STONEGATE CAPITAL PARTNERS

MARCH 16, 2023

INDUSTRY: METALS AND MINING

INITIATION OF RESEARCH

GROUNDED LITHIUM CORP. (TSXV: GRD)

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Market Statistics	
Price	$ 0.35
52 week Range	$0.22 - $0.50
Daily Vol (3-mo. average)	71,050
Market Cap ($M):	$ 24.4
Enterprise Value ($M):	$ 22.0
Shares Outstanding: (M)	68.9
Public Ownership	86.0%
Institutional Ownership	14.0%

Financial Summary	
Cash (M$)	$ 0.22
Cash/Share	$ 0.00
Debt (M$)	$ -
Equity (M$)	$ 4.29
Equity/Share	$ 0.08

Company Description

Grounded Lithium (TSXV: GRD) is a publicly traded, Alberta-headquartered lithium resource company focused on supplying lithium into the rapidly developing electricity-powered economy. Within the accelerating energy transition industry, lithium is a critical metal in the manufacturing of Electric Vehicle batteries. They focus on lithium extraction from the production of subsurface brines, where Western Canada's potential remains undeveloped. The Grounded Lithium team is dedicated to generating value through a balanced model of exploration, production, and strategic acquisitions of formations bearing lithium-rich brines in Western Canada.

COMPANY UPDATES

Next steps: GLC has a number of catalyst on the horizon. We expect in the near term to see the results form the Hatch Ltd. report, which will inform the DLE method to be used at the Project. In 2Q23 we also expect the Company to complete their PEA which will allow us to use the updated resource estimates and NAV value of the Project to re-rate GLC.

Untapped potential in market: Current demand estimates for lithium far exceed current supply options. This is even more acute in North America where Grounded operates. One of the critical components of operating a lithium brine operation is the Direct Lithium Extraction method used. GLC is currently working with Hatch Ltd. to determine the best DLE method for their specific resource. This will allow Grounded to get their operations to full economic production on a timescale that will benefit from the supply/demand imbalance that is expected to continue into the future.

Clean balance sheet: It is noticeable that the Company does not have any liens on their property, nor have they engaged in any royalty agreements. Additionally there is no debt on the balance sheet, putting GLC in a strong position going forward. We also note that the Company has enough cash on hand to proceed through the entire PEA process without any further financing. We think that this strong balance sheet along with managements personal investment into the Project shows the alignment between investors and management.

Continuous growth: Throughout 2022 management showed a willingness and ability to grow their land base. Their total land grew four-fold year over year to end 2022. GLC has already shown an ability to grow their land base in 2023 with their purchase of an additional 33 sections from Hub City Lithium Corp., increasing the KLP land base by 12%. This acquisition was equal to 8,498 hectares at approximately $50 per acre, which is significantly lower than recent land sales in the surrounding areas. Management continuously proven that any additional land holdings will have to pass a stringent criterion for future commerciality.

Strong management team: Grounded Lithium Corp. boast a roster of capable executives with a combination of over 150 years of both technical and managerial experience. This combination uniquely positions GLC to take advantage of the DLE technologies, without deploying to much of their own capital on R&D. Additionally GLC has a roster of highly capable advisors, giving management access to expertise while retaining decision making responsibilities.

Valuation: Grounded Lithium Corp. is expected to complete their Preliminary Economic Assessment in 2Q23. This will provide greater clarity of the potential that the Kindersley Project holds. Once Grounded completes their Preliminary Economic Assessment, we will be able to apply those results to determine a reasonable valuation. For a more in-depth discussion on valuation please see page 9 of this report.

Business Overview

Grounded Lithium Corp. (“Grounded”, “GLC”, “GRD”, or “the Company”) is a lithium brine explorer and developer based out of Calgary, Alberta that is focused on supplying lithium to the developing electric powered economy. The Company currently has a significant land position in Western Canada consisting of over 333 sections equal to ~86,000 hectares of land with 4.2mn tons of inferred Lithium Carbonate Equivalent (“LCE”), not including any potential resources associated with the most recent acquisition in March of 2023. This project involves the Duperow Formation in southwestern Saskatchewan, an area that is well understood and is a top candidate for large accumulations of lithium brine.

