FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: Nova Lithium Corp. (the "**Issuer**")

Trading Symbol: NVLI

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

All related party transactions have been disclosed in the Issuer's financial statements for the period ended December 31, 2022.

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.

(b) A description of the transaction(s), including those for which no amount has been recorded.

(c) The recorded amount of the transactions classified by financial statement category.

(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.

(e) Contractual obligations with Related Persons, separate from other contractual obligations.

(f) Contingencies involving Related Persons, separate from other contingencies.

2. Summary of securities issued and options granted during the period

All securities issued and options granted have been disclosed in the Issuer's financial statements for the period ended December 31, 2022.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

3. Summary of securities as at the end of the reporting period

A summary of securities has been provided in the Issuer's financial statements for the period ended December 31, 2022.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

(b) number and recorded value for shares issued and outstanding,

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed

Name	Position(s) Held
Glenn Collick	Chief Executive Officer, Director
Patrick O'Flaherty	Chief Financial Officer, Director
Melissa Vettoretti	Corporate Secretary
Saman Eskandari	Director
Ryan Arthur	Director
Hayden Mackenzie	Director

SCHEDULE C: MANAGEMENT'S DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CSE Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: February 28, 2023

Glenn Collick
Name of Director or Senior Officer

"Glenn Collick"
Signature

CEO
Official Capacity

Issuer Details

Name of Issuer **Nova Lithium Corp.**	For Quarter Ended **December 31, 2022**	Date of Report **February 28, 2023**
Issuer Address **Suite 306 – 1110 Hamilton Street**		
City/Province/Postal Code **Vancouver, BC V6B 2S2**	Issuer Fax No. **None**	Issuer Telephone No. **(778) 868-2226**
Contact Name **Glenn Collick**	Contact Position **CEO**	Contact Telephone No. **(778) 868-2226**
Contact Email Address **info@nova-lithium.com**	Web Site Address **www.novalithiumcorp.com**	

SCHEDULE A

Financial Statements

[inserted as following pages]

NOVA LITHIUM CORP.

Condensed Consolidated Interim Financial Statements
For the three and six months ended December 31, 2022

Unaudited - Expressed in Canadian Dollars

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, “Continuous Disclosure Obligations”, part 4 subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Corporation’s external auditors have not performed a review of these financial statements.

NOVA LITHIUM CORP.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	December 31, 2022	June 30, 2022
Assets		
Current assets		
Cash	$ 72,448	$ 364,294
GST receivable	9,174	2,884
	81,622	367,178
Exploration and evaluation assets (Note 4)	480,095	414,689
Total assets	$ 561,717	$ 781,867
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	$ 30,460	$ 79,391
	30,460	79,391
Shareholders' equity		
Share capital (Note 5)	1,024,851	1,024,851
Reserves (Note 5)	87,000	44,500
Deficit	(580,594)	(366,875)
Total shareholders' equity	531,257	702,476
Total liabilities and shareholders' equity	$ 561,717	$ 781,867

Nature and Continuance of Operations (Note 1)

Approved on behalf of the Board:

"Glenn Collick"	*"Ryan Arthur"*
Glenn Collick, Director	Ryan Arthur, Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

NOVA LITHIUM CORP.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

	For the three months ended December 31, 2022	For the three months ended December 31, 2021	For the six months ended December 31, 2022	For the six months ended December 31, 2021
Expenses				
Advertising and promotion	$ -	$ -	$ 9,000	$ -
Consulting fees (Note 8)	22,368	-	48,163	3,333
Filing fees	3,806	-	15,806	-
General and administrative	9,086	3,941	16,073	4,097
Professional fees	30,069	22,975	82,177	31,102
Rent (Note 10)	-	-	-	3,150
Share-based compensation	-	44,500	42,500	44,500
Net and comprehensive loss	$ (65,329)	$ (71,416)	$ (213,719)	$ (86,182)
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.00)
Weighted average shares outstanding	20,437,100	20,437,100	20,437,100	20,437,100

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

NOVA LITHIUM CORP.

