



international lithium corp.
Power of Blue Sky Discoveries + Green Technology

FORM 51-102F1

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS MARCH 31, 2022

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The following management's discussion and analysis ("MD&A"), prepared as of May 30, 2022, should be read together with the unaudited condensed interim consolidated financial statements for the period ended March 31, 2022 and the audited consolidated financial statements for the year ended December 31, 2021 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated. Additional information related to the Company is available on the Company's website at www.internationallithium.com and SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Forward-looking information or forward-looking statements may include: the effect of results of anticipated production rates, the timing and/or anticipated results of drilling on the Raleigh Lake or Avalonia projects, the expectation of resource estimates, preliminary economic assessments, feasibility studies, lithium or rubidium or caesium recoveries, modeling of capital and operating costs, results of studies utilizing various technologies at the company's projects, budgeted expenditures and planned exploration work on the Avalonia Joint Venture, increased value of shareholder investments, and assumptions about ethical behaviour by our joint venture partners where we have them. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained in this report should not be unduly relied upon. These statements speak only as of the date of this report. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the supply and demand for, deliveries of, and the level and volatility of prices of commodities;
- the availability of financing for the Company's development of projects on reasonable terms;
- the political and regulatory environment of countries in which the Company operates;
- the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; and
- the ability to attract and retain skilled staff.

These forward-looking statements involve risks and uncertainties relating to, among other things, changes in commodity prices, access to skilled mining development personnel, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, actual performance of facilities, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors hereinabove. Additional risk factors are described in more detail hereinafter. **Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risks they entail. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. While this contagious disease outbreak is increasingly yesterday's news, the lockdowns and money printing have adversely affected economies, inflation rates and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time. The conflict between Russia and Ukraine, and related sanctions, has also added to existing upward pressure on energy prices, with inevitable inflationary consequences which are likely to affect the Company's costs. Against that the quintupling of the market price of lithium over the past year is clearly beneficial to the Company's lithium projects.

DESCRIPTION OF BUSINESS

International Lithium Corp. (the “Company” or “ILC”) was incorporated under the laws of the Province of British Columbia on March 26, 2009 and is in the process of exploring its resource properties. It became a listed public company on the TSX Venture Exchange in 2011 and trades under the stock symbol “ILC”.

The Company is in the process of exploring and developing its mineral properties located in Canada and Ireland and it and its development partners have not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company and of its development partners to obtain necessary financing to complete the development of those reserves and upon future profitable production.

As an exploration company, ILC structurally requires money for acquisition and exploration of properties. The Company estimates that it has adequate resources to continue in business and is likely to continue to finance itself in this way for some time. There can be no assurance that such financing will be available or, if available, that it will be on reasonable terms. If financing is obtained by issuing common shares from treasury, control of the Company may change and investors may suffer additional dilution. To the extent financing is not available, lease payments, work commitments, rental payments and option payments, if any, may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company.

OVERALL PERFORMANCE

The Company earned a comprehensive income of \$509,087 (2021 – loss of \$578,118) during the three months ended March 31, 2022. The difference is mainly due to gain of \$1,118,348 on sale of the Mavis Lake Project and a further gain of \$1,244,626 on marketable securities acquired as part consideration for the sale of the Mavis Lake project.

The Company is very pleased to have the strongest cash position since its founding, and believes this to be a big advantage at this stage in the economic cycle. The high amount of rubidium and to a lesser extent caesium found in Zone 1 of Raleigh Lake and indicated in the biogeochem results in Zone 5, as well as the lithium that we knew to be there, gives the Company good upside as we do further exploration at Raleigh Lake. Moreover, the quintupling of the lithium price over the past year is clearly beneficial to a company with lithium properties, and much more than outweighs the inflationary pressure that every company looks likely to face in the next year. The Company is at an advanced stage of looking at other exploration properties.

Significant Events and Transactions

Significant events and transactions during the period ended March 31, 2022 and to the date of this MD&A include the following:

- The Company issued 12,504,545 common shares on the exercise of warrants for gross proceeds of \$673,364.
- The Company settled \$1,057,750 principal of the loans payable on September 30, 2023.
- On April 20, 2022, the Company entered into an option agreement to acquire 100% interest in the Wolf Ridge Property located in Ontario. In accordance with the terms of the agreement, the Company may earn a 100% interest in the property by spending \$350,000 on exploration expenditures and paying a consideration comprised of \$210,000 cash (\$10,000 paid) and 775,000 shares of the Company (100,000 issued) over the period of four years. The property is subject to Net Smelter Royalty (“NSR”) as follows:
 - i) 1.0% NSR for all minerals that are not Nickel, Copper, Lead, Zinc, Molybdenum, Cobalt, Platinum, Palladium, Gold and Silver (the "Original Royalty"). The Company has a right to purchase at any time the entirety of the 1.0% of the Original Royalty by paying a consideration comprised of \$1,000,000 cash and 225,000 shares of the Company.
 - ii) 2.0% NSR for all minerals that are Nickel, Copper, Lead, Zinc, Molybdenum, Cobalt, Platinum, Palladium, Gold and Silver (the "Nickel Royalty"). The Company may purchase at any time 1.0% of the Nickel Royalty (half of the Nickel Royalty) by paying a consideration comprised of \$1,000,000 cash and 225,000 shares of the Company

- On April 6, 2022, the Company entered into a Second Amendment Agreement with Ultra Lithium Inc. (“Ultra”) In accordance with the amended terms, Ultra has earned a 100% interest in the 256-hectare Forgan Lake property by making a further \$150,000 payment to the Company in lieu of a requirement to spend additional money on the project in 2022. The Company retains a 1.5% Net Smelter Royalty on the Forgan Lake and Lucky Lake projects.
- On January 5, 2022 the Company announced the completion of the sale to Critical Resources Limited (“Critical Resources”, ASX:CRR) of its 49% interest in the Mavis Lake project pursuant to an option agreement as announced on October 25, 2021. Critical Resources paid AUD\$100,000 for an option period ending January 4, 2022. Under the terms of the Asset Purchase Agreement, Critical Resources acquired the Company’s interest in the Project for a consideration comprising of AU\$750,000 cash (received) and 34 million shares of Critical Resources (received). In addition, Critical Resources will make milestone payments as follows:
 - AUD\$750,000 on definition of a mineral resource estimate exceeding 5 million tonnes of which at least 50,000 tonnes of Li₂O using a cut-off grade of at least 0.4%; and
 - A further AUD\$750,000 on definition of a resource exceeding 10 million tonnes of which at least 100,000 tonnes of Li₂O using a cut-off grade of at least 0.4% or, in case both milestones are defined at the same time, AUD\$1,500,000 in total.

As part of the agreement, the Company relinquished its right to a 1.5% NSR on the Project and Essential Metals relinquished its right to acquire 29% of the Project from the Company.

EXPLORATION SUMMARY

Raleigh Lake Lithium Pegmatite Project, Ontario, Canada

The Company's wholly-owned Raleigh Lake project ("Raleigh Lake") contains lithium, rubidium and caesium. The Company's claims at Raleigh Lake now total 48,500 hectares. It is situated on the Trans-Canada Highway, within a 25 kilometre radius of the town of Ignace, Ontario and 235 kilometres west of Thunder Bay, ON. It is easily accessed by a well-maintained network of logging roads that branch south from Highway 17 (Trans-Canada Highway). The project distinguishes itself from other lithium projects in Canada by being situated on major public infrastructure; the Trans-Canada Highway, the mainline of the Canadian Pacific Railway, natural gas pipelines, and the hydropower line junction at Raleigh Lake are all within the Raleigh Lake project's claim boundary.

Previous exploration campaigns on the Raleigh Lake project included mapping, litho-geochemistry, trenching (1,500m) and diamond core drilling (2,817.5m in 17 holes) resulting in the identification of several substantial pegmatites and numerous smaller ones (see Company news releases dated March 23, 2016 and July 13, 2016 for further details).

Mapping and litho-geochemical sampling indicate a highly fractionated rare-metals' pegmatite belt at least 5 km in length and 2 km in width now fully enclosed within the Company's expanded claim boundaries. The strength of the litho-geochemical signature in the host rock adjacent to known pegmatites will be a highly effective exploration tool to signal the location of hidden or blind pegmatites; pegmatites buried under soil cover or capped by another rock type.

