FRONTIER LITHIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED
MARCH 31, 2025 AND 2024

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INTRODUCTION

This management's discussion and analysis ("MD&A") has been prepared as of July 28, 2025, and should be read in conjunction with Frontier Lithium Inc.'s (the "Company") consolidated financial statements for the year ended March 31, 2025 and 2024. Those consolidated financial statements are prepared in accordance with IFRS Accounting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee. The Company's functional currency is Canadian dollars. Reference herein of $ is to Canadian dollars and US$ is to United States dollars.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

All statements, other than statements of historical fact, contained in this MD&A including, but not limited to, any information as to the future plans and outlook for the Company, constitute "forward-looking information" or "forward-looking statements" within the meaning of Canadian securities laws. Forward-looking statements are based on expectations, estimates and projections as of the time of this MD&A. The words "anticipates", "plans", "expects", "indicate", "intend", "scheduled", "estimates", "forecasts", "guidance", "initiative", "outlook", "potential", "projected", "pursue", "strategy", "study", "targets", or "believes", or variations of or similar such words and phrases or statements that certain actions, events or results "may", "could", "would", or "should", "might", or "way forward", "will be taken", "will occur" or "will be achieved" and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, acting in good faith, as of the time of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. These estimates and assumptions may prove to be incorrect. Many of these uncertainties and contingencies can directly or indirectly affect, and could cause, actual results to differ materially from those expressed or implied by any forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. Readers are cautioned not to place undue reliance on these forward-looking statements as a number of important risk factors, including but not limited to the risk factors contained under the heading "Risk Factors" in this MD&A and in the Company's Annual Information Form, and future events could cause the actual outcomes to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates, assumptions and intentions expressed in such forward-looking statements.

Readers are cautioned that the foregoing lists of risk factors included in this MD&A are not exhaustive. The forward-looking information contained in this MD&A is expressly qualified by these cautionary statements. All forward-looking information in this MD&A speaks as of the date of this MD&A. The Company does not undertake any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. All forward-looking information contained in this MD&A is expressly qualified in its entirety by this cautionary statement.

CAUTIONARY NOTE TO U.S. INVESTORS

This MD&A has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ materially from the requirements of United States securities laws applicable to U.S. companies. For U.S reporting purposes, the United States Securities and Exchange Commission (the "SEC") has adopted amendments to its disclosure rules in Regulation S-K (Subpart 1300) (the "SEC Modernization Rules") to modernize the mineral property disclosure requirements for issuers, referred to as "mining registrants," whose securities are registered with the SEC. These amendments became effective in February 2019 with compliance required for the first fiscal year beginning on or after January 1, 2021. While not applicable to the Company, the SEC Modernization Rules replace the historical property disclosure requirements for mining registrants that were included in SEC Industry Guide 7. Information concerning our mineral properties has been prepared in accordance with the requirements of Canadian securities laws, which differ in material respects from the requirements of the SEC set forth in Industry Guide 7. In accordance with National Instrument 43-101 ("NI 43-101"), the terms "mineral reserve", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM"). While the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are recognized and required by NI 43-101, and now recognized under the SEC Modernization Rules, SEC Industry Guide 7 does not recognize them. You are cautioned that, except for that portion of mineral resources classified as mineral reserves, mineral resources do not have demonstrated economic viability. Inferred mineral resources have a high degree of uncertainty as to their existence and as to whether they can be economically or legally mined. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Therefore, you are cautioned not to assume that all or any part of an inferred mineral resource exists, that it can be economically or legally mined, or that it will ever be upgraded to a higher category. Likewise, you are cautioned not to assume that all or any part of measured mineral resources or indicated mineral resources will ever be upgraded into mineral reserves.

I. OVERVIEW OF FRONTIER LITHIUM INC.

Frontier Lithium Inc. was incorporated as 646215 Alberta Inc. on March 13, 1995, under the Business Corporations Act (Alberta) and is headquartered in Sudbury, Ontario. The Company was formerly called Houston Lake Mining Inc. and changed its name by Certificate of Amendment dated May 19, 2016. In February 2024, the Company incorporated three wholly owned subsidiaries – Frontier Integrated Lithium Holdings Inc., Frontier Lithium Resources Inc. and Frontier Lithium Advanced Materials Inc. to effect the Mitsubishi Corporation joint venture partnership, as referenced in section “Mitsubishi Joint Venture Partnership” of this MD&A. In October 2024, the Company incorporated subsidiary Frontier Lithium Property Holdings Inc. under the Business Corporation Act (Ontario), which holds title to the land for the proposed lithium conversion facility. The Company’s registered address is 1250, 639 - 5th Ave. S.W, Calgary, Alberta T2P 0M9 and its head office address is located at 2614 Belisle Drive, Val Caron, Ontario, P3N 1B3.

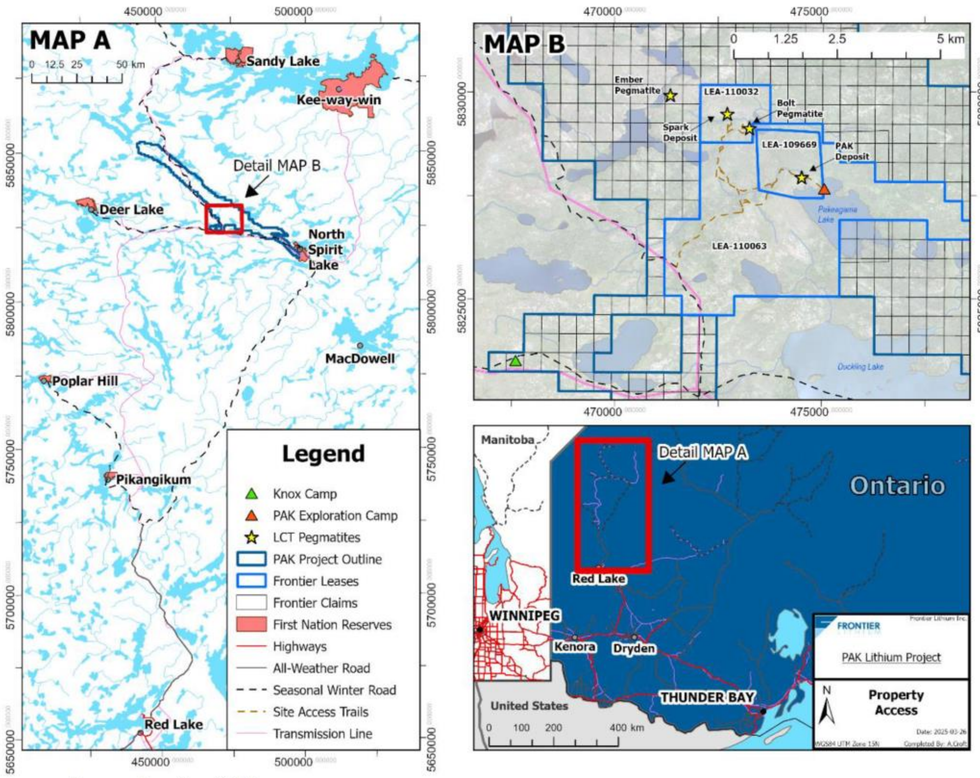
The Company’s shares are publicly traded on the Toronto Venture Exchange (“TSX-V”) under the symbol “FL”, the U.S. based QTCQX Venture Market under the symbol “LITOF” and the Frankfurt Stock Exchange under the symbol “HL2”.

