



**GRID METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

*This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the September 30, 2021 interim unaudited condensed consolidated financial statements of Grid Metals Corp. ("Grid" or the "Company"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Additional information can be found on SEDAR, [www.sedar.com](http://www.sedar.com). All amounts are in Canadian dollars, unless otherwise noted.*

## **1. DATE**

The date of this MD&A is November 23, 2021.

## **2. SUMMARY**

Grid Metals Corp. is focused on exploration and development of mineral properties and is targeting battery metals and PGM deposits in both Manitoba and Ontario. Key properties are 1) the Makwa-Mayville Nickel Copper PGM Cobalt Project located 150 km from Winnipeg in southeastern Manitoba where a NI 43-101 Preliminary Economic Assessment was completed in April 2014; 2) the East Bull Lake Palladium Property near Sudbury, Ontario which is at the exploration stage; 3) the Mayville Lithium Property, an exploration stage project which consists primarily of the Donner Lake Pegmatite field; 4) the exploration stage Bannockburn Nickel Property south of Timmins, Ontario; and, 5) the exploration stage Campus Creek Lithium Property located in the Thunder Bay Mining District in northwestern Ontario.

Subsequent to the end of the third quarter the Company announced terms of transaction to fund the Company's lithium assets in Manitoba and Ontario. The transaction with Lithium Royalty Corp. envisions the spin out of the lithium assets into a separate lithium focused entity. The agreement, when it closes, will provide funding of \$6.3 million to Grid. The transaction will provide non-dilutive financing for the lithium assets and enable Grid to focus on nickel – copper – PGM assets after the spin out transaction of the lithium assets. The financing, asset sale and royalty sale is expected to close on or before January 12, 2022.

The Company is waiting for the assay results from seven remaining drill holes that tested the bulk tonnage B zone at the Bannockburn Nickel property. The geologic target is "Crawford Type" disseminated nickel mineralization. With sufficiently encouraging drill assay results the Company would need to conduct metallurgical testwork to determine the recoverability of nickel using flotation.

At the East Bull Lake Palladium Property, the Company announced the results of metallurgical test work on a composite sample with a head grade 1.21 g/t palladium. Favourable recoveries of palladium (77.3%) and copper (88.9%) were achieved. The modelled concentrate grade was 102.5 g/t which was in excess of the Company target of 100 g/t. The overall result is considered positive for the project. In addition, during the period the Company undertook a field program of mapping and sampling to examine the potential for continuation of known mineralized zones as well as new zones of mineralization. Results from this program are being compiled and will be used to formulate an action plan for the property.

The Company has applied for exploration permits to conduct drilling on its base metal and lithium targets at Mayville in Manitoba. Grid has signed an exploration agreement with the Sagkeeng First Nation guiding the process and terms under which SFN will support the Company activities during the exploration phase.

## 2021 to date – Activity highlights

- January 7, 2021 – the Company announced it was initiating a 43-101 report on its Bannockburn property that will summarize the historical information on the project including a significant amount of geophysics and drilling completed by Outokumpu as well as the work completed from 2003 to 2005 by Grid Metals.
- January 28, 2021 – the Company announced final results from the 2020 drill program on the East Bull Lake property. Results included footwall nickel rich mineralization and additional Pd-rich mineralization.
- February 17, 2021 – the Company announced that it had filed a NI 43-101 report on its Bannockburn nickel property: historical drilling identified the potential for a bulk tonnage nickel deposit and high grade nickel mineralization.
- March 2, 2021 – the Company announced that its common shares have been listed for trading on the OTCQB Venture Market under the symbol MSMGF.
- March 11, 2021 – the Company provided new drill results from its East Bull Lake property and announced that Dr. Reid Keays, a foremost expert on magmatic PGE and nickel sulfide deposits, had joined its technical team in the role of Senior Technical Advisor.
- March 25, 2021 – the Company announced it was set to drill at its Bannockburn Nickel Property and had completed 15 drill holes at its East Bull Lake Palladium property.
- April 9, 2021 – the Company reported additional positive drill results from its East Bull Lake palladium property and commenced a metallurgical study to confirm the potential for generating a palladium-rich sulfide concentrate from representative core samples from the Parisien Lake area.
- April 27, 2021 – the Company reported that it had commenced drilling at its Bannockburn Nickel project.
- April 30, 2021 – the Company reported signing an exploration agreement with Sagkeeng First Nation in Treaty 1 area of eastern Manitoba.
- May 5, 2021 – the Company announced additional drill results at its East Bull Lake property including 37.6 g/t Palladium and 21.3% Copper in a massive sulfide vein, noting that the Parisien Lake Zone continues to expand.
- May 12, 2021 – the Company issued 1,025,000 incentive options at an exercise price of \$0.25 per share as well as 200,000 RSUs and 950,000 DSUs to officers, directors, and consultants of the Company.
- June 8, 2021 – the Company announced the completion a non-brokered private placement, raising gross proceeds of C\$3,500,000.
- June 17, 2021 – the Company reported the final results from its Parisien Lake area drill program at its East Bull Lake palladium property. Drilling continued to intersect palladium-dominant mineralization in the Central Parisien Lake Zone. The Company also completed an eight-hole drill program targeting bulk tonnage nickel sulfide mineralization at its Bannockburn Township property located in the Timmins region of Ontario and on June 28, announced the results from one hole.
- On June 28, 2021, the Company announced the first drill hole from the Bannockburn drilling. GBN21-02 intersected 296.5 metres averaging 0.28% nickel including a 112.0 metre section averaging 0.32% nickel
- On September 8, 2021, the Company received approval for five mineral exploration licenses (“MELs”) covering prospective ultramafic and mafic intrusive rocks in the western one-third of the Fox River Belt and the eastern flank of the Thompson Nickel Belt (see location map on p12). The Fox River MELs cover an area of 102,600 hectares and the Thompson East MELs cover an area of 10,500 hectares.
- September 14, 2021 – the Company provided a Manitoba project update, with previously unreleased drill hole results from a 2018 drill program largely confirming historical drilling in 1955 and a historical resource estimate of 3.8 million tons @1.28% Li<sub>2</sub>O including a high grade lithium, cesium, and tantalum intercept of 1.8% Li<sub>2</sub>O over 3.38m.
- October 5, 2021 – the Company announced that it had signed an option agreement to acquire a 100% interest in the Campus Creek property, a lithium pegmatite project located approximately 250 km