Magnetic Survey Highlights

On October 1, 2019 the Company announced the receipt of the final results from an unmanned aerial vehicle magnetometer ("UAV-MAG") survey conducted earlier in 2019. The survey was designed to collect high-resolution magnetic field data over the Raleigh Lake project area. The resulting magnetic images confirm that a geologic body with elevated magnetic response, previously interpreted to be a gabbroic intrusive hosting the lithium bearing pegmatites, continues onto the adjacent group of claims acquired by ILC in 2018. The survey covered a total of just under 500 line-kilometres using a 40-metre line spacing. The resultant data were merged with an earlier UAV-MAG survey conducted in 2016 resulting in almost 700 line-kilometres of continuously profiled magnetic data over the project area. Further airborne geophysical surveying is planned on the newly acquired 48,500 hectares of claims in 2022.

Staking and Land Acquisition Highlights

On August 23, 2021 the Company announced that it expanded the Raleigh Lake project through staking from 3,027 hectares to over just over 17,000 hectares (170 square kilometres). The new claims were staked within the Raleigh Lake Greenstone Belt adjacent to the pre-existing Raleigh Lake claim grouping.

On October 25, 2021 the Company announced further expansion of the Raleigh Lake project through staking approximately 10,000 hectares (100 square kilometres) giving the project a total area of over 27,000 hectares (270 square kilometres).

On December 16, 2021 a news release described the acquisition of over 20,000 hectares of claims around the Raleigh Lake project area through staking. Another small staking campaign completed in January 2022 brought the total claim holdings to approximately 48,500 hectares. Figure 1 shows the entire claim holdings.

Lithochemical Surveys Highlights

On January 17, 2022, the Company announced results from the lithochemical survey conducted during the fall exploration campaign at Raleigh Lake. The results summarized that over fifteen new targets were identified within the 4,000 hectare survey area conducted primarily within Zones 3, 5 and 6 of the Raleigh Lake claim block (see Figure 1).

The previously unexplored Zone 5 is a region extending from outcropping pegmatites 1 and 3 toward the Two Mica Granite (Figure 1). The Two Mica Granite is thought to be the source of the evolved pegmatites at Raleigh Lake that contain the highly anomalous lithium, caesium, rubidium and tantalum mineralization. The survey was also extended south of Raleigh Lake to cover a significant portion of metavolcanic rocks within the Raleigh Lake Greenstone Belt that are also considered to be prospective hosts of lithium bearing spodumene and associated mineralization.

A total of 1,089 lithochemistry samples were collected between September 29th and October 30th, 2021. The samples were collected at approximately 50 metre intervals along lines with a nominal 200 metre spacing in a grid like pattern. Sampling lines were designed to mesh seamlessly into the grids of historical work programs. The sampling procedure at each site mirrored historical procedures with the goal to minimize levelling of data between seasons.

Lithium results are plotted in Figure 2.

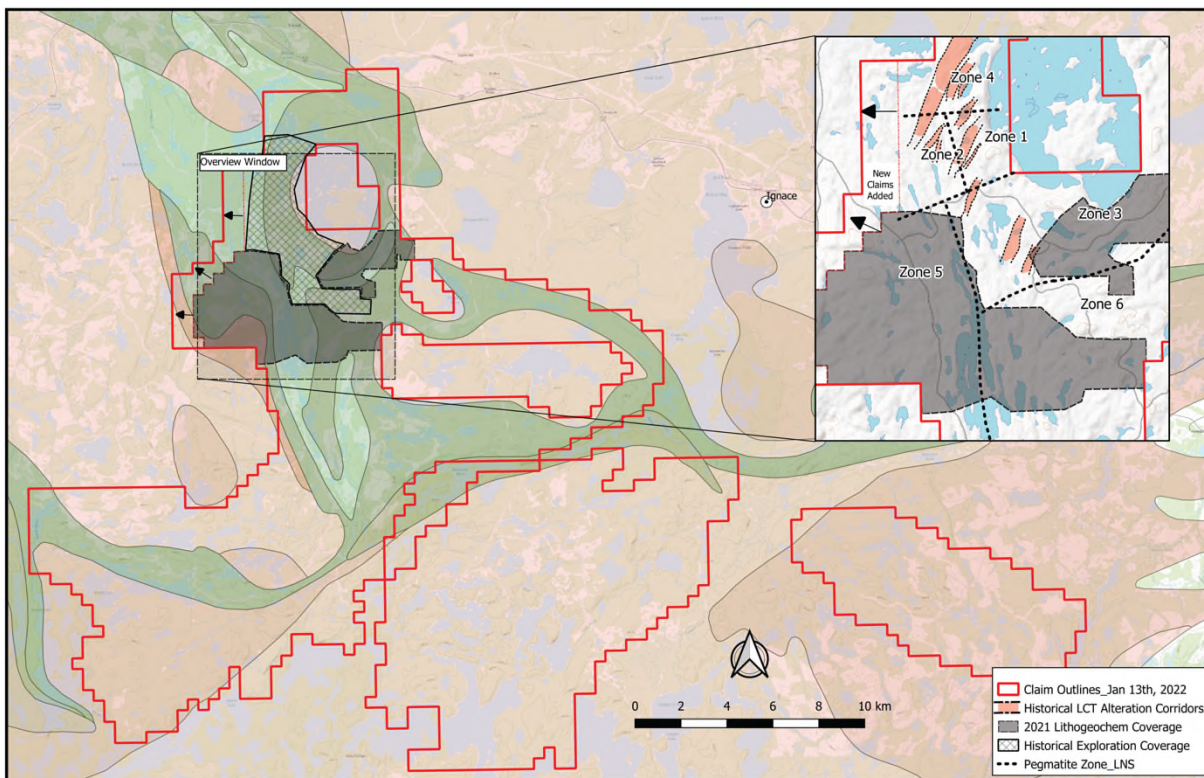


Figure 1: Lithochemical sample coverage for the Raleigh Lake project.

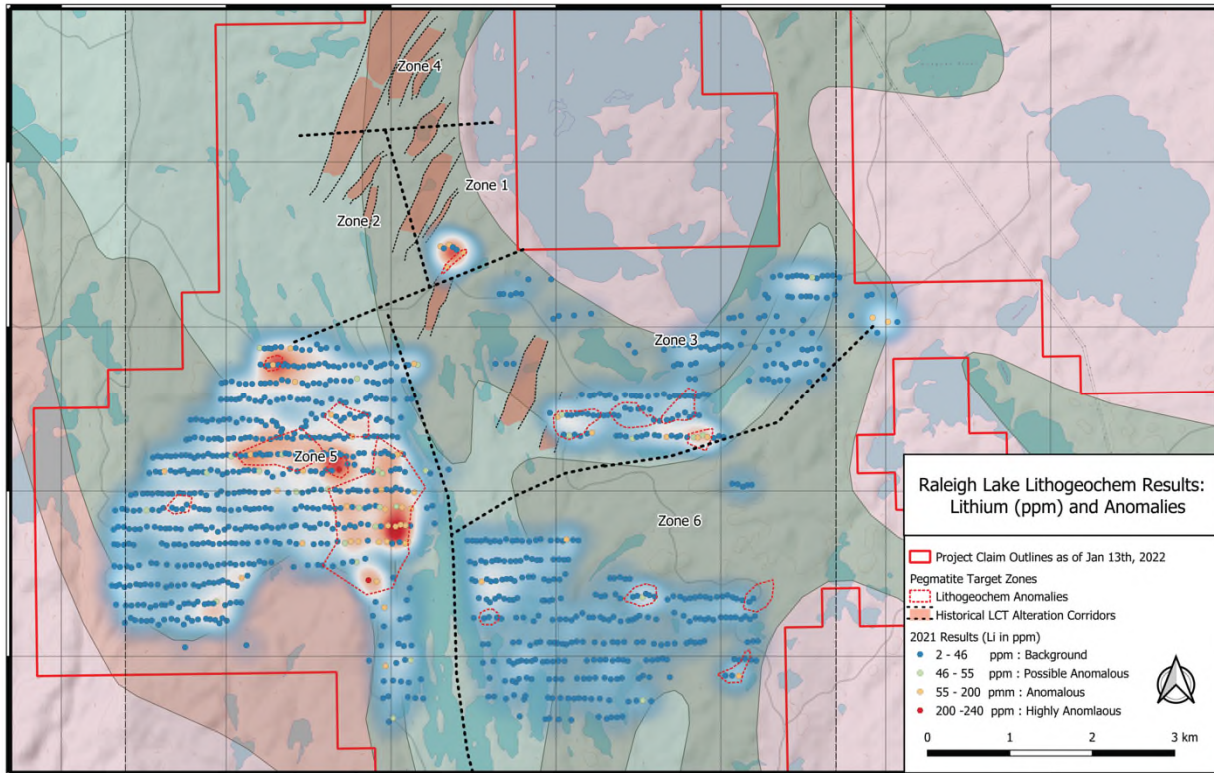


Figure 2: Lithium results from the 2021 lithochemical survey showing an extensive zone of lithium anomalies within Zone 5, in close proximity to the Two Mica Granite.

