity and 1D transient electromagnetic surveying of more than 200 points throughout the property. Using the data obtained, LEXI will prepare an exploration drilling campaign anticipated to commence in Q4 of fiscal 2024. The area covers salt crust, such as that hosting the adjacent Albemarle lithium project, covering the core of the salt lake. The geophysics will evaluate brine distribution and porosity within the salt and possible extensions off the salt lake below gravels and volcanic units, with resistivity data providing information on brine distribution, and zones with low resistivity anomalies representing aquifers with brines. Shallow salt deposits are known to have very high specific yield porosity and permeability in salt lakes such as Hombre Muerto and Rincon in Argentina, both the sites of major lithium projects. A Geological-Geophysical Report will be prepared with all the information obtained from the measurements.

## **Exploration and Development Costs**

The Technical Report initially set forth a nominal budget of \$1,889,400 (\$400,800 for Exploration Stage One and \$1,488,600 for Exploration Stage Two, inclusive of \$450,000 for initial drilling), which represented certain minimum objectives, as projected at the time of the Technical Report, to be necessary to advance the project towards the next step of development.

The budget in the Technical Report allocated preliminary geotechnical exploration and limited drill testing (one to two wells) primarily targeting the northern cluster of claims in the Antofalla North Project. Appropriate for reports of this nature, the budget in the Technical Report did not address indirect development costs, an MRT proof of concept facility, or general corporate overhead. After the Technical Report was prepared, the Company engaged in further discussions with the authors of the Technical Report and thereafter deployed field personnel to undertake five months of field studies, including the Quantec geophysical surveys and field research for environmental impact reports that are prerequisite to obtaining drilling permits. Further, upon confirmation from the authors of the Technical Report, the Company deemed it more appropriate for shareholder value to adjust the goals of the Technical Report by expanding its evaluation goals and targeting a more expansive group of its properties in the Antofalla North Project.



Management's Discussion and Analysis For the Three Months Ended May 31, 2024

Milestones accomplished by the Company between the date of the Technical Report and the date of this MD&A have been consistent with the minimum objectives projected at the time of the Technical Report (excluding the drilling of the initial one to two wells) and have successfully advanced the Antofalla North Project to its next step of development, as originally conceived in the Technical Report, specifically including (i) the completion of most all title and permitting issues, (ii), the engagement of geophysical subcontractors and the hiring of field crews sufficient to complete geophysical studies on approximately 36,500 hectares of Properties in the Company's northern cluster of claims, (iii) the hiring of an experienced project geologist and field assistants to prepare for a near-term drilling campaign, (iv) the research, preparation, submission, and approval by Catamarca mining authorities of a comprehensive, 500-page environmental impact study (the key prerequisite to obtaining drilling permits), and (v) other aspects of customary pre-drilling activities.

Generally, the Company's expenditures during this period were consistent with the Technical Report. Given the Company's augmented goals to complete resource evaluations over a larger portion of its Properties and given its actual field experience, including recent changes in local regulations and market conditions that heightened some of the costs associated with exploration work and field crew requirements, the Company's adjusted drilling program is presently estimated to have a budget of up to \$4.0 million over the next 12-18 months.

# **Quality Assurance (QA/QC Protocol)**

Initial fluid samples collected were submitted to Alex Stewart Laboratories, a worldwide provider of analysis sampling and inspection services, active in more than 40 countries, to yield a complete spectroscopic analysis of brine chemistry and lithium concentration.

## **Qualified Person**

Murray Brooker, RP, Geoscientist 10, 086, from Hydrominex Geosciences Pty Ltd., a consultant of the Company, is a Qualified Person as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* and has reviewed and approved all technical information in this management's discussion and analysis.