- northwest of Thunder Bay, Ontario, Canada. The property consists of 239 single cell mining claims covering an area of 5,198 hectares measuring 15 km x 5 km.
- On November 17, 2021, the Company announced it had entered into a term sheet with Lithium Royalty Corp. (“LRC”) to finance its lithium assets in Manitoba and Ontario for gross proceeds to the Company of \$6.3 million (the “Transaction”). Upon the closing of the Transaction Grid will receive 1) US\$1.25 Million from the sale of a 25% interest in its lithium projects, 2) US\$2.25 million from the grant of 2% gross overriding royalties on its lithium projects, and 3) \$1,650,356 from completion of a private placement in the Company by LRC with all proceeds advanced to Grid at closing. The Transaction also envisions the creation of a lithium focused spin-out company. The closing of the Transaction outlined is subject to final due diligence of LRC and definitive documentation.

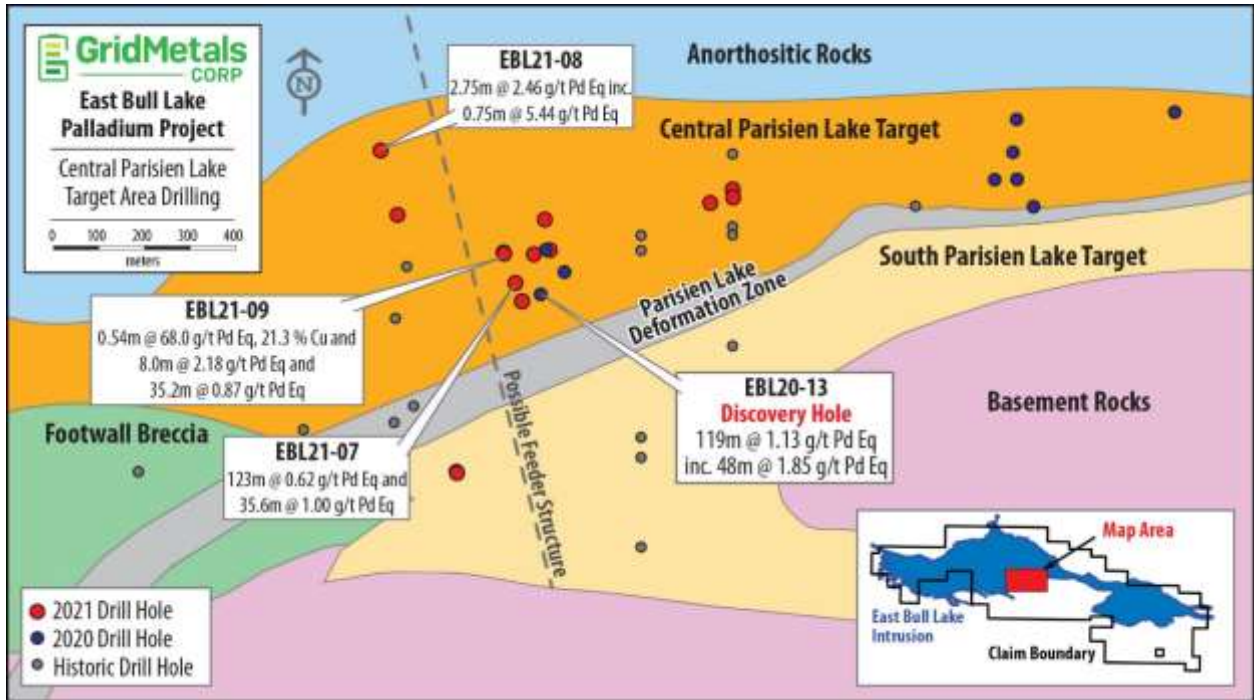
### **East Bull Lake Palladium Property**