The Company is engaged in the acquisition, exploration and development of lithium mineral properties in Ontario, Canada.

PROJECT OVERVIEW

The Company’s flagship asset is the PAK Lithium Property (the “PAK Lithium Project”) located 175 km north of Red Lake, Ontario in the Red Lake Mining District and covers an area of 27,886.4 hectares comprising of three mining leases and 1,300 mining claims. The Company maintains one of the largest land positions on the “Electric Avenue”, an emerging premium lithium-mineral district which is hosted in the Canadian Shield of northwestern Ontario. The Electric Avenue is a major structural corridor in northwestern Ontario that divides two geological domains for hundreds of kilometers and hosts multiple rare metal occurrences containing high levels of lithium in the mineral called spodumene. Chief among these known occurrences are the PAK and Spark pegmatite deposits, located at the southeastern end of the Electric Avenue on the Company’s PAK Lithium Project (Figure 1).

The Company has been actively involved since February 2013 in the exploration and development of the PAK Lithium Project, which hosts at surface one of the highest quality spodumene lithium hard rock deposit in North America (Figure 2) at the PAK deposit. The PAK and Spark deposits combined are among the highest-grade resources with the lowest iron impurity levels in North America (e.g., iron levels less than 0.15% Fe_2O_3 in the lattice of the spodumene crystals).



Source: Frontier, 2025

Figure 1: Project Location

During the year, title to the Company's land tenure were transferred to the Frontier Lithium Resources Inc. subsidiary as part of the Mitsubishi joint venture transaction referenced in section "Mitsubishi Joint Venture Partnership" section of this report. This includes a group of 35 single cell claims (667 ha) that are subject to conversion from mining claims to a mining lease. A letter of intent to convert the claims to lease was submitted to the Ministry on June 28th, 2022. The Ministry has completed its due diligence and the surveying has since been completed according to the instructions provided by the Office of the Surveyor General. The legal reference plan is completed and submitted; pending approval, the Company can complete the application for the mining lease.

In April 2024, 15 additional single cell claims were also acquired to link three claims covering the Knox camp to the water body immediately to the east of the camp. This was done to ensure unimpeded access to the lake which could be used for float-equipped aircraft. The area between the Knox Lake claims and the main claims to the east became open and an additional 24 mining claims were staked in March 2025 making all claims and leases contiguous.

Figure 2: Surficial Exposure of PAK deposit

The Company published a feasibility study ("FS") on July 9th, 2025 with an effective date of May 28th, 2025 (the "Mine and Mill FS"). This technical report outlines the feasibility assessment of the PAK Lithium Project. The FS models a standalone mine and mill operation producing spodumene concentrate containing 6% Li_2O ("SC6"). The Company is currently engaged in finalizing selection of firms to complete the FS for the lithium conversion facility which will process the SC6 into battery salts.

Refer to the NI 43-101 technical report prepared by DRA Americas Inc. for the Mine and Mill FS, filed under the Company's profile on SEDAR+ at www.sedarplus.ca.

BUSINESS OBJECTIVES

The Company's objective is to become a strategic domestic supplier of spodumene concentrates for industrial users as well as battery-grade lithium hydroxide and other chemicals to the growing electric vehicle and energy storage markets in North America. The Company maintains the largest land position and resource in a new premium lithium mineral district located in Ontario's Great Lakes region.

LEADERSHIP TEAM

The Company's leadership team's successful mining ventures include a multi-decade track record in funding, partnering, constructing and operating mining and refining companies in North America.

II. HIGHLIGHTS FOR THE YEAR ENDED MARCH 31, 2025 AND RECENT DEVELOPMENTS

EXPLORATION

DRILL PROGRAM

The Company's Phase XIII drill program began in February 2023, included 1,080 metres (4 holes) at Spark, 3,806 metres (15 holes) delineating Bolt, 2,033 metres (11 holes) of geomechanical and hydrogeological drilling at the PAK Lithium Project deposit, and 4,445 metres (16 holes) of condemnation drilling on potential infrastructure locations totaling 11,364 metres of drilling in 46 holes.

The Phase XIV drill program began in February 2024 with 1,058 metres in 5 geomechanical holes testing rock and slope stability at Spark, and 872 metres in 5 condemnation holes on potential sites for overburden and mine rock piles.

All drilling completed in Phase XIII and XIV were in preparation for the Mine and Mill FS.

In September, 2024 one drill hole was completed on the Ember pegmatite (formerly Spark Extension) which was discovered in a small surface exposure located one kilometre west-northwest of the Spark deposit. The drill hole intersected 19 metres averaging 1.43% Li2O at approximately 40 metres beneath the outcrop. The Ember pegmatite was channel sampled on surface in 2023 with two parallel channels averaging 2.16% Li2O over a combined length of 18 metres including 6m averaging 3.27% Li2O. Results from PL-138-24 have extended the high-grade lithium zone from surface to a depth of 40 metres and the mineralization remains untested along strike and to depth.

OTHERS

The Company continues to work on environmental baseline studies, a step that will enable it to advance project permitting.

RESULTS OF THE MINE AND MILL FEASIBILITY STUDY

In May 2025, the Company released the strong results of its Mine and Mill FS for a standalone mine and mill. The Mine and Mill FS models development of both Spark and PAK deposits into open pit mines feeding a single mill and concentrator producing 200,000 tonnes of 6% Li_2O spodumene concentrate (SC6) per year. The results of the FS include a post-tax net present value ("NPV") of $932 million, at an 8% discount rate, and a post-tax internal rate of return of 17.9%.

The Mine and Mill FS is based on an updated mineral resource estimate completed by Schadrac Ibrango, P.Geo.

The commodity price assumption for chemical grade lithium concentrate of 6.0% Li_2O (CG_SC6.0) was US$1,475 per tonne, and the foreign currency assumption for the US dollar was $1.37 USD/CAD.

The Mine and Mill FS considers 31 years of mine life with 3.9 million tonnes of ore from PAK mineral reserves and 27.2 million tonnes of ore from Spark mineral reserves. The life of mine grades at PAK and at Spark are 1.96% and 1.44% Li_2O, respectively.

The C1 cost, comprising all production related expenses including mining, processing, services, tailings handling, royalties, and general and administrative, plus treatment charges, penalties, transportation and other selling costs is $602 per tonne of concentrate sold. The Mine and Mill FS demonstrates a highly competitive C1 cost driven by the low stripping ratio of 3.7 and high lithium grade.

CONVERSION FACILITY FEASIBILITY STUDY

During the year, the Company carved out the chemical conversion facility from the mine and mill FS. The FS for the conversion facility is expected to commence early fiscal year 2026.