Condensed Consolidated Interim Statement of Changes in Shareholders’ Equity (Deficiency)

(Unaudited - Expressed in Canadian Dollars)

	Number	Amount	Reserves	Deficit	Shareholders’ Equity (Deficiency)
Balance June 30, 2021	20,437,100	1,024,851	-	(202,291)	822,560
Net loss	-	-	-	(86,182)	(86,182)
Balance, December 31, 2021	**20,437,100**	**1,024,851**	**-**	**(288,473)**	**736,378**
Share-based compensation (Note 5)	-	-	44,500	-	44,500
Net loss	-	-	-	(78,402)	(78,402)
Balance, June 30, 2022	**20,437,100**	**1,024,851**	**44,500**	**(366,875)**	**702,476**
Share-based compensation (Note 5)	-	-	42,500	-	42,500
Net loss	-	-	-	(213,719)	(213,719)
Balance, December 31, 2022	**20,437,100**	**$ 1,024,851**	**$ 87,000**	**$ (580,594)**	**$ 531,257**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

NOVA LITHIUM CORP.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - Expressed in Canadian Dollars)

	For the six months ended December 31, 2022	For the six months ended December 31, 2021
Cash used in operating activities		
Net loss	$ (213,719)	$ (86,182)
Items not involving cash:		
Share-based compensation	42,500	44,500
Changes in non-cash working capital balances:		
GST receivable	(6,290)	(1,600)
Accounts payable and accrued liabilities	(48,931)	(9,407)
	(226,440)	(52,689)
Cash used in investing activities		
Exploration and evaluation expenditures	(65,406)	(74,068)
Decrease increase in cash	(291,846)	(126,757)
Cash, beginning of the period	364,294	532,094
Cash, end of the period	$ 72,448	$ 405,337

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. Nature and Continuance of Operations

Nova Lithium Corp. (the "Company") was incorporated under the British Columbia Business Corporations Act on March 7, 2017 under the name Halcyon Ventures Ltd. On June 11, 2021 the Company changed its name to Nova Lithium Corp. The Company is engaged in the exploration and evaluation of resource properties. The head office of the Company is located at Suite 306 – 1110 Hamilton Street, Vancouver, BC, V6B 2S2 and the registered and records office of the Company is located at 3148 Highland Boulevard, North Vancouver, BC, V7K 2X6.

These condensed consolidated interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations, and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception, has no recurring source of revenue, has an accumulated deficit of $580,594 and working capital of $51,162 at December 31, 2022. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company will need to raise additional funds as the Company's current assets are not sufficient to finance its operations and administrative expenses. The Company is evaluating financing options including, but not limited to, the issuance of additional equity and debt. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company's performance (as measured by numerous factors including the progress and results of its projects), the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets.

These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Basis of Preparation

(a) Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared based on the principles of International Financial Reporting Standards ("IFRS") and International Accounting Standard 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and follow the same accounting policies and methods of application as the Company's most recent audited annual financial statements. The unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2022 and accompanying notes.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on February 28, 2023.

(b) Basis of Measurement

These condensed consolidated interim financial statements have been prepared on a historical costs basis except as detailed in the Company's accounting policies in Note 3 to the audited financial statements for the year ended June 30, 2022.

(c) Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Consolidation

These condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary.

Name of subsidiary	Jurisdiction of Incorporation	Interest December 31, 2022	Interest June 30, 2022
Nova Lithium USA Corp.	Nevada, USA	100%	100%

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

3. Critical Accounting Estimates and Judgments

The preparation of condensed consolidated interim financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods if the revision affects both current and future periods. The following discusses the most significant accounting judgments and estimates that the Company has made in these condensed consolidated interim financial statements.

Going concern
Management assesses the Company's ability to continue as a going concern in relation to its ability to raise funds.

Carrying value of exploration and evaluation assets
The Company has capitalized the cost of acquiring mineral property interests and has classified these interests as exploration and evaluation assets in its condensed consolidated interim statements of financial position. Mineral interests are expensed in the period in which the Company determines that the mineral property interests have no future economic value. Mineral interests may also be written down if future cash flows, including potential sales proceeds and option payments, related to the property are estimated to be less than the carrying value of the property. The Company reviews the carrying value of its mineral interests periodically, and whenever events or changes in circumstances indicate that the carrying value may not be recoverable, reductions in the carrying value of each property would be recorded to the extent that the carrying value of the investment exceeds the

(Unaudited - Expressed in Canadian Dollars)

property's estimated fair value. Such events or changes in circumstances involve changes in political risk, economic risk, commodity prices, exchange rates, and interest rates among others.

At December 31, 2022, the Company has determined that there is no impairment in the carrying value of the Deer Musk West Project.

Impairment
An evaluation of whether or not an asset is impaired involves consideration of whether indicators of impairment exist. Factors which could indicate impairment exists include: significant underperformance of an asset relative to historical or projected operating results, significant changes in the manner in which an asset is used or in the Company's overall business strategy, the carrying amount of the net assets of the Company being more than its market capitalization or significant negative industry or economic trends. In some cases, these events are clear. However, in many cases, a clearly identifiable event indicating possible impairment does not occur. Instead, a series of individually insignificant events occur over a period of time leading to an indication that an asset may be impaired. Events can occur in these situations that may not be known until a date subsequent to their occurrence. When there is an indicator of impairment, the recoverable amount of the asset is estimated to determine the amount of impairment, if any. If indicators conclude that the asset is no longer impaired, the Company will reverse impairment losses on assets only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Similar to determining if an impairment exists, judgment is required in assessing if a reversal of an impairment loss is required.