The property consists of unpatented mining claims covering ~ 80% of the ~22km x ~ 4km East Bull Lake gabbro-anorthosite intrusion located 80 km west of Sudbury Ontario. Key attributes of the East Bull Lake Property are that it has widespread palladium-dominant magmatic sulfide mineralization extending for over 20 km along the south margin of the intrusion. Previous drilling at EBL for palladium was focused along the southern margin of the intrusion for near surface “contact style” mineralization. The Company’s exploration approach has been modified to include the potential for mineralization associated with feeder structure and structural zones.

A substantial exploration program including ground and borehole geophysics and drilling was carried out on the Parisien Lake area of the East Bull Lake Palladium Property during 2020 and 2021. Drilling consisted of 30 drill holes, most of which intersected anomalous to highly elevated palladium, platinum and copper values in a gabbroic unit referred to as the Inclusion-bearing Zone that occurs directly above the base of the intrusion. The Company has demonstrated that the Inclusion-bearing Zone is both laterally and vertically extensive and has the potential to host large tonnages of palladium resources including open pit resources and higher grade underground resources.

Results for a significant palladium intersection in drill hole EBL20-13, which is informally referred to as the ‘discovery hole,’ were reported in December 2020. The hole intersected 119 metres averaging 0.75 g/t Pd, 0.21 g/t Pt, 0.04 g/t Au, .08% Cu and 0.05% Ni (1.13 g/t palladium equivalent grade = Pd Eq) with significant higher-grade sections including 48.0 metres averaging 1.85 Pd Eq that contains 14.0 metres of 2.97 g/t Pd Eq and 3.68 metres averaging 4.54 g/t Pd Eq. The drill hole represented the best grade thickness yet reported at East Bull.

Most of the thirty holes drilled by Grid Metals in 2020 and 2021 were in the Parisien Lake area of the intrusion north of a major deformation zone.



*Above:* Geological map showing some of the key intercepts from the 2021 drilling program at the East Bull Lake Palladium Property.

A field program of mapping and sampling was completed in the third quarter of 2021 at East Bull to assist in prioritizing new drill targets.

With its excellent project location, widespread palladium, platinum, and copper values the Company views the project as a highly prospective palladium exploration project.

### **Bannockburn Nickel Project**

As of the date hereof the Company is waiting assay results for the seven remaining holes drilled at Bannockburn targeting a bulk tonnage nickel target. The geological model is similar to that of Canada Nickel's (TSXV:CNC) Crawford Deposit. Following receipt of the assays, if deemed favourable, the Company will proceed with initial metallurgical work to determine potential recoverability of nickel. The prospectivity of the deposit lies in its potential tonnage and amenability to produce a high-grade nickel concentrate

