GRID METALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the December 31, 2022 consolidated financial statements of Grid Metals Corp. ("Grid" or the "Company"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Additional information can be found on SEDAR, www.sedar.com. All amounts are in Canadian dollars, unless otherwise noted.

1. DATE

The date of this MD&A is August 29, 2023.

2. SUMMARY

Grid Metals Corp. is focused on mineral exploration and development of properties in the provinces of Manitoba and Ontario, Canada. The Company's focus is on lithium and nickel/copper/platinum group metals (PGM) projects which contain critical metals used in electric vehicle batteries and emissions reduction, central to the decarbonization of the environment. The primary properties that as of the date hereof are currently under active exploration and development are (1) the resource-stage **Donner Lake Lithium** Property and (2) the PEA-stage **Makwa-Mayville Nickel Copper PGM Cobalt** Project. Both projects are located in the Bird River Greenstone Belt in southeastern Manitoba.

The development strategy for Donner Lake is to first permit a toll milling operation with lithium ore from the Donner Lake Property shipped to the Tanco Mine for processing, thereby negating the immediate requirement to build a processing facility on site. A toll milling operation would then help fund future exploration/development in the Bird River area as well the reconfiguration of the True North mill for the production of lithium spodumene concentrate. The Company has signed an MOU with the Tanco Mine for toll milling and a binding lease agreement with 1911 Gold to reconfigure the True North mill and is currently in the due diligence period regarding entering into the lease commitment for True North.

The Company plans additional exploration at the Makwa Mayville Property which will be focused on expanding the current resource base and enabling the project to gain critical mass. To this end, during the quarter the Company acquired significant land positions that are contiguous to the Makwa and Mayville properties that host the current Ni-Cu-PGM-Co resources. The land positions acquired (the Gossan and Eagle properties) provide the Company with a larger land position in which to explore in order expand its base metal resources. There are numerous Ni-Cu-PGM-Co occurrences on both the Gossan and Eagle properties.

Second Quarter 2023 Operational Highlights

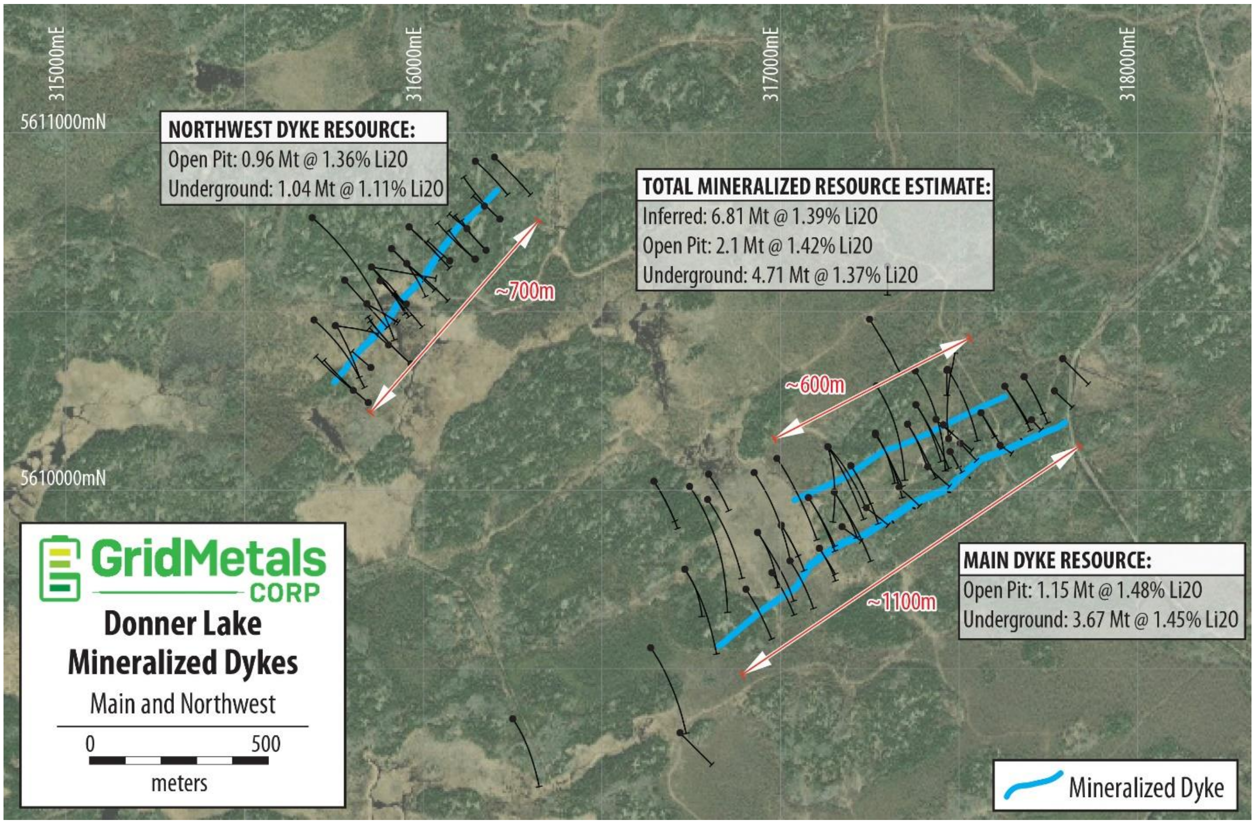
Donner Lake Lithium Property

***Resource Estimate* -** Following the completion of the maiden mineral resource delineation drilling program in the first quarter of 2023, SGS Canada was engaged to complete an initial resource estimate. Subsequent to quarter-end, a maiden National Instrument 43-101 Mineral Resource Estimate of 6.81 million tonnes ("MMt") (Inferred) grading 1.39% Li_2O was announced. The mineral resources are hosted by steeply dipping pegmatite dykes that are exposed at surface and display consistent widths, spodumene content and lithium grade. Lithium mineralization at the Main and Northwest dykes remains open to depth with strong Li_2O values in many of the deepest holes.

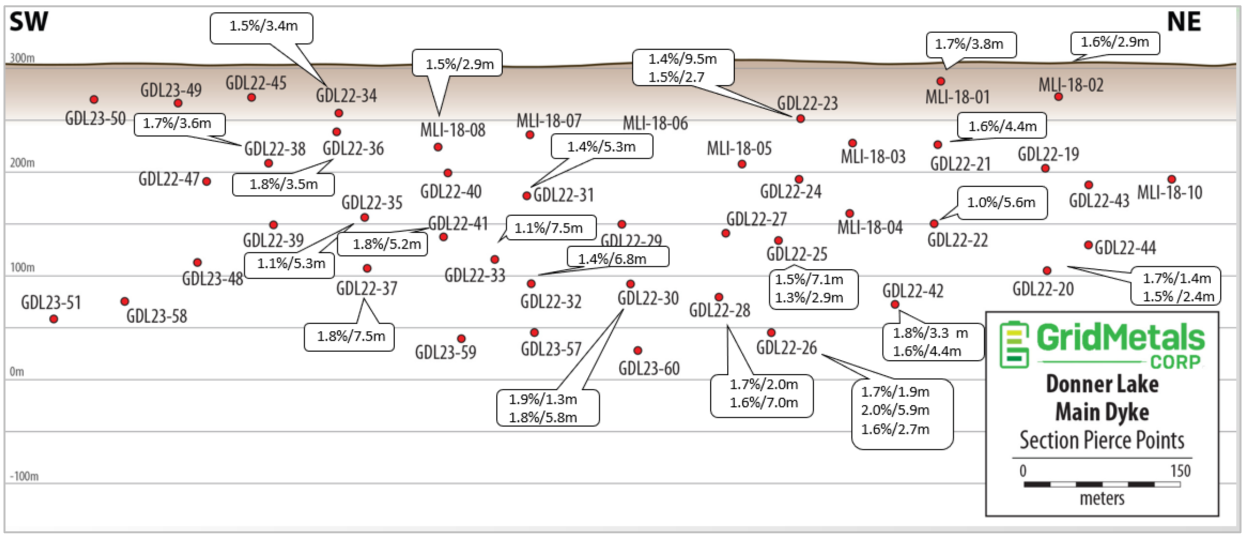
Metallurgical Test Results – A metallurgical study on the mineralogy and recovery of lithium from the Main and Northwest Dykes was completed in the quarter by XPS - Expert Process Solutions of Sudbury. The positive metallurgical test results achieved lithium recoveries of 76.9% (Northwest Dyke) and 74.1% (Main Dyke) using standard grinding and direct flotation methods. Both composite samples produced quality lithium concentrates - 6.2% Li_2O for the Northwest Dyke and 5.7% Li_2O for the Main Dyke with low iron content. Spodumene accounted for 89.3% of the lithium in the Main Dyke and 94.9% of the lithium in the Northwest Dyke.

Advanced Exploration Permit – The Company prepared an Advanced Exploration Permit which, if approved by the Province of Manitoba, would enable a bulk sample to be completed. Subsequent to the quarter-end, the Advanced Exploration Permit was submitted to the Province on Manitoba with the support of the Sagkeeng First Nation in whose Traditional Territory the project is located.

Ongoing Work – Baseline environmental studies, metallurgical test work, permitting activities and engagement with First Nations are all continuing in support of the project.



