

# **EDISON LITHIUM CORP.**

(formerly Edison Cobalt Corp.)

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

**For the nine months ended June 30, 2022 and 2021**

*(Expressed in Canadian dollars)*

**EDISON LITHIUM CORP.**  
(formerly Edison Cobalt Corp.)

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*This Management's Discussion and Analysis ("MD&A") is intended to help readers understand the significant factors that affect the performance of Edison Lithium Corp. and its subsidiaries (the "Company") and those that may affect future performance. The MD&A has been prepared as of August 29, 2022, and should be read in conjunction with the Company's interim condensed consolidated financial statements for the three and nine months ended June 30, 2022, and the audited consolidated financial statements for the year ended September 30, 2021, and the related notes thereto prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Committee ("IFRC"). The Company's significant accounting policies are set out in Note 2 of the June 30, 2022, interim condensed consolidated financial statements. All dollar amounts are expressed in Canadian dollars (the presentation currency of the Company) unless otherwise indicated. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).*

**Forward-Looking Statements**

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management and operations, are intended to identify forward-looking statements. Such statements reflect the Company's current views and beliefs with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or development except as may be required by law or regulation.

**INTRODUCTION**

Edison Lithium Corp. (the "Company") was incorporated on November 8, 2009, under the *Business Corporations Act* (British Columbia). The Company's primary business activity is mineral property exploration and development. On August 3, 2011, the Company's common shares were listed for trading on the TSX Venture Exchange ("TSX-V"). On September 5, 2018, the Company's name was changed from Power Americas Minerals Corp. to Edison Cobalt Corp. Effective July 30, 2021, the Company's name was changed from Edison Cobalt Corp. to Edison Battery Metals Corp. and subsequently to Edison Lithium Corp. The Company's shares are traded on the TSX-V under the symbol EDDY, on the Frankfurt Stock Exchange under the symbol VV0 and on the U.S. Over the Counter Market under the symbol PWMRF. The Company's head office and registered and records office is located at Suite 820 – 1130 West Pender Street, Vancouver, BC, V6E 4A4 Canada. The Company maintains a business office at 120 Carlton Street, Suite 219, Toronto, ON, Canada.

On November 24, 2021, the Company changed its name to Edison Lithium Corp. The TSX-V approved the name change and the Company's common shares commenced trading on November 25, 2021, under the new name, continuing to trade under the symbol of EDDY.

*Proposed Spin-Out*

On May 19, 2022, the Company's Board of Directors unanimously approved a proposed spin-out of its cobalt assets into a newly incorporated subsidiary ("SpinCo"). The Company will continue to hold its interest in the Antofalla Salar and Pipanaco Salar lithium projects in Argentina.

The proposed SpinCo will be carried out by way of statutory plan of arrangement ("Arrangement") pursuant to the *Business Corporations Act* (British Columbia). Common shares of the SpinCo ("SpinCo Shares") will be distributed to the shareholders of the Company on the basis of one SpinCo Share for every one common share held in the Company. There will be no change in Company's shareholders' holdings in the Company as a result of the Spin Out. If the Spin-Out is completed, shareholders will own shares in both companies – the Company will be focused on its Argentinian lithium brine projects and SpinCo will be focused on cobalt exploration in Canada. The proposed spin-out is expected to increase shareholders' value by allowing capital markets to ascribe value to the Kittson Cobalt Property independent of the Company's lithium projects.

The proposed spin-out will be subject to the terms of the Arrangement between the Company and SpinCo, the approval of shareholders at a meeting of shareholders of the Company, the approval of British Columbia Supreme Court and the approval of the TSX-V.

In connection with the spin-out, the Company intends to undertake a private placement ("Private Placement") of up to 60,000,000 subscription receipts ("Subscription Receipts") priced at \$0.05 per Subscription Receipt in order to raise gross proceeds of up to \$3,000,000 (the "Escrowed Proceeds"), which will be held in escrow subject to the satisfaction or waiver of certain customary escrow release conditions (the "Escrow Release Conditions"). Each Subscription Receipt will entitle the holder thereof to receive, upon conversion and without any further action on the part of such holder or payment of any additional consideration, one unit of SpinCo (a "Unit"), with each Unit comprised of one (1) SpinCo Share and one common share purchase warrant (each, a "Warrant"). Each Warrant shall be exercisable into one (1) SpinCo Share at an anticipated exercise price of \$0.08 per SpinCo Share, for an exercise period of two years. The conversion of the Subscription Receipts will be subject to the satisfaction or the Escrow Release Conditions, including the closing of the Arrangement and the listing of the SpinCo Shares on the Exchange, on or prior to a date to be determined (the "Outside Date"). Upon the satisfaction or waiver of the Escrow Release Conditions, the Escrowed Proceeds will be released to SpinCo. Upon receipt thereof, SpinCo is expected to use the Escrowed Proceeds to fund exploration of the Kittson Cobalt Property and for general working capital, including, potential future acquisitions. In the event that the Escrow Release Conditions are not satisfied prior to the Outside Date, the Escrowed Proceeds will be returned pro rata to each holder.