Grounded became a publicly traded company following the reverse merger with VAR Resources Corp. (“VAR”) in August of 2022. At the time 100% of Groundeds voters were in favor of the transaction with the Company commencing trading on the TSX.V exchange on August 25, 2022 under the trading symbol GRD.

On December 9, 2022 the Company also began trading on the OTCQB under the symbol “GRDAF”.

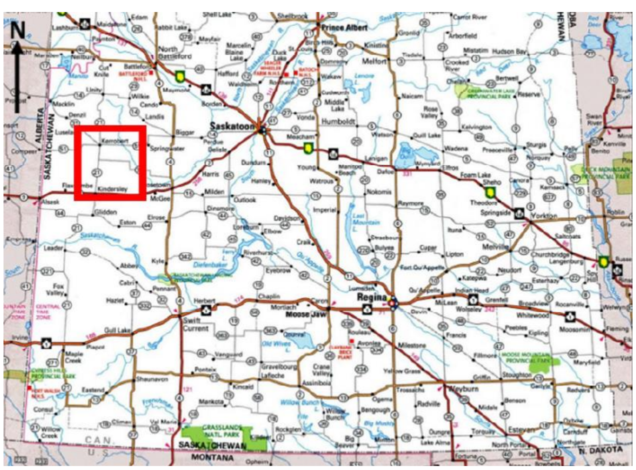
Kindersley Project

Location and History

The Kindersley Project (“the Project” or “KLP”) focuses on the Duperow formation, a large active aquifer system that is an ideal candidate for sourcing subsurface lithium enriched brines. GLC is the sole owner of the Kindersley Project with their mineral rights position located in southwestern Saskatchewan. Between their Crown and Freehold mineral rights the Project spans ~78,000 hectares.

This location is conveniently located near the town of Kindersley, Saskatchewan through a network of highways that are open year-round. This allows for year-round operation of the Project. The town of Kindersley will provide all of the general services for the project and is well suited to do so as the town and surrounding communities have a long history of supporting the oil and gas industry in the region. The Project also has access to a stable three-phase power infrastructure across the entire area, with access to nearby rail line in addition to natural gas pipelines, should GLC wish to supply its own power.

Exhibit 1: Project location



Source: NI 43-101 Technical Report

There are no records of historic mining projects targeting lithium extraction in the area. GLC is the initial owner and operation of the Project which is classified as a greenfield development project.

Historically the area has been used for oil and gas exploration projects with the first drilled well dating back to 1928. Since then, over 16,000 wells have been drilled, all targeting oil and gas. Due to the similar nature of drilling required to penetrate underground aquifers for lithium brine, the Company can base portions of their volumes and production rates based on the historical production that the oil and gas industry saw at the Duperow formation. This is highlighted by the shallowness of the aquifer and strong implied fluid dynamics.

Exhibit 2: Breakdown of company land holdings

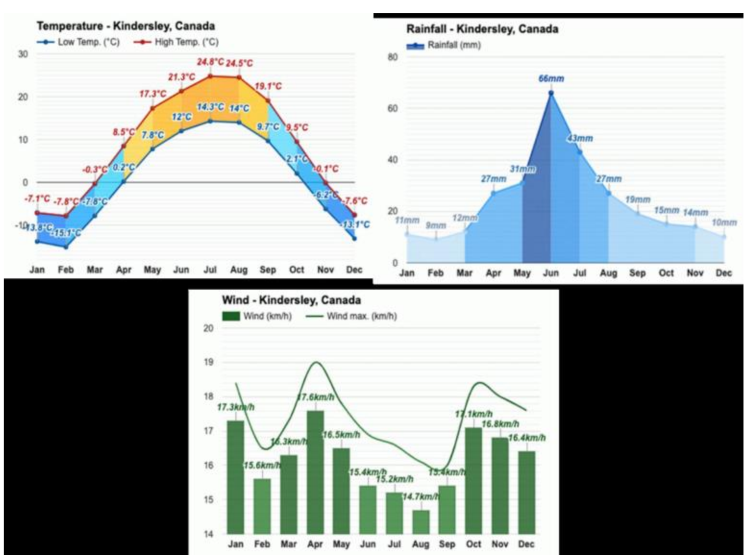
Mineral Rights Type	WI (%)	Area (Ha)
Crown	100%	8,498.84
Freehold	100%	77,476.93
Total		85,975.77

Source: NI 43-101 Technical Report, Company Reports

Regional challenges are primarily concerned with logistics due to potential weight restrictions put on local roads in the region, primarily starting in the first week of March. These weight restrictions are due to winter weather and can last for up to six weeks. While these potential restricts could cause logistical challenges, it is notable that the oil and gas operator in the region have laid a blueprint for strategically handling these restrictions using proactive management of transporting heavy equipment outside of the impacted months.