COVID-19
In March 2020, the World Health Organization declared coronavirus, also known as "COVID-19" a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, 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 ability to raise funds.

4. Exploration and Evaluation Assets

		Deer Musk West Project
Balance at June 30, 2021	**$**	**327,923**
Additions during the year		
Acquisition costs:		-
		-
Exploration expenditures:		
Geophysical		86,766
		86,766
Balance at June 30, 2022	**$**	**414,689**

		Deer Musk West Project
Balance at June 30, 2022	**$**	**414,689**
Additions during the period		
Acquisition costs:		-
		-

Exploration expenditures:		
Geological and geophysical		47,400
Reports and administration		13,719
Travel and accommodation		4,287
		65,406
Balance at December 31, 2022	**$**	**480,095**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous historical conveyance characteristics of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties is in good standing.

Deer Musk West Project, USA

On March 12, 2021, the Company entered into an asset purchase agreement (the "APA") with a private company in Nevada, USA (the "Vendor"), whereby the Company acquired 190 mineral claims comprising the Deer Musk West Project (the "Property") in Esmeralda County, Nevada by issuing 2,000,000 common shares at a deemed price of $0.02 per share for an aggregate purchase price of $40,000 (see Note 5). Pursuant to the APA, the parties acknowledged that the transfer of title to the Property would occur at closing; however, until title had formally been transferred, the Vendor agreed to hold the same for the Company for the sole and exclusive use, benefit and advantage of the Company.

On July 30, 2021, the Company, as Assignee, entered into an assignment and assumption agreement with the Vendor and a consultant, whereby the Vendor sold, assigned, transferred and conveyed all of its right, title, benefit and interest in and to an agreement for consulting services (the "Agreement") between the Vendor and the consultant dated March 27, 2021, and the Company covenanted and agreed with the Vendor and the consultant to perform and observe all of the obligations and liabilities of the Vendor under the Agreement. Pursuant to the Agreement, the consultant prepared a technical report in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects for the Property. The term of the Agreement continued until December 27, 2021. On July 30, 2021, the consultant received $19,171 (US$15,000) as compensation for preparing the technical report.

On May 12, 2022, the Company established a wholly owned U.S. subsidiary, Nova Lithium USA Corp. ("Nova USA"), a Nevada corporation, and title to the Property was subsequently transferred from the Vendor to Nova USA. In connection with the completion of the transfer, the status of the claims comprising the Property was changed from "Filed" to "Active" in the case management system maintained by the U.S. Department of The Interior, Bureau of Land Management.

5. Share Capital

(a) Authorized

The Company has authorized an unlimited number of common shares with no par value.

(b) Issued and outstanding

During the six months ended December 31, 2022, the Company did not issue any common shares.

During the year ended June 30, 2022, the Company did not issue any common shares.

During the year ended June 30, 2021, the Company issued the following common shares:

On March 9, 2021, the Company issued 10,000,000 units at a price of $0.02 per unit for total proceeds of $200,000. Each unit consisted of one common share and one share purchase warrant exercisable at a price of $0.10 per share until March 9, 2024.

On March 12, 2021, the Company issued 2,000,000 common shares at a deemed price of $0.02 per share for a total of $40,000 (Note 4).

On April 30, 2021, the Company issued 827,000 common shares at a price of $0.05 per share for total proceeds of $41,350.

On April 30, 2021, pursuant to a debt conversion agreement, the Company issued 100,000 common shares at a deemed price of $0.05 per share to settle a debt in the amount of $5,000 relating to professional services rendered by the creditor to the Company.

On May 31, 2021, the Company issued 7,110,000 units at a price of $0.10 per unit for total proceeds of $711,000. Each unit consisted of one common share and one share purchase warrant exercisable at a price of $0.50 per share until May 31, 2023.

On May 31, 2021, pursuant to a debt conversion agreement, the Company issued 300,000 units at a deemed price of $0.10 per unit to settle a debt in the amount of $30,000 relating to consulting services rendered by the creditor to the Company. Each unit consisted of one common share and one share purchase warrant exercisable at a price of $0.50 per share until May 31, 2023.

(c) Stock options

The Company has an incentive stock option plan. Options to purchase common shares can be granted to directors, officers, employees and consultants of the Company at exercise prices determined by their market value on the date of the grant. The options vest immediately on the date of the grant or as otherwise determined at the discretion of the Board.

On July 21, 2022, the Company granted options to purchase an aggregate of 850,000 common shares to various directors, officers and consultants of the Company. Each option vests immediately and is exercisable into one common share at a price of $0.10 per share for a period of three years (See Note 7).