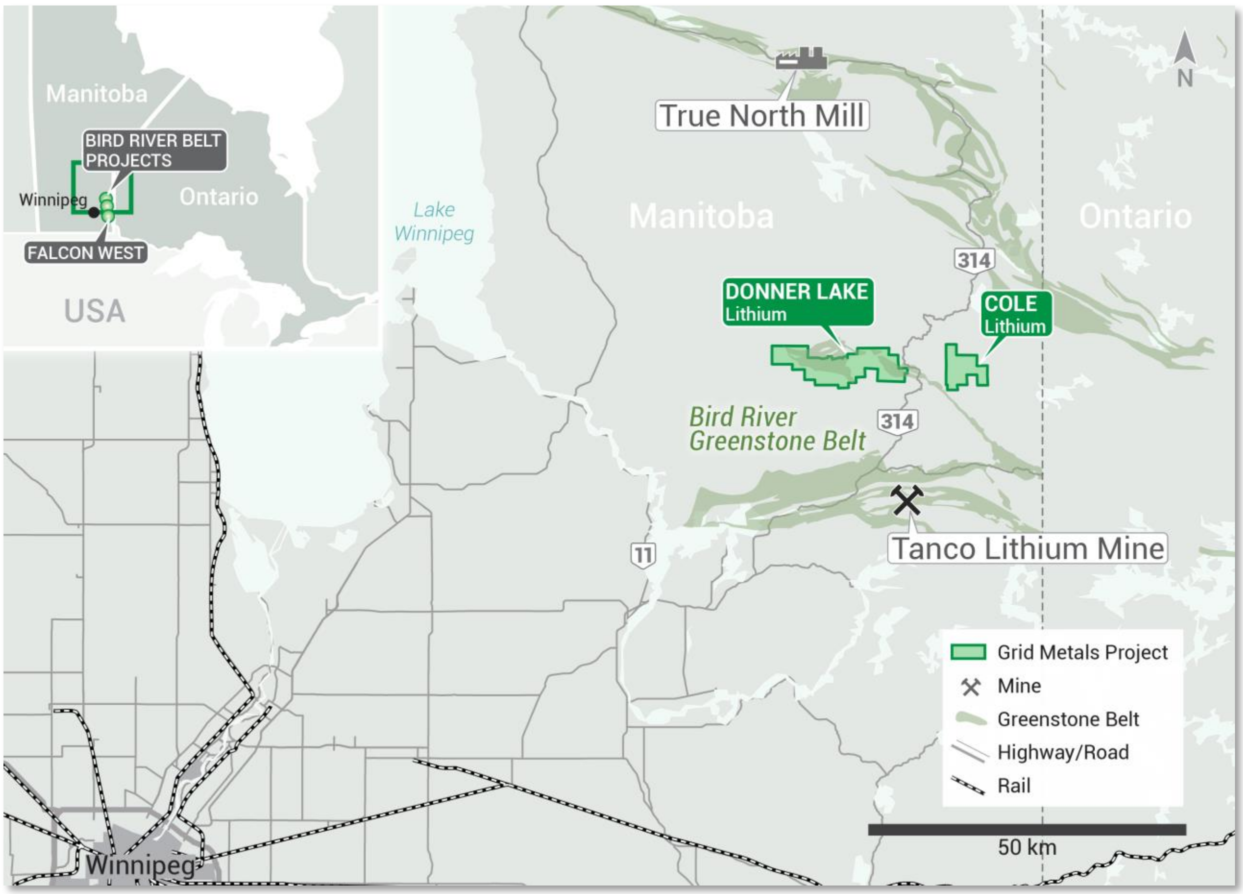
Above: Plan view map showing surface traces of resource delineation drill holes and the three spodumene-rich pegmatite dykes at Donner Lake that host the current lithium resource estimate.



Above: Longitudinal section, looking northwest, showing pierce points of 2018, 2022 and 2023 Main Dyke drill holes. Previously reported interval assays are estimated to represent 50 to 90 percent of the true thickness depending on the dip of the holes.

True North Mill

Subsequent to quarter-end, the Company announced the signing of a binding lease agreement with 1911 Gold Corporation to use its nearby True North mill for the production of lithium spodumene concentrate. The True North mill is part of an integrated, fully permitted gold mine, mill, and tailings complex last operational in November 2022. It is located 85 km by road from the Donner Lake Property, and the agreement gives the Company an additional lithium processing option within trucking distance from the Donner Lake Lithium Property. Primero Group, a leading lithium processing engineering firm, is completing a plant reconfiguration scoping-level study to assess the viability and cost of reconfiguring the True North mill to process spodumene-bearing material. This study is expected to be substantially complete before the end of a 90-day due diligence period and the signing of a more detailed definitive lease agreement. A permit will be required both for the processing of lithium material at the True North mill and for the tailings facility.



Above: Location of the True North mill in the Rice Lake greenstone belt showing proximity to the Donner Lake lithium property and the City of Winnipeg

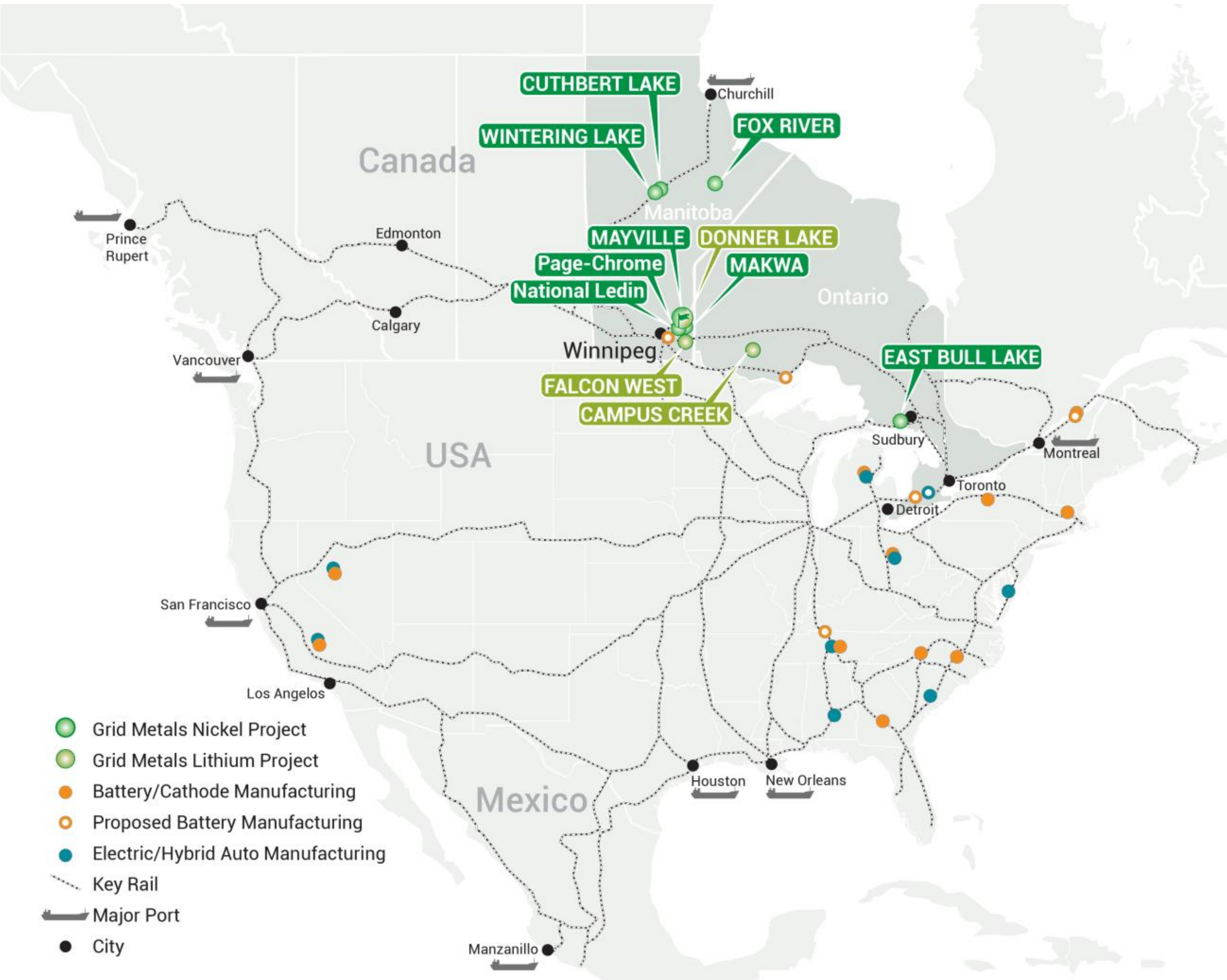
Falcon West Lithium Property

Following the acquisition of the property in the first quarter of 2023, the Company is completing permitting requirements including First Nation engagement in order to obtain the necessary approvals for initial drilling at the property. The location of the Falcon West Lithium Property is viewed as highly complementary to the Company strategy of creating a lithium "hub" in southeastern Manitoba.

Makwa Mayville Ni-Cu-PGM Property
The Company acquired additional land holdings in the Bird River area (the Gossan and Eagle Properties) which will be evaluated for base metal potential. The new properties provide a significantly enhanced scope for the discovery of additional nickel-copper-PGM mineralization in the belt.

Manitoba - A Tier One Mining Jurisdiction

The Company views southeastern Manitoba as an excellent location for the development of its lithium and nickel projects. The project area has excellent infrastructure, a skilled local workforce and low-cost hydroelectric power. The Province of Manitoba has supported mining activities for many years, and the area has existing road and rail access to both the eastern and western parts of Canada and to the United States.