# SELECTED FINANCIAL INFORMATION (\$000's except loss per share)

	February 29, 2024	February 28, 2023	February 28, 2022
	\$	\$	\$
Operating Expenses	(9,845)	(1,045)	(1,172)
Other Gain (Loss)	281	(3,660)	(705)
Net and Comprehensive Loss	(9,564)	(4,705)	(1,877)
Basic and Diluted Loss Per Share	(0.07)	(0.07)	(0.03)
Total Assets	6,044	5,105	7,625
Total Liabilities	7,170	11,843	9,657
Shareholders' Deficiency	(1,126)	(6,737)	(2,032)

## **RESULTS OF OPERATIONS**

## Three-month periods ended May 31, 2024 and 2023

Net loss and comprehensive loss for the three-month periods ended May 31, 2024 and 2023 included the following:

	Three Months Ended	Three Months Ended
	May 31, 2024	May 31, 2023
	\$	\$
<b>Operating Expenses</b>		
Consulting fees	122,365	449,294
Exploration and evaluation costs	209,458	401,651
Investor communications	5,042	10,681
Management fees	106,166	164,429
Office and administration	43,540	8,049
Professional fees	150,888	119,362
Regulatory expense	5,142	_
Share-based compensation	· _	1,556,916
Transfer agent and filing fees	3,140	121,259
Travel and entertainment	_	12,043
	(645,741)	(2,843,684)
Other gain (loss)	(256,920)	651,487
Net loss and comprehensive loss	(902,661)	(2,192,197)

During the three months ended May 31,2024, the Company recorded a net loss and comprehensive loss of \$902,661 (2024 – \$2,192,197). The Company's operating expenses for the three months ended May 31, 2024, were \$645,741 as compared to \$2,843,684 in the comparative period. The decrease was mainly due to absence of share-based compensation as compared to \$1,556,916 the Company recognized for the three-month period ended May 31, 2023, decreased exploration and evaluation expenditures of \$209,458 (2024 – \$401,651), management fees of \$106,166 (2024 – \$164,429), consulting fees of \$122,365 (2024–\$449,294), investor communications of \$5,042 (2024 – \$10,681), transfer agent and filing fees of \$3,140 (2024 – \$121,259). The change in exploration and evaluation expenditures was due to the decreased drilling activities within the three-month period, and the change in consulting fees was due to deceases in corporate activities with lesser consultancy services engaged within the period. These decreases were offset by the increases in office and administration expenses of \$43,540 (2024 – \$8,049), professional fees of \$150,888 (2024 – \$119,362) and regulatory expenses of \$5,142 (2024 – \$nil).





Other items for the three-month periods ended May 31, 2024 and 2023 included the following:

	Three Months Ended	Three Months Ended
	May 31, 2024	May 31, 2023
	\$	\$
Other gain (loss)		
Gain on debt settlements	_	723,942
Foreign exchange gain	26,648	181,370
Accretion	(93,797)	(109,253)
Interest income	9,967	23,428
Interest expense	(211,726)	(168,000)
Gain on sale of securities	11,988	_
	(256,920)	651,487

In addition to the regular operating expenses, during the three months ended May 31, 2024, the Company recorded other loss of \$256,920 (2024 – \$651,487 gain). The additional loss was incurred due to increased interest expense of \$211,726 (2024 – \$168,000) associated with the Term Loan, decreased foreign exchange gains and the the absence of gains on debt settlement.

These losses were offset by the gain on the sale of securities of \$11,988 (2024 – \$nil) through the Blue Chip Swaps to fund the operating activities and exploration activities in Argentina, foreign exchange gain of \$26,648 (2024 – \$181,370 gain) and interest income of \$9,967 (2024 – \$23,428) from high-yield bank deposits.

