

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: **Li-Metal Corp. (the “Issuer” or the “Company”).**

Trading Symbol: **LIM**

Number of Outstanding Listed Securities: **154,953,828**

Date: **July 10, 2023 (For the month of June 2023)**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report 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 Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report 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 items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term “Issuer” includes the 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.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

Li-Metal continues to develop its lithium metal and anode production technologies towards commercialization. Li-Metal's Rochester facility is actively producing lithium metal anode samples with lithium thickness between three and 25 micrometers for its customers and internal product development.

- **Lithium Metal Update:** In May 2023, the team accomplished a major milestone for our lithium metal business as they successfully produced lithium metal directly from lithium carbonate. In June, the company continued its piloting activities and developing further internal capability related to its lithium metal production process at its Markham, ON facility. The results from the piloting activities, are being leveraged to advance the engineering study for a commercial-scale lithium metal facility.
 - **Anode Production Update:** The Company continues to demonstrate its ability to produce high performance anode materials for production qualification using our roll-to-roll PVD technology, equipment and process. To-date in 2023, the team produced more than 5,787 meters of sample lithium metal anode material and continues to achieve high efficiency and process intensity metrics, which are important targets for PVD processes.
 - **Protecting our Technology and IP Portfolio:** In support of our ongoing product development roadmap, Li-Metal continues to expand its intellectual property portfolio with a total of 33 patents and patents pending.
2. Provide a general overview and discussion of the activities of management.
- A letter describing the strategic priorities was issued which highlighted the following focus areas and priorities:**
- **Position Li-Metal as the preferred anode partner to next-gen battery developers and OEMs**
 - **Advance our Anode Business in line with Customer Growth:** The Li-Metal team continues to progress our ultra-thin metal anodes business, further strengthening our technological advantage with our roll-to-roll physical vapor deposition (PVD) process. Our efforts to accelerate customer engagement have resulted in increased requests for samples and we are strategically expanding our workforce at our Rochester anode facility to meet this demand.
 - **Secure Commercial Partnerships with Key Players in the Next Generation Battery Industry:** Li-Metal continues to build relationships with leading battery developers and automakers. Over the past few weeks, the business development team has accelerated these conversations, with the aim of converting these conversations into strategic agreements to secure a robust customer pipeline. As we work towards commercial-scale PVD capabilities, which we expect we will achieve in 2024, it is critical for us to build a healthy order book to maximize our PVD process and technology.
 - **Scale-up our modular metal production and scrap reprocessing process**
 - **Demonstrate Modular Lithium Metal Production:** As we continue to engage with our customers, it has become evident that a sustainable and modular process for producing lithium metal is crucial. The projected

demand for lithium metal is expected to increase by 10-12 times the current capacity by 2030 to 40,000 tonnes per annumⁱ. Our team has diligently been working to advancing a modular technology; an important milestone in this endeavor is the ongoing engineering study, which we are conducting in collaboration with our global engineering partner, which we expect to finalize this year.

- **Establish a Pilot to Demonstrate Lithium Anode Scrap Reprocessing:** As we continue to supply customers with sample metal anode material, a need to reprocess scrap anodes has evolved and we believe this presents an accretive opportunity for Li-Metal. To our knowledge, there are currently no reprocessing facilities and customers are actively looking for solutions for their scrap lithium foil. The Company is currently installing and commissioning a pilot scale lithium metal anode scrap reprocessing and casting facility and aims to demonstrate the process at pilot scale.
- **Strategic partnerships and new customer agreements**
 - **Develop Partnership with Key Equipment Supplier:** A key development for the commercial team was the entering of a non-binding agreement with Mustang Vacuum Systems ("MVS"), a seasoned PVD machine builder and technological leader, for the exclusive supply of high-performance PVD machines to produce battery materials for next-generation batteries. The partnership supports Li-Metal's growth strategy for its anode business by securing an experienced machine building partner, thus improving ability to serve its growing customer base.
 - **Secure Long-Term Contracts with Customers:** The Li-Metal commercial team also secured its first major recurring commercial order for anode materials with a battery developer. This key commercial agreement generates near-term revenues while providing an additional opportunity to further validate the performance of our anode materials. Furthermore, we continue to expand upon the discussions we are having with battery developers and automotive OEMs.
 - **Advance Plans for Commercial Metal Plant:** The Li-Metal commercial team has continued to receive inquiries from stakeholders throughout the lithium value chain who are interested in learning about our lithium metal production technology and forming a partnership for metal production. The team is currently exploring different business models with the goal of establishing a commercial lithium metal facility, either through a suitable strategic partner or independently.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

Not applicable.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

Not applicable.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

Li-Metal signed a term sheet with Mustang Vacuum Systems (MVS), a supplier of physical vapour deposition (PVD) machines on April 3rd, 2023. Finalization of definitive agreements is continuing to progress.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

Not applicable.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

Not applicable.

8. Describe the acquisition of new customers or loss of customers.

Not applicable.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

Not applicable.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

There were no new hires. The Company had three employees' terminations in the Canadian operations.

11. Report on any labour disputes and resolutions of those disputes if applicable.
Not applicable.
12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.
Not applicable.
13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.
Not applicable.
14. Provide details of any securities issued and options or warrants granted.
Not applicable.

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾

(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.
Not applicable.
16. Provide details of any changes in directors, officers or committee members.
Not applicable.
17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business and may make it more difficult for it to raise equity or debt financing or obtain the necessary goods and services that the company requires for its operations, in a timely fashion. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

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 Certificate of Compliance.
2. As of the date hereof there were 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 CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated July 10, 2023.

Carlos Pinglo

Name of Director or Senior
Officer

"Carlos Pinglo"

Signature

CFO & Corporate Secretary

Official Capacity

<i>Issuer Details</i> Name of Issuer Li-Metal Corp.	For Month End June 2023	Date of Report July 10,2023
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City/Province/Postal Code Markham, ON, LK3R 5M1	Issuer Fax No. ()	Issuer Telephone No. (647) 795-1653
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