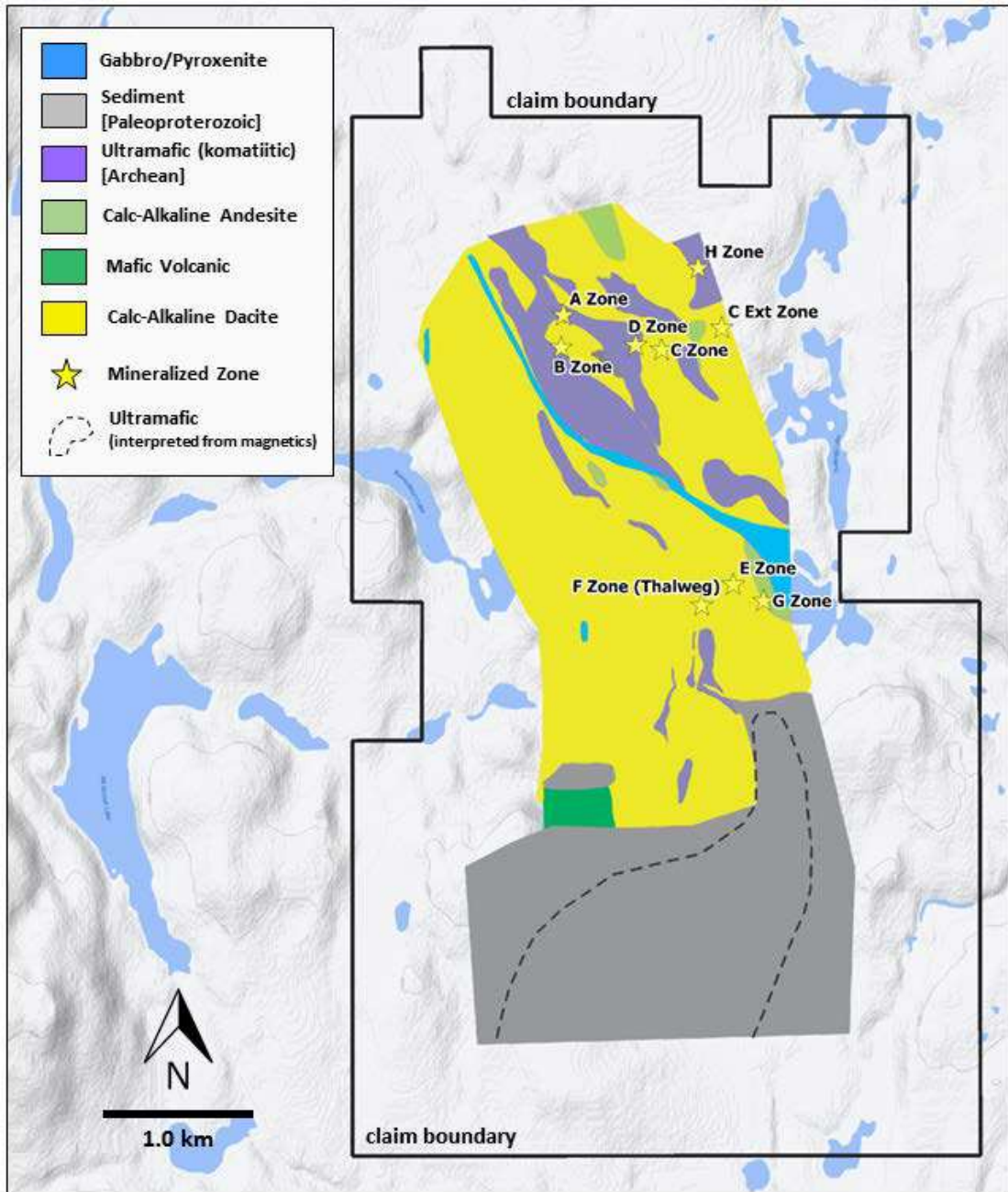
The Bannockburn Nickel Property is located 27 km west of Matachewan Ontario and consists of a claim block comprising approximately 125 mining claims covering 2,700 hectares. The targets at the property include both bulk tonnage, serpentinite-hosted disseminated nickel sulfide and komatiite-related massive nickel sulfide. In the fall of 2020 Grid commissioned a National Instrument 43-101 Technical Report on the Bannockburn Nickel Property. The author of the report is Caracle Creek International Consulting Inc. of Sudbury, Ontario. The report was initiated to summarize all relevant geological and historical exploration information on the Bannockburn Property (including 84 drill holes) and obtain independent recommendations for future exploration at the Property. The report is filed at [www.sedar.com](http://www.sedar.com) and is dated February 17, 2021.

Key Findings of the Bannockburn Property Technical Report are:

- The style of mineralization present in the B Zone (Mount Keith-type) at Bannockburn is directly comparable to the large-tonnage, low-grade nickel sulfide resources hosted by the Crawford Ultramafic Complex on the Crawford Nickel-Cobalt Sulfide Project, owned by Canada Nickel Company Inc., and the Dumont Nickel Deposit owned by Dumont Nickel Magneto Investments L.P. (and previously Royal Nickel Corporation).
- The B Zone occurs within a ~3.5 km magnetic anomaly that is related to a serpentinized ultramafic body believed to have originated as an adcumulate dunite intrusion similar to that hosting the Crawford nickel deposit.
- The Property shows good potential for developing both low-grade, large tonnage and higher grade, lower tonnage nickel (Co, Pt, Pd, Fe) resources and warrants additional exploration given similarities of initial drill intersections, in terms of grade and thickness, to that reported in the Main and East zones at the Crawford Nickel Project.
- Disseminated nickel mineralization was intercepted in 10 historic drill holes over a 350 metre strike length in the B Zone. Drill hole MBB4-09 assayed 0.327% Ni over 202 metres starting at the top of the bedrock surface and bottomed in mineralization. For reference this nickel grade is similar to the grade reported from the Main Higher Grade Zone Measured and Indicated Resources of the Crawford Nickel resource reported Jan. 18, 2021 by Canada Nickel Company.

Selected drill results from the disseminated nickel zone at Bannockburn are tabulated below:

<b>Drillhole</b>	<b>from (m)</b>	<b>to (m)</b>	<b>Interval (m)</b>	<b>Nickel (%)</b>
MBB4-06	65.2	247.5	<b>182.3</b>	<b>0.26</b>
incl	65.2	147.5	<b>82.3</b>	<b>0.35</b>
MBB4-09	63.5	266	<b>202.5</b>	<b>0.33</b>
MBB4-10	65	259.7	<b>193.2</b>	<b>0.25</b>
incl.	65	132.5	<b>67.5</b>	<b>0.33</b>
BN-19-98	103.25	128.5	<b>25.25*</b>	<b>0.48</b>
			* no assaying up and down hole	



*Above: Map of Bannockburn Nickel Property Showing Zones of Mineralization Encountered to Date*

## Makwa/Mayville Project

Makwa Mayville hosts significant resources of nickel, copper, cobalt, PGM and lithium in a favourable political jurisdiction with excellent infrastructure. Grid has an exploration agreement in place with the local First Nation and is working on obtaining updated exploration permits to resume active exploration at the project.