# SUMMARY OF QUARTERLY RESULTS

(\$000's except earnings per share)

			Comprehensive	Net Loss per
Year Ended	Quarter	Revenue	Loss	Share
2024	Q1	\$ Nil	\$ (2,192)	\$ (0.02)
2024	Q2	\$ Nil	\$ (1,871)	\$ (0.01)
2024	Q3	\$ Nil	\$ (2,458)	\$ (0.02)
2024	Q4	\$ Nil	\$ (3,042)	\$ (0.02)
2025	Q1	\$ Nil	\$ (903)	\$(0.01)

- 2024-Q1 Net loss for the quarter increased primarily as a result of share-based compensation recognized for the quarter.
- 2024 Q2 Net loss for the quarter decreased from the prior quarter primarily due to the gain the Company recorded on Blue Chip Swaps, which was in part offset by increased exploration costs as a result of exploration program on the Antofalla North Project, and increased professional and management fees, as well as accretion expense recorded during the quarter.
- 2024 Q3 Net loss for the quarter increased due to increased exploration costs as a result of exploration program on the Antofalla North Project, which also increased the Company's expenditures on consulting, management and professional services during the quarter. In addition, the grant of options to acquire up to 400,000 shares to the Company's CFO increased its share-based compensation expense.
- 2024 Q4 Net loss for the quarter increased mainly due to additional loss from the loss on debt settlement associated with IBAT technology.



Management's Discussion and Analysis For the Three Months Ended May 31, 2024

2025-Q1 Net loss for the quarter decreased due to decreased exploration and evaluation expenditures with lesser drilling activities and the absence of share-based compensation as no options were granted during the quarter.

## LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2024, the Company had a cash balance of \$351,743 (2024 – \$1,038,771), an accumulated deficit of \$31,543,649 (2024 – \$30,640,988), and working capital deficit of \$112,889 (2024 – \$609,272 surplus). The decrease in working capital as at May 31, 2024, resulted from decrease in cash balance and amounts receivable and increased account payable and accrued liabilities during the period.

The Company will continue to seek additional financing through capital markets by debt or equity offerings. There are, however, no assurance that the Company will be able to obtain adequate financing in the future or that the terms of the financing will be favorable. There is also no assurance that such financing will be available on terms acceptable to the Company. These offerings may result in dilution to the ownership interest of the Company's shareholders or decrease in shareholder's value. If adequate financing is not available when required, the Company may be unable to continue its operations as planned.

# Cash Flows for the Periods Ended May 31, 2024 and 2023

	Three Months Ended	Three Months Ended
	May 31, 2024	May 31, 2023
	\$	\$
Net cash used in operating activities	(679,727)	(1,642,349)
Net cash provided by financing activities	_	7,564,104
Net cash used in investing activities	(7,172)	(341,292)
Cash increase (decrease) during the period	(686,899)	5,580,463

## Cash Flows Used in Operating Activities

Net cash used in operating activities during the period ended May 31, 2024, was \$679,727 as compared to \$1,642,349 net cash used by operating activities during the period ended May 31, 2023. The Company used the cash to cover its cash operating expenses of \$608,997 (2024 - \$765,005) calculated at a net loss of \$902,661 (2024 - \$2,192,197), adjusted for non-cash items of \$293,664 (2024 - \$1,427,192), to increase prepaid expenses by \$15,272 (2024 - \$162,446), and to make cash payments for accrued interest of \$105,872. These uses of cash were in part offset by decrease in amounts receivable of \$27,572 (2024 - \$17,567 increase), and by increasing the accounts payable and accrued liabilities and interest payable by \$22,842 (2024 - \$697,331 decrease).

# Cash Flows Provided by Financing Activities

The Company did not have any financing activities during the period ended May 31, 2024. During the comparative period the Company generated a total of \$7,564,104 from financing activities, of this amount, \$6,714,104 was associated with the drawdown of the Term Loan, \$500,000 was associated with the gross proceeds from private placement financing the Company closed on March 21, 2023, and \$350,000 were generated from exercise of options to acquire common shares of the Company.



Management's Discussion and Analysis For the Three Months Ended May 31, 2024

# Cash Flows Used in Investing Activities

During the period ended May 31, 2024, net cash used in investing activities was \$7,172 of which \$19,160 was incurred for exploration-related expenditures and \$11,988 resulted from purchase and sale of blue chip securities to fund the Company's working capital and exploration activities.