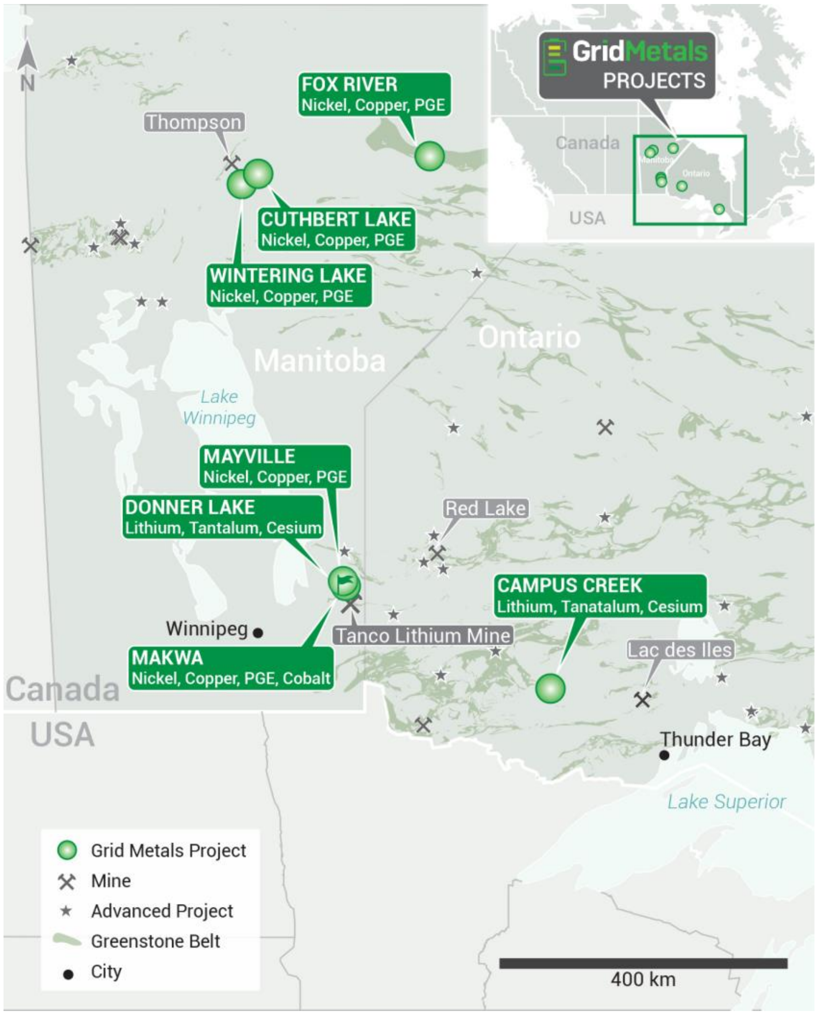
Above: Location of Grid Metals properties and North American existing and planned battery and EV manufacturing plants demonstrating the ideal location of the Company's southeast MB properties in terms of road and rail infrastructure and critical metals downstream industries.

Environmental Social and Governance

The Company is committed to expanding its operations, compliance and practices relating to environmental, social issues and governance matters going forward. With respect to environmental stewardship, the Company looks to minimize the footprint of its on-the-ground activities and comply with and exceed all government regulations relating to its activities.

The Company has an agreement with the Sagkeeng First Nation in whose Traditional Territory the Donner Lake and Makwa Mayville projects are located. The purpose of the agreement is to establish a mutually beneficial relationship covering environmental and economic aspects of the project.

PROPERTY SUMMARIES



Above: Location of Grid Metals Lithium and Nickel exploration properties in Manitoba and Northwestern Ontario.

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Donner Lake Lithium Property

<u>Overview</u>

The Donner Lake Lithium Property is located approximately 140 kilometers northeast of Winnipeg, Manitoba. The Property is subject to a joint venture agreement between Grid (75%) and Lithium Equities Investments LLC (LEI) , an investment fund managed by Waratah Capital Advisors (25%). Grid Metals is the operator of the Joint Venture.

The Bird River Greenstone Belt in southeastern Manitoba hosts several lithium-cesium-tantalum-enriched ("LCT-type") pegmatite dykes including the world famous Tanco pegmatite and the producing Tanco Mine. The Tanco Mine has produced lithium, tantalum, and cesium products intermittently since 1968. Currently, the Tanco Mine is producing lithium spodumene concentrate. There are a number of pegmatite fields in the Bird River Greenstone area in addition to Bernic Lake. There has been intermittent exploration activity in the belt since the 1950's. With the recent rise of lithium prices, there has been new exploration activity in the area. New entrants funding exploration include Mineral Resources (ASX:MIN) which is the world's fifth largest spodumene concentrate producer.

The overall strategy at Donner Lake is to leverage existing milling infrastructure in the region to expedite mining and processing to produce lithium concentrate. The Company has signed an MOU with the Tanco Mine for toll milling and a binding lease agreement with 1911 Gold to reconfigure the True North mill to produce spodumene concentrate. Both of these processing options are within trucking distance from Donner Lake.

The company announced the release of a maiden Inferred Mineral Resource prepared in compliance with National Instrument 43-101 on July 18, 2023. The current mineral resources for Donner Lake are shown below:

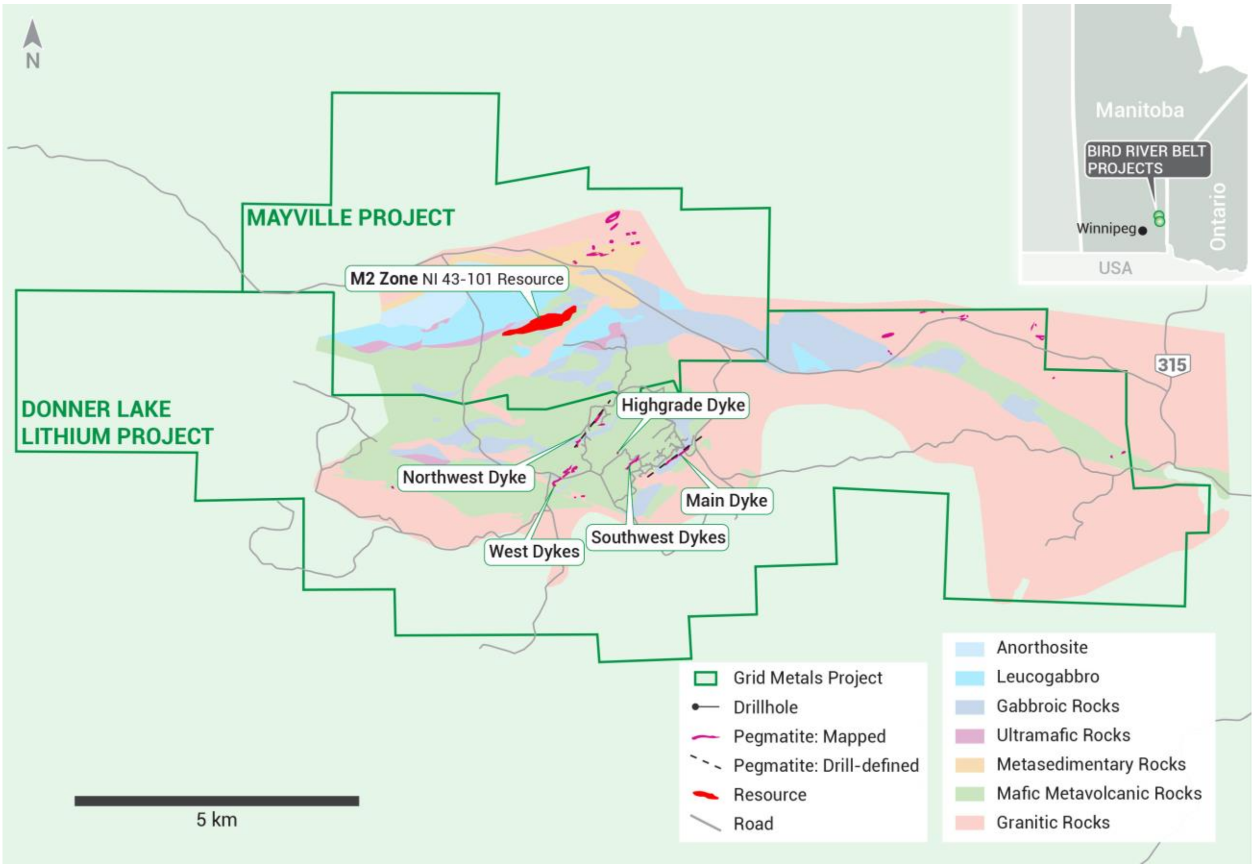
Classification (Cut-Off Grade)	**Deposit**	**Inferred Resource (tonnes)**	**Grade (% Li_2O)**
Open Pit (0.3% Li_2O)	Main Dyke	1,145,000	1.48%
	NW Dyke	955,000	1.36%
	Total	**2,100,000**	**1.42%**
Underground (0.5% Li_2O)	Main Dyke	3,669,000	1.45%
	NW Dyke	1,042,000	1.11%
	Total	**4,710,000**	**1.37%**
GLOBAL	Main Dyke	4,814,000	1.46%
	NW Dyke	1,997,000	1.23%
	Total	**6,810,000**	**1.39%**