On November 16, 2021, the Company granted options to purchase an aggregate of 600,000 common shares to various directors and officers of the Company. Each option vests immediately and is exercisable into one common share at a price of $0.10 per share for a period of five years (See Note 7).

The following is a summary of option transactions under the Company's stock option plan for the period ended December 31, 2022 and the year ended June 30, 2022:

(Unaudited - Expressed in Canadian Dollars)

	Number of Options	Weighted average exercise price
Balance at June 30, 2020 and 2021	**-**	**$ -**
Issued	600,000	0.10
Balance at June 30, 2022	600,000	**$ 0.10**
Issued	850,000	0.10
Balance at December 31, 2022	**1,450,000**	**$ 0.10**

Number of options outstanding	Exercise price	Expiry date	Weighted average remaining life (Years)
850,000	$0.10	July 21, 2025	1.60
600,000	$0.10	November 16, 2026	1.50
1,450,000			3.10

The Company applies the fair value method in accounting for its stock options using the Black-Scholes pricing model. During the period ended December 31, 2022, the Company issued a total of 850,000 (June 30, 2022 – 600,000) incentive stock options to directors and officers of the Company. During the period ended December 31, 2022, the options issued and vested resulted in share-based payments of $42,500 (June 30, 2022 – $44,500).

	December 31, 2022	June 30, 2022
Expected Life	3 years	5 years
Risk-free interest rate	1.56%	1.56%
Annualized volatility	100.00%	100.00%
Dividend rate	N/A	N/A
Fair value of shares at grant date	$0.085	$0.070

(d) Warrants

Warrant transactions during the six months ended December 31, 2022 and the year ended June 30, 2021 and the number of warrants outstanding and exercisable at December 31, 2022 are summarized as follows:

	Number of Warrants	Weighted average exercise price
Balance at June 30, 2021	**17,410,000**	**$ 0.27**
Issued	-	-
Balance at June 30, 2022 and December 31, 2022	**17,410,000**	**$ 0.27**

(Unaudited - Expressed in Canadian Dollars)

Number of warrants outstanding	Exercise price	Expiry date	Weighted average remaining life (Years)
7,410,000	$0.50	May 31, 2023	0.18
10,000,000	$0.10	March 9, 2024	0.68
17,410,000			0.86

6. Loss Per Share

The basic loss per share for the six months ended December 31, 2022 was based on the loss attributable to common shareholders of $213,719 (2021 – $86,182) and the weighted average common shares outstanding of 20,437,100 (2021 – 20,437,100). Diluted loss per share has not been calculated as it is anti-dilutive.

7. Related Party Transactions

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly, and by definition include the directors of the Company.

As at December 31, 2022, accounts payable and accrued liabilities included $3,750 (June 30, 2022 – $6,900) due to related parties. These amounts are unsecured and non-interest bearing.

During the period ended December 31, 2022, the Company:

- paid or accrued $Nil (2021 – $3,333) to a company controlled by a former director of the Company for consulting and advisory services.

- paid or accrued $9,000 (2021 – $7,725) to a company controlled by a director of the Company for consulting services.

- paid or accrued $15,000 (2021 - $Nil) to a company controlled by a director of the Company for consulting services.

- incurred share-based compensation expense of $42,500 (2021 – $44,500) from the issuance of 850,000 incentive stock options (see Note 5(c)).

During the six months ended December 31, 2022, the Company entered into the following agreement with a company controlled by a director of the Company:

<u>Consulting Agreement</u>
On August 1, 2022, the Company entered into a consulting agreement (the “CA3”) with a private company, whereby the consultant will introduce the Company to potential mining projects, as well as such other services as may be requested by the Company from time to time, for a term of three months. Pursuant to the CA3, the consultant will receive a monthly fee of $5,000 for a total fee of $15,000. The agreement was automatically terminated on October 31, 2022.

This transaction occurred in the normal course of operations and is measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

During the year ended June 30, 2022, the Company entered into the following agreement with a company controlled by a director of the Company:

Consulting Agreement
On October 15, 2021, the Company entered into a consulting agreement (the “CA2”) with a private company, whereby the consultant will provide the services generally required of a Chief Financial Officer (“CFO”) of a publicly-traded corporation to the Company as well as such other services as may be requested by the Company from time to time. Pursuant to the CA2, the consultant will receive a monthly fee of $3,000 as consideration for providing these services. As further consideration for providing these services, the consultant was granted options to purchase 100,000 common shares of the Company for a period of five years at $0.10 per share for a period of five years. These options vested on the date of grant (see Note 5(c)). The Company and the consultant each have the right to terminate the CA2 for any reason, without further compensation to the consultant, and at any time by giving the other party 30 days written notice.