During the period ended May 31, 2023, \$341,292 was used in investing activities of which \$335,817 was used to acquire the IBAT technology and the balance was used for exploration-related expenditures.

## MANAGEMENT OF CAPITAL

The Company considers capital to include all components of shareholders' equity. The Company's main objective in managing its capital is to safeguard the Company's ability to continue as a going concern, ensure adequate funds are available to meet its operational needs and corporate goals, and to be able to service the Company's financial obligations and support its future growth. The Company manages its capital structure with maximum efficiency and flexibility to meet changes in economic or regulatory environments as well as to mitigate risk characteristics of its underlying assets.

As at May 31, 2024, the Company's shareholders' deficiency was \$1,922,808 (2024 – \$1,126,010) with Term Loan valued at \$6,669,578 (2024 – \$6,575,781) and current liabilities at \$616,630 (2024 – \$593,797). The Company is not subjected to any externally imposed capital requirements by any regulators or venture capitalists. The Company, however, has pledged all of its assets as collateral for the New Credit Facility with Arena.

#### OFF-BALANCE SHEET ARRANGEMENTS

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

## TRANSACTIONS WITH RELATED PARTIES

The Company has identified its directors, certain senior officers as its key management personnel and certain significant shareholders as related parties. The remuneration of the Company's directors and other key management is as follows:

	May 31,	May 31,	
For the period ended	2024	2023	
	\$	\$	
Management fees	106,166	149,000	
Consulting fees	30,000	449,294	
Professional fees	_	30,071	
Interest expense	211,726	_	
Share-based compensation	_	1,556,916	
	347,892	2,185,281	

During the period ended May 31, 2024, the Company accrued interest of \$211,726 (2024 - \$168,000) on the term loan of \$7 million from a company with significant influence controlled by common shareholders with an interest payable of \$162,210 (2024 - \$162,219) as at May 31, 2024. According to the Term Loan agreement, the quarterly interest payments are settled in cash and in the issuance of common shares in equal proportion. As at May 31, 2024, a total of \$424,630 (2024 - \$nil) was settled in cash and a total of 3,616,396 (2024 - nil) common shares valued at \$423,461 have been issued.





During the period ended May 31, 2024, the Company accrued interest of \$nil (2024 – \$132,329) on debt owed to companies controlled by former officers of the Company.

During the period ended May 31, 2024, the Company incurred management fees of \$44,965 (2024 – \$45,000) to its CEO. As at May 31, 2024, the Company owed the CEO \$nil (2023 – \$nil).

During the period ended May 31, 2024, the Company incurred management fees of \$133,362. As at May 31, 2024, the Company owed its director and President of LEA \$19,678 (2023 – \$nil), which was recorded as part of accounts payable and accrued liabilities.

During the period ended May 31, 2024, the Company incurred \$30,000 (2024 – \$nil) in consulting fees to the Company's CFO (2023 – \$nil). As at May 31, 2024, the Company owed its CFO \$10,000 (2024 – \$nil) in consulting fees which were recorded as part of accounts payable and accrued liabilities.

During the period ended May 31, 2024, the Company incurred management fees of \$nil (2024 – \$104,000) to former CFO and Director (2023 - \$nil). As at May 31, 2024, the Company owed its former CFO \$340 (2024 – \$nil) in consulting fees which were recorded as part of accounts payable and accrued liabilities.

During the period ended May 31, 2024, the Company settled related party debt of \$nil. During the year ended February 29, 2024, the Company settled related party payables of \$767,111 through the issuance of 4,160,068 common shares valued at \$644,426.

As at May 31, 2024, the Company had a total of \$82,421 (US\$60,613) recoverable from Triangle (2023 – \$82,252 (US\$60,613)) which was recorded as part of receivables (Note 8).

#### COMMITMENTS AND CONTINGENCIES

As at May 31, 2024, there are no outstanding commitments.