Biogeochemical Surveys Highlights

On March 21, 2022, the Company reported results from a biogeochemical orientation survey described in a Company news release dated December 16, 2021.

The biogeochemical survey was conducted over the Pegmatite 1 and Pegmatite 3 areas to determine if the results will highlight anomalies within the selected medium that can be used to directly identify blind pegmatite bodies.

A four-line, 66 station vegetation orientation survey was conducted between September 29th and October 1st of 2021. The four survey lines were oriented normal to the projected strike of pegmatites that were both exposed and buried beneath varying amounts of overburden. About 100 grams of bark-strip was collected from black spruce trees (*picea mariana*) within a 3 metre search radius of the pre-defined station. Sample preference was given to trees with a larger trunk, longer growing history and wider root base for anomaly catchment and recognition. To complement the bark samples, leaves and twigs from the outer 30 centimetres of alder branches were also collected.

The analytical results confirm that biological samples (in this case spruce bark) show clear anomalous responses in both Caesium (Cs) and Rubidium (Rb) over outcropping pegmatites and pegmatites buried beneath shallow overburden. These results are highly encouraging and suggest the technique can be used to target blind pegmatites under cover. The Company is continuing with studies on optimizing the search radius to use the sampling methodology in a semi-regional manner to investigate the entire 48,500 property in areas with limited outcrop due to thick vegetation cover.

Drilling Highlights

On April 19, 2021, the Company reported the completion of a maiden drill program at the Raleigh Lake Lithium project. A total of 1,504 metres of NQ core drilling were completed in eight holes (Table 1) to test the continuity of spodumene bearing pegmatites and their associated lithium, tantalum and caesium mineralization down dip and along strike from outcrop and previous operators' drilling.

The recent drilling focused on what the Company now refers to as Zone 1, an area of approximately one square kilometre (100 hectares) that hosts Pegmatites 1 and 3, two shallow dipping pegmatite dykes have been mapped at surface. Pegmatite 1 is exposed along strike for at least 300 metres and was intersected 400 metres downdip by drilling conducted prior to ILC's drilling campaign. Seven of ILC's eight widely dispersed holes, covering an area approximately 600 x 300 metres, intersected pegmatite.

On June 1, 2021, the Company announced that assay results have been received for the maiden diamond drilling program at the Raleigh Lake Lithium project near Ignace, Ontario, Canada.

The Company was highly encouraged by the results at Zone 1 of the Raleigh Lake claim grouping, and especially by the consistent and highly anomalous quantities of rubidium and caesium encountered in the first round of drilling. The chemical analysis of the samples as a whole found the ppm of Rb to be 52.7% of the ppm of Li and the ppm of Cs to be 7.2% of the ppm of Li. As at May 24, 2022 the market price of rubidium carbonate was 16.7 times higher than that of lithium carbonate, implying that although the lithium results are very promising, the rubidium in Zone 1 could be appreciably more valuable than the lithium. This is despite the quintupling in the market price of lithium over the past year.

These results are also reflected in surface geochemical samples collected in Zones 1, 2, 3 and 4 with the more recently acquired Zone 5 not yet having any coverage at all. The Company believes that there is a high probability of discovering more near surface mineralized pegmatites in future drilling campaigns.

Highlights:

- 7 of 8 holes intersected significant lithium, rubidium, caesium and tantalum mineralization.
- Rubidium, caesium and tantalum mineralization at Raleigh Lake is closely associated with lithium mineralization.
- RL21-03 intersected*: 1.05 metres grading **2.69% Li₂O** (11,900 ppm) from 31.04 metres;
1.18 metres grading **4210 ppm Rb** from 29.86 metres;
0.55 metres grading **997 ppm Cs** from 33.09 metres; and
1.00 metres grading **207 ppm Ta** from 32.09 metres downhole.
The near surface interval is interpreted to be the downdip extent of Pegmatite 3, observed at surface and intersected by previous operators' drilling. The entire 3.78 metre interval grades 1.72% Li₂O, 2829 ppm Rb, 299 ppm Cs, and 85 ppm Ta from 29.86 metres downhole (Table 2).
- RL21-02 intersected Pegmatite 3 more than 100 metres from RL21-03 at a downhole depth of 91.25 metres and returned 3.3 metres of 1.29% Li₂O, 2862 ppm Rb, 232 ppm Cs, and 118 ppm Ta indicating significant downdip continuity of the mineralized pegmatite system.

* Based on the interpreted geometry of the pegmatite bodies, the orientation of the drill holes and structural measurements from oriented drill core, the reported drill intercept widths are deemed to be representative of the true width of the pegmatite bodies and associated mineralization.

A summary of recent drilling results is given in Table 2.

Table 1: Summary of Drill Hole location and orientation at Raleigh Lake.

DDH_ID	Easting	Northing	Elevation (m ASL)	Azimuth (deg)	Dip (deg)	Length (m)
RL21-01	576759	5473557	474	308	-70	170.0
RL21-02	576689	5473464	478	330	-70	209.0
RL21-03	576583	5473516	468	308	-70	170.0
RL21-04	576877	5473355	485	308	-70	185.0
RL21-05	576261	5473294	479	308	-70	173.0
RL21-06	576335	5473238	475	308	-70	176.0
RL21-07	576343	5473516	472	308	-70	167.0
RL21-08	576644	5473380	474	308	-70	254.0
TOTAL						1504.0

Table 2: Summary of significant mineralized intersections at Raleigh Lake.

2021 Raleigh Lake Project Diamond Drilling Program											
Significant Intersections*											
Hole ID	From (m)	To (m)	Width (m)	Li (ppm)	Li20 (%)	Ta (ppm)	TaO2 %	Rb (ppm)	Rb2O %	Cs (ppm)	Cs2O (%)
RL21-01	139.88	144.90	5.02	3962	0.85	74	0.009	3038	0.33	161	0.017
RL21-02	91.25	94.55	3.30	5973	1.29	118	0.014	2862	0.31	232	0.025
RL21-02	185.00	195.00	10.00	3157	0.68	-	-	1452	0.16	298	0.032
incl.	185.00	187.58	2.58	1880	0.40	-	-	703	0.08	267	0.028
incl.	187.58	194	6.42	3761	0.81	45	0.005	1878	0.21	306	0.032
incl.	194	195	1.00	2574	0.55	-	-	666	0.07	325	0.034
RL21-03	29.86	33.64	3.78	7992	1.72	85	0.010	2829	0.31	299	0.032
incl.	29.86	33.09	3.23	9023	1.94	97	0.012	2923	0.32	180	0.019
incl.	33.09	33.64	0.55	1940	0.42	13	0.002	2280	0.25	997	0.106
RL21-03	149.76	153.45	3.69	1218	0.26	57	0.007	2761	0.30	170	0.018
RL21-05	13.25	14.5	1.25	1146	0.25	55	0.007	1899	0.21	316	0.033
RL21-05	85.48	87.63	2.15	2308	0.50	102	0.012	1938	0.21	239	0.025
RL21-05	104.61	106.79	2.18	1258	0.27	45	0.006	2158	0.24	466	0.049
RL21-06	62.22	62.95	0.73	2240	0.48	123	0.015	1820	0.20	127	0.013
RL21-06	126.58	127.94	1.36	2290	0.49	118	0.014	2630	0.29	106	0.011
RL21-06	144.36	148.5	4.14	1077	0.23	43	0.005	1048	0.11	167	0.018
incl.	144.36	146.89	2.53	1257	0.27	66	0.008	1246	0.14	120	0.013
incl.	146.89	148.5	1.61	795	0.17	8	0.001	737	0.08	243	0.026
RL21-07	81.38	84.67	3.29	3008	0.65	148	0.018	2364	0.26	137	0.014
RL21-07	97.76	100.52	2.76	4416	0.95	42	0.005	1538	0.17	371	0.039
RL21-07	103.06	104.69	1.63	2813	0.61	48	0.006	1139	0.12	158	0.017
RL21-08	217.88	224.78	6.9	1784	0.38	85	0.010	1946	0.21	110	0.012

* Based on the interpreted geometry of the pegmatite bodies, the orientation of the drill holes and structural measurements from oriented drill core, the reported drill intercept widths are deemed to be representative of the true width of the pegmatite bodies and associated mineralization.