This transaction occurred in the normal course of operations and is measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

During the year ended June 30, 2021, the Company entered into the following agreements with a company controlled by a director of the Company:

Consulting Services Agreement
On June 2, 2020, the Company entered into a consulting services agreement with one consultant (the “CSA”), whereby the consultant agreed to provide certain consulting and advisory services to the Company for a term of 12 months related to the public listing of the Company’s securities on a Canadian stock exchange. The CSA was amended on May 31, 2021 and automatically terminated on that date. In exchange for providing the services, the consultant received an aggregate of $36,000 in cash, inclusive of GST, as compensation.

Consulting Agreement
On August 1, 2020, the Company entered into a consulting agreement with one consultant (the “CA”), whereby the consultant agreed to act as the interim corporate secretary of the Company for a term that will continue until the earlier of six months or the date that any of the securities of the Company are listed for trading on a Canadian stock exchange. The CA was amended on January 29, 2021 and automatically terminated on that date. In exchange for providing the services, the consultant received a monthly fee of $5,000 as compensation.

Consulting Services Agreement
On February 1, 2021, the Company entered into a consulting services agreement (“CSA2”) with the consultant noted above, whereby the consultant agreed to provide the same consulting and advisory services as for the CSA for a term of six months. CSA2 was amended on July 30, 2021 and automatically terminated on July 31, 2021. In exchange for providing the services, the consultant will receive an aggregate of $20,000 in cash, inclusive of GST, as compensation on or before July 31, 2021.

8. Financial Instruments and Risk Management

Fair value

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of cash and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Risk Management

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under the direction and guidance of the Board of Directors. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the condensed consolidated interim statements of financial position and arises from the Company's cash. The Company's cash is held in an account with a Canadian chartered bank. The Company has assessed credit risk as low.

Liquidity risk
Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2022, the Company had a cash balance of $72,448 to settle current liabilities of $30,460. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates. As at December 31, 2022, the Company is not exposed to market risk.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2022, the Company is not exposed to interest rate risk.

Foreign currency rate risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian and US dollars. The Company funds certain exploration expenditures in the United States by converting funds from its Canadian dollar bank accounts and wiring US funds to the foreign counterparty. Management does not currently hedge its foreign exchange risk. As at December 31, 2022, the Company had no foreign currency balances.

Sensitivity Analysis

The Company works toward its capital management objectives to the extent possible while facing the challenges of market conditions and the public's assessment of the Company's risk profile. Its capital management objectives have not changed over the period presented.

The carrying value of cash and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be materially affected by credit risk, liquidity risk or market risk.

The Company is not subject to any financial covenants. The Company monitors its financing requirements and financing decisions are based on the timing and extent of expected operating and capital cash outlays. Factors considered when determining whether to issue equity include the amount of cash sought, the availability of these sources and their terms.

As at December 31, 2022, the Company had working capital of $51,162 (June 30, 2022 – $287,787). The Company manages its cash and common shares as capital. The Company's objectives in managing its capital are to:

- maintain sufficient cash and cash equivalents to last a minimum of one year;
- have the flexibility to achieve its on-going business objectives, including but not limited to funding work programs on its exploration and evaluation assets and pursuing new business opportunities as they arise, and
- minimize dilution to existing shareholders.

The directors of the Company have not specified a quantitative return on capital criteria for management, but rather rely on the expertise of management to sustain future development of the business.

The Company's exploration and evaluation assets are in the development stage and the Company does not generate a positive cash flow. As a consequence, the Company relies on accessing the capital markets to obtain the funds needed to carry on its business. It is the Company's intention to utilize its existing working capital and to raise additional funds as needed. The additional funds will be raised primarily through the issuance of its securities in private placements.

9. Rent

On June 1, 2020, the Company entered into a shared space agreement (the "SPA") for premises in Vancouver, British Columbia. The initial term of the SPA is for a period of 12 months commencing June 1, 2020, with the Company paying a monthly member fee of $2,000. Following the initial term, the SPA will automatically renew on a month-to-month basis until terminated. After the initial term, either party can terminate the SPA upon 30 days' written notice.

On May 28, 2021, the Company entered into a commercial lease agreement (the "Lease") for premises in Calgary, Alberta. The term of the Lease is on a month-by-month basis commencing June 1, 2021, with the Company paying monthly rent of $1,000. This Lease was terminated effective October 31, 2021.