#### **ACQUISITION OF RESOURCE VENTURES S.A.**

On June 15, 2021, The Company announced that it has entered into a Definitive Purchase and Sale Agreement (the "Agreement") to acquire Resource Ventures S.A. ("ReVe"), an Argentina corporation that either owns or controls the rights to over 148,000 hectares (365,708 acres) of prospective lithium brine claims in the province of Catamarca, Argentina. The claims are principally located in the two geologic basins known as the Antofalla Salar and the Pípanaco Salar in South America's Lithium Triangle.

On July 2, 2021, the Company acquired ReVe and a 100% equity interest in its properties for a purchase price of \$1,250,000 paid by the issuance of 10,000,000 common shares of the Company at a deemed price of \$0.125 per share. The Company issued 500,000 common shares of the Company as a finder's fee at a deemed price of \$0.125 per share. A consulting fee of \$300,000 was also incurred with a company controlled by one of the former shareholders of ReVe.

#### ***Salar de Antofalla ("Antofalla"), Argentina***

Located less than 20 km west of Livent's producing lithium operation (fka FMC Corporation, Livent is Argentina's largest lithium producer) in northern Catamarca Province, the Antofalla Salar hosts one of the largest lithium-bearing basins in the region. It is over 130 km long and varies between 5 km and 20 km across.

In 2018, ReVe secured TEM geophysical studies conducted by Quantec Geoscience Argentina S.A., including 187 sounding points conducted across 36.4 km of line scans covering approx. 15,655 hectares (38,683 acres) of claims in the northern area of its claims in the Antofalla Salar - all of which indicated the presence of prospective brines down to a depth of approx. 500 meters, which was the intended depth limit of the surveys. Brine in the basin could

extend to even greater depths than the TEM scans revealed. ReVe's assets in and around the Antofalla Salar are made up of approximately 107,000 hectares (264,397 acres) of semi-contiguous claims in the northern and southern parts of this salar, offsetting either side of Albermarle's holdings in the center of this salar. The Company's initial emphasis in Argentina will focus on developing its properties at Antofalla.

### ***Salar de Pipanaco ("Pipanaco"), Argentina***

ReVe's claims in the Pipanaco Salar consist of over 41,000 hectares (101,311 acres) of core areas in this salar, which is located approximately 50 km due west of Catamarca city. These properties are in the very early stages of exploration with minimal surface samples having been collected to date. This salar is at a much lower altitude than Antofalla and was drilled more than ten years ago in a program for the federal government of Argentina to identify new sources of fresh water. Based on those drilling reports, the Company believes that these Pipanaco holdings, which are located at only 700-750 meters above sea level, could represent a favorable site for a lithium extraction facility or a potash mine, as well as being a potential location to create a regional lithium processing facility located less than a two-hour drive from Catamarca city. The Company's claims in the Pipanaco salar, while only early stage exploration, may prove to be strategic for a potential regional lithium processing facility located less than 50 km from Catamarca city.

### ***Thomas Edison Mine and Kittson Cobalt Property, Northeastern ON***

On January 23, 2017, the Company entered into an option agreement to acquire a 100% interest in the Kittson Cobalt Property ("Kittson Property"). The Kittson Property is comprised of five unpatented mining claims totalling 68 units having a combined area of approximately 1,090 hectares.

Under the terms of the Option Agreement, to earn a 100% interest in the Kittson Property the Company was required to pay \$1,280,000 by a combination of common shares and cash. The Company paid \$1,250,000 of the purchase price through the issuance of 6,250,000 common shares at a deemed price of \$0.20 per common share, and \$30,000 in cash. The Kittson Property is subject to an underlying 2% Net Smelter Return royalty, of which 1.5% may be purchased by the Company for \$1,000,000.