Above: Inferred Mineral Resource Estimate for Donner Lake Lithium Project

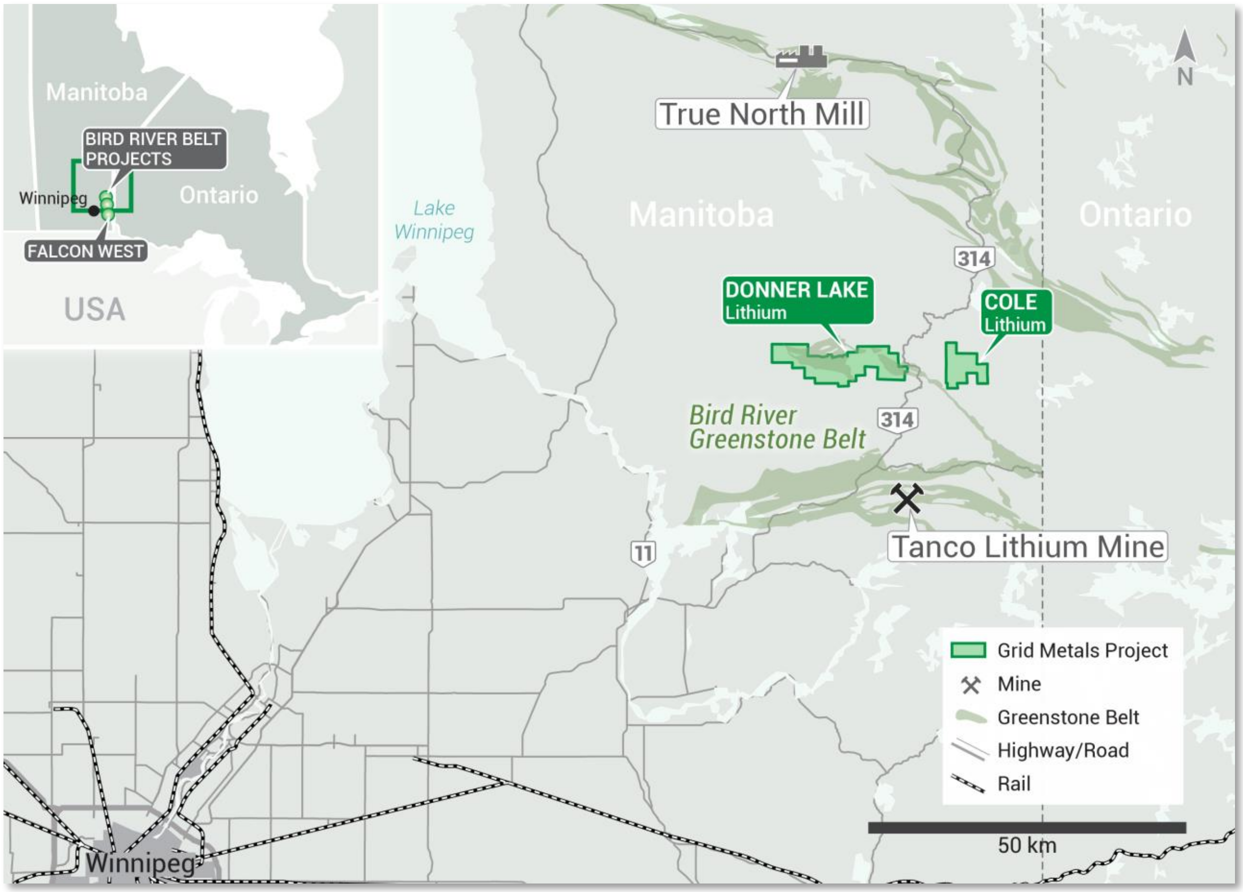
Notes:

1. The Mineral Resource Estimate (MRE) has an effective date of the June 27, 2023. The Qualified Persons for the MRE are Mr. Rohan Millar, P.Geo. an employee of SGS.
2. The classification of the current Mineral Resource Estimate into Inferred Resource is consistent with current 2014 CIM Definition Standards - For Mineral Resources and Mineral Reserves.
3. All figures are rounded to reflect the relative accuracy of the estimate and numbers may not add due to rounding.
4. All Resources are presented undiluted and in situ, constrained by continuous 3D wireframe models, and are considered to have reasonable prospects for eventual economic extraction.
5. Mineral resources which are not mineral reserves do not have demonstrated economic viability. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
6. It is envisioned that parts of the Donner Lake deposit may be mined using open pit mining methods. In-pit mineral resources are reported at a cut-off grade of 0.3% Li_2O within a conceptual pit shell.
7. The results from the pit optimization are used solely for the purpose of testing the "reasonable prospects for economic extraction" by an open pit and do not represent an attempt to estimate mineral reserves. There are no mineral reserves on the Property. The results are used as a guide to assist in the preparation of a Mineral Resource statement and to select an appropriate resource reporting cut-off grade.
8. Underground (below-pit) Mineral Resources are estimated from the bottom of the pit and are reported at a base case cut-off grade of 0.5% Li_2O. The underground Mineral Resource grade blocks were quantified above the base case cut-off grade, below the constraining pit shell and within the constraining mineralized wireframes. At this base case cut-off grade the deposit shows good deposit continuity with no orphaned blocks.

9. Bulk density values (specific gravity 2.7 grams per cubic centimetre) were determined based on physical test work from each deposit.
10. The in-pit base case cut-off grade of 0.3% Li_2O considers a lithium concentrate 6% (LC6) Li_2O price of US$1800/tonne, a mining cost of US$3.50/t rock and processing, treatment and refining, transportation and G&A cost of US$45.00/t mineralised material, and an overall pit slope of 55 degrees.
11. The below-pit base case cut-off grade of 0.5% Li_2O considers a lithium concentrate 6% (LC6) Li_2O price of US$1800/tonne, a mining cost of US$60.00/t rock and processing, treatment and refining, transportation, and G&A cost of US$45.00/t mineralised material.
12. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.



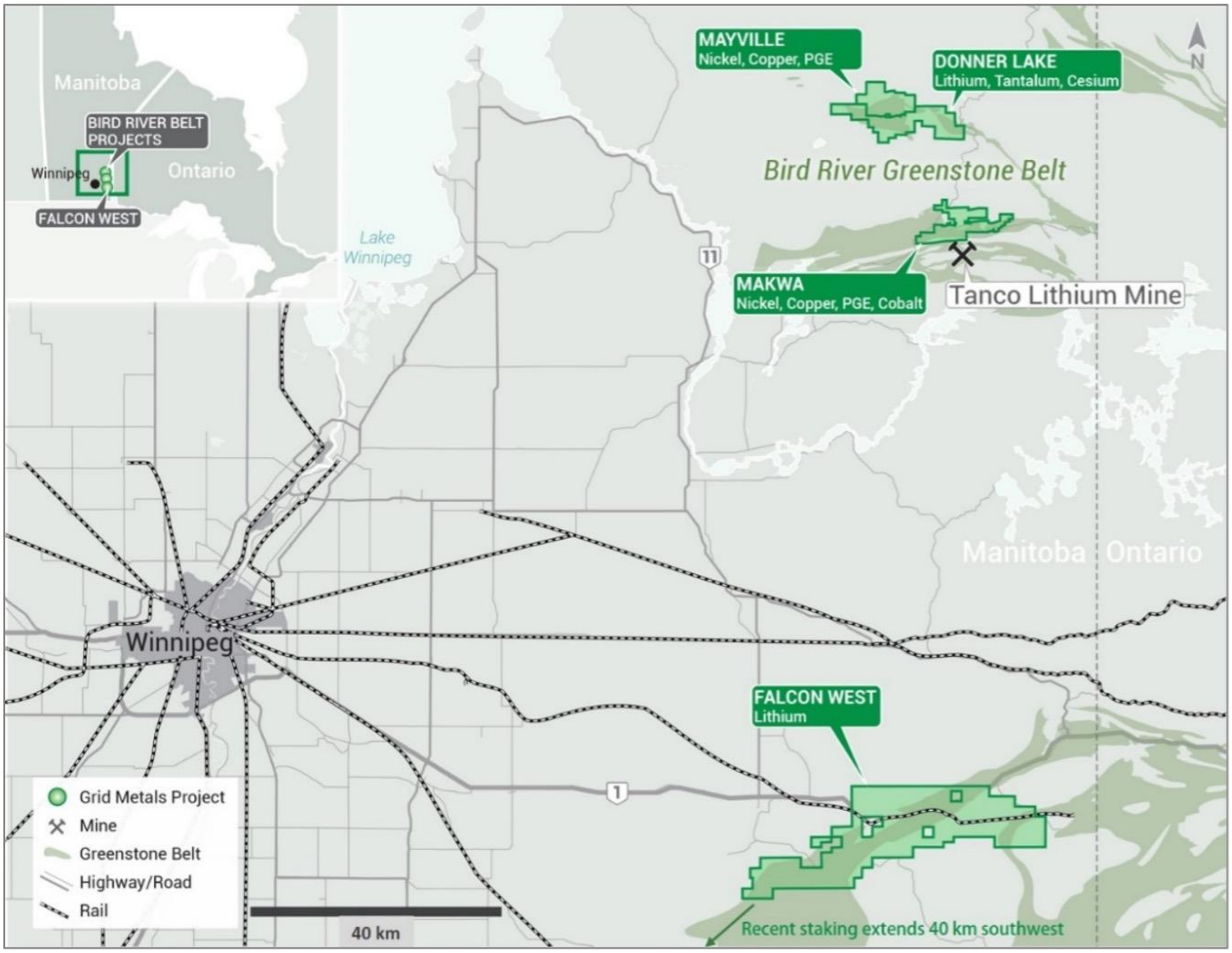
Above: Mayville and Donner Lake Property area



Above: Location of the True North mill in the Rice Lake greenstone belt showing proximity to the Donner Lake lithium property and the City of Winnipeg

Falcon West Lithium

The Falcon West property is located within the West Hawk Lake Greenstone Belt area of southeastern Manitoba. Lithium-bearing pegmatites that have been historically known in the area are hosted in mafic volcanic rock units present at the contact between the Wabigoon and Winnipeg River geological Subprovinces. Grid Metals has staked approximately 90 km of this prospective mafic volcanic and granitic contact. The initial focus for exploration is the near surface mineralization at the 1.25 km ADL Target Trend.



Above: Location of Falcon West Lithium Property.

The ADL Target Trend comprises the known ArtDon, Lucy South and Lucy North pegmatites. Several phases of drilling have been completed over the decades by numerous companies including Sherritt Gordon (1943, 19 drill holes – no analytical data), East Braintree Lithium Corp (1955, 48 holes for 2,986 metres - limited analytical data), Tantalum Mining Corporation of Canada Limited (1983, 4 holes 296 metres - tantalum assays only) and Avalon Ventures (2000 – 10 holes lithium and tantalum assays). The last drill holes were completed in 2012 by Mr. William C. Hood P.Geo and were re-assayed by Grid Metals. Results were reported on March 28, 2023 and significant values were noted in multiple drill holes. The Company is currently completing engagement activities with First Nations in support of a drill permit for the property.