MITSUBISHI JOINT VENTURE PARTNERSHIP

In March 2024, the Company entered into a definitive agreement with Mitsubishi Corporation ("Mitsubishi") to establish a joint venture partnership for the PAK Lithium Project (the "PAK JV"). Under the terms of the definitive agreement, Mitsubishi would acquire a 7.5% equity interest in the PAK JV in exchange for cash considerations of $25 million ("Tranche 1"). Upon completion of the DFS, Mitsubishi would have the right to increase its equity interest to 25% in the PAK JV ("Tranche 2") (Figure 3).

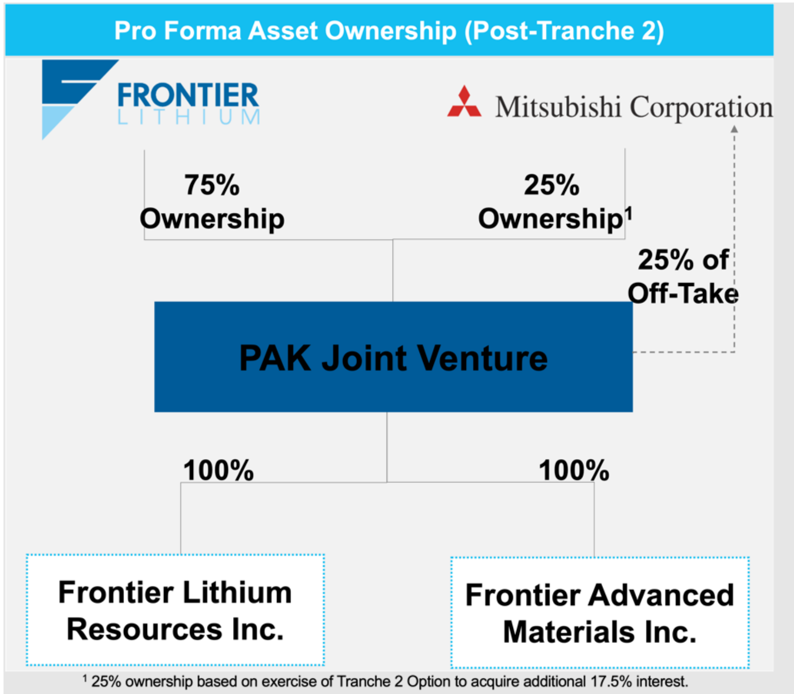


Figure 3: Pro Forma Asset Ownership (Post-Tranche 2)

In April 2024, the Company completed the structuring and transferred the PAK Lithium Project mineral interest and accompanying assets into the operating subsidiaries of Frontier Lithium Resources Inc. and Frontier Lithium Advanced Materials Inc., and signed a Unanimous Shareholders Agreement (the "USA") with Mitsubishi to close Tranche 1 of the PAK JV.

This PAK JV is a strategic partnership that recognizes the size, high quality and strategic importance of the PAK Lithium Project to the North American EV supply chain. Mitsubishi, a global conglomerate with a market capitalization of more than JPY13 trillion and having a portfolio of large-scale mineral resource assets with world-class cost competitiveness and quality, makes its first step into upstream lithium production to contribute to the growing needs of the battery materials supply chain. The PAK JV is structured to cover the equity funding for the planned mine and mill while allowing the Company to maintain at least 75% of future off-take. This long-term partnership supports the initial development of mining at the PAK Lithium Project, and future expansions downstream with chemical processing.

The Company will continue to be the operator of the PAK Lithium Project and will be responsible for its development and delivery and subsequent operation.

Funding of Tranche 2 is subject to certain terms and conditions precedent, including receipt of material permits and other customary approvals. There is no guarantee or assurance that Tranche 2 will be consummated and/or the accompanying capital will be provided by Mitsubishi to the Company.

As outlined in Note 2(e) "Basis of Preparation" of the Company's consolidated financial statements for the years ended March 31, 2025 and 2024, the Company controls the subsidiaries associated with PAK JV and consolidates their accounts into its consolidated financial statements. Mitsubishi has access to returns associated with the PAK JV and its share of the subsidiaries' net assets are recognized as non-controlling interest.

LAND PURCHASE AGREEMENT

On February 25, 2025, the Company issued an unsecured convertible loan for proceeds of $3.35 million. Proceeds from the convertible loan will be used to purchase a vacant industrial site on Mission Island in Thunder Bay, Ontario on which the Company plans to build a lithium conversion facility. The convertible loan matures 18 months from its date of issuance and the Company has the option repay all outstanding principal and accrued interest prior to its maturity date. The convertible loan bears interest at Canadian Overnight Repo Rate Average plus 3.0% per annum, compounded annually and payable at maturity (March 31, 2025 - 5.88%).

CRITICAL MINERALS INFRASTRUCTURE FUND CONTRIBUTION AGREEMENTS

In March 2025, the Company announced that it has secured up to $6.0 million in non-repayable funding under the Federal Critical Minerals Infrastructure Fund ("CMIF"). Pursuant to the CMIF contribution agreements (the "Contribution Agreements"), the Company will be entitled to receive the following amounts, which shall be reimbursed at 50% of eligible expenditures for two key infrastructure projects, over the course of four years:

- Mine Access Road Development, total grant funding of $2.8 million – Preconstruction activities, including environmental studies, for an all-season, 56-kilometer, two-lane access road linking the PAK Lithium Project to the Ontario highway system.
- Power Transmission Infrastructure, total grant funding of $3.2 million – Engineering, design, and permitting studies for a substation and transmission line to enable grid connection from the PAK Lithium Project to the Wataynikaneyap ("Watay") Power transmission line.

CONDITIONAL GOVERNMENT FUNDING FOR LITHIUM CONVERSION FACILITY

In March 2025, the federal government and Ontario provincial government announced at the Prospector and Developers Association of Canada's annual conference in Toronto that it is willing to commit up to $120 million each of funding to support the Company's proposed lithium conversion facility, for total conditional fundings of $240 million. The combined support aims to cover a significant portion of the required capital expenditures required to build the Company's lithium conversion facility in Thunder Bay, Ontario.

III. OUTLOOK

The Company's objective is to become a strategic supplier of technical grade and battery-grade lithium hydroxide and other lithium chemicals to the growing electric vehicle and energy storage markets in North America.

The PAK Lithium Project is one of the highest quality lithium spodumene mineral resources in North America due to its high lithium content and low impurities. Low iron spodumene is less common than higher iron spodumene increasing its market value. Low iron spodumene is also particularly well suited to producing the high-quality lithium concentrates used to produce battery quality lithium chemicals. Spodumene has a cost advantage over the alternative brine sources that require extra chemical processing conversion steps when used to produce lithium hydroxide.

The Company is primarily in an exploration and development phase with a FS showing a positive NPV for mine and mill producing SC6. The positive results of the Mine and Mill FS are based on a traditional crush, sort, float flowsheet described in the July 9, 2025 NI 43-101 technical report. A second, complimentary study is expected to commence shortly and will study the feasibility of building a conversion facility producing lithium hydroxide on Mission Island in Thunder Bay, Ontario.

The Company is assessing the construction of a demonstration and innovation lithium chemical plant in the Province of Ontario. This plant, if constructed would be used to perform research and development for the future commercial lithium chemical plant, train operators, and demonstrate the process to produce battery grade lithium chemicals suitable for downstream cathode and battery makers.

The Mine and Mill FS shows a development approach tied to the construction of an all-season road. The road construction is not considered a Company project, however preliminary engineering and consultation on the route options are being advanced using CMIF funding with the objective of facilitating construction by the Province of Ontario.

To advance its plans, the Company will seek to negotiate agreements with the Indigenous rights holders near the PAK Lithium Project. The agreements will likely cover various topics, including the facilitating development work on its property interests. The intent of these agreements is to extend beyond those established during the exploration phase of mining. The agreements will involve costs that are not fully known at this time.

IV. RESULTS OF OPERATIONS

SELECTED ANNUAL INFORMATION

The following table represents select consolidated financial and operating results of our Company for the years ended March 31, 2025, 2024 and 2023.

Financial Results

(in thousands of Canadian dollars, except for shares and per share figures)

	2025	2024	2023
REVENUE	**-**	-	-
EXPENSES			
Exploration and evaluation expenditures	**$ 12,523**	$ 16,277	$ 14,193
General and administrative expenses	**8,814**	9,155	10,622
Interest income	**(1,038)**	(918)	(622)
Accretion expense on lease liabilities	**115**	19	35
Fair value loss on marketable securities, net	**-**	-	9
Foreign exchange loss (gain)	**51**	(7)	(5)
Interest expense	**20**	19	-
Loss before income taxes	**(20,485)**	(25,545)	(24,232)
Income tax expense	**34**	-	-
Net loss and comprehensive loss	**(20,519)**	(25,545)	(24,232)
Net loss and comprehensive loss attributable to:			
Common shareholders	**(18,958)**	(24,545)	(24,232)
Non-controlling interest	**(1,561)**	-	-
Net loss and comprehensive loss	**(20,519)**	(24,545)	(24,232)
Net loss per share (basic and diluted)	**$ (0.08)**	$ (0.11)	$ (0.11)
Cash and cash equivalents	$ **17,877**	$ 12,574	$ 27,371
Total assets	**32,931**	21,713	35,197
Total non-current financial liabilities	**5,367**	8	66
Cash dividends declared	**-**	-	-

The Company reported a net loss and comprehensive loss of $20.5 million for the year ended March 31, 2025, a decrease of $4.0 million when compared to the year ended March 31, 2024. The decrease is a result of a $3.8 million decrease in the exploration and evaluation expenditures as the Company completed significant drilling and associated activities during the year ended March 31, 2024, and general and administrative expenditures were consistent due to lower share-based payments, offset by a $2.5 million one-off provision associated with a tax matter that was recognized during the year ended March 31, 2025. Net loss and comprehensive loss for the year ended March 31, 2024 was consistent with the year ended March 31, 2023.

Exploration and evaluation expenditures on the PAK Lithium Property

(in thousands of Canadian dollars)

	2025	2024	2023
Personnel cost	**$ 2,065**	$ 1,935	$ 1,420
Consulting fees	**7,811**	8,392	4,429
Drilling	**194**	1,934	3,034
Assay and sampling	**721**	251	596
Research and development, net of government assistance	**533**	1,100	1,101
Camp and equipment expenses	**165**	854	1,846
Travel and transportation cost	**1,034**	1,811	1,767
Total exploration and evaluation expenditures	**$ 12,523**	$ 16,277	$ 14,193

The Company reported total exploration and evaluation expenditures of $12.5 million for the year ended March 31, 2025. There was an overall decrease of $3.8 million when compared to $16.3 million for the year ended March 31, 2024. The decrease from comparable periods is mainly due to lower drilling and associated field activities as the Company concluded its major drill program in the year ended March 31, 2024. Consulting fees for the years ended March 31, 2025 and March 31, 2024 were higher than the year ended March 31, 2023 due to PFS and DFS expenditures in the respective years.

General and Administrative Expenses

(in thousands of Canadian dollars)

	2025	2024	2023
Salaries, benefits and consulting	**$ 1,897**	$ 2,299	$ 2,355
Share-based payments	**562**	4,456	6,571
Professional fees	**2,003**	500	188
Office, administration and other	**3,470**	1,135	1,024
Shareholder related fees	**230**	359	154
Depreciation	**652**	406	330
Total general and administrative expenses	**$ 8,814**	9,155	$ 10,622

The Company reported a total general and administrative expenses of $8.8 million for the year ended March 31, 2025, a decrease of $0.3 million when compared to the year ended March 31, 2024, and a further $1.5 million decrease when compared to the year ended March 31, 2023. The decreases are mostly attributed to a lower share-based compensation expenditures, offset by increases in professional fees to support execution of corporate strategies. During the year ended March 31, 2025, the Company recognized a $2.5 million one-off provision associated with a tax matter, which resulted in the increase in Office, administration and other expenses.

SELECTED QUARTERLY INFORMATION

A summary of selected financial information for the eight recently completed quarters is presented below.

(in thousands of Canadian dollars, except for shares and per share figures)

For the quarter ended	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
Revenue	$Nil	$Nil	$Nil	$Nil
Income from operations	$Nil	$Nil	$Nil	$Nil
Exploration and evaluation expenditures	$(3,058)	$(1,567)	$(3,232)	$(4,666)
General and administrative expenses	$(4,281)	$(1,352)	$(1,743)	$(1,438)
Interest income	$155	$220	$326	$337
Net loss and comprehensive loss	$(7,295)	$(2,803)	$(4,651)	$(5,770)
Net loss and comprehensive loss – Frontier Lithium Inc. shareholders	$(6,934)	$(2,672)	$(4,391)	$(4,961)
Weighted average number of shares outstanding	228,257,704	228,090,228	227,627,041	227,627,041
Net loss per share, basic and diluted – Frontier Lithium Inc. shareholders	$(0.03)	$(0.01)	$(0.02)	$(0.02)

For the quarter ended	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Revenue	$Nil	$Nil	$Nil	$Nil
Income from operations	$Nil	$Nil	$Nil	$Nil
Exploration and evaluation expenditures	$(5,244)	$(2,196)	$(4,331)	$(4,506)
General and administrative expenses	$(1,699)	$(2,600)	$(2,749)	$(2,108)
Interest income	$176	$251	$277	$214
Net loss and comprehensive loss	$(6,780)	($4,532)	$(6,808)	$(6,406)
Net loss and comprehensive loss – Frontier Lithium Inc. shareholders	$(6,780)	($4,532)	$(6,808)	$(6,406)
Weighted average number of shares outstanding	227,627,041	227,627,041	227,627,041	227,612,819
Net loss per share, basic and diluted – Frontier Lithium Inc. shareholders	$(0.03)	$(0.02)	$(0.03)	$(0.03)

The Company reported a net loss and comprehensive loss of $7.3 million ($0.03 per share) for the quarter ended March 31, 2025, compared to a loss of $6.8 million ($0.03 per share) for the quarter ended March 31, 2024. The decrease of $0.5 million was the result of lower exploration expenditures associated with the Mine and Mill FS, partially offset by a $2.5 million one-off provision associated with a tax matter that was recognized during the quarter ended March 31, 2025. Exploration and evaluation expenditures have generally decreased in all quarters of 2025 when compared to 2024 due to lower drilling and associated camp activities.