Logistics of the drill program were excellent as the project is road accessible and is just a short distance from the Trans Canada Highway. The Raleigh project is located less than 20 kilometres directly west of the Township of Ignace, Ontario.

John Wisbey, Chairman and CEO of International Lithium Corp. made the following comment:

“The really significant news from these results, however, is not the lithium but rather the high level of rubidium found at Raleigh Lake together with a lower but still possibly valuable level of caesium. Rubidium in this analysis totals approximately 52% of the ppm of lithium while caesium totals approximately 7.2% of the ppm for lithium. However, the Company notes that the market price of high quality rubidium carbonate per kg is much higher than the market price of lithium carbonate (16.79 times higher in May 2022) while that of high quality rubidium and caesium metal is more than 1000 times the market price of lithium metal (Table 3), so these discoveries are far more than useful by-products. It will take time to analyze fully the economic value of the rubidium and caesium to the Company, especially the cost of getting to a high level of purity of rubidium and caesium oxide and how we would do this, but at first sight this looks like an extraordinarily promising result. We add a cautionary note that world demand for rubidium is at present much lower than that for lithium and there is clearly no guarantee that such prices could be achieved in sizeable quantities.”

Table 3: Comparative prices of Lithium, Rubidium and Caesium. Source: SMM (<https://www.metal.com/>), May 24, 2022.

Product	Price (USD)	Price Ratio to Lithium Carbonate
Lithium Metal (Li≥99%)	\$450,680/t (\$451/kg)	
Lithium Carbonate (99.5% Battery Grade)	\$69,330/t (\$69.33/kg)	1
Caesium (Cs≥99.5%)	\$105.12/g (\$105,120/kg)	
Caesium Carbonate (Cs2CO3≥99%)	\$135.15/kg	1.95
Rubidium (Rb≥99.5%)	\$120.13/g (\$120,130/kg)	
Rubidium Carbonate (Rb2CO3≥99%)	\$1163.79/kg	16.79

As well as a commercial analysis of the results so far, the Company plans to conduct more drilling at Raleigh Lake during 2022 in Zone 1 and in the other Zones 2-5.

On March 21, 2022, the Company announced some initial results from the first phase of the 2022 drilling campaign being carried out at the Raleigh Lake project. The news release reported DDH22-09 and 10 (the first holes of the 2022 season) which were drilled at Zone 1 in the vicinity of Pegmatite 1 and 3 intersected broad widths of spodumene bearing pegmatite (Figure 3).

DDH22-09 was drilled at an azimuth of 315 degrees and intersected 10 metres of pegmatite starting at a depth of 90 metres downhole. This intersection is interpreted as Pegmatite 1 and is very likely the richest intersection of spodumene mineralization on the project to date. It contains 40% to 50% spodumene mineralization over 6.5 metres and is associated with a 3.5 metre megacryst of microcline (Figure 4). Coarse spodumene blades oriented nearly parallel to the core axis and high angle contacts are indicative that the interval is close to true thickness.

The Phase 1 drill hole locations and orientations are listed in Table 4.

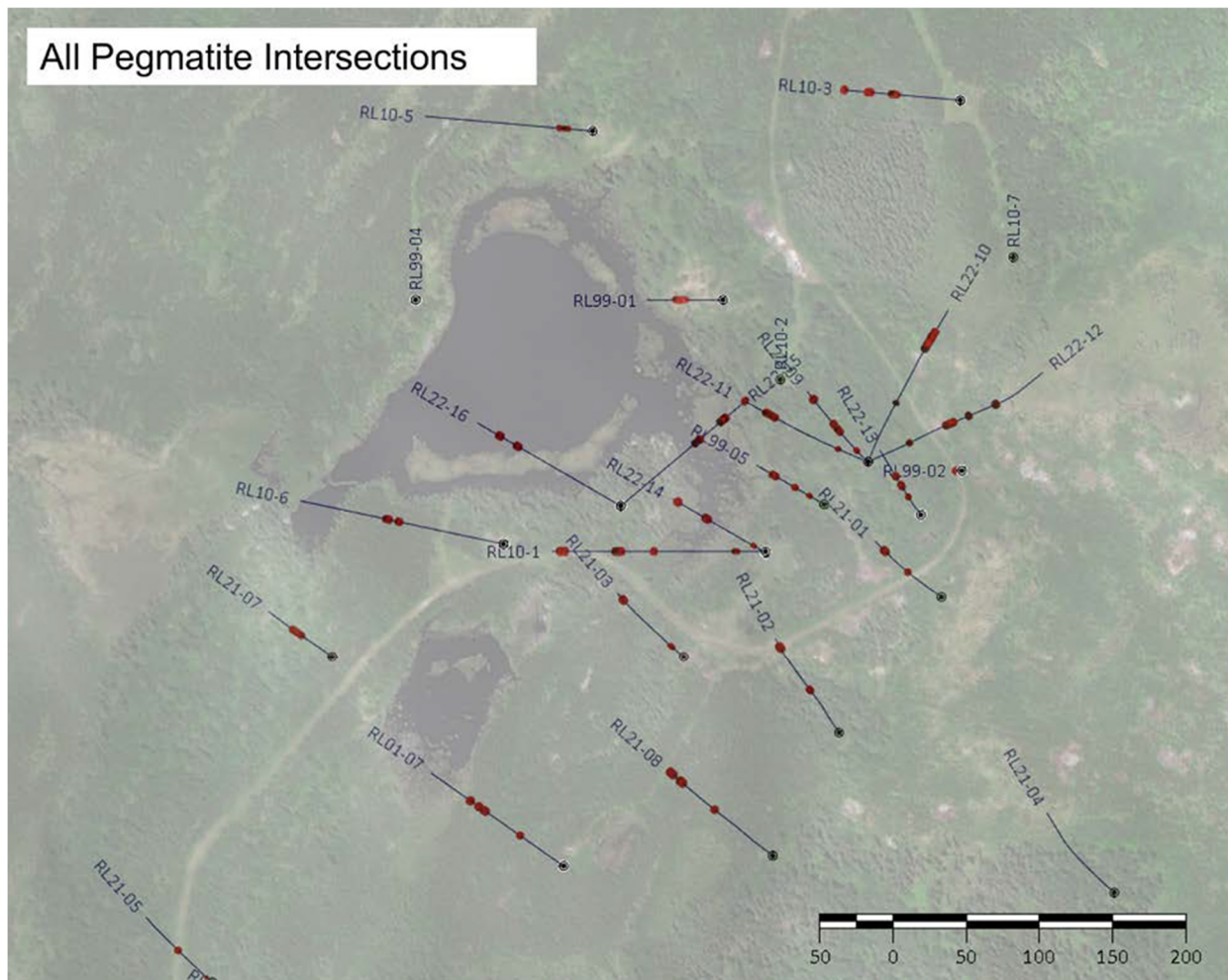


Figure 3: Location of all drill holes in the vicinity of Pegmatite 1 and 3 within Zone 1, highlighting the pegmatite intersections. Note that RL21-04 was terminated prior to intersecting pegmatite. Pegmatite 1 and 3 remain open with depth and additional holes are proposed to test the depth extent during Phase 2 and future drill programs.

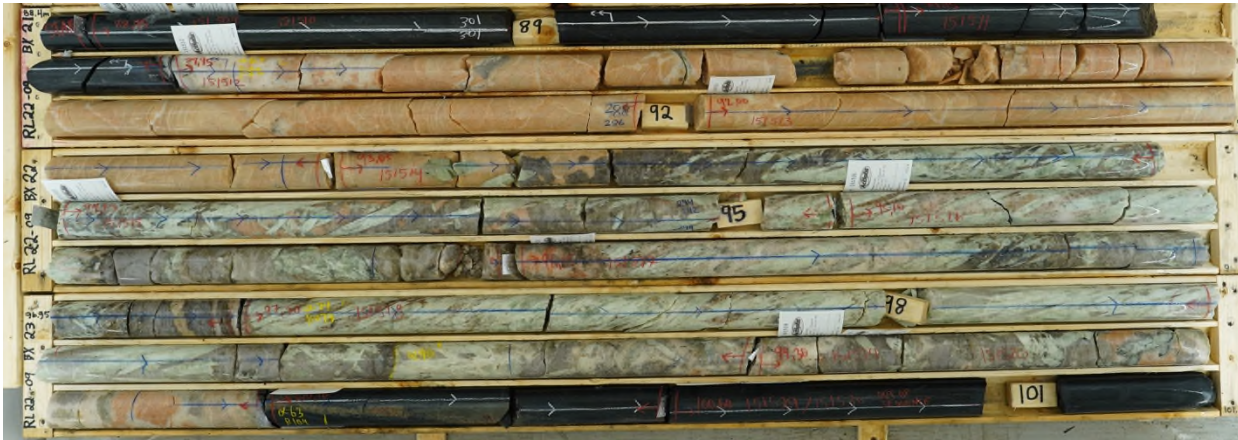


Figure 4: Pegmatite 1 as intersected in drill hole DDH22-09 at Raleigh Lake. Note the large microcline crystal immediately above the 6.5 metre interval (estimated true thickness based on structural measurements) of 40-50% spodumene mineralization.