On January 22, 2019, the Company announced that it had completed its 2018 Exploration program on the Kittson Cobalt Project. A total of 360 prospecting samples were collected during this program, highlighting >1% Cobalt. This included the initial prospecting samples collected from the recently acquired historic Edison mine which returned up to 6.13 % cobalt. A new zone, North Kittson was also discovered approximately 500 meters north of the historic Kittson mine with prospecting samples returning up to 2.18 % cobalt and, significantly, up to 7.83 g/t gold.

Geological mapping also confirmed that the Shakt-Davis and Edison mines are hosted on the same east-west trending fracture zone and that this fracture zone extends for over 1.5 kilometers. A full 34% of the prospecting samples collected along this fracture returned over 0.1% cobalt and 16% returned more than 1% cobalt.

A total of 2,620 metres (21 holes) were completed during the program. This drilling represented the first exploration on the historic Edison mine in over 100 years. Highlights include 0.34% cobalt over 2.65 metres including 0.98% cobalt over 0.35 meters in hole ED-18-010 and 0.46% cobalt over 2.05 meters in hole ED-18-015.

The drill program successfully intersected the fracture zone that hosts the Edison mine mineralization. The fracture zone was much wider than was observed at surface, ranging from 7 to 30 metres wide (drilled core length) hosting several 0.1-2.0 metre quartz-carbonate veins surrounded by intense carbonate alteration. Fracture and vein controlled cobalt mineralization in the form of smaltite and erythrite (cobalt bloom) occurred throughout this zone with values as high as 1.24% Cobalt over 0.35 meters.

In November 2019, the Company completed a soil sampling program and whole rock geochemistry study on the 2018 drill core from the historic Edison Mine. A total of 798 soil samples were collected and 200 drill core samples submitted for whole rock geochemistry.

## Properties

### Argentine Properties

Management and a local Argentine geologist, visited the Company's properties at the Antofalla salar (Catamarca), in December 2021. The claims that were visited were LEXI 29 and 30, as geophysics had been conducted in both areas. There was positive communication with the community of Antofalla that the Company was in the area assessing the claims. The LEXI 29 property is located on the eastern edge of the Antofalla salar and covers an area of 5000 hectares (50 sq. km.). Access to the claim area was reached without problem, since it passes the road that joins Antofagasta de la Sierra with Antofalla. Two TEM geophysical lines were carried out in LEXI 29, in which volcanic rock bodies can be observed covering part of the salar as well as fluvial material. LEXI 30 property is 760 hectares in size, and geophysics data indicates it is potentially favorable for lithium in brine.

The Company's management made another visit to Argentina in February 2022 with the aim of advancing and streamlining the paper work required to advance the LEXI claims to drilling stage and building the local team. A new team of lawyers have been hired, and they have performed indepth assessments of the actual paper work that has been filled at the Catamarca Ministry of Mines, for each of the Edison Lithium claims. The purpose of this exercise was to determine the remaining claims that require environmental work and surveying (mensura). The aim is to increase the number of claims that can be included in the future drilling program.

### Canadian Properties

For the 2022 fiscal year, the Company will continue to undertake exploration work on the Kittson property to determine whether future action on the property is warranted. The Company is committed to spending over \$300,000 on the Kitson property in 2022, and it has planned geophysics surveys for the summer, specifically Induced polarization (IP), and high-resolution magnetic (MAG) and time-domain electromagnetic (TDEM) survey.

The Company is planning to complete 21-line kilometers of Alpha IP™, along 7 profiles over the entire project area with penetration up to 900 m for the longest lines, at roughly 3.0 km length. The plan is to use 100 m station spacing for high definition of targets. The MAG-TDEM survey will be conducted at 50m spacing. The aim of the geophysics survey campaign is to identify diabase dykes and sills at depth that may be associated with cobalt (or silver) mineralization, and determine drilling targets.

The Company is also actively conducting due diligence on new opportunities.

### Share capital:

At June 30, 2022, the Company has a total of 115,181,311 outstanding and issued common shares (September 30, 2021 – 114,881,311).

#### Nine months ended June 30, 2022

On November 10, 2021, the Company granted 2,000,000 options to directors and officers and 1,900,000 options to consultants of the Company, which entitle the holders to purchase one common share for each option held at a price of \$0.18 per share up to November 10, 2026. The Company determined the fair value of the share-based compensation to be \$504,818 using the Black Scholes option pricing model with the following assumptions: share price - \$0.14; exercise price - \$0.18; expected life – 5 years; expected volatility – 162%; risk free interest rate – 1.56%, and dividend - nil.