V. LIQUIDITY AND CAPITAL RESOURCES

Consolidated Statements of Cash Flow
(in thousands of Canadian dollars)

	Year ended March 31, 2025	2024
Total cash used in operating activities	**$ (19,034)**	$ (14,287)
Total cash used in investing activities	**(3,890)**	(1,425)
Total cash provided by financing activities	**28,277**	915
Net change in cash and cash equivalents	**5,303**	(14,797)
Cash and cash equivalents, end of year	**$ 17,877**	$ 12,574

As at March 31, 2025, the Company's net working capital was $(12.3) million compared to $6.3 million as at March 31, 2024. The decrease in net working capital was mainly attributed to the recognition of the Put Right liability associated with the Mitsubishi JV investment. A description of the Mitsubishi Put Right liability can be found in Note 10 of the Company's consolidated financial statements for the years ended March 31, 2025 and March 31, 2024.

For the year ended March 31, 2025, the Company reported a net cash inflow of $5.3 million, compared to net cash outflow of $14.8 million for the year ended March 31, 2024. The net increase in cash flow of $20.1 million was due to:

- Cash flow provided by Financing activities increased by $27.4 million due to $25.0 million of gross proceeds from the Mitsubishi JV investment and $3.4 million of net proceeds from the issuance of the unsecured convertible loan;
- Cash flow used in Investing activities increased by $2.5 million due to the purchase of the vacant industrial site on Mission Island; and
- Cash flow used in Operations activities increased by $4.7 million due to net increase in non-cash, offset by a decrease operating expenditures.

The primary objectives of the Company's capital management policy are to ensure that the Company raises sufficient funds to execute its business plan which is designed to maximize shareholder value.

Since inception, the Company has relied primarily on equity financings to fund its operations. The Company has had recurring operating losses since inception. See "Risk Factors" section and for further details on the risk factors affecting the Company.

When managing capital, which is a broader concept than the "equity" in the statement of financial position, the objectives of the Company are:

• To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

• To maintain a strong capital base to support the exploration for and development of its mineral deposits.

There have been no changes in the Company's capital management when compared to the prior year. Management intends to optimize its cash management while continuing to fulfill its operating cash needs.

Liquidity risk is the risk that the Company will not be able to meet its payment obligations when they fall due under normal and stress circumstances. The Company monitors its liquidity risk by considering the maturity of its financial liabilities. The Company's ability to access debt and equity markets when required may be impacted by factors beyond its control, such as economic and political conditions that may affect the capital markets generally. The Company does not utilize financial instruments in managing liquidity risk.

Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future. Should management be unable to raise sufficient capital to fund operations and growth there would be a material adverse effect on the Company's business, financial condition, results of operations and its ability to continue as a going concern.

VIII. CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENCIES

CONTRACTUAL OBLIGATIONS

Our future undiscounted obligations as at March 31, 2025 are as follows:

Maturity of Financial Liabilities
(in thousands of Canadian dollars)

	Due within 1 year	Due between 1 and 5 years	Total
Accounts payable and accrued liabilities	$ 5,563	$ -	$ 5,563
Income taxes payable	34	-	34
Lease obligations	365	3,063	3,428
Put Right liability	25,000	-	-
Convertible loan	-	3,656	3,656
Total as at March 31, 2025	**$ 33,462**	**$ 6,719**	**$ 40,181**

IX. OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at March 31, 2025 and the date of the report.

X. PROPOSED TRANSACTIONS

The Company does not have any proposed transactions as at March 31, 2025 and the date of the report, other than as disclosed elsewhere in this document

XI. FINANCIAL INSTRUMENTS

Under IFRS 9 – Financial Instruments, the Company has classified and measured our financial assets and financial liabilities as follows:

Financial assets

- Cash and cash equivalents, accounts receivable and other assets (current and non-current) are classified as and measured at amortized cost.

Financial liabilities

- Accounts payable is classified as and measured at amortized cost.
- Convertible loan is classified as and measured at amortized cost.
- Put Right liability is classified as and measured fair value.

The Company does not currently utilize complex financial instruments in hedging lithium price, foreign exchange or interest rate exposure. The Company will not hold or issue derivative instruments for speculation or trading purposes.

Where the fair value of financial assets and financial liabilities recorded in the financial statements cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

When measuring the fair value of an asset or liability, the Company uses observable market data to the greatest extent possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The valuation of the Mitsubishi Put Right financial liability is a level 3 fair value measurement as it involves significant unobservable inputs and fluctuations in the inputs could significantly alter the fair value (Note 10).

In determining the fair value of the Put Right liability, management first determined the exercise price for the Put Right, then determined the fair value of the settlement amount.

The exercise price of the Put Right liability is the lower of Mitsubishi's cost of equity investment and fair value of equity investment in FL Holdings. The fair value of equity investment in FL Holdings is determined based on pro-rata share of expected cash flows of the PAK Lithium Project life-of-mine production plan, discounted at a risk-adjusted discount rate. The expected cash flows are impacted by significant unobservable inputs, including commodity prices, mineral resource and reserve estimates, operating costs, capital costs and risk-adjusted discount rate. The estimated fair value would increase (decrease) if the commodity prices and mineral resource and reserve estimates increase (decrease), or if the risk-adjusted discount rate, operating costs and capital costs estimates decrease (increase).

The fair value of the Put Right settlement amount is based on the cash flows of 12-month promissory note bearing interest rate of Canadian Overnight Repo Rate Average ("CORRA") plus 3.0%, discounted at a discount rate which is risk-adjusted for the Company's credit worthiness and other market indicators (March 31, 2025 – 12.8%). The estimated fair value would increase (decrease) if the risk-adjusted discount rate decreases (increases).

Details to the Company's financial instruments are included in Note 3 of the Company's consolidated financial statements for the years ended March 31, 2025 and 2024.

XII. RELATED PARTY TRANSACTIONS

Key management personnel include members of the Board of Directors and certain senior officers. Remuneration of our key management personnel was as follows:

		Year ended March 31, 2025		2024
Compensation – salaries, benefits and consulting	**$**	**1,927**	$	1,882
Exploration and evaluation and other expenditures[1]		**60**		574
Share-based compensation		**455**		4,059
Total	**$**	**2,442**	$	6,515

1. Exploration and evaluation expenditures are related to drilling, blasting, and hauling costs paid to a corporation controlled by a director of the Company.

In October 2024, the Company entered into an office lease agreement with a corporation controlled by a director of the Company. The non-cancellable period of the lease is 10 years and the Company has an option to extend the lease for up to four further terms of five years per additional term. $2,207 of Right-of-use asset and corresponding Lease liability were recognized at inception of the lease. At March 31, 2025, the carrying value of the Lease liability was $2,141.

In February 2025, the Company issued the convertible loan to a corporation controlled by a director of the Company.

Included in accounts payable is $nil (March 31, 2024 - $3) owing to corporations controlled by a director of the Company and key management personnel of the Company.

XIII. USE OF PROCEEDS

On November 10, 2022, the Company closed a bought deal prospectus offering ("Offering") and raised total net proceeds of approximately $21.3 million ("Total Proceeds") from this Offering to fund the execution of the mine and mill FS, pilot plant planning and engineering, environmental baseline study and general working capital requirements. These proceeds have been fully deployed and in line with previously disclosed activities on its PAK Project.

On April 25, 2024, the Company closed Tranche 1 of the PAK JV partnership with Mitsubishi for cash proceeds of $25.0 million. Proceeds from this transaction has funded expenditures to complete the mine and mill FS and will continue to fund key programs that support the conversion facility FS.

Although the Company intends to allocate these proceeds as set out above, the amounts actually expended for the purposes described above could vary significantly depending on, among other things, general market conditions, spodumene and lithium prices, the results of further exploration, the results of any future estimation of mineral reserves, the Company's future operating and capital needs from time to time, and other factors referred to under "Risk Factors" herein and in the "Risk Factors" sections found in the Company's continuous disclosure documents that have been filed and can be found on the Company's SEDAR+ profile at www.sedarplus.ca.

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary or prudent. It is difficult, at this time, to definitively project or allocate the funds necessary to effect the planned activities of the Company.

XIV. ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTES

Material accounting policies, including adoption of new accounting policies, standards and interpretations, are discussed in Note 2(e) "Basis of Preparation – Use of Estimates and Judgements" and Note 3 "Material Accounting Policies" of the Company's consolidated financial statements for the years ended March 31, 2025 and 2024.

XV. RISK FACTORS

The Company's business activities are subject to a variety and wide range of inherent risks and uncertainties. Any of these risks could have an adverse effect on the Company, its business and prospects, and could cause actual outcomes and results to differ materially from those described in forward-looking statements relating to the Company.

Conditions Of The Industry In General

The exploration and development of mineral resources, including construction, start-up and operation of a mine and the construction, start-up and operation of a mill (concentrator plant), involves significant risks. Although the discovery of a deposit can prove to be extremely lucrative, few properties where exploration and development work are carried out become producing mines thereafter. Significant expenditures are necessary to establish ore reserves, to work out the representative metallurgical processes and to build the mining plant on a particular site. It is impossible to provide assurance to the effect that the current state of the project contemplated by the Company will generate a profit. The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and technical capacity.

Forward-Looking Statements May Prove Inaccurate

Readers are cautioned not to place undue reliance on forward-looking information included herein or in the continuous disclosure of the Company. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. See "Forward-Looking Statements" section for details.

RISKS RELATING TO THE COMPANY

Exploration, Development and Operating Risks

The Company is in the process of exploration and development of its properties and has not yet generated any revenues from production. The recovery of expenditures on mineral properties and the related exploration and evaluation expenditures are dependent on the existence of economically recoverable mineralization, the ability of the Company to obtain financing necessary to complete the exploration and development of its projects, and upon future profitable production, or alternatively, on the sufficiency of proceeds from disposition. Resource exploration is highly speculative in nature, includes risks and frequently is non-productive. The Company’s proposed lithium operation includes the production of technical grade lithium concentrates required by premium glass-makers and chemical grade lithium concentrates required as feedstock for the planned productions of both lithium carbonate and lithium hydroxide at a downstream lithium conversion plant. These final products sold to the battery market must meet stringent chemical requirements with tight controls over impurities. There is no assurance that the Company’s efforts will be successful and will result in commercial production or profitability.

Uncertainty of Mineral Resources

The figures for mineral resources and reserves estimates disclosed in any continuous disclosure documents of the Company, are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Market fluctuations and metal prices may render resources uneconomic. The Company’s mineral projects are in the exploration stage. Until mineral resources on these exploration properties are categorized as “mineral reserves” under NI 43-101, the known mineralization at these projects is not determined to be economic. The Company’s ability to put these properties into production will be dependent upon the results of further drilling and evaluation. There is no certainty that expenditures made in the exploration of the Company’s mineral properties will result in identification of commercially recoverable quantities of ore or that mineral reserves will be mined or processed profitably. Such assurance will require completion of final comprehensive feasibility studies and, possibly, further associated exploration and other work that concludes a potential mine at each of these projects is likely to be economic.

Going Concern and Insolvency Risk

The Company’s financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future. The Company is an early-stage mine developer currently focused on exploration with no cash flow. It is subject to elevated risks common in such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, and financial and other resources. Given this, there is no assurance that the Company will be successful in achieving a return on shareholders’ investments. The Company has no assurance that additional funding will be available to it for further exploration and development of its PAK Lithium Project when it is required. Although the Company has been successful in obtaining financing through the sale of equity securities, there is no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing would be favorable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its assets. However, the Company believes that there is sufficient cash and other short-term assets readily convertible into cash in order to meets its liabilities when they come due. The Company’s cash is held in business accounts with a Canadian bank. Management believes that liquidity risk is moderate. The Company manages liquidity risk through the management of its capital structure and continuously monitors actual and projected cash flows.

Mineral Titles

The Company is satisfied that evidence of title to the PAK Lithium Property is adequate and acceptable by prevailing industry standards with respect to the current stage of exploration on the PAK Lithium Property. The Company may face challenges to the title the PAK Lithium Property or subsequent properties it may acquire, which may prove to be costly to defend or could impair the advancement of the Company’s business plan.

Operating Risks

The Company’s operations are subject to all of the hazards and risks normally incidental to the exploration for, and the development and operation of, mineral properties. The Company has implemented comprehensive health and safety measures designed to comply with government regulations and protect the health and safety of the Company’s workforce in all areas of its business. Nonetheless, mineral exploration, development and exploitation involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Unusual or unexpected formations, formation pressures, fires, power outages, shutdowns due to equipment breakdown or failure, aging of equipment or facilities, unexpected maintenance and replacement expenditures, human error, labour disruptions or disputes, inclement weather, higher than forecast precipitation, flooding, shortages of water, explosions, releases of hazardous materials, deleterious elements materializing in mined resources, tailings impoundment failures, cave-ins, slope and embankment failures, landslides, earthquakes, industrial accidents and explosions, protests and other security issues, and the inability to obtain adequate machinery, equipment or labour due to shortages, strikes or public health issues such as pandemics, are some of the risks involved in mineral exploration and exploitation activities, which may, if as either a significant occurrence or a sustained occurrence over a significant period of time, result in a material adverse effect. The Company expects to rely on third-party owned infrastructure in order to successfully develop and operate its projects, such as power, utility and transportation infrastructure. Any failure of this infrastructure without adequate replacement or alternatives may have a material impact on the Company.