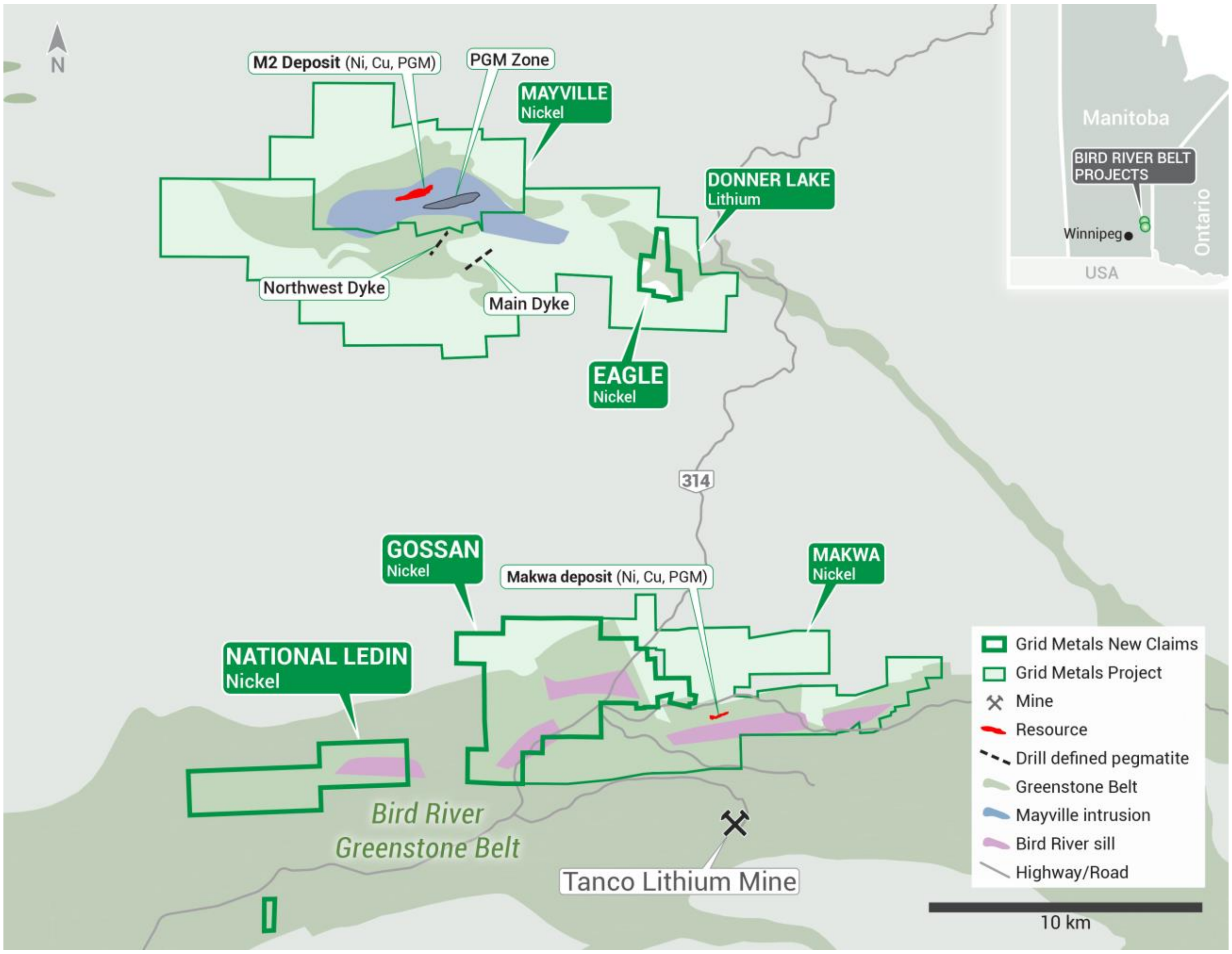
Makwa Mayville Ni-Cu-PGM-Co Project

Overview

The Makwa Mayville Ni-Cu-PGM-Co property is located 145 kilometres northeast of Winnipeg, Manitoba. The mineral title to the property is held via several blocks of mining claims and a mineral lease over the Makwa Nickel deposit. The Mayville part of the property is subject to a joint venture between Grid (60%) and Maskwa Nickel Chrome Mines Limited (40%). Makwa Nickel Chrome Mines Limited is a 72.56% owned subsidiary of Grid.

There are two NI 43-101 defined resources making up the project resource: (1) Makwa, where the predominant metal is nickel with by-product credits of copper and platinum group metals (mostly palladium); and (2) Mayville, which is a copper-dominant copper-nickel sulfide deposit with significant platinum group metals credits. The two deposits are approximately 35 km apart and the current Technical Report, a Preliminary Economic Assessment published in 2014, envisaged a central concentrator located at Mayville and treating feed from both deposits there. Over the past two decades Grid has spent over $25 million in exploration and development on the two properties.

The overall strategy for the Makwa Mayville project is to expand the resources (RPA, 2014 – see below) to exceed the following threshold values: 200,000 tonnes of contained nickel, 250,000 tonnes of contained copper and 1 million ounces of contained palladium + platinum + gold. To increase the potential of achieving this resource expansion target, the Company announced the acquisition of three mineral deposits and associated prospective nickel sulfide exploration ground known as the Page-Ore Fault-Chrome property (Gossan claims, adjacent to Makwa) and the Eagle property (adjacent to Mayville). In addition, the Company recently staked several claims covering the western extension of the Bird River Sill (National Ledin claims). The Company anticipates completing an updated PEA for the project if the resource can be increased above the threshold values mentioned above.



Above: Map of Bird River Greenstone belt showing Grid properties and the recently acquired National Ledin, Gossan and Eagle properties.

The most recent economic study at the Makwa Mayville Project was a Preliminary Economic Assessment completed in April 2014 and authored by RPA Associates. Since 2014, additional metallurgical testwork was completed for the Mayville deposit. The testwork concluded that nickel recoveries from the Mayville resource could be significantly improved over the levels that were used in the 2014 PEA.

The current mineral resources for Makwa Mayville as stated in the 2014 PEA are tabulated below.

Makwa-Mayville Project – Mineral Resource Summary As Of November 27, 2013

Class and Deposit	Tonnes (Mt)	Ni (%)	Cu (%)	Pt (g/t)	Pd (g/t)	Au (g/t)	Co (%)
Indicated							
Makwa	7.2	0.61	0.13	0.10	0.36	N/A	0.01
Mayville	26.6	0.18	0.44	0.05	0.14	0.05	N/A
Total Indicated	**33.8**	**0.27**	**0.37**	**0.06**	**0.19**	N/A	N/A
Inferred							
Makwa	0.7	0.27	0.08	0.05	0.14	N/A	0.02
Mayville	5.2	0.19	0.48	0.06	0.15	0.04	N/A
Total Inferred	**5.8**	**0.19**	**0.43**	**0.06**	**0.15**	N/A	N/A

Notes:

1. CIM Definition Standards have been followed for classification of Mineral Resources
2. Mineral Resources are reported at a net smelter return (NSR) cut-off value of C$15/tonne at Mayville and C$20.64/tonne at Makwa
3. At Mayville, NSR values are calculated in C$ using factors of $51 per % Cu and $41 per % Ni. These factors are based on metal prices of US$3.40/lb Cu and US$8.50/lb Ni, estimated recoveries and smelter terms, and a US$/C$ exchange rate of 0.97.
4. The Makwa Mineral Resources are estimated using metal prices of US$3.40/lb Cu and US$8.50/lb Ni, estimated recoveries and smelter terms, and a US$/C$ exchange rate of 0.97. The NSR factors used are: $87.33 per % Ni, $29.65 per % Cu, $38.25 per % Co, $0.14 per g/t Pt and 0.08 per g/t Pd.
5. Totals may not add correctly due to rounding.
6. Mineral resources that are not Mineral Reserves do not have demonstrated economic viability.

<u>Mineral Title</u>

The mineral rights of the **Makwa Property** consist of a mineral lease with an unexpired term of 19 years, a surface lease, and exploration claims held by the Company. An annual payment of approximately $10,000 must be made to the province of Manitoba to keep the mineral lease and surface lease in good standing. There is a 1.0% NSR royalty on the Makwa property. The Company has the option to purchase 0.5% of the NSR royalty for $500,000.

The Company owns a cumulative 89% interest in the **Mayville Propert**y (consisting entirely of Crown Mineral Claims) in 2005. A direct 60% interest was acquired from a vendor for consideration of $90,000 in cash, a note for $165,000 due 18 months from closing (which was paid during 2006), and 700,000 common shares of the Company (issued in 2005). The additional 29% interest was acquired through the acquisition of a 72.56% interest in Maskwa Nickel Chrome Mines Limited ("MNCM"), a company which holds the remaining 40% interest in the Mayville property subject to a joint venture agreement. If a party to the joint venture agreement is diluted below 10% then their respective interest converts to a 10% Net Profits Interest which is payable after all capital investment and exploration and development costs have been recouped by the operating party. Grid is the operator of the joint venture. The shares in MNCM were acquired through the issuance of 400,000 common shares of the Company and a cash payment of $120,000. A royalty payment in the amount of $210,000 will be due in five equal annual payments upon the commencement of commercial production on any portion of the MNCM property. In January 2022, 25% of the lithium rights and a 2% royalty on the original Tanco Claims and fifteen of the original Mayville mining claims were sold.