On November 22, 2021, the Company issued 300,000 shares for gross proceeds of \$36,000 pursuant to the exercise of 300,000 share purchase warrants.

Year ended September 30, 2021

On February 24, 2021, the Company closed a non-brokered private placement (the "Private Placement") of 10,000,000 units at a price of \$0.10 per unit for total gross proceeds of \$1,000,000. Each unit consisted of one common share and one common share purchase warrant (a "Warrant"), with each Warrant entitling the holder to purchase one common share of the Company for a period of two years from the closing at an exercise price of \$0.12 per common share.

On March 9, 2021, the Company granted 4,000,000 stock options to certain consultants, directors and officers of the Company which entitle the holders to purchase one common share for each option held at a price of \$0.15 per share until March 9, 2026. The fair value of the stock options was \$767,504 and was charged to share-based compensation expense. The fair value was calculated using the Black Scholes Option Pricing model with the following assumptions: share price - \$0.20; exercise price - \$0.15; expected life - 5 years; expected volatility - 177%; risk free interest rate - .99%.

On April 9, 2021, the Company granted 400,000 options to a director of the Company which entitle the holder to purchase one common share for each option held at a price of \$0.175 per share until April 9, 2026. The fair value of the stock options was \$68,240 and was charged to share-based compensation expense using the Black Scholes option pricing model with the following assumptions: share price - \$0.18; exercise price - \$0.175; expected life - 5 years; expected volatility - 172%; risk free interest rate - .93%.

On April 20, 2021, the Company issued 220,780 units at a price of \$0.15 per unit for proceeds of \$33,117 pursuant to the exercise of 220,780 finder's warrants. Each unit consists of one share and one warrant exercisable at \$0.25 for one common share.

On May 3, 2021, the Company issued 672,533 units at a price of \$0.15 per unit for proceeds of \$100,880 pursuant to the exercise of 672,533 finders warrants. Each unit consists of one share and one warrant exercisable at \$0.25 for one common share.

On May 7, 2021, the Company closed two non-brokered private placements (the "Private Placements") of 2,006,000 flow-through units (the "FT Units") at a price of \$0.18 per Flow-Through Unit, for gross proceeds of \$361,080 and 19,878,000 non-flow-through units (the "non FT Units") at a price of \$0.135 per Unit, for gross proceeds of \$2,683,530. Each FT unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.24 per common share for a period of 24 months following the date of issuance. Each non-FT unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the company at a price of \$0.18 per common share for a period of 24 months following the date of issuance.

In connection with the Private Placements, the Company paid finders' fees of \$208,114 in cash and issued 1,494,780 finders' warrants. The finders' warrants have the same terms as the Warrants forming part of the non-FT Units. Proceeds of the private placement were used for work on the Company's mineral properties, future acquisitions and general working capital.

The Company is required to use the proceeds from the flow-through portion of the private placement to incur eligible Canadian Exploration Expenses and flow-through mining expenditures, as defined under the Income Tax Act (Canada).

On May 8, 2021, 11,216,666 warrants exercisable at \$0.25 per share expired, 537,353 finders' warrants exercisable at \$0.15 per unit expired, 893,313 warrants exercisable at \$0.25 per share expired and 894,166 warrants exercisable at \$0.25 per warrant expired.

On May 28, 2021, the Company closed a non-brokered private placement of the non-FT Units of 800,000 units at a price of \$0.135 per unit, for gross proceeds of \$108,000. Each unit consisted of one common share and one share

purchase warrant. Each warrant entitles the holder to acquire one common share of the company at a price of \$0.18 per common share for a period of 24 months following the date of issuance.

In connection with the Private Placement, the Company paid finders' fees of \$7,560 in cash and issued 56,000 finders' warrants. The finders' warrants have the same terms as the Warrants forming part of the non-FT Units. The proceeds will be used for work on the Company's mineral properties, future acquisitions and general working capital.

On July 2, 2021 the Company issued total 10,500,000 shares at \$0.125 per share as the payment for the acquisition of ReVe and for the finder's fees.