Key attributes of the project include:

- Significant mineral resources
- Demonstrated metallurgical recoveries and concentrate grades
- Excellent infrastructure
- Large land position in a favourable greenstone terrain with geological similarities to the Ring of Fire
- Excellent exploration potential

The Makwa Mayville Ni-Cu-PGM-Co property is located 145 kilometers northeast of Winnipeg Manitoba. The property consists of several blocks of mining claims and a mineral lease. The Company owns 100% of the mineral rights of the property subject to a NSR and a minority interest in part of the Mayville block of claims.

Since completion of the Preliminary Economic Assessment in April 2014 (RPA Associates) work has focused on improving and confirming metallurgical recoveries. Significantly improved nickel recoveries over the levels achieved in the PEA were obtained on a test program of Mayville samples.

The Company plans a further phase of exploration and resource drilling at the project followed by an updated resource estimate and PEA for the project. Drilling is expected to commence in Q1 2022 provided that the company receives approval for work permit applications submitted in September.

The current resource at the project is as follows and was used in the 2014 PEA.

## MINERAL RESOURCE SUMMARY AS OF NOVEMBER 27, 2013 Mustang Minerals Corp. – Makwa-Mayville Project

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

Notes:

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



## OTCQB listing

On March 2, 2021, the Company announced that its common shares have been listed for trading on the OTCQB Venture Market under the symbol MSMGF. The OTCQB Venture Market is for entrepreneurial and development stage U.S. and international companies. Investors can find real time quotes and market information for the company on [www.otcmarkets.com](http://www.otcmarkets.com).

## 3. SELECTED ANNUAL INFORMATION

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

Years ended December 31,	2020	2019	2018
	\$	\$	\$
Net loss before provision for income taxes	(1,348,679)	(659,670)	(1,083,527)
Net loss after provision for income taxes	(2,314,679)	(659,670)	(1,040,527)
Basic and diluted loss per share	(0.04)	(0.02)	(0.02)
Total assets	32,715,580	28,864,272	29,167,517

## 4. DISCUSSION OF OPERATIONS

### Overview

The following table provides selected financial information that should be read in conjunction with the interim unaudited condensed consolidated financial statements of the Company for the six months ended September 30, 2021 and 2020.

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Operating income (loss)	(370,668)	(125,796)	(891,113)	(1,182,133)
Net income (loss)	(383,793)	(122,078)	(895,194)	(1,175,625)
Net loss per share	(0.00)	(0.00)	(0.01)	(0.02)
Mining interests	31,630,512	29,348,054	31,630,512	29,348,054
Total assets	35,203,433	30,620,687	35,203,433	30,620,687

### Revenues

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

The major expense items for the six months ended September 30, 2021 and 2020 are summarized as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Office, general and administrative	175,415	46,753	530,834	368,925
Professional fees	79,883	9,378	148,978	104,756
Management and directors fees	62,750	60,250	197,750	225,750
Public company costs	26,989	6,919	114,174	33,818
Stock based compensation	21,449	-	409,999	493,000
Flow through share premium recovery	-	-	(519,761)	(51,600)
Other	4,182	2,496	9,139	7,484
Operating costs	370,668	125,796	891,113	1,182,133

## Exploration and Development Expenditures

<b>For the three months ended September 30, 2021</b>						
\$						
	Makwa	Mayville	Northern Nickel	East Bull Lake	Bannockburn	Total
Geophysical	-	-	-	-	-	-
Geological	9,988	8,404	58,204	-	-	76,595
Drilling program related costs	-	-	-	172,878	64,463	237,341
Consulting	-	-	-	-	-	-
<b>Total</b>	<b>9,988</b>	<b>8,404</b>	<b>58,204</b>	<b>172,878</b>	<b>64,463</b>	<b>313,936</b>

<b>For the nine months ended September 30, 2021</b>						
\$						
	Makwa	Mayville	Northern Nickel	East Bull Lake	Bannockburn	Total
Geophysical	-	-	-	-	-	-
Geological	31,117	8,404	58,204	-	-	97,724
Drilling program related costs	-	-	-	1,314,513	653,095	1,967,608
Consulting	-	-	-	-	2,000	2,000
<b>Total</b>	<b>31,117</b>	<b>8,404</b>	<b>58,204</b>	<b>1,314,513</b>	<b>655,095</b>	<b>2,067,332</b>