Infrastructure Risks

The PAK Lithium Project is located 175 km north of Red Lake, Ontario, on Crown land, in a relatively isolated region, with basic infrastructure. Access to the PAK Lithium Project occurs from approximately May 15 (after break-up) to October 15 (5 months) via float plane, and from February 1 to March 15 (1.5 months) via the winter roads. A future source of power, the Watay Power Project, which traverses over the Company's PAK Lithium Project, could provide power to the PAK Lithium Project via Ontario's electrical power grid, but there is no assurance of the Company utilizing this power source. The Company has also initiated a scoping study to assess the construction of all-season roads which would follow the corridor used by the Watay Power Project. However, currently consistent and reliable access via airplane or winter roads to the PAK Lithium Project is not assured. Delays in the completion or the nondevelopment of these said infrastructure projects could have a material adverse effect on the Company's business, financial position and results of operations.

Permits, Licences and Authorizations

The activities of the Company require obtaining on a timely manner and maintaining permits and licenses from various governmental authorities. The Company considers that it holds all the permits and licenses required for the activities it currently explores on, in accordance with the relevant laws and by-laws. Changes brought to the laws and regulations could affect these permits and licenses. Nothing guarantees that the Company can obtain all the permits and all the necessary licenses in order to continue its exploration activities, to build mines or mining plants and to begin mining operations on its property.

Loss of Interest in Properties

The Company's ability to maintain an interest in the properties optioned or owned by the Company will be dependent on its ability to complete all required works and to make all necessary payments to hold these interests. Failure to make necessary payments and/or obtain additional financing may result in the Company being unable to complete the work required to keep the property interests in good standing and could result in the delay or postponement of further exploration and or the partial or total loss of the Company's interest in the PAK Lithium Property.

Indigenous Title Land Claims

Indigenous rights have been conferred. The Company's property interests may now or in the future be the subject of Aboriginal or Indigenous land claims. The legal nature of Aboriginal title claims is a matter of considerable complexity and case law. The impact of any such claim on the ownership interest through negotiated settlement with the crown or through judicial pronouncement could have an adverse effect on the Company's activities. Beyond the exploration agreements that exist between Aboriginal interests in the area and the Company, the Company will seek to negotiate agreements with the holders of Aboriginal interests on a variety of subjects including facilitation of development work on its property interests. There is no assurance that the Company will be successful negotiating those agreements and the failure to do so could have negative implication on its ability to develop its property interests in a timely manner.

Local Resident Concerns

The exploration and development of the Company's projects could be subject to resistance from local residents that could prevent or delay exploration and development of its properties.

Insurance Risks

Exploration, development, and production operations on resource properties involve numerous risks, including unexpected or unusual geological and/or operating conditions, fires, floods, earthquakes and other environmental occurrences, any of which could result in damage to, or destruction of, producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company's shares.

Key Person Insurance

The Company does not maintain key person insurance on any of its directors or officers, and as result the Company would bear the full loss and expense of hiring and replacing any director or officer in the event the loss of any such persons by their resignation, retirement, incapacity, or death, as well as any loss of business opportunity or other costs suffered by the Company from such loss of any director or officer.

Litigation Risks

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit and relating to a variety of causes including environmental, financial, operational and other causes of action. At this time, the Company is not aware of any material litigation matters that have not been publicly disclosed.

Dependence on Management

The success of the Company is dependent on the contributions of the individuals that make up its management team. The loss of services from an individual could have an unfavorable, short-term impact on the Company. Management maintains a strong equity position in the Company incentivizing their continued contributions, therefore this risk is considered to be low.

Risks of Relying on Consultants

The Company has relied on, and may continue to rely on, consultants and others for mineral exploration and exploitation expertise. The Company believes that those consultants are competent and that they have carried out their work in accordance with internationally recognized industry standards. However, if the work conducted by those consultants is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays or increased costs in developing its properties.

Conflicts of Interest

Some of the directors and officers of the Company are engaged as directors or officers of other companies involved in the exploration and development of mineral resources. Such engagement could result in conflicts of interest. Any decision taken by these directors and officers and involving the Company will be in conformity with their duties and obligations to compromise in an equitable way and in good faith with the Company and these other companies. Moreover, these directors and officers will declare their interests and will abstain to vote on any question which could give place to a conflict of interest.

Cyber Security Risks

As the Company continues to increase its dependence on information technologies to conduct its operations, the risks associated with cyber security also increase. The Company relies on management information systems and computer control systems. Business and supply chain disruptions, plant and utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm its operations and materially adversely affect its operation results, Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the issue or loss of control over computer control systems, and breaches due to employee error. The Company has implemented security procedures and measures in order to protect its systems and information from being vulnerable to cyber-attacks. The Company believes these measures and procedures are appropriate. To date, it has not experienced any material impact from cyber security events. However, it may not have the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to its information and control systems could have severe financial and other business implications.

Tax Risk

The Company is subject to various taxes including, but not limited to the following Canadian taxes: income tax; goods and services tax; sales tax; land transfer tax; payroll tax. The Company's tax filings will be subject to audit by various taxation authorities. While the Company intends to base its tax filings and compliance on the advice of its tax advisors, there can be no assurance that its tax filing positions will never be challenged by a relevant taxation authority resulting in a greater than anticipated tax liability.

RISKS RELATING TO THE MARKET

Price of Lithium Salts and Spodumene Concentrates

Fluctuations in the price of lithium salts and spodumene concentrates and their substitutes could have material impacts on the financial results of the Company, the ability of the Company to finance its activities and the price of its common shares. Lithium prices are affected by numerous factors beyond the Company's control, including producer hedging activities, the relative exchange rate with other major currencies, global and regional demand, and political and economic conditions. Worldwide lithium production levels also affect the pricing of this commodity, and prices are occasionally subject to rapid short-term changes due to speculative activities. Other market factors that pose commodity price risks to the Company include interest rate increases, inflation or deflation. Despite having the rare technical grade spodumene from the PAK deposit, price fluctuations may have material impacts on the financial results of the Company. The Company does not actively manage its exposure to price risk associated with these commodities and will not do so until it achieves production, if it does at any point in the future.

Lithium is considered an industrial mineral and the sales prices for the different lithium compounds are not public. Lithium is not a traded commodity like base and precious metals. Sales agreements are negotiated on an individual and private basis with each different end-user. In addition, there are a limited number of producers of lithium compounds and it is possible that these existing producers will try to prevent newcomers from entering the chain of supply by increasing their production capacity and lowering sales prices. Factors such as foreign currency fluctuation, supply and demand, industrial disruption and actual lithium market sale prices could have an adverse impact on operating costs and stock market prices and on the Company's ability to fund its activities. To the extent that markets for different lithium compounds do not develop in the manner contemplated by the Company, then the long-term growth of lithium products will be adversely affected, which would inhibit the potential for development of the Company's properties, their potential commercial viability and would otherwise have a negative effect on the business and financial condition of the Company.

