

EDISON LITHIUM CORP.
(formerly Edison Cobalt Corp.)

MANAGEMENT'S DISCUSSION & ANALYSIS
For the year ended September 30, 2021

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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 Battery Metals Corp and its subsidiaries (the "Company"), and those that may affect future performance. The MD&A has been prepared as of February 22, 2022, and should be read in conjunction with the Company's audited consolidated financial statements for the years ended September 30, 2021 and 2020, 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 September 30, 2021 and 2020 audited consolidated financial statements. All dollar amounts are expressed in Canadian dollars (the Functional Currency of the Company) unless otherwise indicated. Note that additional information relating to the Company is available on SEDAR at 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 of 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. 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 ("OTC") 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 in Toronto at 120 Carlton Street, Suite 219.

On July 29, 2021 the Company changed its name to Edison Battery Metals Corp. to better reflect the direction of the Company. On November 24, 2021 the Company changed its name to Edison Lithium Corp. The TSX Venture Exchange 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.

ACQUISITION OF RESOURCE VENTURES S.A.

On June 17, 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 Pipanaco 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 \$1,250,000.00 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.

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 5km and 20 km across.

In 2018, ReVe secured TEM geophysical studies conducted by Quantec Geoscience Argentina S.A., including 187 soundings 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 our 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. Our 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 50km 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 the Company can earn a 100% interest in the Kittson Property for an aggregate purchase price of \$1,280,000 payable by a combination of common shares and cash, of which \$1,250,000 of the purchase price was satisfied by the issuance of 6,250,000 common shares at a deemed price of \$0.20 per common share, and \$30,000 cash payable within 12 months following the execution of the Option Agreement. 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 first 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 >1.5 kilometers. A full 34 % of the prospecting samples collected along this fracture returned >0.1 % cobalt and 16 % returned >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.

Outlook

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. The Company is planning to drill a well in the area of the fluvial material covering the salar.

LEXI 30 property is 760 hectares in size, and geophysical data indicates there is potentially favorable for lithium in brine. The Company is planning to drill one or two wells on the Lexi 30 property, cutting a very conductive zone that can be interpreted as a brine zone.

Canadian Properties

For the upcoming 2022 fiscal year, the priority of the Company will be to assess the results of the exploration work that is currently being conducted on the Kittson property and the Thomas Edison Mine to determine whether future action on the property is warranted. The Company is also actively conducting due diligence on new opportunities.

Geological information presented herein was summarized by Neil Pettigrew, M.Sc., P.Geo., a Qualified Person as defined by National Instrument 43-101.

Share capital:

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 stock 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 issued 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 stock 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 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 at a price of \$0.15 per unit for proceeds of \$100,879.95 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 fee warrants. The Finders fee warrants have the same terms as the Warrants forming part of the non FT Units. Proceeds of the private placement will be used for work on the Company's mineral properties, future acquisitions and general working capital. The Company intends 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 the second and final tranche 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 fee warrants. The finders fee 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.

For the year ended September 30, 2020

The Company had no share issuance during the year ended September 30, 2020.

Results of Operations:

	For the Year Ended September 30, 2021	For the Year Ended September 30, 2020	For the Year Ended September 30, 2019
	\$	\$	\$
Net loss	(1,528,287)	(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 year ended September 30, 2021

For the year ended September 30, 2021, the Company reported a net loss of \$1,528,287 compared to \$84,734 in 2020. The increase in the net loss was due primarily to share based compensation of \$835,744 (2020: \$nil), management services of \$181,000 (2020 - \$nil), consulting fees of \$255,643 (2020 - \$nil), and office and sundry of \$96,164 (2020 - \$11,449). The significant increase in expenses was due to increased financing activity to capitalize the Company for the upcoming exploration work programs on our lithium prospects in Argentina and on our cobalt project in the coming quarters.