**Results of Operations:**

	<b>For the Year Ended September 30, 2021</b>	<b>For the Year Ended September 30, 2020</b>	<b>For the Year Ended September 30, 2019</b>
	\$	\$	\$
Net loss	(1,528,066)	(84,734)	(411,991)
Loss per share, basic and diluted	(0.02)	0.00	(0.01)
Current assets	3,759,223	744,191	1,001,373
Exploration and evaluation assets	7,129,371	5,447,961	5,305,460
Shareholders' equity	10,710,615	6,174,825	6,259,559

***For the nine months ended June 30, 2022***

For the nine months ended June 30, 2022, the Company reported a net loss of \$1,377,811 compared to a loss of \$768,490 in 2021. The increase in the net loss was due primarily to increased advertising and promotion expenses of \$246,874 (2021 - \$7,799), share-based compensation of \$504,818 (2021 - \$333,934), management services of \$234,000 (2021 - \$105,000), and office and sundry expenses of \$264,498 (2021 - \$17,261). These increases were in part offset by decreased consulting fees of \$60,235 (2021 - \$206,874), registration and transfer fees of \$47,233 (2021 - \$54,320), and audit and accounting fees of \$40,604 (2021 - \$43,304). In addition, during the nine months ended June 30, 2022, the Company recorded \$22,862 in interest income, and \$7,047 as settlement of flow-through share premium; the Company did not have similar income in comparative period ended June 30, 2021.

The significant increase in expenses was due to increased financing activity to capitalize the Company for the upcoming exploration work programs on the Company's lithium prospects in Argentina. There was generally a much higher level of activity in the Company as compared to a period when the Company's activity had been at a low ebb.

### **Selected Quarterly Financial Data**

Results for the last eight quarters ending June 30, 2022:

	<b>June 30, 2022</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net loss for the period	(195,782)	(300,444)	(881,585)	(759,795)
Loss per share, basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)
Current assets	2,857,049	3,100,256	3,488,362	3,759,223
Exploration and evaluation assets	7,183,770	7,173,154	7,152,239	7,129,371
Shareholders' equity	9,873,356	10,069,404	10,364,646	10,710,615

	<b>June 30, 2021</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net loss for the period	(264,720)	(493,564)	(10,206)	(13,867)
Loss per share, basic and diluted	(0.00)	(0.01)	(0.00)	(0.00)
Current assets	4,398,696	1,688,860	733,178	744,191
Exploration and evaluation assets	5,467,470	5,448,025	5,447,961	5,447,961
Shareholders' equity	9,746,151	7,119,324	6,164,619	6,174,825

### **Liquidity and capital resources**

As of June 30, 2022, the Company has working capital of \$2,689,586 (September 31, 2021 - \$3,581,244) amounts that appear adequate for a period of at least 12 months into the future.

During the nine months ended June 30, 2022, the Company completed the following share issuances:

On November 22, 2021, the Company issued 300,000 shares for gross proceeds of \$36,000 pursuant to the exercise of 300,000 share purchase warrants.

During the year ended September 30, 2021, the Company completed the following share issuances:

On February 24, 2021, the Company closed a non-brokered private placement (the "Private Placement") of 10,000,000 units at a price of \$0.10 per unit for total gross proceeds of \$1,000,000. Each unit consisted of one common share and one common share purchase warrant (a "Warrant"), with each Warrant entitling the holder to purchase one common share of the Company for a period of two years from the closing at an exercise price of \$0.12 per common share.

On April 20, 2021, the Company issued 220,780 units for proceeds of \$33,117 pursuant to the exercise of 220,780 finders warrants. Each unit consists of one share and one warrant exercisable at \$0.25 for one common share.

On May 3, 2021, the Company issued 672,533 units for proceeds of \$100,880 pursuant to the exercise of 672,533 finders' warrants. Each unit consisted of one share and one warrant exercisable at \$0.25 for one common share.

On May 7, 2021, the Company closed two non-brokered private placements of 2,006,000 flow-through units (the "FT Units") at a price of \$0.18 per Flow-Through Unit, for gross proceeds of \$361,080 and 19,878,000 non-flow-through units (the "non-FT Units") at a price of \$0.135 per non-FT Unit, for gross proceeds of \$2,683,530. Each FT Unit consisted of one common share and one warrant. Each warrant entitles the holder to acquire one common share of the company at a price of \$0.24 per common share for a period of 24 months following the date of issuance. Each non-FT Unit consisted of one common share and one warrant. Each warrant entitles the holder to

acquire one common share of the company at a price of \$0.18 per common share for a period of 24 months following the date of issuance.