### Property descriptions

#### **MANITOBA**

##### Makwa Mayville Ni-Cu-PGM Project

A National Instrument 43-101 Preliminary Economic Assessment (“PEA”) was completed at the Makwa Mayville Project in 2014 ( RPA Associates ). The PEA envisaged mining from two open pits with ore shipped to a central concentrator to produce copper and nickel concentrates smelted with associated platinum group metal, gold, and cobalt credits, for sale to smelter. The project used US\$8.50 lb nickel and US\$3.40 lb. copper in its financial model base case. The Company has followed up on several of the recommendations outlined in the PEA completing additional metallurgical test work on samples from both properties and contracting a surface and downhole EM survey at the Makwa Project to outline new exploration targets. The metallurgical test work on the Mayville samples indicated the potential for significant improvement in nickel recovery from the 40% recovery level used in the PEA.

##### Makwa – Property Details

The Makwa property is a nickel-copper-platinum group metal exploration property located near Lac du Bonnet in southeast Manitoba. During 2004, the Company acquired a 100% interest by acquiring all of the shares of Global Nickel Inc., a federally incorporated company that holds the mineral rights to the Makwa Property. To acquire the shares the Company paid \$500,000 cash and issued 6,679,000 common shares valued at \$0.43 per share, representing the quoted share price of the Company at the time of the transaction.

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

##### Mayville - Property Details

The Mayville property is a copper-nickel-platinum group metal exploration project located near Lac du Bonnet, in southeast Manitoba. The Company acquired a cumulative 89% interest in the property (consisting of Exploration and evaluation assets claims) in 2005. A direct 60% interest was acquired from the vendor for

consideration of \$90,000 in cash, a note for \$165,000 due 18 months from closing (which was paid during 2006), and 700,000 common shares of the Company (issued in 2005).

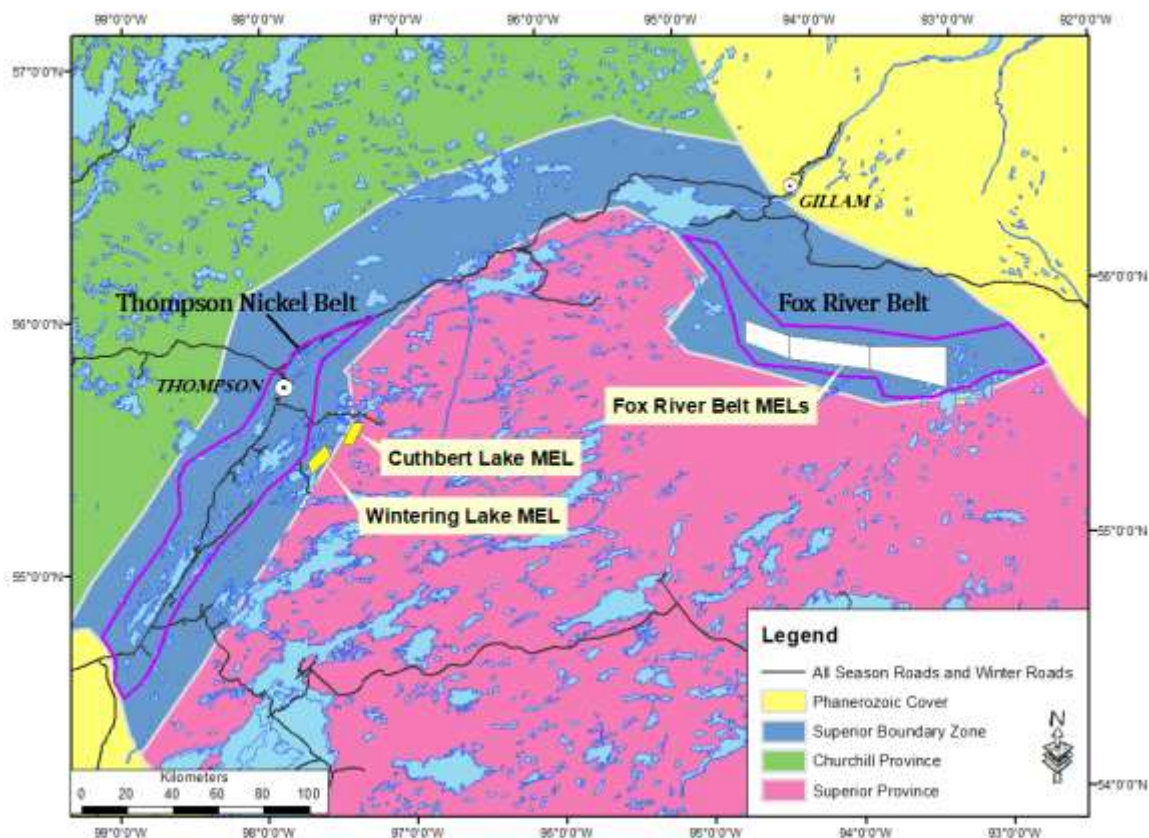
The additional 29% interest was acquired through the acquisition of a 72.56% interest in Maskwa Nickel Chrome Mines Limited (“MNCM”), a company which holds the remaining 40% interest in the Mayville property. The shares in MNCM were acquired through the issuance of 400,000 common shares of the Company and a cash payment of \$120,000. A royalty payment in the amount of \$210,000 will be due in five equal annual payments upon the commencement of commercial production on any portion of the MNCM property.