For the three months ended September 30, 2021

For the three months ended September 30, 2021, the Company reported a net loss of \$759,796 compared to net loss of \$14,701 for the same period in 2020. The increase in the net loss was due primarily to higher share based compensation of \$501,810 (2020: \$nil), management services of \$76,000 (2020 - \$nil), consulting fees of \$48,769 (2020 - \$nil), and office and sundry of \$78,903 (2020 - \$4,976 recovery).

Selected Quarterly Financial Data

Results for the last eight quarters ending September 30, 2021:

	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
	\$	\$	\$	\$
Net Income (loss) for the period	(759,795)	(264,720)	(493,564)	(10,206)
Income (loss) per share, basic and diluted	0.01	0.00	0.01	0.00
Current assets	3,759,223	4,398,696	1,688,860	733,178
Exploration and evaluation assets	7,129,371	5,467,470	5,448,025	5,447,961
Shareholders' equity	10,710,615	9,746,151	7,119,324	6,164,619

	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
	\$	\$	\$	\$
Net loss for the period	(13,867)	(41,545)	(49,588)	20,266
Loss per share, basic and diluted	0.00	0.00	0.00	0.00
Current assets	744,191	751,020	793,483	845,545
Exploration and evaluation assets	5,447,961	5,447,961	5,447,961	5,447,961
Shareholders' equity	6,174,825	6,189,526	6,231,071	6,279,825

Liquidity and capital resources

As of September 30, 2021, the Company has working capital of \$3,581,244 (September 31, 2020 - \$726,864).

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 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 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 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 will be used for work on the Company's mineral properties, future acquisitions

and general working capital. The Company intends 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 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 the finders 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.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

Transactions with related parties during the year ended September 30, 2021 are as follows:

	2021	2020
Management fees	\$ 181,000	\$ –
Consulting fee	\$47,000	–
Evaluation and exploration fees	–	142,501
Corporate secretarial	29,044	10,458
Stock based compensation	451,993	–
Total	\$ 709,037	\$ 152,959

As at September 30, 2021, the Company has a total outstanding balance of \$32,128 (2020 – nil) due to several directors and officer in relation to the above remuneration.

Stock 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 holder to purchase one common share for each option held at a price of \$0.15 per share up to March 9, 2026.

In connection with this grant, the Company calculated stock-based compensation of \$767,504 to those directors and officers 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 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 (Note 4)

In connection with this grant, the Company calculated stock-based compensation of \$68,240 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%.

Monetary transactions with related parties have been recorded at their exchange amount, being the value of consideration as agreed to between the parties and are representative of their fair market value.

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 is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company is not presently exposed to foreign exchange risk. 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

Pre-exploration costs are expensed in the period in which they are incurred.

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 year ended September 30, 2021. 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 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”).

Leases

Effective October 1, 2019, the Company adopted IFRS 16 *Leases* (“IFRS 16”) which replaced IAS 17 *Leases* and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting for lessees, introducing a single, on-balance sheet accounting model that is similar to the accounting for finance leases under IAS 17, with limited exceptions for short-term leases (i.e. leases of 12 months or less) or leases of low-value assets.

At inception of a new contract, the Company assesses whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Company assesses whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company; whether the Company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and whether the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

At lease commencement date, the Company recognizes a right-of-use (“ROU”) asset and a lease liability on the consolidated statement of financial position. The ROU asset is initially recorded at cost, which comprises the initial amount of the lease liability and any initial direct costs incurred less any lease payments made at or before the initial adoption date. The ROU asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset and the lease term. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for remeasurements of the lease liability. The lease liability is measured at the present value of the expected lease payments over the lease term, discounted at the interest rate implicit in the lease; if the rate cannot be determined, the incremental borrowing rate is used. The liability is increased for the passage of time and payments on the lease are offset against the lease liability.

For the year ended September 30, 2021, the Company has applied the short-term lease exemption for its lease which has a term of less than 12 months.

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 audited 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	114,881,311
Stock options	5,950,000
Share purchase warrants	<u>34,234,780</u>
	<u>155,066,091</u>

Additional Information

Additional information relating to Edison Lithium Corp. may be found on SEDAR at www.sedar.com and on the Company's website at www.edisonlithium.com.