In connection with the Private Placements, the Company paid finders' fees of \$208,114 in cash and issued 1,494,780 finders' warrants. The finders' warrants have the same terms as the Warrants forming part of the non-FT Units. Proceeds of the private placements are being used for work on the Company's mineral properties, future acquisitions and general working capital.

The Company is required to use the proceeds from the flow-through portion of the private placement to incur eligible Canadian Exploration Expenses and flow-through mining expenditures, as defined under the Income Tax Act (Canada) on the Company's cobalt properties in the period up to December 31, 2022.

On May 28, 2021, the Company closed a non-brokered private placement of 800,000 units (the "Units") at a price of \$0.135 per Unit, for gross proceeds of \$108,000. Each Unit consisted of one common share and one warrant. Each warrant entitles the holder to acquire one common share of the company at a price of \$0.18 per common share for a period of 24 months following the date of issuance. In connection with the Private Placement, the Company paid finders' fees of \$7,560 in cash and issued 56,000 finders' warrants. The Finders' Warrants have the same terms as the Warrants forming part of the Private Placement. Proceeds of the private placement will be used for work on the Company's mineral properties, future acquisitions and general working capital.

On July 2, 2021, the Company issued 10,500,000 shares at a price of \$0.125 per share for the purchase of 100% equity interest in Resource Ventures S.A. and for the finder's fees.

The Company expects to incur losses for the foreseeable future and there can be no assurance that the Company will ever make a profit. To achieve profitability, the Company must advance its properties through further exploration in order to bring the property to a stage where the Company can attract the participation of a major resource company, which has the expertise and financial capability to place such property into commercial production. This magnitude of advancement is a long and arduous process and very unpredictable as to ultimate outcome. For the foreseeable future, the Company's share value is likely to be based more on its prospects, discoveries and acquisitions than on any near term expectation of achieving profitability.

The Company's ultimate ability to continue as a going-concern is dependent upon its ability to advance exploration properties to the development stage and achieve profitability by taking the property to production or from the sale of the property. In the meantime, the Company is dependent upon raising equity financing or obtaining short-term loans to continue to advance its property interests and fund ongoing operations. The consolidated financial statements are prepared on a going concern basis, which implies that the Company will realize its assets and discharge its liabilities in the normal course of business. The consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities that would be necessary if the Company were unable to continue as a going concern. The Company presently has sufficient financial resources on hand to satisfy its needs for the next 18 months.

An analysis of the quarterly results over the last eight quarters shows a substantial variance which can be attributed to the Company incurring varying professional, office and general costs period over period, resulting from various levels of activity and expectations and reflects a number of non-recurring items as well as the fact that the Company had been more active during 2022 compared to 2021.

#### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

#### **Related Party Transactions**

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 key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel, not including normal employee compensation and reimbursable expenses, made during the nine months ended June 30, 2022 and 2021 is set out below:

	<b>2022</b>	<b>2021</b>
Management fee	\$ 234,000	\$ 105,000
Evaluation and exploration fees	5,200	–
Corporate secretarial	17,095	–
Share-based payments	258,881	188,550
Administration	28,873	–
<b>Total</b>	<b>\$ 544,049</b>	<b>\$ 293,550</b>

As at June 30, 2022, the Company has a total outstanding payable balance of \$5,066 (September 30, 2021 – \$25,108) due to officers of the Company in relation to the above remuneration and a total outstanding receivable due from a director of \$3,150 (2021 - \$Nil).

Share-based transactions with related parties during the nine months ended June 30, 2022, are as follows:

On November 10, 2021, the Company issued 2,000,000 options to directors and officers of the Company which entitle the holders to purchase one common share for each option held at a price of \$0.18 per share up to November 10, 2026 (Note 6). Total share-based compensation recorded to related parties was \$258,881.

Share-based transactions with related parties during the year ended September 30, 2021, are as follows:

On March 9, 2021 the Company granted 2,000,000 stock options to certain directors and officers of the Company which entitle the holders to purchase one common share for each option held at a price of \$0.15 per share up to March 9, 2026. Total share-based compensation recorded to related parties was \$383,752.

On April 9, 2021 the Company issued 400,000 options to a director of the Company which entitles the holder to purchase one common share for each option held at a price of \$0.175 per share up to April 9, 2026. Total share-based payment recorded to related party was \$68,240.