Table 4: Summary of drill holes cored during Phase 1 of the 2022 drill program at Raleigh Lake.

Hole ID	Easting	Northing	Azimuth	Dip	Depth (m)	Elevation (m)
RL22-09	576709	5473649	315	-75	200	479
RL22-10	576709	5473649	20	-50	173	478
RL22-11	576709	5473649	290	-55	164	479
RL22-12	576709	5473649	63	-63	251	479
RL22-13	576745	5473613	322	-76	200	480
RL22-14	576639	5473587	300	-70	215	476
RL22-15	576540	5473619	50	-50	167	472
RL22-16	576540	5473619	300	-50	176	472
RL22-17	575967	5474026	290	-60	257	472
RL22-18	575938	5473888	305	-50	250	473

During the period ended March 31, 2022, the Company incurred exploration costs totaling \$651,160 on the Raleigh Lake Project.

Avalonia Project – Ireland

The Avalonia lithium project is comprised of eight prospecting licenses totalling 292 square kilometres centred 80 km south of Dublin straddling Counties Carlow and Wicklow in southeastern Ireland. The property encompasses an extensive NE-SW oriented 50-kilometre-long rare metals pegmatite belt situated within the East Carlow Deformation Zone along the eastern side of the Leinster Granite. Since acquiring the licenses in 2009, the Company has conducted a series of exploration programs to advance the project. The Company has a 45% interest in the project with the remaining 55% held by GFL International Co. Ltd.

In 2016, a total of 23 diamond drill holes comprising 1,756 metres of NQ sized core were completed in the central part of the Avalonia project's lithium belt and entirely within County Carlow. Of these, 10 holes focussed on further delineating pegmatites in the Aclare area. Down-dip extension and infill drilling was used to delineate the distribution of lithium and rare metals in the system and identify thickening vectors of the pegmatite body.

Highlights of the drilling include three drill holes which intersected a previously unknown pegmatite 450 metres east of the main Aclare pegmatites. This new pegmatite is hosted in a granite sill parallel and adjacent to the granite sill hosting the main Aclare pegmatites where drill hole ACL13-04 intersected 2.23% Li₂O over a drill width of 23.3 metres, including 3.43% Li₂O over 6 metres (see Company news release dated June 25, 2013). All lengths reported are drill intercepts and have not been converted into true widths.

Spodumene bearing pegmatite boulders were discovered in field walls between the new pegmatite and the Aclare mineralization. These boulders contain spodumene crystals that are greater than 40 centimetres in length and some of the largest identified on the property to date.

Drilling Highlights (News release July 21, 2016)

- Most notable pegmatite intersection grading 2.33% Li₂O over 4.62m at southern extent of Aclare pegmatite;
- Aclare pegmatite high-grade mineralization open along trend to the southwest and at depth;
- Improved understanding of mineral zonation to assist future targeting; and
- Plans to extend drill pattern at Aclare and initiate exploration in the vicinity of a high-grade spodumene boulder field at Moylisha in preparation for drilling.

Particularly encouraging results (ACL16-22) are from the southern extent of the drilling and show that mineralization is open to the southwest with significant widths and grades. Holes ACL16-15 and 22 determined that an area previously mapped as a fault-controlled break in the pegmatite is in fact a bend in the mineralized zone revealing that the pegmatite zone is continuous and is made up of several closely spaced parallel bodies in this area.

Table of significant lithium values from the 2016 Avalonia drilling program

Hole_ID	From (m)	To (m)	Length* (m)	Li ₂ O%
ACL16-15	68.18	78.83	10.65	1.07
Including	70.87	75.97	5.10	1.62
Including	70.87	72.12	1.25	2.50
ACL16-22	85.23	89.85	4.62	2.33
Including	86.26	87.93	1.67	3.29
ACL16-09	46.10	48.45	2.35	1.58
Including	46.10	47.03	0.93	2.99

* All lengths reported are drill core intercepts and have not been converted into true width.

The area drill tested by the Company represents one of the main prospects located along the 42-kilometre lithium pegmatite belt that falls within the Avalonia licenses. A total of 23 targets have been identified to date by geochemical surveys and prospecting along the belt. Since its discovery in the late 1960s, the Aclare area has received more exploration activity and drilling than other targets and consequently is the most geologically understood part of the belt. This makes Aclare a valuable area for testing methods that will then be applied at other targets along the 42-km belt.

During 2018 Ganfeng Lithium drilled a total of 1947.6 metres of NQ diameter core drilling in fifteen drill holes spanning a strike length of approximately 400 metres at the Moylisha prospect of the Avalonia Project. The drilling to date suggests that the pegmatites, including spodumene pegmatites, are open to the northeast and southwest along strike and at depth.

Several of the drill holes have successfully intercepted multiple occurrences of spodumene bearing pegmatites as indicated in the table below.

Table of significant lithium results from the 2018 Avalonia Project Drill Program.

Hole ID	Grade (%Li ₂ O)	Width* (m)	From (m)	To (m)
MOY18-04	1.12	0.34	93.93	94.27
MOY18-06	2.55	2.05	75.17	77.22
MOY18-06	1.17	0.74	97.46	98.20
MOY18-08	2.17	0.71	9.77	10.48
MOY18-10	1.56	2.15	31.43	33.58
MOY18-11	1.03	12.29	86.27	98.56
MOY18-11	1.27	1.88	100.32	102.20
MOY18-11	1.49	1.40	105.45	106.85
MOY18-11	1.04	3.28	121.42	124.70
MOY18-13	1.35	4.28	68.32	72.60
MOY18-14	2.13	1.85	108.77	110.62
MOY18-14	0.99	1.18	112.52	113.70
MOY18-16	1.69	1.44	21.63	23.07
MOY18-16	1.06	1.59	40.83	42.42
MOY18-16	1.32	1.62	67.65	69.27
MOY18-17	2.08	3.14	44.34	47.48
MOY18-17	1.11	1.15	50.70	51.85
MOY18-17	1.18	1.01	53.15	54.16
MOY18-18	1.38	0.72	22.08	22.80
MOY18-18	2.78	0.72	49.83	50.55
MOY18-18	1.95	0.64	55.64	56.28
MOY18-18	2.13	0.65	81.21	81.86

* All lengths reported are drill core intercepts and have not been converted into true width.

Mariana Project – Salta, Argentina

The Mariana property is comprised of 13 mining licenses, covering approximately 22,133 hectares' land over Salar de Llullaillaco, located in Salta Province, Argentina.

On September 20, 2021, the Company entered into a Share Purchase Agreement (the "SPA") with Ganfeng Lithium Netherlands Co., B.V. to sell the Company's 8.58% interest in Litio Minera Argentina S.A. ("Litio") which holds title to the Property for a purchase price (the "Purchase Price") comprised of US\$10,000,000 plus additional sums equal to the principal and all accrued interest outstanding on the Exploration Loan as of the completion date. Under the terms of the SPA, the Company upon receipt of the Purchase Price will immediately repay the principal and all accrued interest outstanding on the Exploration Loan to GFL International Co. Ltd. As part of the consideration, the Company will relinquish its right to buy back 10% participating interest in the Mariana Property and will extend the Avalonia Lithium Project's US\$10,000,000 exploration expenditure term from 10 years to 12 years.

On October 19, 2021, the Company completed the sale of its interest in Litio and received net cash consideration of US\$10,000,000 after repayment of the principal and accrued interest on the Exploration Loan.

As of the date of the MD&A, subsidiaries of Jiangxi Ganfeng Lithium Co., Ltd. (“GFL”) own 100% interest in Litio.