The climate is not expected to pose a challenge as the project is located only 683 meters above sea level on average. This low elevation, coupled with a climate characterized by warm humid summers and dry cold winters will allow the project to operate year-round.

Exhibit 3: Climate variations



Source: NI 43-101 Technical Report

Current Operations and Estimates

Grounded Lithium Corp. has announced their plans for the completion of the Preliminary Economic Assessment ("PEA") following the recommendations from the Technical Report. Due to the resource estimates from the Technical Report showing an inferred LCE of 4.2mn tons, along with the strong fluid dynamics that could produce up to 19,000 barrels per day, the Company is moving the Project forward in development and exploration.

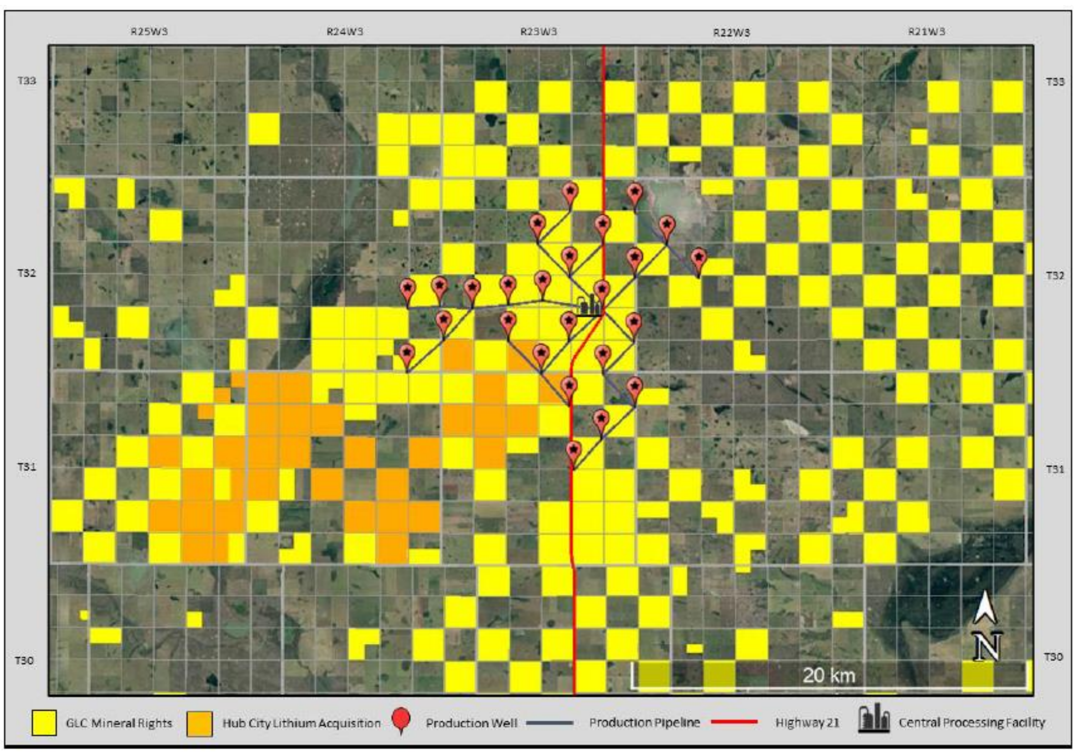
Exhibit 4: Inferred resources

	Brine Pore Volume (m3)	Li Concentration (mg/L)	Li (kg)	LCE (kg)	Li (Tonne)	LCE (Tonne)
Total	9,346,000,000	74	691,603,000	3,681,000,000	691,603	3,681,000

Source: NI 43-101 Technical Report

Most recently the Company has announced their intended development plan that will be used to determine factors such as production, dynamic fluid modeling, topography, and best practices for development. This will entail the drilling 24 additional production wells as well as 5 disposal wells. These wells will use pipelines to transport brine to the central processing facility ("CPF"). GLC benefits from the lack of contaminants in the brine such as trace hydrocarbons that would need to be filtered out at the CPF, allowing GLC to reduce capital outlay and better take advantage of economies of scale. This lack of trace hydrocarbons also benefits the Project from an environmental standpoint as there is less risk of contamination.