10. Subsequent Event

On January 31, 2023, the Company entered into a mineral property option agreement (the "Option Agreement") with Ameriwest Lithium Inc. ("Ameriwest"). Pursuant to the Option Agreement, the Company's wholly owned subsidiary, Nova Lithium USA Corp. ("Nova USA"), acquired the exclusive right and option (the "Option") to purchase a 51% undivided interest in and to the Edwards Creek Valley project (the "Property") presently owned by Ameriwest's wholly owned Nevada subsidiary.

The Property consists of 1,243 contiguous placer mineral claims covering approximately 22,200 acres in Churchill County, Nevada. In order to exercise the Option, Nova USA is required to incur qualifying exploration expenditures of at least $500,000 on the Property over a period of 24 months, including not less than $200,000 during the first 12 months. Neither the Company nor Nova USA is required to complete any cash payments or issue any securities in connection with the granting or exercise of the Option.

Upon the exercise of the Option, a joint venture will automatically be formed between Nova USA and Ameriwest's wholly owned Nevada subsidiary in accordance with the terms of the Option Agreement.

SCHEDULE B

Supplementary Information

[included in Schedule A]

SCHEDULE C

Management's Discussion & Analysis

[inserted as following pages]

Nova Lithium Corp.

Management's Discussion and Analysis of Results of
Operations and Financial Condition of Nova Lithium Corp.
For the six months ended December 31, 2022
(Expressed in Canadian Dollars)

Introduction

The following Management Discussion and Analysis ("MD&A") of Nova Lithium Corp. (the "Company") has been prepared by management in accordance with the requirements of National Instrument 51-102 ("NI 51-102") as of February 28, 2023 and should be read in conjunction with the condensed consolidated interim financial statements of the Company for the six months ended December 31, 2022, together with the audited consolidated financial statements of the Company and the notes thereto for the year ended June 30, 2022 and the Annual MD&A for the year then ended. The Company's financial statements have been prepared under International Financial Reporting Standards ("IFRS"). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

Overview

The Company was originally incorporated as Halcyon Ventures Inc. on March 7, 2017 under the *Business Corporations Act* (British Columbia) (the "BCBCA"). On June 11, 2021, the Company changed its name from Halcyon Ventures Inc. to Nova Lithium Corp. The Company's head office and principal business address is Suite 306, 1110 Hamilton Street, Vancouver, BC, V6B 2S2. The Company is primarily engaged in the acquisition, exploration and development of lithium brine and lithium clay properties.

Exploration Activities

Deer Musk West Project

On March 12, 2021, the Company acquired a 100% interest in certain mineral claims known as the Deer Musk West Project (the "DMW Project") by the issuance of 2,000,000 shares with a fair value of $40,000 from Emigrant Springs Gold Corporation. The claims encompass a total area of approximately 1550 hectares (3832 acres) of public land in southern Clayton Valley, Nevada, USA, and have potential to host lithium brines and/or clay-stones subject to exploration success.

On March 27, 2021, the Company retained the services of Raymond P. Spanjers to prepare an initial technical report on the DMW Project in compliance with National Instrument 43-101 (the "Technical Report").

On April 12, 2021, the Company received an exploration proposal from Advanced Geologic Exploration, Inc. ("Advanced Geologic") to carry out first phase exploration activities on the DMW Project. Phase 1 exploration activities will concentrate on developing the background geologic science for characterizing the lithium-rich brines and sediments. This will include a combination of geophysical tools, using seismic and gravity surveys, and conducting a robust soil survey program of the upland lithium sources as well as subsurface samples from the Clayton Valley basin. Advanced Geologic will also incorporate a document and field geologic research program into the soil sampling activities to develop a clear picture of the intended drill targets.

In July 2021, Advanced Geologic initiated the first phase exploration program as identified and recommended by Raymond P. Spanjers in the Technical Report.

On May 12, 2022, the Company established a wholly owned Nevada subsidiary, Nova Lithium USA Corp. ("Nova USA"), to hold title to the DMW Project.

Edwards Creek Valley Property

On January 31, 2023, the Company entered into a mineral property option agreement (the "Option Agreement") with Ameriwest Lithium Inc. ("Ameriwest"). Pursuant to the Option Agreement, Nova USA acquired the exclusive right and option (the "Option") to purchase a 51% undivided interest in and to the Edwards Creek Valley project (the "ECV Property") presently owned by Ameriwest's wholly owned Nevada subsidiary. The ECV Property consists of 1,243 contiguous placer mineral claims covering approximately 22,200 acres in Churchill County, Nevada. In order to exercise the Option, Nova USA is required to incur qualifying exploration expenditures of at least $500,000 on the ECV Property over a period of 24 months, including not less than $200,000 during the first 12 months. Neither the Company nor Nova USA is required to complete any cash payments or issue any securities in connection with the granting or exercise of the Option. Upon the exercise of the Option, a joint venture will automatically be formed between Nova USA and Ameriwest's wholly owned Nevada subsidiary in accordance with the terms of the Option Agreement.