Mavis Lake - Fairservice Project - Ontario, Canada

The Mavis Lake - Fairservice Project (“Mavis Lake Lithium Project”) consists of a package of nineteen adjacent mineral claims which include thirteen unpatented mining claims (the Mavis Lake claims) and six patented mining leases (the Fairservice property). This package covers the lithium-tantalum core of the Mavis Lake Pegmatite Group adjacent to Mavis Lake near Dryden, Ontario, Canada.

Mavis Lake Share Purchase Agreement

On October 22, 2021, the Company entered into a Asset Purchase Agreement (the “APA”) with Critical Resources Limited (“Critical Resources”) granting Critical Resources an option to acquire the Company’s whole 49% interest in the Mavis Lake Lithium Project (the “Project”). Critical Resources paid AU\$100,000 for an option period ending January 4, 2022. Under the terms of the APA, Critical Resources acquired the Company’s interest in the Project for a consideration comprising of AU\$750,000 cash (received) and 34 million shares of Critical Resources (received) valued at AU\$748,000. In addition, Critical Resources will make the milestone payments as follows:

- AU\$750,000 on definition of a mineral resource estimate exceeding 5 million tonnes of which at least 50,000 tonnes of Li₂O using a cut-off grade of at least 0.4%; and
- A further AU\$750,000 on definition of a resource exceeding 10 million tonnes of which at least 100,000 tonnes of Li₂O using a cut-off grade of at least 0.4% or, in case both milestones are defined at the same time, AU\$1,500,000 in total.

Upon exercise of the option by Critical Resources, the Company relinquished its right to 1.5% NSR on the Project and Essential Metals relinquished its right to acquire 29% of the Project from the Company.

Forgan Lake Project, Ontario, Canada

The Forgan Lake property was wholly owned by the Company and consists of certain claims covering an area of 256 hectares located in the Thunder Bay Mining District in Northwestern Ontario, Canada. Completion of its sale to Ultra took place in April 2022, following which the Company retains a Net Smelter Royalty of 1.5% on the Forgan Lake property and on an adjoining property Lucky Lake.

In 2018, the Company entered into a sale and royalty agreement with Ultra (TSXV: ULT) for Forgan Lake property. In 2019, the Company entered into an Amendment Agreement with Ultra. In accordance with the amended terms, Ultra may earn a 100% interest in the Forgan Lake property by spending \$500,000 on exploration expenditures and paying the Company a total of \$191,000 (paid), divided in cash and shares, over the period of three years from the date of underlying sale and royalty agreement. In addition, the Company will receive a 1.5% NSR on future production from the Forgan Lake property and from an adjoining property Lucky Lake owned by Ultra.

In April 2022, the Company entered into a Second Amendment Agreement with Ultra. In accordance with the amended terms, Ultra has earned a 100% interest in the Forgan Lake property by making a \$150,000 payment to the Company in lieu of the requirement of \$500,000 exploration expenditures on the property.

Wolf Ridge – Ontario Canada

The Wolf Ridge property is comprised of 275 claim units (approximately 5,700 hectares) located 20 kilometres southwest of the town of Upsala, and 125 kilometres northwest of Thunder Bay, Ontario.

On April 20, 2022, the Company entered into an option agreement to acquire 100% interest in the Wolf Ridge Property located in Ontario. In accordance with the terms of the agreement, the Company may earn a 100% interest in the property by spending \$350,000 on exploration expenditures and paying a consideration comprised of \$210,000 cash (\$10,000 paid) and 775,000 shares of the Company (100,000 issued) over the period of four years. The property is subject to NSR as follows:

- i) 1.0% NSR for all minerals that are not Nickel, Copper, Lead, Zinc, Molybdenum, Cobalt, Platinum, Palladium, Gold and Silver (the "Original Royalty"). The Company has a right to purchase at any time the entirety of the 1.0% of the Original Royalty by paying a consideration comprised of \$1,000,000 cash and 225,000 shares of the Company.
- ii) 2.0% NSR for all minerals that are Nickel, Copper, Lead, Zinc, Molybdenum, Cobalt, Platinum, Palladium, Gold and Silver (the "Nickel Royalty"). The Company may purchase at any time 1.0% of the Nickel Royalty (half of the Nickel Royalty) by paying a consideration comprised of \$1,000,000 cash and 225,000 shares of the Company.

Patrick McLaughlin, PGeo, a Qualified Person under the meaning of NI 43-101 and a consultant of the Company, is responsible for the technical content of this MD&A.

MINERAL PROPERTIES AND COMMITMENTS

A detailed listing and narrative of the Company's properties is provided in the condensed interim consolidated financial statements for the period ended March 31, 2022, including the capitalized exploration and evaluation costs presented on a property-by-property basis.

Detailed exploration and evaluation expenditures (including acquisition costs) for the period ended March 31, 2022 are as follows:

	Mavis Lake / Fairservice Project	Raleigh Lake Project	Total
Exploration and Evaluation Assets			
Balance, December 31, 2020	\$ 1,199,505	\$ 148,140	\$ 1,347,645
Exploration expenditures	-	673,596	673,596
Option payments received	<u>(92,929)</u>	<u>-</u>	<u>(92,929)</u>
Balance, December 31, 2021	\$ 1,106,576	\$ 821,736	\$ 1,928,312
Exploration expenditures	-	651,160	651,160
Option payments received	<u>(1,106,576)</u>	<u>-</u>	<u>(1,106,576)</u>
Balance, March 31, 2022	\$ -	\$ 1,472,896	\$ 1,472,896

Deferred exploration costs were as follows:

	Raleigh Lake Project
Period ended March 31, 2022	
Assays and laboratory	\$ 3,611
Drilling	516,355
Exploration expense	5,457
Geology and geophysics	92,387
Staking fees	16,600
Travel and accommodation	<u>16,750</u>
Total	\$ 651,160

	Raleigh Lake Project
Year ended December 31, 2021	
Assays and laboratory	\$ 59,023
Drilling	293,460
Exploration expense	17,516
Geology and geophysics	172,159
Staking fees	82,450
Travel and accommodation	<u>48,988</u>
Total	\$ 673,596

OUTLOOK

The Company's primary focus for the foreseeable future will be exploring the potential of the Raleigh Lake lithium pegmatite project. In addition, it will follow up on work with strategic partner Ganfeng Lithium to advance exploration programs on its Avalonia lithium (Ireland) rare metals pegmatite project. It is also seeking out new project opportunities globally.

SUMMARY OF QUARTERLY RESULTS

	For the Quarters Ended			
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Total assets	\$ 16,523,456	\$ 15,190,298	\$ 20,730,028	\$ 9,781,583
Investment	-	-	16,290,365	5,760,937
Exploration and evaluation assets	1,472,896	1,928,312	1,823,263	1,737,479
Working capital (deficiency)	12,437,036	10,995,260	12,053,767	(1,472,806)
Long-term debt	353,564	650,780	1,139,804	4,972,694
Shareholders' equity (deficiency)	15,620,358	14,421,415	14,952,623	3,258,621
Comprehensive income (loss)	509,087	(2,579,753)	9,558,394	(508,334)
Basic and diluted income (loss) per share	0.00	(0.01)	(0.01)	(0.00)

	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Total assets	\$ 10,517,044	\$ 9,002,021	\$ 9,127,996	\$ 9,072,191
Investment	5,760,937	5,760,937	5,760,937	5,760,937
Exploration and evaluation assets	1,634,232	1,347,645	1,347,645	1,347,645
Working capital (deficiency)	(253,519)	(6,040,993)	(5,623,035)	(5,368,955)
Long-term debt	5,575,164	3,846,070	3,962,920	3,980,079
Shareholders' (deficiency) equity	3,786,039	(904,824)	(532,533)	(327,000)
Comprehensive income (loss)	(578,118)	(373,105)	(209,610)	(396,974)
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)

Changes in key financial data over the periods presented can be attributed to the Company exploring and acquiring or disposing of mineral properties in Argentina, Canada and Ireland.

The Company has no present intention of paying dividends on its common shares as it anticipates that all available funds will be invested to finance project exploration and advancement.

RESULTS OF OPERATIONS

Three months ended March 31, 2022

The Company earned a comprehensive income of \$509,087 (2021 - loss of \$578,118) during the three months ended March 31, 2022.