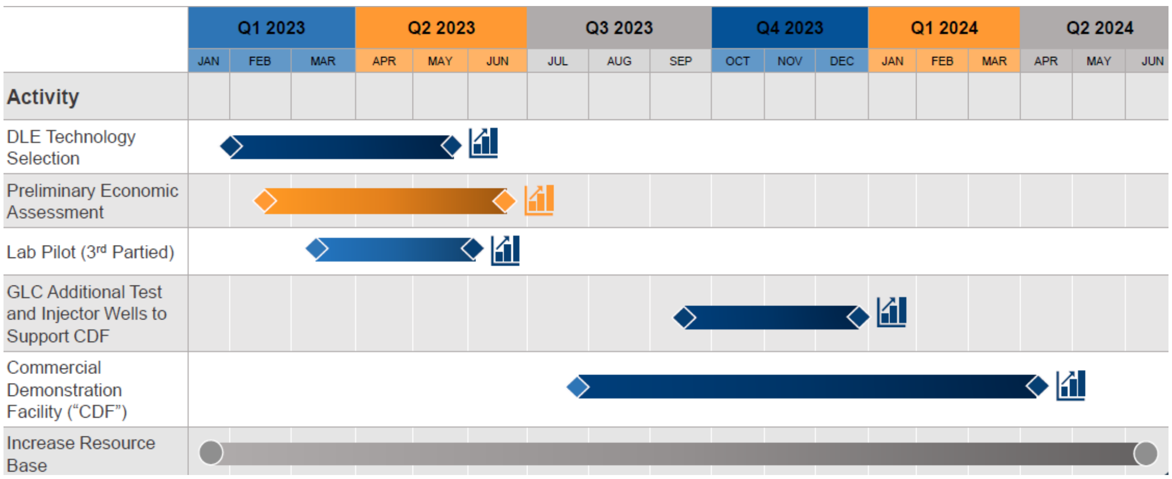
Exhibit 5: Announced development plan



Source: Mar. 2023 Company News Release

Pending the results of this PEA, set to be completed before the end of 2Q23, GLC will then commence production on their Commercial Demonstration Facility, with full production on track to begin in the 2026 timeframe. Full production is expected to take the shape of a modular design, allowing for lower design, permitting, and financing risks as compared to larger projects. Importantly, the Company will also be making a decision on which DLE technology to use for this project. In October of 2022 the Company approached Hatch Ltd. to conduct an evaluation of DLE technologies with the intent to chose one for the KLP. This assessment is expected to be completed in 2Q23.

Exhibit 6: Project timeline

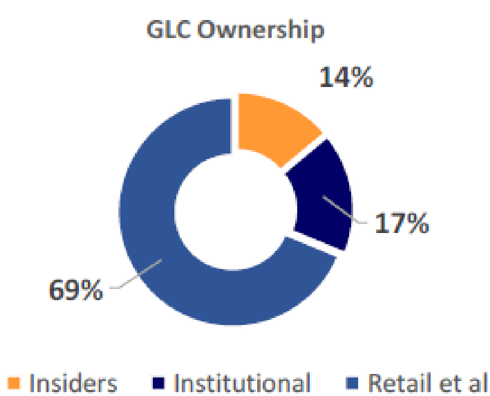


Source: Jan. 2023 Company Presentation

Financing

The Company has not engaged in any royalty agreements, nor have they pledged any part of the Project as collateral for debt financing. Historically, the Company has raised funds through a series of private placements, with management having invested at every level of financing thus far. Management has also indicated that they plan on continuing to invest in all future rounds of private placements. Additionally, there is a potential $8.4mn outstanding, should all dilutive warrants and incentives be exercised.