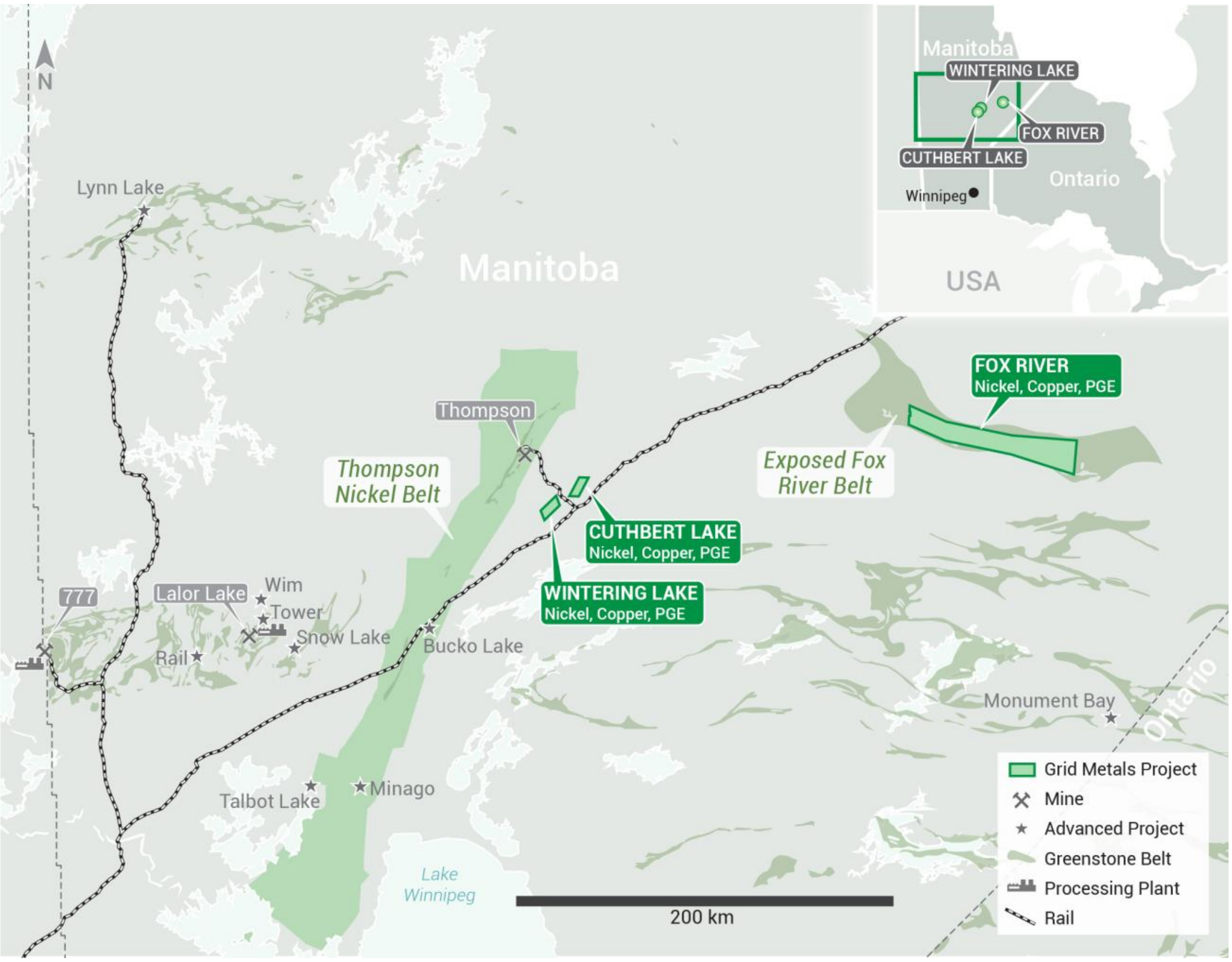
Both Makwa and Mayville are located on the Traditional Territory of the Sagkeeng First Nation.

Northern Manitoba Mineral Exploration Licenses

In September 2021, the Company acquired the mineral rights for five Mineral Exploration Licenses (MELs) located in northern Manitoba. Three of the licenses cover a large section of the Proterozoic Fox River Belt, situated on the Superior Boundary Zone – host to a majority of Canada's major nickel sulfide mining camps at Thompson Manitoba, Sudbury Ontario, and the Raglan Camp of northern Quebec. The other two licenses cover prospective mafic-ultramafic intrusions and known Ni-Cu-PGE surface showings in the Pikwitonei Granulite Domain directly east of the Thompson Nickel Belt and the mining city of Thompson. A tabulation of the MEL numbers and their size and annual holding costs are given in the table below.

Type of License	**Regular MEL – Zone A**	**Special MEL – Zone B**
Deposit (with application)	$0.50/hectare	$0.50/hectare
Zone	Zone A	Zone B
Annual Assessment Requirement	$1.25/hectare in Year 1 increasing to $7.50 per hectare in Year 3	$0.50/hectare in Year 1 increasing to $4.00 per hectare in Year 5
Initial Ownership Term	3 years	5 years
Renewal Term	3 years	5 years
Grid Property & MEL#	**Thompson East:** 1134A (Cuthbert Lake), 1135A (Wintering Lake)	**Fox River Belt:** 1153B, 1132B, 1133B
Area of Grid MELs	10,500 hectares	102,600 hectares
Year 1 2021/22 Cost	$13,250	$51,269
Year 1 Anniversary	Sept. 8, 2022	Sept. 8, 2022
Year 1 Expiry Date	Dec. 7, 2022	Dec. 7, 2022
Year 2 2022/23 Cost	$53,000	$102,537

Although the Company remains committed to maintaining a focus on southeastern Manitoba assets, the acquisition of the Fox River MELs represented a very rare opportunity to gain a large land position in both an established (Thompson Belt) and highly prospective frontier belt (Fox River) at a time of increasing investor interest in nickel sulfide projects located in Tier 1 jurisdictions. The Company will be exploring different options at its disposal to fund and manage future exploration of these MELs including, but not limited to, partnering with an established nickel sulfide mining company and vending a NSR royalty.



Above: Location of Grid's northern Manitoba Mineral Exploration Licenses acquired in September, 2021

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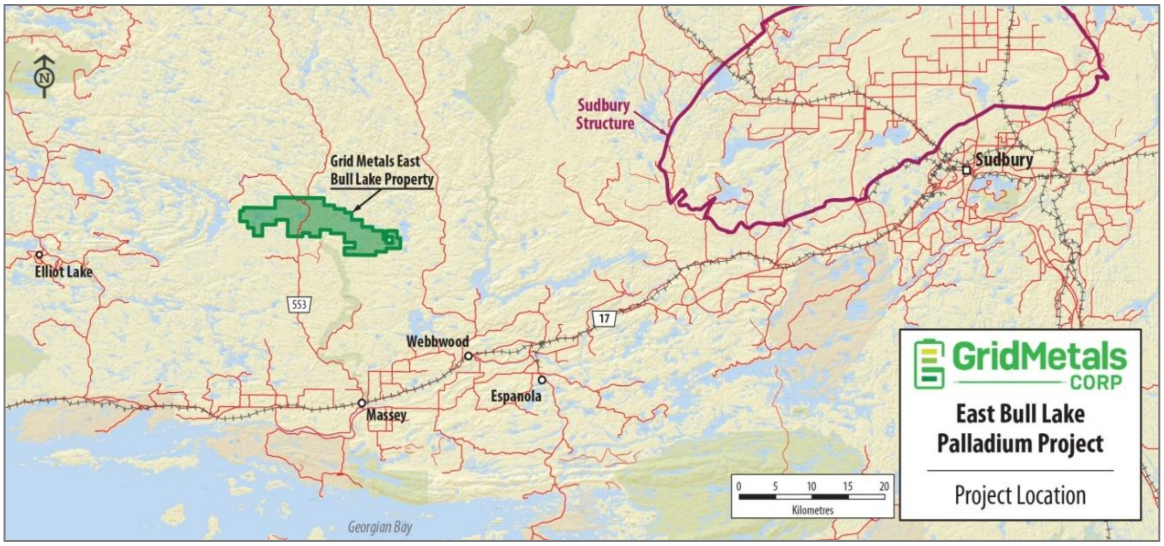
East Bull Lake Palladium Property

The East Bull Lake ("EBL") Palladium Property consists of unpatented mining claims which cover ~80% of the ~22km x ~4 km layered intrusion that hosts widespread, palladium-dominant disseminated sulfide mineralization. Grid focused the exploration at EBL for palladium in the area of the south margin looking for mineralization occurring in embayments or feeder structures in the intrusion. The property consists of unpatented mining claims held 100% by the Company.

The East Bull Lake property is subject to underlying royalties held by the original optionors of the property of up to 3%.



Above: Location of East Bull Lake Palladium Property

The Company completed 31 drill holes totalling 8,021 metres during 2020 and 2021 at East Bull targeting palladium-rich disseminated sulfide mineralization. There were many localized occurrences of significant palladium values and several narrow intercepts of high-grade massive sulfides in the footwall. No zones of economic significance at long term forecast palladium prices were identified in the drilling programs. No further work at East Bull is planned at this time but geochemical interpretations completed subsequent to the recent drilling programs highlight the potential for Sudbury-type, structurally-controlled massive nickel-copper sulfide mineralization below the palladium-rich mineralization.