Significant changes are as follows:

- Gain on sale of exploration and evaluation asset of \$1,118,348 (2021 - \$nil) relates to the Mavis Lake Lithium Project.
- Gain on marketable securities of \$1,244,626 (2021 - \$nil).
- Directors' fee increased to \$282,264 (2021 - \$37,500) due to the bonus awards and increase in directors' fee.
- Consulting fees increased to \$263,470 (2021 - \$103,440) due to increase in CEO's consulting fee and increase in consultant engagement.
- Foreign exchange resulted in a loss of \$107,546 relative to a gain of \$42,994 in corresponding period 2021. The Company is exposed to foreign exchange movements on cash and liabilities denominated and settled in foreign currencies.
- Interest and bank charges of \$795,593 (2021 - \$300,815) relate to interest accruing on the Company's exploration loan with GFL, loans payable, convertible debentures, promissory notes and additional financing costs. The increase is due to accretion expense on loans payable.
- Professional fees increased to \$41,677 (2021 - \$30,858) due to increase in professional engagements and audit fee.
- Shareholder communications expense of \$76,803 (2021 - \$27,209) includes shareholder marketing and awareness expenses.
- Share-based payments of \$144,856 (2021 - \$nil) relate to the stock options vesting in the period.

LIQUIDITY AND CAPITAL RESOURCES

To date, the Company has not yet realized profitable mining operations although it has made profits through exploration and subsequent sales of mineral properties. As an exploration company, ILC will over time require additional financing to continue its exploration activities and is likely to continue to require such additional financing for some time. There can be no assurances that such financing will be available or if available, will be on reasonable terms.

The condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses in several periods since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. The Company will endeavor to raise funds for future use from equity or debt financings, sales of mineral assets and other methods as contemplated by management to satisfy its capital requirements and will continue to depend heavily upon these financing and asset disposal activities.

The following table provides information regarding the Company's working capital and accumulated deficit as at March 31, 2022.

	March 31, 2022	December 31, 2021
Working capital	\$ 12,437,036	\$ 10,995,260
Deficit	\$ (7,542,162)	\$ (8,131,465)

At March 31, 2022 the Company had \$11,432,480 (December 31, 2021 - \$10,961,936) in cash plus a further \$1,422,588 in marketable securities. The Company has sufficient cash to invest in its mineral properties for the next twelve months as well as acquire new mineral properties.

Net cash used by operating activities during the period ended March 31, 2022 was \$704,555 (2021 – \$633,252). The cash used in operating activities for the period consists of the operating loss net of non-cash items and changes in non-cash working capital.

Net cash provided by investing activities during the period ended March 31, 2022 was \$1,825,231 (2021 – used \$125,000). Received proceeds from sale of marketable securities of \$1,358,923 (2021 - \$nil) and proceeds from sale of exploration and evaluation asset of \$688,035. Exploration and evaluation expenditures paid were \$221,727 (2021 - \$125,000).

Net cash used by financing activities during the period ended March 31, 2022 was \$650,132 (2021 – provided \$1,627,787). The Company repaid loans of \$708,550 (2021 - \$nil) and paid interest of \$31,596 (2021 - \$195,666) with respect to the convertible debentures and loans payable. Received \$nil, net of issuance costs, for shares issued (2021 - \$1,762,196) and received \$90,014 for warrants exercised (2021 - \$nil).

During the period ended March 31, 2022, the Company issued 10,900,000 common shares for bonus warrants exercised for gross proceeds of \$545,000. The net receipt after loan repayments were \$90,014. The Company's directors exercised the bonus warrants. Following the warrant exercise and loan repayments, the principal balance of the outstanding loans payable is \$800,000 (December 31, 2021: principal balance of \$1,957,750).

Although the Company had around \$12.85 million of cash and marketable securities at March 31, 2022, which is more than enough for its operations over the next year, the mining industry is cyclical, and there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may delay, scale back or eliminate various programs and ultimately might be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's revenues, if any, are expected to be in large part derived from the mining and sale of lithium, rubidium and rare earth metals or interests related thereto. The economics of developing and producing mined material are affected by many

factors including the cost of operations and the market price of the mined material. Depending on the market price of mined material, the Company may determine that it is impractical to continue commercial production (once commenced).

Loans payable

On January 21, 2021, the Company entered into the Loan Agreements with directors and related parties of the Company to settle certain convertible debentures, accrued fees and interest into non-convertible loans with an aggregate principal of \$1,957,750. The loans bear interest of 12.5% per annum payable semi-annually and are due on September 30, 2023. The loans are secured by a general security agreement against the Company's assets. Pursuant to the Loan Agreements, the Company issued 39,155,000 bonus share purchase warrants with expiry date of September 30, 2023. Each bonus warrant will entitle the holder to purchase one common share of the Company at an exercise price of \$0.05 per share. The loans may be repaid prior to their maturity without penalty; however, if a loan is reduced or repaid during the first year of its term, a pro rata number of the total bonus warrants will have their term reduced to the later of one year from issuance of the bonus warrants and 30 days from the reduction or repayment of the loan. During the year ended December 31, 2021, the Company settled \$100,000 principal of the loans payable on September 30, 2023. During the period ended March 31, 2022, the Company settled \$1,057,750 principal of the loans payable on September 30, 2023. As at March 31, 2022, the face value of the loans payable on September 30, 2023 is \$800,000.

On January 21, 2021, the Company entered into the Loan Agreements with directors and related parties of the Company to settle certain convertible debentures and interest into non-convertible loans with an aggregate principal of \$1,060,000. The loans bear interest of 12.5% per annum payable semi-annually and are due on June 30, 2022. The loans are secured by a general security agreement against the Company's assets. Pursuant to the Loan Agreements, the Company issued 21,200,000 bonus share purchase warrants with the expiry date of June 30, 2022. Each bonus warrant will entitle the holder to purchase one common share of the Company at an exercise price of \$0.05 per share. The loans may be repaid prior to their maturity without penalty; however, if a loan is reduced or repaid during the first year of its term, a pro rata number of the total bonus warrants will have their term reduced to the later of one year from issuance of the bonus warrants and 30 days from the reduction or repayment of the loan. During the year ended December 31, 2021, the Company settled \$1,060,000 principal of the loans payable on June 30, 2022. As at December 31, 2021 and March 31, 2022, the face value of the loans payable on June 30, 2022 is \$nil.

Share capital

During the period ended March 31, 2022, the Company issued 10,900,000 common shares on the exercise of warrants for gross proceeds of \$545,000, of which, \$90,014 in cash was received and the remainder was applied as loan repayment of \$349,200, settlement of accrued interest of \$10,786 and settlement of account payable of \$95,000.

During the year ended December 31, 2021, the Company issued 14,350,000 common shares on the conversion of 2021 Series Convertible Debentures in the aggregate principal of \$717,500.

During the year ended December 31, 2021, the Company issued 13,296,600 common shares on the exercise of warrants for gross proceeds of \$703,728, of which \$103,728 in cash was received and the remainder was applied as loan repayment.

During the year ended December 31, 2021, the Company issued 680,000 common shares on the exercise of stock options for gross proceeds of \$40,800.

On August 11 and 25, 2021, the Company completed tranches of a non-brokered private placement consisting of 16,673,336 units at \$0.06 per unit for gross proceeds of \$1,000,400. Each unit comprised one common share and a half share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of \$0.08 per share until June 30, 2024. A director of the Company participated in the private placement.

On February 3 and 19, 2021, the Company completed tranches of a non-brokered private placement consisting of 54,545,454 units at \$0.055 per unit for proceeds of \$1,781,513 and debt conversion of \$1,218,487. Each unit comprised one common share and a half share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.08 per share until February 29, 2024. Five of the Company's directors and officers participated in the private placement. The 2018 Series 1 Convertible Debentures principal of \$167,500, accrued fees of \$139,818, promissory notes principal of \$633,146, and promissory notes and convertible debenture interest of \$278,023 were settled to participate in the private placement.