Exhibit 7: Company ownership



Source: Mar. 2023 Company Presentation

Lithium Market Overview

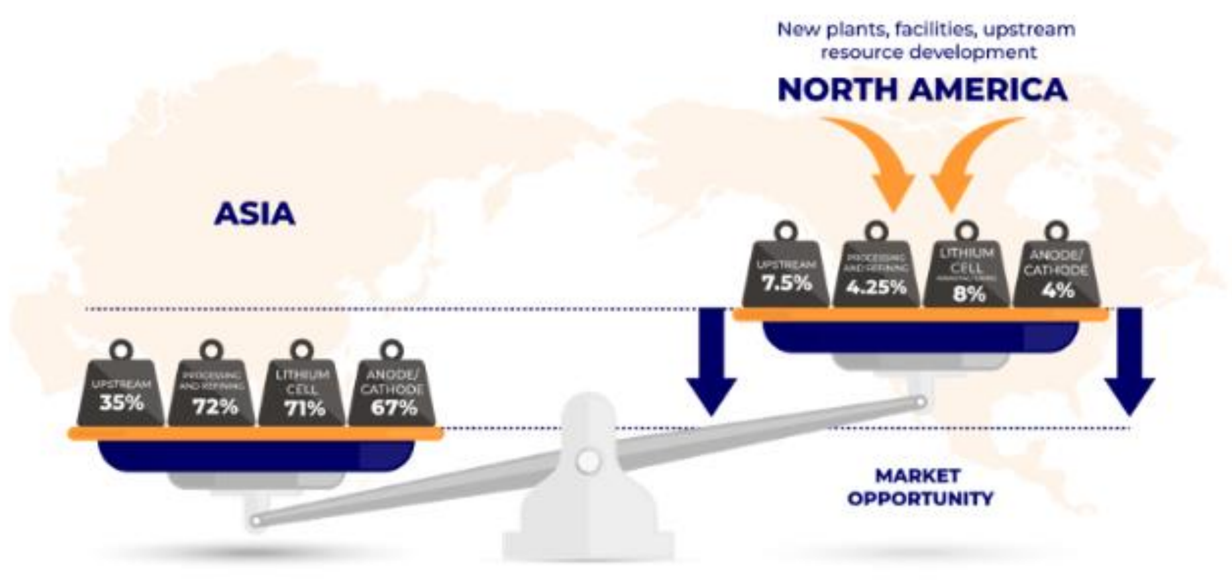
Overview

The lithium market has been experiencing dramatic macro tailwinds as more and more focus is placed on the global green transition with electronic vehicle batteries being one of the main driving forces. Additionally, it is important to note that energy storage and military technologies are also large macro tailwinds. This is exemplified by the large run up in lithium spot prices over the last several years, as the price per ton went from $8,000 to begin 2020 before hitting a high of approximately $82,000 in November 2022.

This imbalance is expected to persist into the foreseeable future with major OEMs continuing to drive demand. This was most recently seen in January of 2023 when General Motors Co. ("GM") entered a transaction with Lithium Americas where GM invested heavily into the Thacker Pass Lithium Project operated by Lithium Americas in an effort to secure lithium resources for their future EV production.

Current lithium production is not sufficient to support current demand, with the shortage more acute in North America when compared to Asia. It is estimated that North American battery supply chain is 10-15 years behind that of Asia with the majority of the chemical processing and cell manufacturing located in China. This geographical dissociation provides an opportunity for companies like Grounded Lithium Corp. which can take advantage of potential geopolitical tailwinds. Due to GLC operating a lithium brine operation, and with lithium brine operations being easier to bring to market compared to hard ore open pit operations, GLC is strategically positioned to benefit from the near-term need for North American sourced lithium.

Exhibit 7: Lithium geographical imbalance



Source: Jan. 2023 Company Presentation

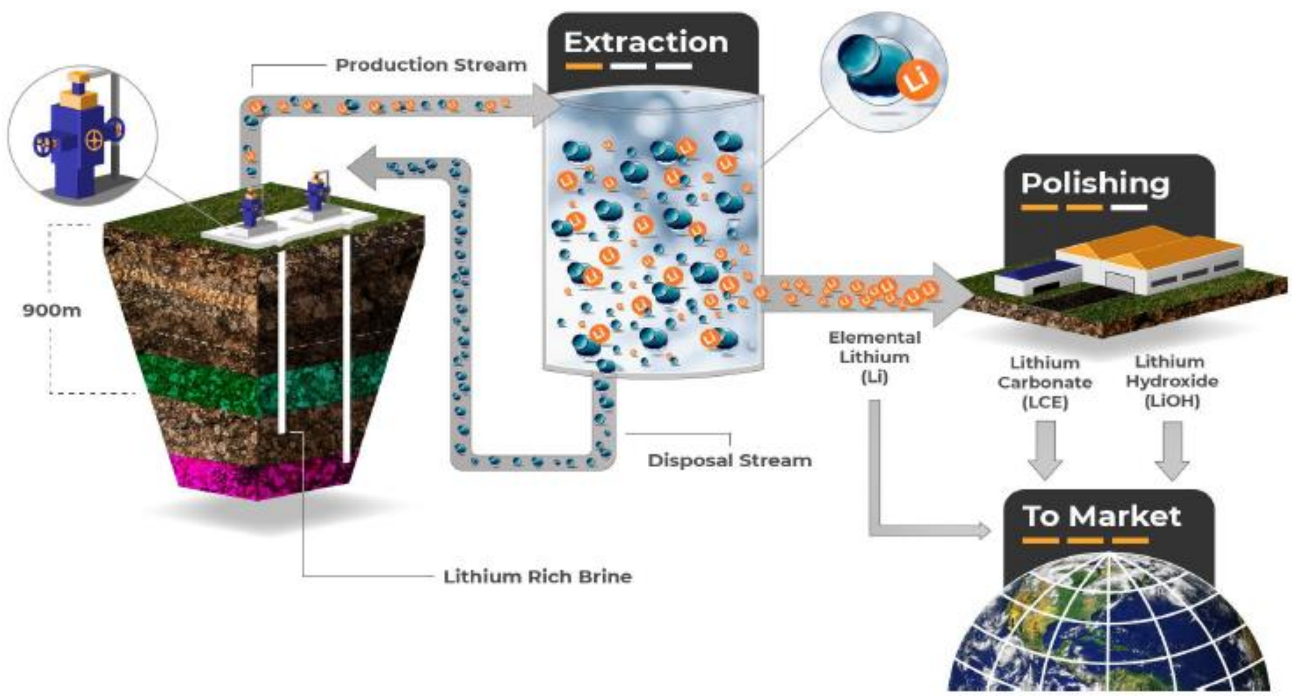
Direct Lithium Extraction (DLE)

Critical to the economics of a lithium brine operation is the method of lithium extraction from the brine. This typically takes two forms, either using evaporation ponds or through Direct lithium extraction (“DLE”). With the evaporation method the brine is pumped to the surface and held in retention ponds where evaporation removes the water and leaves behind the desired lithium salt. This method can take almost a year to cycle and is not as environmentally friendly as DLE.

Direct lithium extraction on the other hand is considered far more environmentally friendly since the water is returned to the subsurface aquifer after the lithium is extracted. This is due to DLE using a pump to bring lithium brine to the surface where it then interacts with a specific absorbent solution that removes the lithium from the brine. The remaining water is then returned subsurface when the extracted lithium is sent for processing. This results in higher quality lithium as impurities are easier to reject compared to the evaporation method.

One of the challenges with DLE is the chemical specifications needed to extract the lithium. Each lithium brine is unique, requiring a novel absorbent and process for each subsurface reservoir. This is why Grounded is working with Hatch Ltd. in order to select the most productive absorbent and process for their given reservoir. Notably this challenge is not unique to Grounded as there are 50-70 companies all working with some variation of DLE. The end result will be for GLC to license and apply their chosen technology.

Exhibit 8: DLE process overview



Source: Jan. 2023 Company Presentation

Risks

As with any investment, there are certain risks associated with Grounded's operations as well as with the surrounding economic and regulatory environments common to the mining industry and operating in a foreign country.

- Grounded currently operates a speculative property. While the technical report came back positive, the Company still needs to proceed through a PEA as well as a Feasibility Study. The PEA is expected to be completed before the end of 2Q23, however, until then the path to economic viability is uncertain.

- Even if Grounded Lithium Corp. does harvest a significant amount of resources from the ground, there is no guarantee that a profitable market will exist for those resources. Lithium is subject to significant price movements in a short period of time.

- The Company has no history of net income, dividends, or cash flow and there can be no assurance that the Company will be profitable going forward. In the case that the Company cannot create enough revenue to sustain on-going business activities, Grounded's only source of financing will be through the sale of existing securities, high-cost borrowing, or sale of its mineral properties.

- Mineral Reserves and grades are estimates only. There are many uncertainties in estimating mineral quantities of mineral reserves that may cause actual results and quantities to differ from those inferred. In the event that these resources are less bountiful than anticipated, any well life estimates or cash flow estimates could be severely reduced.

- The Company is subject to regulatory risk as exploration and development activities are subject to laws and regulations imposed by local and state government authorities. Any future changes in the laws, regulations, agreements, or judicial rulings could impact or stop the Company from continuing to explore and develop its' properties.

VALUATION SUMMARY

Grounded Lithium Corp. is expected to complete their Preliminary Economic Assessment before the end of 2Q23. This report will provide greater clarity of the potential that the Kindersley Project holds.

As GLC moves to complete their Preliminary Economic Assessment, we will be able to apply those results to determine a reasonable valuation.

In March 2023 GLC released an updated technical report (NI 43-101) which summarized the available technical information for the Kindersley Project. The conclusion of this report is that 4.2mn tons of LCE is inferred to be present in the Duperow aquifer, a 44% increase over initial expectations. This is a very encouraging development that is leading management to proceed with a Preliminary Economic Assessment while simultaneously preparing for production through determining the most economic DLE method. Until Grounded releases their Preliminary Economic Assessment, there is currently not enough data available to quantify the value of their reserves.

We expect Grounded to be on the cusp of an inflection point. As the technical report noted, the Kindersley Project is expected to sit above a large reserve of accessible lithium brine. Due to the potential for strong fluid dynamics and the positive results from the technical report it is our view that the Company will re-rate upwards prior to the completion of their Preliminary Economic Assessment. Pending these results, we expect the market to have greater certainty into the potential that the Kindersley Project holds.

We note that current precedent transactions from late 2022 and early 2023 value lithium deposits at approximately $83 per ton of LCE. This precedent is based on the European Lithium transaction that took place in October of 2022 and valued European Lithium's approx. 10.98mn tons of LCE at roughly $937.5mn. This precedent was also informed by the Lithium Americas transaction in January of 2023 that valued Lithium Americas approx. 40.5mn tons LCE at roughly $3,200mn. It is important to keep in mind that this is a very small, albeit recent, sample size for companies that are past the PEA phase of development. Due to the KLP still being in the pre-PEA phase we are not applying this valuation method.

Currently, the closest comparable is the Arizona Lithium acquisition of Prairie Lithium Corporation ("Prairie"). This transaction took place in December of 2022 and involved Prairie Lithium Corporations 4.1mn tons of inferred LCE. It is notable that Prairie is of a similar size to Grounded, operated a DLE technology plant, and is located in Saskatchewan. We note that Prairie Lithium Corporation had released their PEA prior to the acquisition. If we applied this transaction to GLC we would arrive at an approx. market value of C$72.3mn which translates to ~C$1.05 per share. Even if we apply a discount to this valuation method to account for GLC being at an earlier stage than Prairie was, it is notable that the current price of $0.35 still looks undervalued.

BALANCE SHEET

Grounded Lithium Corp.
Consolidated Balance Sheets (CAD $000s)
Fiscal Year: December

ASSETS	FY 2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22
Cash	2,328.2	2,329.5	1,984.8	224.8
Goods and Services Tax Receivable	7.2	-	-	-
Short-term Investments	-	-	-	2,250.0
Accounts Receivables	-	27.9	15.3	80.7
Prepaid Expenses	-	231.0	181.5	179.2
Restricted Cash	-	-	25.0	25.0
Total Current Assets	**2,335.5**	**2,588.4**	**2,206.6**	**2,759.8**
Exploration and Evaluation Assets	159.5	788.9	810.4	1,867.9
Property, Plant and Equipment	-	25.7	24.0	34.9
Total Assets	**2,495.0**	**3,403.0**	**3,041.0**	**4,662.5**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Accounts Payable and Accrued Liabilities	144.9	203.6	376.9	364.8
Total Current Liabilities	**144.9**	**203.6**	**376.9**	**364.8**
Decommissioning Liability	-	-	-	8.4
Total Liabilities	**144.9**	**203.6**	**376.9**	**373.2**
Common Stock - Par Value	2,596.3	3,926.3	3,926.3	8,957.8
Additional Paid in Capital	130.4	240.2	307.5	440.4
Deficit	(376.6)	(967.1)	(1,569.6)	(5,108.9)
Total Parent Net Equity	**2,350.1**	**3,199.4**	**2,664.1**	**4,289.3**
Total Liabilities and Shareholders' Equity	**2,495.0**	**3,403.0**	**3,041.0**	**4,662.5**
Liquidity				
Current Ratio	16.1x	12.7x	5.9x	7.6x
Working Capital	2,190.63	2,384.77	1,829.71	2,394.96

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

Grounded Lithium Corp.
Consolidated Statements of Income (in CAD $000s, except per share amounts)
Fiscal Year: December

	FY 2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22	Q4 E Dec-22	FY 2022E	Q1 E Mar-23	Q2 E Jun-23	Q3 E Sep-23	Q4 E Dec-23	FY 2023E
Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other revenue & inc	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Professional Fees	5.8	142.7	220.7	158.9	150.0	672.3	150.0	150.0	150.0	150.0	600.0
Wages and benefits	-	118.5	141.4	178.6	180.0	618.5	180.0	180.0	180.0	180.0	720.0
Net rental expense	18.2	0.6	45.4	46.8	45.0	137.7	45.0	45.0	45.0	45.0	180.0
Consulting fees	0.4	7.2	38.3	52.4	50.0	147.9	50.0	-	-	-	50.0
Share based compensation	-	61.8	67.3	68.0	70.0	267.1	70.0	70.0	70.0	70.0	280.0
D&A	-	1.6	1.7	2.1	3.0	8.4	3.0	3.0	3.0	3.0	12.0
Other operating expenses	7.7	24.5	87.8	3,032.4	245.0	3,389.8	245.0	245.0	245.0	245.0	980.0
Total Operating Expenses	32.2	357.0	602.5	3,539.3	743.0	5,241.8	743.0	693.0	693.0	693.0	2,822.0
Operating Income	**(32.2)**	**(357.0)**	**(602.5)**	**(3,539.3)**	**(743.0)**	**(5,241.8)**	**(743.0)**	**(693.0)**	**(693.0)**	**(693.0)**	**(2,822.0)**
Non-operating income (expenses)	-	(233.5)	-	-	-	(233.5)	-	-	-	-	-
Profit Before Taxes	**(32.2)**	**(590.5)**	**(602.5)**	**(3,539.3)**	**(743.0)**	**(5,475.3)**	**(743.0)**	**(693.0)**	**(693.0)**	**(693.0)**	**(2,822.0)**
Provision for Income Tax	-	-	-	-	-	-	-	-	-	-	-
Net Income	**(32.2)**	**(590.5)**	**(602.5)**	**(3,539.3)**	**(743.0)**	**(5,475.3)**	**(743.0)**	**(693.0)**	**(693.0)**	**(693.0)**	**(2,822.0)**
Basic EPS	**$ (5.23)**	**$ (21.00)**	**$ (21.43)**	**$ (62.23)**	**$ (18.43)**	**$ (135.84)**	**$ (18.41)**	**$ (17.18)**	**$ (17.18)**	**$ (17.18)**	**$ (69.94)**
Diluted EPS	**$ (5.23)**	**$ (22.19)**	**$ (21.43)**	**$ (87.81)**	**$ (18.43)**	**$ (135.84)**	**$ (18.41)**	**$ (17.18)**	**$ (17.18)**	**$ (17.18)**	**$ (69.94)**
WTD Shares Out - Basic	6.2	28.1	28.1	56.9	40.3	40.3	40.3	40.3	40.3	40.3	40.3
WTD Shares Out - Diluted	6.2	26.6	28.1	40.3	40.3	40.3	40.3	40.3	40.3	40.3	40.3
EBITDA	**(31.7)**	**(583.3)**	**(564.2)**	**(3,486.9)**	**(693.0)**	**(5,327.4)**	**(693.0)**	**(693.0)**	**(693.0)**	**(693.0)**	**(2,772.0)**
Adjusted EBITDA	**$ (31.7)**	**$ (583.3)**	**$ (564.2)**	**$ (3,486.9)**	**$ (693.0)**	**$ (5,327.4)**	**$ (693.0)**	**$ (693.0)**	**$ (693.0)**	**$ (693.0)**	**$ (2,772.0)**

Source: Company Reports, Stonegate Capital Partners estimates

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