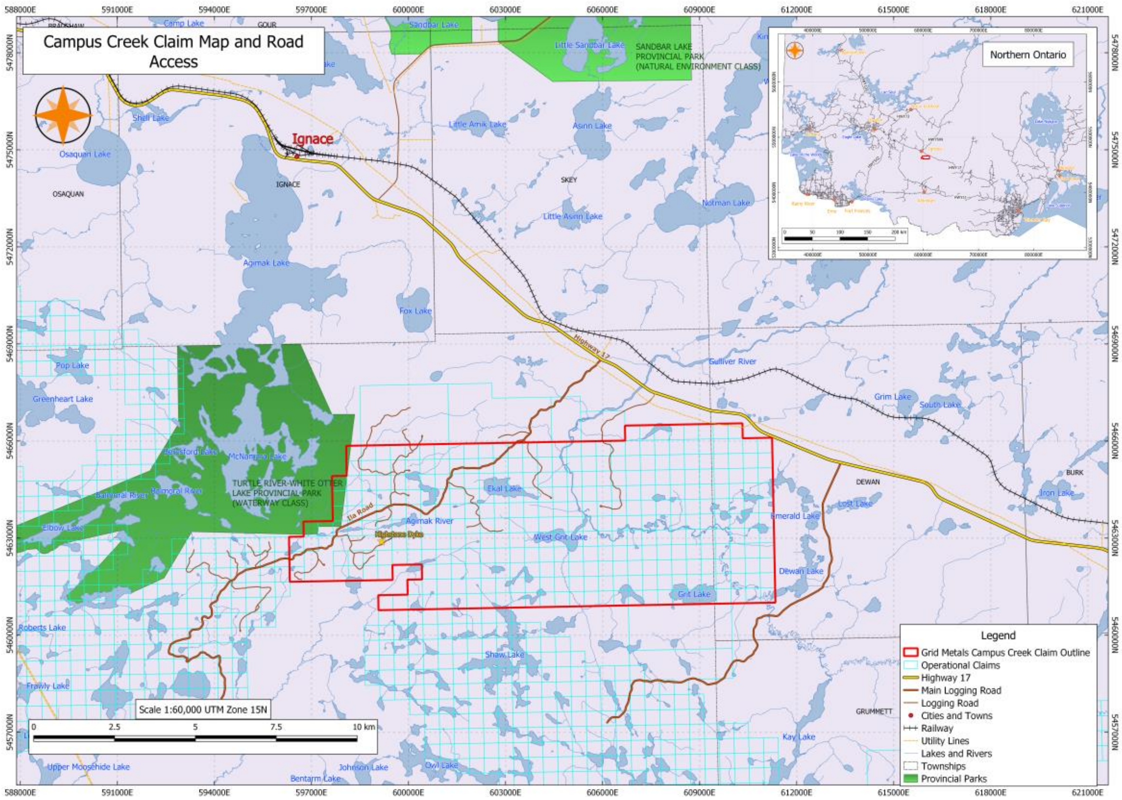
Campus Creek Lithium Property

Overview of Property and Mineral Title

The Company owns a 100% interest in the early-stage Campus Creek lithium exploration project located near the town of Ignace in northwestern Ontario. The Property is subject to a joint venture agreement between Grid (75%) and Lithium Equities Investments LLC (LEI)), an investment fund managed by Waratah Capital Advisors (25%). Grid Metals is the operator of the Joint Venture. The property consists of 329 mineral claims covering an area of ~7,000 hectares. The Campus Creek property is located adjacent to International Lithium's Raleigh Lake property which hosts a maiden Measured and Indicated resource of 2.293 million tonnes grading 0.64% Li_20 (see International Lithium Corp. news release dated April 13, 2023).

Exploration

No exploration activity was undertaken at Campus Creek during the second quarter of 2023, however, subsequent to the quarter end, a phase 1 drill program (1,000 m) commenced. Previous work at Campus Creek was completed in 2021 by the Company when an initial phase of prospecting and mapping at the property was undertaken. An outcropping, spodumene-bearing pegmatite body (the 'Highstone' pegmatite) located at the western end of the claims was identified.



Above: Location map of the Campus Creek lithium property

3. SELECTED ANNUAL INFORMATION

Selected audited annual information for the three most recently completed fiscal years, all reported under IFRS, are as follows:

Years ended December 31,	2022 $	2021 $	*Restated* 2020 $
Net income (loss) before provision for income taxes	275,756	(3,852,670)	(3,202,263)
Net income (loss) after provision for income taxes	275,756	(3,852,670)	(3,202,263)
Basic and diluted loss per share	(0.00)	(0.04)	(0.05)
Total assets	12,901,272	3,001,530	3,170,526

4. DISCUSSION OF OPERATIONS

Overview

The following table provides selected financial information that should be read in conjunction with the interim unaudited condensed consolidated financial statements of the Company for the three and six months ended June 30, 2023 and 2022.

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	**2023**	2022
Exploration and evaluation expenses	**$ 1,975,598**	$ 1,382,550	**$ 5,725,160**	$ 4,379,848
Net operating expenses	**(3,206,594)**	(1,802,149)	**(6,953,823)**	(5,718,566)
Other income (loss) and realized gains on transactions	**25,433**	2,970,152	**(159,950)**	7,654,902
Net income (loss)	**(3,181,161)**	1,168,003	**(7,113,773)**	1,936,336
Net loss per share	**(0.02)**	0.01	**(0.04)**	0.02
Total assets	**$ 5,750,934**	$ 12,901,272	**$ 5,750,934**	$ 12,901,272

Revenues

None of the Company's properties have advanced to the point where a production decision can be made. As a consequence, the Company has no producing properties and no sales or revenues. From time to time the Company will earn interest from funds on deposit and other income from sale of property interests.

Other Income

The major items of other income for the three and six months ended June 30, 2023 and 2022 are summarized as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	**2022**	2021
Gain on disposition of exploration and evaluation properties	**$ -**	$ 4,020,000	**$ 133,750**	$ 8,697,750
Unrealized gain (loss) on marketable securities	**262,577**	(1,049,848)	**(84,444)**	(1,042,848)
Realized loss on marketable securities	**(289,359)**	-	**(347,021)**	-
Other income (expense)	**52,215**	-	**137,765**	-
	$ 25,433	$ 2,970,152	**$ (159,950)**	$ 7,654,902

The major expense items for the three and six months ended June 30, 2023 and 2022 are summarized as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	**2023**	2021
Exploration and evaluation expenses	**$ 1,975,598**	$ 1,382,550	**$ 5,725,160**	$ 4,379,848
Office, general and administrative	**217,702**	199,813	**471,108**	347,863
Professional and consulting fees	**149,634**	122,632	**305,333**	210,962
Management fees and directors fees	**266,248**	76,250	**539,498**	142,500
Public company costs	**48,076**	11,826	**109,870**	72,882
Share-based payments	**542,201**	3,957	**552,626**	554,926
Amortization	**7,135**	5,121	**14,228**	9,585
Flow-through share premium recovery	**-**	-	**(764,000)**	-
	$ 3,206,594	$ 1,802,149	**$ 6,953,823**	$ 5,718,566

Exploration and Development Expenditures

For the six months ended June 30, 2023

	Acquisition	Assays	Consulting	Drilling	Geological	Geophysics	Labour	Other	JV Share of Expenses	Total
Makwa	$ -	$ -	$ 45,128	$ -	$ 39,751	$ 1,050	$ 37,580	$ 93,607	$ -	$ 217,116
Mayville	-	112,998	45,962	330,714	63,564	28,677	47,006	56,295	-	685,216
East Bull Lake	(3,750)	-	-	-	-	-	-	11,700	-	7,950
Donner Lake Lithium	-	306,720	201,279	2,311,604	6,775	137,920	107,547	333,824	(279,260)	3,126,409
Eagle	335,000	-	7,052	-	-	600	-	-	-	342,652
Gossan	710,000	-	6,680	-	-	-	-	-	-	716,680
CampusCreek	-	-	2,058	20,000	-	-	2,508	1,889	-	26,455
Fox River	-	-	3,340	-	5,256	-	842	966	-	10,404
Falcon West	357,030	-	23,214	-	-	-	1,552	125,493	-	507,289
Bannock-burn	-	-	-	-	-	-	-	-	-	-
Other	-	-	29,408	-	5,724	31,050	842	17,965	-	84,989
	$ 1,398,280	**$ 419,718**	**$ 364,121**	**$ 2,662,318**	**$ 121,070**	**$ 199,297**	**$ 197,877**	**$ 641,739**	**$ (279,260)**	**$ 5,725,160**

For the six months ended June 30, 2022

	Acquisition	Assays	Consulting	Drilling	Geological	Geophysics	Labour	Other	JV Share of Expenses	Total
Makwa	$ 20,000	$ 127,565	$ 123,471	$ 1,583,807	$ 378,342	$ -	$ -	$ 79,970	$ -	$ 2,313,155
Mayville	-	-	20,040	-	50,284	-	-	-	-	70,324
East Bull Lake	(7,500)	-	4,040	-	33,305	6,470	-	-	-	36,315
Donner Lake Lithium	-	59,347	286,750	1,401,206	189,258	-	-	58,379	(498,735)	1,496,205
CampusCreek	286,380	5,827	-	-	-	1,952	-	-	(1,945)	292,214
Fox River	61,902	-	24,984	-	29,310	-	-	-	-	116,196
Bannock-burn	-	16,322	-	-	37,142	-	-	13,945	-	67,409
Tanco	-	-	-	-	(11,970)	-	-	-	-	(11,970)
	$ 360,782	**$ 209,061**	**$ 459,285**	**$ 2,985,013**	**$ 705,671**	**$ 8,422**	**$ -**	**$ 152,294**	**$ (500,680)**	**$ 4,379,848**

5. SUMMARY OF QUARTERLY RESULTS

Selected financial information for the last eight fiscal quarters:

	2023 Q2	2023 Q1	2022 Q4	2022 Q3
	$	$	$	$
Net income (loss)	(3,181,161)	(3,932,612)	(310,587)	(1,349,993)
Basic and diluted loss per share	(0.02)	0.02	0.00	(0.01)

	2022 Q2	2022 Q1	2021 Q4	2021 Q3
	$	$	$	$
Net income (loss)	1,168,003	768,333	(872,045)	(697,756)
Basic and diluted loss per share	0.01	0.01	(0.01)	(0.01)

Comments on quarterly results

<u>2023 – Q2</u>
Results for the quarter were a net loss of $3,181,161 vs net income of $1,168,003 for the 2022 period. The 2023 period included exploration and evaluation expense of $1,975,598 (2022 - $1,382,550), share-based compensation of $542,201 (2022 – $3,957), an unrealized gain on marketable securities of $262,577 (2022 – loss of $1,049,848), a realized loss on the sale of marketable securities of $289,359 (2022 – $nil), and a gain on disposition of exploration and evaluation properties of $nil (2022 – $4,202,000). During the three months ended June 30, 2022 the Company sold the Bannockburn property for $4,020,000 of Canada Nickel Inc. shares, the fair value of which was reduced by $1,049,848 at June 30, 2022, based on the trading price of Canada Nickel Inc.

<u>2023 – Q1</u>
Results for the quarter were a net loss of $3,932,612 vs net income of $768,333 for the 2022 period. The 2023 period included exploration and evaluation expense of $3,749,562 (2022 - $2,997,298), share-based compensation of $10,425 (2022 – $550,969), and a gain of $133,750 from the assignment of certain claims to Usha Resources Ltd compared to a gain of $4,677,750 during the period realized on the financing arrangement with Lithium Royalty Corp (“LRC”).