Results of Operations

Quarterly Results

The following is a summary of the Company's financial results for the last eight quarters:

	December 31, 2022	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Loss and comprehensive loss for the period	(65,329)	(148,390)	(63,216)	(15,186)
Exploration and evaluation assets	480,095	464,161	414,689	401,991
Total assets	561,717	676,619	781,867	794,276
Loss per share	(0.00)	(0.01)	(0.00)	(0.00)

	December 31, 2021	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Loss and comprehensive loss for the period	(71,416)	(14,766)	(149,797)	(17,824)
Exploration and evaluation assets	401,991	401,991	327,923	101,324
Total assets	808,928	834,421	860,017	233,074
Loss per share	(0.00)	(0.00)	(0.01)	(0.00)

The following two sections include a discussion of factors that have caused variations over the quarters in which the Company has carried on substantial operations. There are no other known trends or seasonality that have developed with respect to the Company's business.

Results for the six months ended December 31, 2022

The Company incurred a net loss of $213,719 for the six months ended December 31, 2022, as compared to a net loss of $86,182 for the six months ended December 31, 2021.

Expenses details are as follows:
- Share-based compensation of $42,500 (2021 - $44,500) – the difference is due to differences in the term and number of stock options in the current period versus the prior period using the Black-Scholes pricing model.
- Consulting fees of $48,163 (2021 - $3,333) – the difference is due to increased contracting in the current period.
- Professional fees of $82,177 (2021 - $31,102) – the difference is due to an increase in the Company's legal and accounting, and other professional fees in the current period.
- Filing fees of $15,806 (2021 - $Nil) – the difference is due to the Company listing its shares on the Canadian Securities Exchange.
- Rent expense of $Nil (2021 - $3,150) – the difference is due to the Company terminating a lease agreement for office space in the prior year.
- General and administrative expenses $16,073 (2021 - $4,097) – the difference is due to an increase in administrative activity.
- Advertising and promotion expenses of $9,000 (2021 - $Nil) – the difference is due to an increase in promotional expenses.

Results for the three months ended December 31, 2022

The Company incurred a net loss of $65,329 for the three months ended December 31, 2022, as compared to a net loss of $71,416 for the three months ended December 31, 2021.

Expenses details are as follows:
- Share-based compensation of $Nil (2021 - $44,500) – the difference is due to the grant of stock options in the prior period using the Black-Scholes pricing model.
- Consulting fees of $22,368 (2021 - $Nil) – the difference is due to increased contracting in the current period.
- Professional fees of $30,069 (2021 - $22,975) – the difference is due to an increase in the Company's legal and accounting, and other professional fees in the current period.
- Filing fees of $3,806 (2021 - $Nil) – the difference is due to the Company listing its shares on the Canadian Securities Exchange.
- General and administrative expenses $9,086 (2021 - $3,941) – the difference is due to an increase in administrative activity.

<u>Liquidity and Capital Resources</u>

The Company will continue to require funds for exploration work, as well as to meet its ongoing day-to-day operating expenses and will continue to rely on equity financing during such period. There can be no assurance that financing will be available to the on terms satisfactory to the Company. The Company does not have any other commitments for material capital expenditures over the near and long term other than as disclosed above plus normal operating expenses.

Since incorporation, the Company's capital resources have been limited. The Company has relied principally upon the issuance of equity securities to acquire interests in mineral properties.

The Company had working capital of $51,162 as at December 31, 2022.

On March 9, 2021, the Company closed a non-brokered private placement at a price of $0.02 per unit for proceeds of $200,000. The Company issued an aggregate of 10,000,000 units, with each unit consisting of one common share and one share purchase warrant. Each warrant is exercisable into one common share of the Company at a price of $0.10 per share for a period of 36 months.

On March 12, 2021, the Company issued 2,000,000 common shares at a price of $0.02 per share for a fair value of $40,000 relating to the acquisition of the DMW Project.

On April 30, 2021, the Company issued 827,000 common shares at a price of $0.05 per share for proceeds of $41,350.

On April 30, 2021, the Company issued 100,000 common shares at a price of $0.05 per share for services rendered.

On May 31, 2021, the Company closed a non-brokered private placement at a price of $0.10 per unit for total proceeds of $711,000. The Company issued an aggregate of 7,110,000 units, with each unit consisting of one common share and one share purchase warrant. Each warrant is exercisable into one common share of the Company at a price of $0.50 per share for a period of 24 months.

On May 31, 2021, the Company issued 300,000 units at a price of $0.10 per unit in consideration for the settlement of $30,000 in debt. Each unit consisted of one common share and one share purchase warrant, with each warrant exercisable into one common share of the Company at a price of $0.50 per share for a period of 24 months.

While the information in this MD&A has been prepared in accordance with IFRS on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future, there are conditions and events that cast significant doubt on the validity of this presumption. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. While the Company is making its best efforts in this regard, the outcome of these matters cannot be predicted at this time.

Disclosure of Outstanding Security Data

As at the date of this MD&A, the Company had the following:

- 20,437,100 shares outstanding

- Options

Exercise price ($)	Number of options	Expiry Date
0.10	850,000	July 21, 2025
0.10	600,000	November 16, 2026
	1,450,000	

- Warrants

Exercise price ($)	Number of warrants	Expiry Date
0.50	7,410,000	May 31, 2023
0.10	10,000,000	March 9, 2024
	17,410,000	

Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

Transactions with Related Parties

As at December 31, 2022, the accounts payable and accrued liabilities included $3,750 (2021 - $600) due to related parties. This is comprised of the following:

- $600 (2021 - $600) due to Michael Gheyle, a former director of the Company; and
- $3,150 (2021 - $3,150) due to Patrick M. O'Flaherty Inc., a company controlled by Patrick O'Flaherty, the Chief Financial Officer and a director of the Company.

These amounts are unsecured and non-interest bearing with no stated terms of payment.

During the six months ended December 31, 2022, the Company had the following transactions with related parties:

- $Nil (2021 - $3,333) was paid to Cascadia Developments Corp., a company controlled by Mr. Gheyle, for consulting and advisory services;
- $18,000 (2021 - $7,875) was paid or accrued to Patrick M. O'Flaherty Inc. for consulting services;
- $15,000 (2021 - $Nil) was paid or accrued to Port Mercantile Holdings (BC) Ltd., a company controlled by Ryan Arthur, a director of the Company, for consulting services; and
- $42,500 (2021 - $44,500) was incurred from the grant of 850,000 incentive stock options to various directors and officers of the Company.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management's estimates.

Adoption of New and Amended Accounting Standards

Please refer to the audited consolidated financial statements for the years ended June 30, 2022 and 2021.

Financial Instruments

Please refer to the audited consolidated financial statements for the years ended June 30, 2022 and 2021.

Proposed Transactions

There are no proposed transactions that have not been disclosed herein.

Contingencies

There are no contingent liabilities.

Additional Disclosure for Venture Issuers without Significant Revenue

Exploration and Evaluation Assets

The Company records its interests in exploration and evaluation assets and areas of geological interest at cost. All direct and indirect costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the assets to which they relate are placed into production, sold or management has determined there to be impairment. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production.

The recorded cost of exploration and evaluation asset interests is based on cash paid, the assigned value of share considerations issued for exploration and evaluations and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

The Company defers all exploration expenses relating to exploration and evaluations assets and areas of geological interest until the properties to which they relate are placed into production, sold or abandoned or management has determined there to be impairment. These costs will be amortized over the proven reserves available on the related property following commencement of production.

Please refer to the audited consolidated financial statements for the years ended June 30, 2022 and 2021 for details of the Company's exploration and evaluation assets.

Forward-looking Information

Certain information in this MD&A, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information may include, but is not limited to, information which reflect management's expectations regarding the Company's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

In making and providing the forward-looking information included in this MD&A, the Company's assumptions may include among other things: (i) assumptions about the price of metals; (ii) that there are no material delays in the optimisation of operations at the properties; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; (v) that there is no unanticipated fluctuation in foreign exchange rates; and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of metals; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; and (vi) environmental risks and changes in environmental legislation.

This MD&A contains information on risks, uncertainties and other factors relating to the forward-looking information (see "Risks and Uncertainties"). Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

Risks and Uncertainties

Early stage – Need for additional funds

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required.

Although the Company has been successful in the past in obtaining financing though the sale of equity securities, 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 favorable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

Operating Hazards and Risks

Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to the exploration, development and production of metals, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage.

Environmental Regulations, Permits and Licenses

The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, safety and other matters. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in impositions of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for non-responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or productions costs, a reduction in the level of production at producing properties, or require abandonment or delays in the development of new mining properties.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases. The Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

The Company may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party and it may have its interest in properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, the Company may not be able to finance the expenditures required to complete recommended programs.

Price Volatility of Public Stock

In recent years securities markets have experienced extremes in price and volume volatility. The market price of securities of many early stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's securities will be subject to market trends generally and the value of the Company's securities may be affected by such volatility.

Economic Conditions

Unfavorable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Conflicts of interest

The Company's directors and officers may serve as directors and officers or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the BCBCA in dealing with conflicts of interest. These provisions state that where a director/officer has such a conflict, the director must arrange a meeting of the board to disclose his interest and must refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.