On January 26, 2021, the Company completed a non-brokered private placement consisting of 3,715,750 units at \$0.05 per unit for debt conversion of \$185,788. Each unit comprised one common share and a half share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.075 per share until December 31, 2023. Five of the Company's directors and officers participated in the private placement. The 2018 Series 2 Convertible Debentures principal of \$10,000, the 2020 Series 2 Convertible Debentures principal of \$3,750, accrued fees of \$145,007, and promissory notes and convertible debentures interest of \$27,031 were settled to participate in the private placement.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

Transaction	Relationship	March 31, 2022	March 31, 2021
IT Support Services	CONVENDIA Ltd. - John Wisbey, Director and CEO	\$ 7,817	\$ 7,651
Professional fees	KSI CPA Inc. – Muhammad Memon, Corporate Secretary	34,500	22,500
Consulting fees	John Wisbey, Director and CEO	68,040	30,000
	Swiss Alternative Financing AG - John Wisbey, Director and CEO	136,930	-
	Maurice Brooks, Director and CFO	22,500	22,500
	Blacksmith Metals Exploration Ltd. - Anthony Kovacs, Director and COO	36,000	36,000
	Nancy La Couvee, former Corporate Secretary	-	14,940
Directors' fees	John Wisbey	160,412	15,000
	Maurice Brooks	37,500	7,500
	Anthony Kovacs	64,000	-
	Ross Thompson	16,960	7,500
	Nicholas Davies	3,392	7,500
Share-based payments	Directors and officers	<u>144,856</u>	<u>-</u>
		\$ 732,907	\$ 171,091

During the period ended March 31, 2022, the Company awarded a bonus of \$225,000 to three directors of the Company (2021 - \$nil) recorded as directors' fees.

At March 31, 2022, due to related parties consisted of \$5,062 (December 31, 2021 - \$11,632) to various directors, officers and related companies for services detailed above and is included in accounts payable and accrued liabilities.

At March 31, 2022, prepaid expenses include \$37,500 (December 31, 2021 - \$37,500) paid to a director.

At March 31, 2022, loans with a face value of \$800,000 and accrued interest of \$49,863 were payable to a company related to a director of the Company (December 31, 2021 - \$1,857,750 to five directors of the Company or their related companies) (*Notes 10 & 11 of the condensed interim consolidated financial statements*).

SUBSEQUENT EVENTS

Subsequent to March 31, 2022, the Company:

- a) Issued 1,604,545 common shares on the exercise of warrants for gross proceeds of \$128,364.
- b) On April 6, 2022, entered into an amended agreement with Ultra for the sale of Forgan Lake property. Pursuant to the terms of the amendment agreement, Ultra earned 100% interest in the property by paying \$150,000 to the Company in lieu of the requirement of \$500,000 exploration expenditures on the property. The Company retains a 1.5% NSR on the Forgan Lake and Lucky Lake projects.
- c) On April 20, 2022, entered into an option agreement to acquire 100% interest in the Wolf Ridge Property located in Ontario. In accordance with the terms of the agreement, the Company may earn a 100% interest in the property by spending \$350,000 on exploration expenditures and paying a consideration comprised of \$210,000 cash (\$10,000 paid) and 775,000 shares of the Company (100,000 issued) over the period of four years. The property is subject to NSR as follows:
 - i) 1.0% NSR for all minerals that are not Nickel, Copper, Lead, Zinc, Molybdenum, Cobalt, Platinum, Palladium, Gold and Silver (the "Original Royalty"). The Company has a right to purchase at any time the entirety of the 1.0% of the Original Royalty by paying a consideration comprised of \$1,000,000 cash and 225,000 shares of the Company.
 - ii) 2.0% NSR for all minerals that are Nickel, Copper, Lead, Zinc, Molybdenum, Cobalt, Platinum, Palladium, Gold and Silver (the "Nickel Royalty"). The Company may purchase at any time 1.0% of the Nickel Royalty (half of the Nickel Royalty) by paying a consideration comprised of \$1,000,000 cash and 225,000 shares of the Company.
- d) 700,000 stock options with an exercise price of \$0.15 expired unexercised.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include credit risk, currency risk, interest rate risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Please refer to Note 17 of the condensed interim consolidated financial statements for the period ended March 31, 2022, for further details.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at the date of this report.

CRITICAL ACCOUNTING POLICIES

The preparation of the condensed interim consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

The most significant judgments relate to the functional currency of the Company, significant influence over associates, recognition of deferred tax assets and liabilities, and impact of COVID-19.

Functional currency

Judgment is involved in the assessment of the functional currency of the Company, its subsidiaries, and its equity investment.

Significant influence over associates

Management deems the Company to have significant influence over an associate when the Company is able to influence the financial and operating decisions of the associate. The Company has determined that its investment in Blackstairs Lithium Limited is an investment in associate.

Deferred tax assets and liabilities

The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry forwards. Changes in these assumptions could significantly affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Impact of COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. While this contagious disease outbreak is increasingly yesterday's news, the lockdowns and money printing have adversely affected economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time. The conflict between Russia and Ukraine, and related sanctions, has also added to existing upward pressure on energy prices, with inevitable inflationary consequences which are likely to affect the Company's costs.

The most significant estimates relate to the calculation of share-based payments and recoverability of exploration and evaluation assets.

Share-based payments

Share-based payments, as measured with respect to stock options granted and re-priced, have been estimated by reference to the Black-Scholes pricing model in discussion with auditors; a detailed discussion of management's estimates with respect to the pricing model is found in Note 14 of the consolidated financial statements. Management are reviewing whether the Black-Scholes model is in fact the most appropriate model for contingent options (e.g. options or warrants whose latest exercise date could be accelerated for various reasons) and will be reviewing the appropriate model to use during 2022.

Recoverability of exploration and evaluation assets

Recorded costs of exploration and evaluation assets and deferred exploration and evaluation costs are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Management is required, at each reporting date, to review its exploration and evaluation assets for signs of impairment. This is highly subjective process taking into consideration exploration results, metal prices, economics, financing prospects and sale or option prospects. Management makes these judgements based on information available, but there is no certainty that a property is or is not impaired. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

OUTSTANDING SHARE DATA

The following table summarizes the outstanding share capital, convertibles, stock options, and warrants as of the date of the MD&A:

	Number of shares issued or issuable
Common shares	248,461,588
Stock options	14,380,000
Warrants	90,521,127
Total if all converted or exercised	353,362,715

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes that such estimates have been based on careful judgments and have been properly reflected in the financial statements. Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

BUSINESS RISKS

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as liquidity, operational, market and regulatory risks. There are also legal risks and risks where we are relying on partners to make key decisions which affect the future of the Company's projects.

- Liquidity risk, in particular funding risk, has historically been seen by the Board as a key risk issue. Following the completion of the sale of Mariana this is now seen as much less of a risk in 2022. The Company, as an exploration company, has no or insignificant income, and has expenditure to develop its properties as well as normal operating costs and debt service costs. Consequently, it has required and will at some point again in the future require additional financing to continue in business and this may continue for some time. There can be no assurance that future financing will be available or, if available, that it will be on reasonable terms. If financing is obtained by issuing common shares from treasury, control of the Company may change, and investors may suffer additional dilution.

To the extent financing is not available, lease payments, work commitments, rental payments and option payments, if any, may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company.

- Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental laws and regulations, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and to the best of its knowledge adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.
- Market risks include commodity prices, interest rates and the Canadian dollar, United States dollar and Euro exchange rates, all of which are beyond the Company's control.

- Inflation risk: the massive money printing by governments during and after the COVID-19 crisis has accelerated inflation in industrial countries to levels not seen in decades. Additionally, the war in Ukraine has put further upward pressure on energy prices. This has inevitably added and will continue to add inflationary costs to the Company's cost base.

Against this, the Company has seen a quintupling of the lithium price in the last year and expects the beneficial effect of this to far more than compensate for any increases in the Company's costs.

- Environmental lobby risks exist for all mining or mining exploration projects, and there is always a risk that public opinion in a country means that companies have to defer or reduce their plans owing to change in government policy, even though they had previously obtained all the required permissions and licences. Lithium is generally accepted as part of the future solution to reduce dependence on hydrocarbons, but there is still the "not in my backyard" risk. At present for the projects that the Company manages this is seen as low risk, and the Company avoids new projects where this is seen as high risk.
- Regulatory risks include possible delays in the Company or its partners getting regulatory approval to transactions that the Board of Directors believe to be in the best interests of the Company, and also on a much smaller scale include increased fees for filings and the introduction of any additional reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.
- Partner risks can exist, and might exist in the future, where the Company's partner has different interests or capabilities from those of the Company and is unable or unwilling to progress projects at the same speed that the Company would like to. The Company has mitigated its credit or liquidity risk by choosing a strong company, Ganfeng Lithium, as its key partner in Ireland, but there is no guarantee that Ganfeng will prioritize Avalonia for development over other projects even though the Board might wish that they do.
- Legal risks: In the mining industry there is always a risk over contractual interpretation of royalty rights and obligations, and it is possible that the Company's interpretation of its rights and obligations could be different from other parties' interpretation of them. This carries litigation risk.

For information on additional risks, please refer to the Company's condensed interim consolidated financial statements for the period ended March 31, 2022.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Changes in Internal Control over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.