<u>2022 – Q4</u>
Results for the quarter were a net loss of $310,586 vs a loss of $872,045 for the 2021 period. The decreased loss in the 2022 period was mainly due to increased exploration and evaluation expense of $2,028,659 (2021 - $349,667) and the realized loss on the disposition of Canada Nickel shares of $260,256 (2021 - $nil) offset by flow-through share premium recovery of $1,203,090 (2021 - $nil) and the unrealized gain on marketable securities of $1,153,912 (2021 - $nil) due to the appreciation of Canada Nickel shares during the quarter.

<u>2022 – Q3</u>
Results for the quarter were a net loss of $1,349,993 vs a loss of $697,756 for the 2021 period. The increased loss in the 2022 period was mainly due to increased exploration and evaluation expense of $931,372 (2021 - $300,482) and increased professional and consulting fees of $194,055 (2021 - $79,883).

6. LIQUIDITY

The Company has no significant revenues and no expectation of significant revenues in the near term. The cash position of the Company is reduced as exploration and overhead expenses are incurred.

The Company has working capital at June 30, 2023 of $5,453,756 (December 31, 2022 – $11,486,257).

7. CAPITAL RESOURCES

During the six months ended June 30, 2023, there were no unusual factors that affected the Company’s capital resources.

8. OFF-BALANCE SHEET ARRANGEMENTS

At June 30, 2023 and 2022, the Company did not have any off-balance sheet arrangements.

9. TRANSACTIONS BETWEEN RELATED PARTIES

Director's fees, professional fees and other compensation of directors and key management personnel were as follows for the six months ended June 30, 2023 and 2022:

Six months ended June 30,	**2023**	2022
	$	$
Short-term compensation and benefits	**660,130**	192,383
Share-based payments (stock option, RSU and DSU grants)	**346,358**	444,654
Total key management compensation	**1,006,488**	637,037

Short-term compensation and benefits charged to exploration and evaluation expenditures during the six months ended June 30, 2023 amounted to $78,595 (2022 – $66,489).

Amounts due to key management personnel included in accounts payable amounted to $22,645 (2022 – $25,470).

Legal fees were charged by a legal firm during the period ended December 31, 2022, of which an officer of the Company is an employee, for legal and corporate secretarial services in the amount of $44,640 (2022 - $25,832). Accounts payable and accrued liabilities include $16,359 owing to the legal firm (2022 – $nil).

Amounts due to related parties included in accounts payable are unsecured, non-interest bearing and due on demand.

See also Notes 8(b) and 10 of the Company's interim unaudited condensed consolidated financial statements for the six months ended June 30, 2023 and 2022.

10. PROPOSED TRANSACTIONS

There are no proposed transactions contemplated as of the date hereof.

11. CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Income taxes and recoverability of potential deferred tax assets

The Company is subject to income, value added, withholding and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting year.

Share-based payments
Management determines the valuation of share-based payments and warrants using market-based valuation techniques. The fair value of the market-based and performance-based share awards and warrants are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments may include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Mineral reserve estimates
The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

Commitments and contingencies
Refer to Notes 9 and 10 of the Company's interim unaudited condensed consolidated financial statements for the six months ended June 30, 2023 and 2022.

12. FINANCIAL ASSETS, AND OTHER INSTRUMENTS

Financial assets
Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either Fair Value through Profit or Loss ("FVPL") or Fair Value through Other Comprehensive Income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of earnings (loss) when the right to receive payments is established.

Subsequent measurement – financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of earnings (loss). The Company's marketable securities are classified as financial assets at FVPL.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial assets subject to impairment are other accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable has been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases, and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities
Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities and lease obligations, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of operations.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

Credit Risk
The Company's credit risk is primarily attributable to accounts receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to the financial instrument included in amounts receivable is remote.

Liquidity Risk
The Company's main source of liquidity is derived from its common stock issuances and exploration property transactions. As at June 30, 2023, the Company had current assets of $5,682,139 (December 31, 2022 - $12,818,249) to settle current liabilities of $228,383 (December 31, 2022 - $1,331,992). All the Company's financial liabilities have contractual maturities that are subject to normal trade terms. Current liabilities include un-renounced flow through share premium, which will be a non-cash item on settlement, of $nil (December 31, 2022 - $764,000). All of the Company's financial liabilities have contractual maturities that are subject to normal trade terms.

Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company monitors its cash balances and is satisfied with the creditworthiness of its banks. As a result, the Company's exposure to interest rate risk is minimal.

Market Risk
Foreign Currency Risk
The Company's functional and reporting currency is the Canadian dollar, and all expenditures are transacted in Canadian dollars. As a result, the Company’s exposure to foreign currency risk is minimal.

Price Risk
The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. As the Company's properties are in the exploration stage and to date do not contain any identified mineral resources or reserves, the Company does not hedge against commodity price risk.

Sensitivity Analysis
Management’s view with respect to interest rate and foreign exchange risks is as follows:
(i) The Company receives low interest rates on its cash and cash equivalent balances and, as such, the Company does not have significant interest rate risk.
(ii) The Company does not have exposure to foreign exchange risk.

Land access and permitting
The Company is required to obtain permits to conduct exploration and evaluation activities on its properties and part of that process requires consultations with First Nations. In management’s view there is uncertainty concerning the First Nation’s consultation process, and there are risks of permitting delays. The impact of any delays on the Company’s operations is unknown.

Operating Risk
All assets of the Company are either at the exploration or development stage. The Company faces a number of risks to the successful exploration and/or development of its properties. These include the availability of capital, technical risk, permitting risk and environmental risk. There is no certainty the Company will be able to fund or complete the required work in order to build a mine or profitably divest any of its assets. The Company is required to engage with First Nations in order to obtain exploration permits and there is ongoing uncertainty with respect to the permitting process.

13. DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

Common Shares
As at June 30, 2023, there were 168,272,856 common shares of the Company outstanding (December 31, 2022 – 165,162,706). As at the date hereof there are 168,272,856 common shares of the Company outstanding.

Warrants
At June 30, 2023, and the date hereof, there were a total of 12,410,000 warrants outstanding (December 31, 2022 – 26,603,300).

Options
At June 30, 2023, there were a total of 11,220,000 stock options outstanding (December 31, 2022 – 5,930,000). As at the date hereof there are 11,220,000 options of the Company outstanding.

Deferred Share Units
At June 30, 2023, there were a total of 2,150,000 deferred share units outstanding (December 31, 2022 – 2,150,000). As at the date hereof there are 2,150,000 deferred share units of the Company outstanding.

Restricted Share Units
At June 30, 2023, and at the date hereof, there were a total of 1,600,000 restricted share units outstanding (December 31, 2022 – 100,000).

Subsequent Events

Subsequent to June 30, 2023, LEI paid the Company $615,963, its share of exploration and evaluation expenses to May 31, 2023.

On July 5, 2023, the Company announced that it had agreed to acquire and terminate the option to acquire an additional 20% of 1000078824 Ontario Inc. (the “Option”) for consideration of 7,142,858 common shares of the Company. The Option had been assigned by LRC to Lithium Equities Investments LP. The acquisition of the Option is subject to the approval by non-interested shareholders of the Company, which shall be sought at the Company’s annual general meeting on September 29, 2023.

On July 18, 2023, the Company announced it had signed a binding lease agreement (the “Lease”) to use the True North mill located in Bissett, Manitoba (the “Mill”). The initial Lease term is five years, subject to a two-year notice period for cancellation, and may be extended for an additional five years by mutual agreement. The financial terms of the Lease are as follows: an upfront, non-refundable payment of $300,000; a $450,000 equity participation by the Company in a private placement by 1911 Gold Corporation (the “vendor”) within 90 days of signing the Lease; a lease payment of $250,000 and a $750,000 financial assistance (“FA”) payment within 90 days of signing the Lease; monthly payments covering certain ongoing site expenses for site security, environmental monitoring and maintenance commencing January 1, 2024; FA payments for environmental liabilities of $1,000,000 on December 31, 2023, $1,000,0000 on December 31, 2024, and $900,000 on December 31, 2025; $1,000,000 upon commencement of commercial production the Company at the Mill, defined as the processing of at least 200,000 tonnes of lithium material; a payment of $1,000,000 on the fifth anniversary of the Lease; a payment of $2,000,000 if the Parties agree to extend the lease for an additional five-year period at the end of the first five-year term of the Lease; a 1% net smelter returns royalty in favour of the vendor, subject to the Company having the right of first refusal on any disposition of the royalty by the Vendor; a fee of $7.50 per tonne of lithium material processed through the Mill during the term of the Lease; if the Lease is extended, the assumption by the Company of $10,000,000 (FA) of reclamation obligations prorated equally over years 6-10 of the Lease. The Company may terminate the agreement up to 90 days from signing the Lease in its sole discretion after it has made the initial $300,000 cash and $450,000 equity payments. Thereafter, the Company may terminate the Lease once it has made cumulative total payments of $2,500,000. The Company may register a floating charge security interest on the Mill in an amount equal to the Company’s total financial assistance payments and capital expenditures after 90 days from signing Lease. Any security registered on the property shall be discharged at the end of the Lease.

Directors and officers of the Company

Robin E. Dunbar	President, Chief Executive Officer, and Director
Dave Peck	Vice President
Brandon Smith	Chief Development Officer
Nadim Wakeam	Corporate Secretary
Doug Harris	Chief Financial Officer
Thomas Meredith	Director
Edward Munden	Director
Patrick Murphy	Director

Dave Peck, P.Geo, is the Qualified Person for Grid Metals Corp. for the purposes of National Instrument 43-101 and has reviewed the technical content of this document.

Additional Information
Additional information about the Company including the financial statements, press releases and other filings are available on the internet at www.sedar.com and additional supplemental information is available on the Company website at www.gridmetalscorp.com