Competition

The mining industry is intensely competitive in all its phases. The Company competes for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees with many companies possessing greater financial resources and technical facilities than the Company. The competition in the mineral exploration and development business could have an adverse effect on the Company's ability to hire or maintain experienced and expert personnel or acquire suitable properties or prospects for mineral exploration in the future.

Market, Interest and Currency Risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is headquartered and has its mineral resources within Canada, thereby eliminating the majority of its sovereign and foreign exchange risk. Management therefore believes at the current state of exploration and development its risk management policy is adequate.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the group. Credit risk arises from cash and cash equivalents deposited with banks and financial institutions as well as credit exposures to outstanding receivables. The Company strictly maintains cash and cash equivalent deposits in major financial institutions to minimize credit risks.

Governmental Regulation

The activities of the Company are subject to various federal, provincial and municipal laws, which relate to the exploration and development, taxes, standards of work, diseases and the occupational safety, the safety in mines and transformation plants, toxic substances, the protection of the environment and others. The development is subject to legislative measures and laws with the federal, provincial and municipal levels relating to the protection of the environment. Such laws impose high standards on the mining and chemicals industry. Companies are expected to control the waste water and materials and to force the participants to account for such controls to the lawful authorities, to reduce or eliminate the impact that are generated by certain production activities; extraction and of treatment and which are later on deposited on the ground or are rejected into the air or the water, to complete work of restoration of the mining properties, to control dangerous waste and materials and to reduce the risk of industrial accidents. The defect to conform to the above-mentioned legislative measures can involve important fines and other penalties.

Environmental and Safety Regulations and Risks

Environmental laws and regulations may affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations. In all major developments, the Company generally relies on recognized designers and development contractors from which the Company will, in the first instance, seek indemnities. The Company intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards. There is a risk that environmental laws and regulations may become more onerous, making the Company’s operations more expensive.

Climate Change

The Company acknowledges climate change and that the increased regulation of greenhouse gas emissions may adversely affect the Company’s operations and related legislation is becoming more stringent. The effects of climate change or extreme weather events may cause prolonged disruption to the delivery of essential commodities which could negatively affect production efficiency.

The Company makes efforts to mitigate climate risks by ensuring that extreme weather conditions are included in its emergency response plans. However, there is no assurance that the response will be effective, and the physical risks of climate change will not have an adverse effect on the Company’s operations and profitability.

Public Health Crisis Related Risk

In response to the COVID-19 pandemic, the Company implemented precautionary measures at its corporate office, including limiting visits to essential personnel and ensuring proper protocols around sanitation and social distancing.

The Company may be adversely affected by other public health crises and other events outside its control. Public health crises, such as epidemics and pandemics, acts of terrorism, war or other conflicts and other events outside of the Company’s control, may adversely impact the activities of the Company as well as operating results. In addition to the direct impact that such events could have on the Company’s facilities and workforce, these types of events could negatively impact capital expenditures and overall economic activity in impacted regions or, depending on the severity of the event, globally, which could impact the demand for and prices of commodities. A prolonged continuance of a public health crisis could also have a material adverse effect on overall economic growth and impact the stability of the financial markets and availability of credit. Any of these developments could have a material adverse effect on the Company's business, financial position, liquidity and results of operations.

Geopolitical Conflicts and International Response

The recent outbreak of hostilities across the world, and the accompanying international response including economic sanctions, has been extremely disruptive to the world economy, with increased volatility in commodity markets, international trade and financial markets, all of which have a trickle-down effect on supply chains, equipment and construction. There remains uncertainty about the extent to which these conflicts will continue to impact economic and financial affairs there is the potential for abrupt escalation of the conflict globally. There is a risk of substantial market and financial turmoil arising from these conflicts which could have a material adverse effect on the economics of the Company's projects, and the Company's ability to operate its business and advance project development.

RISKS RELATING TO THE SECURITIES OF THE COMPANY

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of Common Shares distributed hereunder will be affected by such volatility.

Resale of Common Shares

The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the Common Shares purchased would be diminished.

Dilution

Additional financing needed to continue funding the development and operation of the Company may require the issuance of additional securities of the Company. The issuance of additional securities and the exercise of common share purchase warrants, options and other convertible securities will result in dilution of the equity interests of any persons who are or may become holders of common shares.

Dividends

The Company has no current plans to pay any cash dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Board of Directors and will depend on, among other things, the Company's financial results, cash requirements, contractual restrictions and other factors that the Board of Directors may deem relevant. In addition, the Company's ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness that the Company or its subsidiaries incur. As a result, investors may not receive any return on an investment in the Company's securities unless they sell the securities for a price greater than that which they paid for them.

XVI. QUALIFIED PERSON

Unless stated otherwise herein, all scientific and technical data contained in this MD&A has been reviewed, approved and verified by Garth Drever, P.GEO. who is the Company's in-house "Qualified Person" within NI 43-101 and is a member in good standing of the Professional Geoscientists Ontario. Mr. Drever is also the Company's Vice President, Exploration. Therefore, he is not considered to be independent under NI 43-101.

XVII. USE OF NON-GAAP FINANCIAL MEASURES AND RATIOS

The Company's financial results are prepared in accordance with IFRS Accounting Standards. This document refers to a non-GAAP financial measure "working capital" which is not a measure recognized under IFRS Accounting Standards and does not have a standardized meaning prescribed by IFRS Accounting Standards.

This non-GAAP financial measure does not have standardized meanings under IFRS Accounting Standards, may differ from those used by other issuers, and may not be comparable to similar financial measure reported by other issuers. This financial measure has been derived from the Company's financial statements and applied on a consistent basis as appropriate. The Company discloses this financial measure because it believes they assist readers in understanding the result of the Company's operations and financial position and provide further information about the Company's financial results to investors.

This measure should not be considered in isolation or used in substitute for other measures of performance prepared in accordance with IFRS Accounting Standards.

Working capital: the difference between current assets and current liabilities.

XVIII. INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence that: (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented. In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the corresponding certificate for venture issuers does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers of the Company do not make any representations relating to the establishment and maintenance of:

i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with IFRS Accounting Standards.

The Company's CEO and CFO are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the corresponding certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

XIX. OUTSTANDING SHARE DATA

As at the date of report, the Company had the following common shares, stock options and warrants outstanding.

	Number of shares	Exercise price	Weighted average remaining contractual life (years)
Common shares	228,027,041	-	-
Stock options	20,793,218	$0.25 - $2.73	1.46
Warrants	5,232,500	$2.75	0.30
Total	**254,052,759**	**-**	**-**

XX. OTHER INFORMATION

Additional information regarding the Company is available on the Company's website (www.frontierlithium.com) and on the Company's profile on SEDAR+ at www.sedarplus.ca.

FRONTIER LITHIUM INC.

Trevor R. Walker, President & CEO
July 28, 2025