### **Financial Instruments and Related Risks**

The Company manages capital and its exposure to financial risks by ensuring it has sufficient financial capacity to support its exploration and development plans and long-term growth strategy.

The Company is subject to various financial risks that could have a significant impact on its financial condition and the Company's ability to advance its exploration projects. These risks include liquidity risk, credit risk, currency risk and financial market conditions relating to interest rates and mineral commodity prices.

#### *Liquidity Risk*

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company attempts to manage liquidity risk by maintaining sufficient cash balances to satisfy current and planned expenditures. The Company may from time to time have to issue additional shares to ensure there is sufficient capital to meet long term objectives.

### *Credit Risks*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is attributable to cash. To limit its exposure to credit risk, the Company held its cash with high-credit quality financial institutes in Canada.

### *Foreign Currency Exchange Risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. As at June 30, 2022 the Company has a surplus of financial assets over financial liabilities denominated in Argentinian Peso, consisting of cash, accounts payable and accrued liabilities, in the sum of \$38,811 (September 30, 2021 – \$5,389 deficit). The Company is not presently exposed to foreign exchange risk. However, the acquisition of the Argentinian subsidiary will increase foreign currency risk including the risk that its investment in Argentina may be difficult or impossible to repatriate to Canada.

### *Global Financial Market Conditions*

Events and conditions in the global financial markets, particularly over the last two years continue to impact commodity prices, interest rates and currency rates. These conditions, as well as market volatilities, may have a positive or negative impact on the Company's operating costs, project exploration and development expenditures, and planning the Company's projects.

### *Fair Value*

The fair value of the Company's financial assets and liabilities approximates their carrying amounts.

Financial instruments measure 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 data

## **Exploration and Evaluation Expenditures**

### **Pre-exploration Costs**

Exploration costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss as investigation costs.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation of plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and share based payments to employees and consultants, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property would be considered to be a mine under development and would be classified as “mines under construction”. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

### **Management of Capital and Business Prospects**

The Company's objective when managing capital is to maintain its ability to continue as a going concern and fund its Exploration and Evaluation expenditures and other activities in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued capital stock, warrants, contributed surplus and deficit, in the definition of capital. Management adjusts the capital structure in the light of its cash and other available resources as necessary in order to support the discovery, acquisition, development and mining of economically-viable precious and base metal mineral resources. The Company is not subject to externally imposed capital requirements (beyond the requirements of the Exchange with which the Company is in compliance) and there has been no change with respect to the overall capital risk management strategy during the nine months ended June 30, 2022. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration programs and pay for management and administrative costs, the Company will spend its ongoing working capital and raise additional amounts as needed.

### **Critical Accounting Estimates, Assumptions and Judgements**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from these estimates.

Areas of significant judgement, assumptions and estimates in the financial statements are:

- Classification of expenditures as exploration and evaluation expenditures or operating expenditures
- Going concern assessment
- Impairment reviews for exploration and evaluation assets
- Fair value of share-based payment and financial instruments
- Recoverability measurement of deferred tax assets

### **Changes in Accounting Standards**

The condensed interim consolidated financial statements have been prepared in accordance with the principles of International Financial Reporting Standards (“IFRS”) as set out in CPA Canada Handbook - Accounting. The

consolidated financial statements therefore comply with IFRS as issued by the International Accounting Standards Boards (“IASB”) and interpretation of the International Financial Reporting Interpretations Committee (“IFRIC”).

***Accounting standards issued but not yet effective***

At the date of the approval of the consolidated financial statements, a number of standards and interpretations were issued but not yet effective. The Company considers that these new standards and interpretation are either not applicable or are not expected to have a significant impact on the Company’s interim condensed consolidated financial statements.

**Share Capital Data**

The Company is authorized to issue an unlimited number of common shares without par value.

As at the date of this MD&A, issued and outstanding share data are as follows:

Common shares	115,181,311
Stock options	9,600,000
Share purchase warrants	33,934,780
	<hr/>
	158,716,091

**Subsequent Events**

There are no material subsequent events to report. The exploration work has continued and will be reported at the appropriate time with any material results being press released in timely fashion.

**Additional Information**

Additional information relating to Edison Lithium Corp. may be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.edisonlithium.com](http://www.edisonlithium.com).

The Company invites comments and questions from readers, which may be addressed to [info@edisonlithium.com](mailto:info@edisonlithium.com).

On behalf of the Board

“Nathan Rotstein”, Chief Executive Officer

August 29, 2022