## MATERIAL ACCOUNTING POLICIES AND ESTIMATES

The Company's material accounting policies are described in Note 3 to the Company's consolidated statements for the years ended February 29, 2024 and February 28, 2023, and its significant accounting judgements, estimates and assumptions are described in Note 4 to the Company's consolidated statements for the same periods.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

# Standards Issued but Not Yet Effective

The Company has reviewed the accounting standards or amendments to existing accounting standards that have been issued but have future effective dates and determined that these are either not applicable or are not expected to have a significant impact on the Company's financial statements.

# FINANCIAL INSTRUMENT RISK EXPOSURE AND RISK MANAGEMENT

# Financial risk management

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:



Management's Discussion and Analysis For the Three Months Ended May 31, 2024

## Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and advances receivable. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions and advancing funds to parties that management believes will make the necessary repayments.

## Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as described in Note 15 to the audited consolidated financial statements for the years ended February 29, 2024 and February 28, 2023.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. Most of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Term Loan is due on March 20, 2025, being 24 months from the draw down date. The Company does not have investments in any asset backed deposits.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the Company's significant commitments and corresponding maturities:

	<1 year	1 - 3 Years	Total
Accounts payable and accrued liabilities	\$ 454,425 \$	- \$	454,425
Interest payable	162,210	_	162,210
Contractual interest payment	674,301	_	674,301
Term loan	_	7,000,000	7,000,000
	\$ 1,290,936 \$	7,000,000 \$	8,290,936

## Foreign Exchange Risk

Foreign exchange risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

As at May 31, 2024, the Company was exposed to foreign currency risk through the following financial assets and liabilities denominated in foreign source currencies, converted to Canadian Dollars at the prevailing rate at the end of the reporting period.

		CAD		+/- 10% Flu	ctuation	_
As at February 29, 2024	equ	uivalent	Currency	Increase/(D	ecrease)	
Cash	\$	10,105	ARS	\$ 1,010	\$	(1,010)
Cash		66,616	USD	6,662		(6,662)
Receivables		83,472	USD	8,347		(8,347)
Accounts payable		(30,961)	ARS	(3,096)		3,096
Accounts payable and accrued liabilities	(	(263,150)	USD	(26,315)		26,315



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Total	\$ (133,918)	\$ (13,392)	\$ 13,392

## Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's accounts payable and accrued liabilities do not bear any interest and the Term Loan is subject to a fixed interest rate, therefore the Company is not exposed to significant interest rate risk.

## Fair Value Measurements

The Company's financial instruments consist of cash, receivables, and accounts payable. The fair values of these financial instruments approximate their carrying values because of their current nature or they have been measured using market based assumptions.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 Inputs that are not based on observable market date.

#### **OUTSTANDING SHARE DATA**

Type of Securities	Quantity
Common shares	152,569,676
Options	10,900,000
Warrants	61,659,859
Total common shares (fully diluted)	225,129,535

## **RISKS AND UNCERTAINTIES**

## Risks inherent in the nature of mineral exploration and development

Exploration and development involve several risks which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from operations. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labor are some of the risks involved in the conduct of exploration programs and the operation of mines. The commercial viability of exploiting any precious metal deposit is dependent on a number of factors including infrastructure and governmental regulations, in particular those respecting the environment, price, taxes, and royalties. No assurance can be given that minerals of sufficient quantity, quality, size and grade will be discovered on any of the Company's properties to justify commercial





operation. Numerous external factors influence and may have significant impacts on the operations of the Company and its financing needs.

## Financial risks

The Company is an exploration company. The Company will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

## Claims and title risks

Although the Company has taken steps to verify title to mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

## Tax

No assurance can be made that Canada Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses.

## Dependence on key personnel

The development of the Company's business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

# Conflicts of interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view towards upholding the best interests of the Company and to disclose any interest, which they may have in any project or opportunity of the Company or any project or opportunity that could be competitive with the Company. If a conflict arises at a meeting of the Board of Directors, any Director in a conflict will disclose his interest and abstain from voting on such matter.

## Environmental risks

The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

## ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca.