



## LITHIUM ENERGI EXPLORATION INC.

### Management's Discussion and Analysis For the Year Ended February 29, 2024

---

This Management's Discussion and Analysis (the "MD&A") of Lithium Energi Exploration Inc. (the "Company" or "Lexi"), is dated June 28, 2024, and provides an analysis of the Company's financial position and results of operations for the year ended February 29, 2024. The following information should be read in conjunction with the audited consolidated financial statements for the years ended February 29, 2024 and February 28, 2023, which have been prepared under International Financial Reporting Standards ("IFRS"), and which are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a "Venture Issuer" as defined in NI 51-102.

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

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

#### **DESCRIPTION OF BUSINESS**

Lithium Energi Exploration Inc. was incorporated on February 13, 1998, under the British Columbia Business Corporations Act. The Company is engaged in acquiring, exploring, and evaluating lithium properties. The Company's principal address and registered and records office are located at 161 Bay St. 27<sup>th</sup> Floor, Toronto, Ontario, M5J 2S1, Canada. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol LEXI. On October 31, 2023, the Company's shares began trading on the OTCQB under the symbol LXENF.

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

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

During the year ended February 29, 2024, the Company incurred a net loss of \$9,563,594 (2023 – \$4,704,934) with a total accumulated deficit of \$30,640,988 and working capital surplus of \$609,272.

As at February 29, 2024, the Company had no revenues and operating expenses were primarily associated with exploration and evaluation activities including drilling campaigns, geological consulting fees, and public and community relations. Other expenditures included expenses related to private placement and

fund sourcing activities, debt settlement arrangement activities, office management, and share-based compensation to management, officers and consultants.

*Discussions of Corporate Activities for the year ended February 29, 2024, and up to the filing of this MD&A*

*Debt Settlement Agreements with Triangle, Steven Howard and Omar Ortega.*

On February 1, 2023, the Company entered into debt settlement agreements with Triangle Lithium LLC ("Triangle"), Mr. Howard, the Company's former CEO and director, Mr. Ortega, the former Vice President and director of the Company, and the companies controlled by Mr. Howard and Mr. Ortega (collectively, the "Debt Settlement Agreements") to settle a total of \$4,455,349 outstanding to them (the "Debt") as of March 20, 2023 for a debt settlement amounting to \$4,008,792. The difference between the Debt value and the fair value of the equity instruments issued for debt settlement was recorded as gain on debt settlement of \$446,557.

Prior to settlement, the initial Debt holders, Meteor or Steven Howard (\$2,057,187) and Mountas or Omar Ortega (\$1,491,129), transferred their combined debt of \$3,548,316 to Triangle. The Company reached an agreement to settle the Debt balance owing to Triangle and Omar Ortega for \$4,008,792 payable in equity of the Company. In addition, the Company agreed to enter into a brine processing agreement (the "Lithium Processing Agreement") with Ensorcia Argentina, LLC, an affiliate of Ensorcia Metals Corporation ("Ensorcia"), a controlling shareholder of Triangle, to provide the Company with access to a direct lithium extraction technology developed and owned by International Battery Metals Inc. ("IBAT").

On March 20, 2023, the debt of \$3,548,316 owing to Triangle was settled by the issuance of 18,924,354 common shares valued at \$2,931,382 and the issuance of 18,924,354 share purchase warrants valued at \$616,934. Each share purchase warrant has a three-year term and an exercise price of \$0.30 per common share. Under the terms of the Lithium Processing Agreement ("LPA"), the Company paid a one-time fee of \$1,173,668 of which \$335,817 was paid in cash and the remaining \$837,851 were paid through issuance of 5,408,979 common shares. As at February 29, 2024, the Company recorded a loss on debt settlement associated with the LPA of \$1,173,668.

On March 20, 2023, the remaining debt owing to Mountas and Omar Ortega was settled by the issuance of 2,972,730 common shares valued at \$460,476. The fair value of the warrants was determined using Black-Scholes Option Pricing Model based on the following assumptions: volatility of 85%; risk-free rate of 4.17% and estimated time to liquidity of two years. An additional 1,450,268 common shares with a value of \$224,647 were issued to Omar Ortega to settle the severance pay.

The Company recorded loss on the debt settlement with Triangle and Omar Ortega at \$727,111 inclusive of the Lithium Processing Agreement.

On March 20, 2023, the debt of \$767,111 owing to Meteor/Earthwise and Steven Howard was settled by the issuance of 4,160,068 common shares valued at \$644,426. The Company recorded a gain of \$122,685 on the debt settlement.

*Triangle Private Placement.*

On March 20, 2023, the Company completed a non-brokered private placement subscribed by Triangle Lithium LLC ("Triangle"), the 80% owner of Triangle Lithium Argentina S.A ("Trila"), for gross proceeds of \$500,000 (the "Private Placement"). The Private Placement consisted of 2,666,667 units at a price of \$0.1875 per unit. Each unit consisted of one common share and one common share purchase warrant. Each

common share purchase warrant has an exercise price of \$0.30 per common share expiring on March 20, 2026.

*Arena Debt Settlement and new credit facility of \$15 million.*

On February 1, 2023, the Company entered into a binding settlement agreement pursuant to which Arena and the Company agreed to settle all amounts owing to Arena by the Company ("Arena Debt Settlement"). The Company and Arena agreed on a settlement amount owing of \$5,625,000 (the "Arena Debt"). On March 20, 2023, the Arena Debt was settled by the issuance of 30,000,000 common shares valued at \$4,647,000 and 8,000,000 share purchase warrants valued at \$260,800. Each share purchase warrant has a three-year term expiring on March 20, 2026 at an exercise price of \$0.30 per common share. The issuance of the common shares and warrants eliminated all Arena Debt and resulted in the withdrawal and release of related litigations. The difference between the Arena Debt value and the value of equity instruments issued of \$717,200 was recorded as realized gain on debt settlement.

Upon closing of Arena Debt Settlement, the Company paid success fees to Triangle the amount of \$562,500 equal to 10% of the \$5,625,000 (the "Success Fees") and to Steven Howard the amount of \$722,867. The Success Fees were settled by the issuance of 3,000,000 common shares valued at \$464,700 and 3,000,000 share purchase warrants valued at \$97,800 to Triangle and a total of 4,666,667 common shares valued at \$722,867 to Steven Howard. Each share purchase warrant has a three-year term expiring on March 20, 2026 and an exercise price of \$0.30 per warrant share. The fair value of the warrants was determined using Black-Scholes Option Pricing Model based on the following assumptions: volatility of 85%; risk free rate of 4.17% and estimated time to liquidity of 2 years. The total Success Fee paid amounting to \$1,285,367 was recorded as a loss on debt settlement. This loss was offset against the realized gain on debt settlement of \$717,200, resulting in overall realized loss on debt settlement of \$568,167.

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

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

As at February 29, 2024, in relation to the Term Loan, the Company issued 2,204,890 common shares valued at \$317,598 and \$318,758 paid in cash to settle its accrued interest of \$798,575 with \$162,219 still owing to Arena at the year end. The number of common shares to be issued is calculated as the greater of the five day volume weighted share price preceding the payment date or the market price.

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

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

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

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

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

Special Committee.

On September 28, 2023, the Company formed a special committee ("Committee") of independent directors to initiate with the CEO of the Company a review process to explore, review and evaluate a broad range of strategic alternatives available to the Company to increase shareholder value while strengthening its scale in development of its Argentina assets to realized their optimal value. The Committee's strategic review will include alternative equity market transactions, disposition of certain assets or potential sale or merger with certain parties. The Committee has retained BMO Nesbitt Burns Inc. as its exclusive financial advisor.

Board of Director and Management Changes. Upon closing of the transactions described above, the Company entered into investor rights agreements with Triangle and Arena, which entitle both, Arena and Triangle, to designate one member to serve on the Company's Board of Directors, in addition to participating in any future equity issuances of the Company to maintain their pro rata ownership percentages. As such, Arena's representative Daniel Blanks, and Triangle's representative, Ali Rahman, joined the Board of Directors of the Company on resignation of Mr. Howard and Mr. Ortega from the Board of Directors on March 21, 2023.

On April 19, 2023, Thomas Lefebvre, a highly experienced infrastructure professional, joined the Board of Directors as its fifth member, and on May 2, 2023, Dr. Rebecca Paisley, a skilled geologist with a Ph.D. in Earth and Planetary Sciences from McGill University, became a Board member. Dr. Paisley's research, fieldwork, and lab work, as well as her expertise in unconventional lithium extraction methods, make her a valuable addition to the Company's Board of Directors.

On May 2, 2023, Mr. Chris Hobbs resigned as a director, but continued in his role as Chief Financial Officer, from which he resigned on September 15, 2023.

On July 21, 2023, Mr. Daniel Blanks resigned as a director of the Company, and Mr. Eamonn McInerney was appointed to the Board of Directors as the new Arena nominee. Mr. McInerney brings a wealth of experience when it comes to supporting the growth of businesses across a wide spectrum of industries. He spent the last three and a half years at Arena as the Head of European Asset Management and has helped finance the growth and development of numerous portfolio companies. Mr. McInerney has extensive experience in hedge funds, private equity funds, and commercial banking.

On September 15, 2023, the Company's Board of Directors appointed Jason Nalewanyj as the Company's new Chief Financial Officer. Mr. Nalewanyj brings over 18 years of financial expertise, having held pivotal roles in capital market strategies, fundraising, M&A advisory, and go-public mandates. He has previously held senior finance positions at Aurora Cannabis Inc., where he played a significant role in Aurora's \$3.2 billion merger with MedReleaf Corp. His extensive experience also includes strategic roles at Methanex

Corporation, FTI Consulting Inc., and MNP LLP. Mr. Nalewanyj began his career in the audit and assurance practice at PricewaterhouseCoopers LLP, Canada. He is a Canadian Chartered Professional Accountant (CPA, CA) and holds a Bachelor of Commerce degree from the University of Victoria.

*Stock Option Grants.* On September 15, 2023, the Company granted its CFO an option to acquire up to 400,000 common shares at \$0.14 per share expiring on September 14, 2026.

On May 2, 2023, the Company granted a director an option to acquire up to 500,000 common shares at \$0.21 per share expiring on May 2, 2026.

On April 17, 2023, the Company granted a director of the Company options to purchase up to 5,000,000 common shares of the Company at \$0.21 per share expiring on April 17, 2026.

On March 20, 2023, the Company granted certain directors of the Company options to purchase up to 4,000,000 common shares at \$0.20 per share expiring on March 20, 2026.

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

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

During the fiscal year ended February 28, 2019, the Company determined that the vendors of the eight mineral concessions comprising the Laguna Caro Project and of the two mineral concessions included in the Antofalla North Project would be unable to transfer title of the purchased mineral concessions to the Company. The Company reduced the carrying amount of the exploration and evaluation assets by US\$60,000 it paid to the vendors on closing, and US\$620,000 owing to the vendors for these claims for a total reversal of \$858,633.

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

LEA’s concessions are located just west of the Hombre Muerto Salar in the northern and southern portions of the Salar de Antofalla. On September 12, 2016, Albemarle Corporation, the world’s largest lithium producer, announced it had entered into an agreement with Bolland Minera, S.A. for the exclusive

exploration and acquisition rights to a block of lithium resources in the central portion of the Antofalla salar. In Albemarle Corporation's news release, it stated their belief that the Salar de Antofalla will be certified as the largest lithium resource in Argentina.

On October 19, 2021, the Company entered into an option and joint venture agreement ("JV Agreement") with Global Oil Management Group, LLC ("GOMG"). Pursuant to the JV Agreement, GOMG agreed to provide capital for certain lithium mining claims owned by the Company ("JV Concessions"). To facilitate the terms of the JV Agreement, a new Argentine company, Triangle Lithium Argentina, S.A. ("Trila") was established, effective April 6, 2022 ("Trila"). GOMG holds 80% of Trila and the Company holds 20% of Trila. At its discretion, the Company has an option to convert its equity holdings in Trila into a 6% gross royalty on future production from Trila.

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

### *Exploration and Development Activities*

#### *Antofalla North*

In December, the Company's drilling of the third well in LEA V has reached a final depth of 400 meters.

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

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

#### *Antofalla South*

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

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

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

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

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

### ***Exploration and Development Costs***

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

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

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

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

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

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

#### **Qualified Person**

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

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

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



## RESULTS OF OPERATIONS

### Three-month periods ended February 29, 2024 and February 28, 2023

Net loss and comprehensive loss for the three-month periods ended February 29, 2024 and February 28, 2023 included the following:

	Three Months Ended February 29, 2024	Three Months Ended February 28, 2023
	\$	\$
<b>Operating Expenses</b>		
Consulting fees	21,965	20,232
Exploration and evaluation costs	750,131	107,056
Management fees	96,580	45,000
Investor communications	(158)	4,335
Office and administration	155,656	17,734
Professional fees	158,692	271,158
Regulatory expenses	16,752	–
Share-based compensation (recovery)	(202,461)	–
Transfer agent and filing fees (recovery)	(13,400)	12,268
Travel and entertainment costs (recovery)	(362)	(16,309)
	<b>(983,395)</b>	<b>(461,474)</b>
Other gain (loss)	(2,058,571)	(3,014,706)
<b>Net loss and comprehensive loss</b>	<b>(3,041,966)</b>	<b>(3,476,180)</b>

During the three months ended February 29, 2024, the Company recorded a net loss and comprehensive loss of \$3,041,966 (2023 – \$3,476,180). The Company's operating expenses for the three months ended February 29, 2024, were \$983,395 as compared to \$461,474 in the comparative period. The increase was mainly due to the increased exploration costs of \$750,131 (2023 – \$107,056), management fees of \$96,580 (2023 – \$45,000), office and administration fees of \$155,656 (2023 – \$17,734) and regulatory expenses of \$16,752 (2023 – \$nil). Increased exploration expenditures were associated with the Company's exploration and drilling campaign activities at the Antofalla North Project, which began in June of 2023. These increases were offset by decreased professional fees of \$158,692 (2023 – \$271,158), adjustment of \$202,461 (2023 – \$nil) to decrease share-based compensation expense, recapture of transfer and filing fees of \$13,400 (2023 – \$12,268 expense). The decrease in transfer agent and filing fees was due to reclassification to regulatory fees.

Other items for the three-month periods ended February 29, 2024 and February 28, 2023 included the following:



LITHIUM ENERGI EXPLORATION INC.  
Management's Discussion and Analysis  
For the Year Ended February 29, 2024

	Three Months Ended February 29, 2024	Three Months Ended February 28, 2023
	\$	\$
<b>Other gain (loss)</b>		
Loss on debt settlements	(1,896,535)	(1,031,850)
Loss on equity investment	–	(155,463)
Impairment of exploration and evaluation assets	–	(1,476,270)
Finance fees	–	(264,658)
Foreign exchange loss	(152,049)	(133,037)
Accretion	82,096	–
Interest income	25,319	46,572
Interest expense	(209,425)	–
Gain on sale of securities	92,023	–
	<b>(2,058,571)</b>	<b>(3,014,706)</b>

In addition to the regular operating expenses, during the three months ended February 29, 2024, the Company recorded other loss of \$2,058,571 (2023 – \$3,014,706). The additional loss was incurred due to the loss on debt settlement with Triangle, which was associated with fair value of IBAT technology of \$1,173,668 (2023 – \$1,031,850 loss debt settlement with Arena), increased interest expense of \$209,425 (2023 – \$46,572 gain) also associated with the Term Loan, foreign exchange loss of \$152,049 (2023 – \$133,037) These losses were offset by the gain on the sale of securities of \$92,023 (2023 – \$nil) through the Blue Chip Swaps to fund the operating activities and exploration activities in Argentina, accretion adjustment of \$82,096 (2023 – \$nil) and interest income of \$25,319 (2023 – \$46,572) from high-yield bank deposits.

#### Year ended February 28, 2024

Net loss and comprehensive loss for the year ended February 29, 2024 was \$9,563,594 (2023 – \$4,704,934) and included the following:

	Year Ended February 29, 2024	Year Ended February 28, 2023
	\$	\$
<b>Operating expenses</b>		
Consulting fees	589,317	79,009
Exploration and evaluation costs	6,171,056	171,253
Management fees	565,110	135,000
Investor communications	31,709	6,077
Office and administration	366,812	79,538
Professional fees	546,278	517,811
Regulatory expense	16,752	–
Share-based compensation	1,396,970	–
Transfer agent and filing fees	142,077	30,060
Travel and entertainment	18,770	26,042
	(9,844,851)	(1,044,790)
Other gain (loss)	281,257	(3,660,144)
<b>Net loss and comprehensive loss</b>	<b>(9,563,594)</b>	<b>(4,704,934)</b>

The Company's operating expenses for the year ended February 29, 2024 were \$9,844,851 (2023 – \$1,044,790). The increase in net loss was largely due to increased exploration costs of \$6,171,056 (2023 – \$171,253) which were associated with exploration and drilling activities at the Antofalla North Project that began in June of 2023; increased share-based compensation of \$1,396,970 (2023 – \$nil) which was associated with options the Company granted to its directors, officers, and consultants to acquire up to



9,900,000 common shares at an average exercise price of \$0.20 per share and expiring three years from the respective grant dates; consulting fees of \$589,317 (2023 - \$79,009) which increased as a result of the Company having to engage additional consultants and service providers in relation to increased exploration activities, management fees of \$565,110 (2023 - \$135,000), office and administrative expenses of \$366,812 (2023 - \$79,538), professional fees of \$546,278 (2023 - \$517,811) and transfer agent and filing fees of \$142,077 (2023 - \$30,060).

	Year Ended February 29, 2024	Year Ended February 28, 2023
	\$	\$
<b>Other gain (loss)</b>		
Loss on debt settlements	(1,172,593)	(1,031,850)
Loss on equity investment	–	(155,463)
Impairment of exploration and evaluation assets	–	(1,476,270)
Finance fees	–	(352,877)
Foreign exchange loss	(158,818)	(158,062)
Accretion	(315,082)	–
Interest income	159,694	–
Interest expense	(798,575)	(485,622)
Gain on sale of securities	2,566,631	–
	<b>281,257</b>	<b>(3,660,144)</b>

In addition, to the regular operating expenses, during the year ended February 29, 2024, the Company recorded other gain of \$281,257 (2023 - \$3,660,144 loss). The increase in other gain was mainly associated with Blue Chip swaps resulting in gain of \$2,566,631 (2023 - \$nil) to fund the Company's operating and exploration expenditures in Argentina, interest income of \$159,694 from high-yield bank accounts (2023 - \$nil). These gains were partially offset by loss on debt settlement of \$1,172,593 (2023 - \$1,031,850) which is described in more detail in the section entitled "Discussions of Corporate Activities during the year ended February 29, 2024 and up to the filing of this MD&A", interest expense of \$798,575 (2023 - \$485,622) associated with the Term Loan, and accretion expense of \$315,082 (2023 - \$nil) incurred due to the changes of the carrying value associated with the Term Loan over time and foreign exchange loss of \$158,818 (2023 - \$158,062 loss).

## SUMMARY OF QUARTERLY RESULTS

(\$000's except earnings per share)

Year Ended	Quarter	Revenue	Comprehensive Loss	Net Loss per Share
2023	Q1	\$ Nil	\$ (317)	\$ (0.00)
2023	Q2	\$ Nil	\$ (316)	\$ (0.00)
2023	Q3	\$ Nil	\$ (595)	\$ (0.00)
2023	Q4	\$ Nil	\$ (3,476)	\$ (0.05)
2024	Q1	\$ Nil	\$ (2,192)	\$ (0.02)
2024	Q2	\$ Nil	\$ (1,871)	\$ (0.01)
2024	Q3	\$ Nil	\$ (2,458)	\$ (0.02)
2024	Q4	\$ Nil	\$ (3,042)	\$ (0.02)

2023 – Q1 Net loss for the quarter is consistent with the prior period  
2023 – Q2 Net loss for the quarter is consistent with the prior period

- 2023 – Q3 Net loss for the quarter increased from the prior quarter primarily due to foreign exchange losses recorded during the current period and increased professional fees.
- 2023 – Q4 Net loss for the quarter increased from the prior quarter primarily due to the loss recorded on debt settlement with Arena Investors LP, the impairment recorded on exploration and evaluation asset and increased professional fees.
- 2024 – Q1 Net loss for the quarter increased primarily as a result of share-based compensation recognized for the quarter.
- 2024 – Q2 Net loss for the quarter decreased from the prior quarter primarily due to the gain the Company recorded on Blue Chip Swaps, which was in part offset by increased exploration costs as a result of exploration program on the Antofalla North Project, and increased professional and management fees, as well as accretion expense recorded during the quarter.
- 2024 – Q3 Net loss for the quarter increased due to increased exploration costs as a result of exploration program on the Antofalla North Project, which also increased the Company’s expenditures on consulting, management and professional services during the quarter. In addition, the grant of options to acquire up to 400,000 shares to the Company’s CFO increased its share-based compensation expense.
- 2024 – Q4 Net loss for the quarter increased mainly due to additional loss from the loss on debt settlement associated with IBAT technology.

## LIQUIDITY AND CAPITAL RESOURCES

As at February 29, 2024, the Company had a cash balance of \$1,038,771 (2023 – \$227,395), an accumulated deficit of \$30,640,988 and working capital surplus of \$609,272. The increase in cash balance and working capital as at February 29, 2024, resulted from the drawdown of \$7 million Term Loan with Arena and the debt settlement, decreasing most of the liabilities associated with debt and note payable. Despite the new Credit Facility with Arena, as of February 29, 2024, the Company does not have sufficient funds to cover anticipated operating expenses and continue its exploration activities in the next twelve months.

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

### Cash Flows for the Years Ended February 29, 2024 and February 28, 2023

	Year Ended February 29, 2024	Year Ended February 28, 2023
	\$	\$
Net cash used in operating activities	(8,378,897)	(329,483)
Net cash provided by financing activities	6,739,343	–
Net cash used in investing activities	2,527,094	–
Cash increase (decrease) during the year	<b>887,540</b>	<b>(329,483)</b>

### Cash Flows Used in Operating Activities

Net cash used in operating activities during the year ended February 29, 2024, was \$8,378,897 as compared to \$329,483 net cash used by operating activities during the year ended February 28, 2023. The Company used the cash to cover its cash operating expenses of \$7,762,729 (2023 - \$925,733) calculated as a net loss of \$9,563,594 (2023 - \$4,704,934), adjusted for non-cash items of \$1,800,865 (2023 - \$3,779,201), to increase its receivables by \$65,925 (2023 - \$63,645), increase prepaid expenses by \$21,242 (2023 - \$nil), increase interest paid in cash by \$318,758 (2023 - \$nil) and to decrease the accounts payable and accrued liabilities by \$372,462 (2023 - \$659,895 increase). These uses of cash were in part offset by increase in interest payable by \$162,219 (2023 - \$nil).

### Cash Flows Provided by Financing Activities

Cash provided by financing activities during the year February 29, 2024, was \$6,739,343 of which 6,701,681 was associated with cash received from the drawdown of the Term Loan, \$500,000 was associated with the gross proceeds from private placement financing the Company closed on March 21, 2023, and \$23,479 from warrants exercise. Net cash used for financing activities included \$485,817 paid for IBAT technology, which the Company acquired as part of the debt settlement with Triangle.

The Company did not have any financing activities during the year ended February 28, 2023.

### Cash Flows Provided by Investing Activities

During the year ended February 29, 2024, net cash used in investing activities was \$2,527,094 of which \$39,537 was incurred for exploration-related expenditures and net cash provided was \$2,566,631 due to purchase and sale of blue chip securities to fund its working capital and exploration activities.

The Company did not engage in any investing activities during the year ended February 28, 2023.

## **MANAGEMENT OF CAPITAL**

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

As at February 29, 2024, the Company's shareholders' deficiency was \$1,126,010 (2023 - \$6,737,398 deficiency) with long-term debt valued at \$6,575,781 (2023 - \$nil) and current liabilities at \$593,797 (2023 - \$11,842,886). The Company is not subjected to any externally imposed capital requirements by any regulators or venture capitalists. The Company, however, has pledged all of its assets as collateral for the New Credit Facility with Arena.

## **OFF-BALANCE SHEET ARRANGEMENTS**

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

**TRANSACTIONS WITH RELATED PARTIES**

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

<b>For the year ended</b>	<b>February 29, 2024</b>	<b>February 28, 2023</b>
Management fees	565,110	135,000
Consulting fees	504,294	79,009
Professional fees	–	135,873
Interest expense	798,575	485,622
Success fees	722,867	–
Share-based compensation	1,078,899	–
	<b>3,669,745</b>	<b>835,504</b>

During the year ended February 29, 2024, the Company incurred accrued interest of \$798,575 (2023 - \$nil) on the term loan of \$7 million from a company with significant influence controlled by common shareholders with an interest payable of \$162,219 as at February 29, 2024. According to the Term Loan agreement, the quarterly interest payments are settled in cash and in the issuance of common shares in equal proportion. As at February 29, 2024, a total of \$318,758 was settled in cash and a total of 2,204,890 common shares valued at \$317,598 have been issued.

During the year ended February 29, 2024, the Company incurred accrued interest of \$nil (2023 – \$485,622) on debt owed to companies controlled by former officers of the Company.

During the year ended February 29, 2024, the Company incurred management fees of \$179,722 to its CEO. As at February 29, 2024, the Company owed the CEO \$nil (2023 – \$nil).

During the year ended February 29, 2024, the Company incurred management fees of \$191,388 to its director who is also President of LEA. As at February 29, 2024, the Company owed its director \$10,856 (2023 – \$nil), which was recorded as part of accounts payable and accrued liabilities.

During the year ended February 29, 2024, the Company incurred \$55,000 in consulting fees to the Company's CFO (2023 - \$Nil). As at February 29, 2024, the Company owed its CFO \$10,000 (2023 – \$nil) in consulting fees which were recorded as part of accounts payable and accrued liabilities.

During the year ended February 29, 2024, the Company incurred management fees of \$194,000 to former CFO and Director (2023 - \$135,000). As at February 29, 2024, the Company owed its former CFO \$340 (2023 – \$nil) in consulting fees which were recorded as part of accounts payable and accrued liabilities.

During the year ended February 29, 2024, the Company settled related party debt of \$4,455,349 through the issuance of 21,897,084 common shares valued at \$3,391,858 and 18,924,354 warrants valued at \$616,934, the difference between the amount owing and the settlement of \$4,008,792 was recorded in the consolidated statements of loss and comprehensive loss as realized gain on debt settlement of \$446,557 (2023 - \$Nil).

During the year ended February 29, 2024, the Company settled the related party payables of \$767,111 through the issuance of 4,160,068 common shares valued at \$644,426. The difference between the amount

owing and the settlement amount was recorded in the statement of comprehensive loss as realized gain on debt settlement of \$122,685.

Under the terms of a month-to-month consulting agreements with Steven Howard, the former CEO and director of the Company, and Omar Ortega, the former Vice President of the Company, the Company incurred a total of \$449,294 in severance pay through the issuance of 1,450,268 common shares, to each of Mr. Howard and Mr. Ortega. The severance pay was included as part of consulting expenses for the year. In relation to the Term Loan, the Company issued to Steven Howard 4,666,667 common shares valued at \$722,867 to settle a success fee of debt settlement of Arena Investors LP ("Arena"). At February 29, 2024, related party payables owing to a company controlled by Steven Howard was \$nil (2023 – \$767,111) and related party receivables from Omar Ortega was \$1,048 (2023 - \$nil).

As at February 29, 2024, the Company had a total of \$82,252 (US\$60,613) recoverable from Triangle (2023 – \$55,307 (US\$40,640) which was recorded as part of receivables.

## COMMITMENTS AND CONTINGENCIES

As at February 29, 2024, there are no outstanding commitments.

## MATERIAL ACCOUNTING POLICIES AND ESTIMATES

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

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

### *Standards Issued but Not Yet Effective*

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

## FINANCIAL INSTRUMENT RISK EXPOSURE AND RISK MANAGEMENT

### *Financial risk management*

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

#### Credit Risk

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

Liquidity Risk

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

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

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

		<1 year	1 - 3 Years	Total
Accounts payable and accrued liabilities (Note 6)	\$	431,578	\$ –	\$ 431,578
Interest payable		162,219	–	162,219
Contractual interest payment		840,000	46,027	886,027
Term loan (Note 13)	\$	–	\$ 7,000,000	\$ 7,000,000
		1,433,797	7,046,027	8,479,824

Foreign Exchange Risk

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

As at February 29, 2024, the Company was exposed to foreign currency risk through the following financial assets and liabilities denominated in foreign source currencies, converted to Canadian Dollars at the prevailing rate at the end of the reporting period.

<b>As at February 29, 2024</b>	<b>CAD equivalent</b>	<b>Currency</b>	<b>+/- 10% Fluctuation Increase/(Decrease)</b>	
Cash	\$ 28,299	ARS	\$ 2,829	\$ (2,829)
Cash	171,664	USD	17,166	(17,166)
Receivables	83,300	USD	8,330	(8,330)
Accounts payable	(110,994)	ARS	(11,099)	11,099
Accounts payable and accrued liabilities	(158,556)	USD	(15,856)	15,856
<b>Total</b>	<b>\$ 13,713</b>		<b>\$ 1,371</b>	<b>\$ (1,371)</b>

Interest Rate Risk

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

*Fair Value Measurements*

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

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

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

**OUTSTANDING SHARE DATA**

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

**RISK AND UNCERTAINTIES**

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

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

*Financial risks*

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

### *Claims and title risks*

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

### *Tax*

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

### *Dependence on key personnel*

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

### *Conflicts of interest*

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

### *Environmental risks*

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

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).