#### Mayville Lithium

The Mayville lithium property is a lithium and rare metals exploration project located near Lac du Bonnet, in southeast Manitoba adjacent to the Mayville property. On June 30, 2010, the Company entered into an option agreement with Tantalum Mining Corporation of Canada Limited (“Tanco”) and acquired a 100% interest in the base and precious metal rights of a property. Pursuant to the terms of the option agreement, the Company made cash option payments totaling \$45,000, and incurred expenditures of \$312,600. The Company acquired rights to lithium and rare metals on the property in 2017 in return for a retained right of Tanco, on normal commercial terms, to purchase products produced from the property. The property is subject to a 2% royalty interest. There are at least four known pegmatites on the property and a historical resource has been outlined by drilling.

#### Northern Manitoba Nickel Properties

On September 8, 2021, the Company received approval for five mineral exploration licenses (“MELs”) covering prospective ultramafic and mafic intrusive rocks in the western one-third of the Fox River Belt and the eastern flank of the Thompson Nickel Belt (see location map, below). The Fox River MELs (1153B, 1132B, 1133B) collectively cover an area of 102,600 hectares. The Company paid a deposit of \$51,300 upon filing, equal to the first year cumulative spending requirement for the three Fox River Belt MELs. The Thompson East MELs (1134A, 1135A) are located approximately 30 km east of the City of Thompson and collectively cover an area of 10,500 hectares. The Company paid a deposit of \$5,300 upon filing, equal to 50% of the First Year cumulative spending requirement for these two licenses. The acquisition of the 5 MELs strengthens the Company’s Manitoba nickel portfolio and provides the Company with two new grassroots nickel targets, both of which occur within the highly prolific Superior Boundary Zone geological domain. The Superior Boundary Zone hosts the world-class nickel sulfide deposits and active nickel mining operations in the Thompson Nickel Belt (northern Manitoba) and the Raglan Nickel Mining District (northern Quebec). The Company is currently reviewing historical exploration data and developing exploration and financing plans for the new MELs.



*Above: Location of 5 mineral exploration licenses in northern Manitoba acquired by Grid Metals Corp. in September, 2021.*

## ONTARIO

### East Bull Lake Palladium

The East Bull Lake property (“EBL”) is a platinum group metals (“PGM”) exploration project located in the Sudbury Mining Division, Ontario, Canada. The property is comprised of mining claims primarily optioned from third parties. Most of the mining claims are subject to an NSR of up to 3% to the underlying option holders. Prior to 2019 a decision was made to halt exploration on the property and all prior costs were written off. Recent interest in palladium led to the decision to resume exploration on the property in 2019.

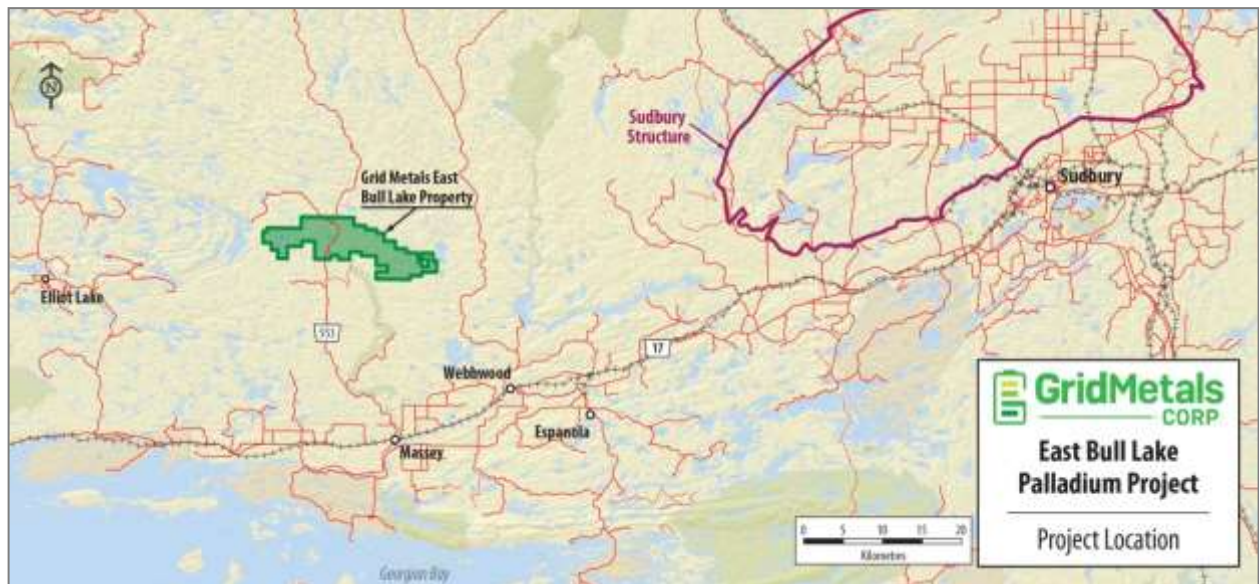
On April 27, 2020 the Company entered into an option agreement to acquire the adjacent Shib property. The Shib property consists of certain boundary cell mining claim units. Under the terms of the Shib property option agreement the Company made an initial cash payment of \$15,000 and issued 100,000 common shares of the Company. In order for the Company to earn a 100% interest in the Shib property it would need to make, at its option, additional cash payments and share issuance on each of the subsequent 3 anniversary dates as follows:

- Year 1 - \$20,000 and 50,000 shares,
- Year 2 - \$30,000 and 50,000 shares,
- Year 3 - \$40,000.

The property is subject to a 2% NSR of which 1% can be purchased for \$1,000,000; the Company has a right of first refusal on the remaining 1%.

The EBL palladium property covers ~80% of the highly prospective EBL intrusion. The intrusion is the type example of a series of palladium-rich mafic complexes that occur in the greater Sudbury region. These bodies formed during a major, global-scale episode of mafic and ultramafic magmatic activity that produced significant palladium, copper-nickel sulfide and chromite deposits in Canada, Scandinavia, Russia, and Brazil approximately 2.5 billion years ago. The EBL intrusion shares many geological and geophysical characteristics with the older Lac des Iles (LDI) complex in northwestern Ontario – host to Canada’s only primary palladium mine. Importantly, the EBL intrusion was recently confirmed to host the same style of structurally-controlled palladium mineralization that constitutes the majority of past and present palladium resources at LDI, which exceed 200 million tonnes of open pit and underground mineralization with over 10 million ounces of contained palladium. The EBL project is also directly analogous to palladium-rich sulfide deposits that occur in northern Finland including the Arctic Platinum project (APP) with current palladium resources totalling 208.5 Mt averaging 1.47 g/t Pd (9.8 million contained ounces). Despite its palladium pedigree, the EBL intrusion remains chronically under-explored compared to the much smaller LDI complex and to several similar-age intrusions in both Canada and Finland. The Company is now embarking on a new phase of systematic exploration on the property that is focused on the discovery of large, palladium-rich deposits having similar grade-tonnage attributes to the LDI and APP deposits. The new programming is guided by the significant knowledge gained from over 40 years of intermittent exploration at EBL and by recent, critical insights into the controls on the development of large palladium-rich deposits in similar geological environments.

The property is easily accessible from the city of Sudbury, located 80 km to the east, by way of an all-weather Provincial road that connects to the Trans-Canada Highway. Sudbury is a world leading nickel, copper, and platinum group metal (“PGM”) mining and smelting centre with a highly skilled mining work force and a surface and underground mining heritage that spans ~150 years.

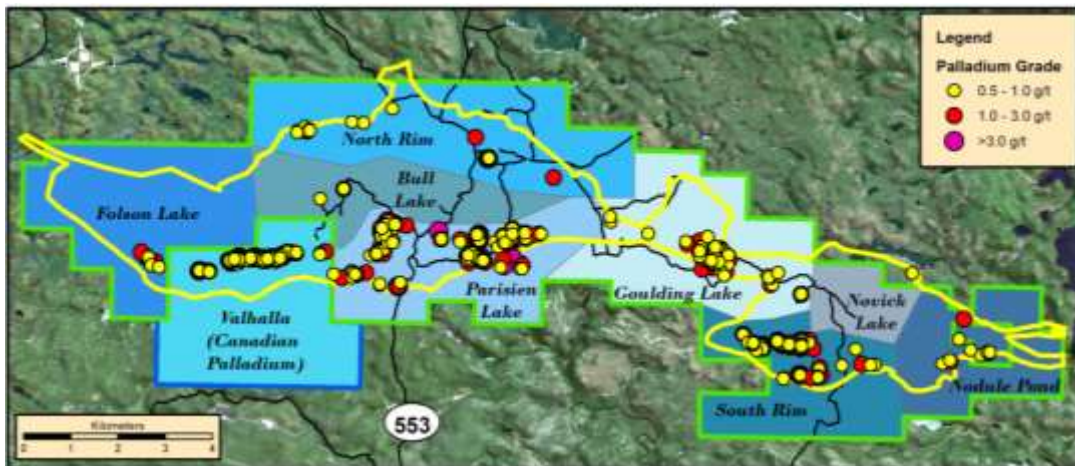


*Above: Location of the EBL property in the Sudbury area, northeastern Ontario.*

The East Bull Lake intrusion is over 20 km long and comprises two magmatic centres (east and west lobes) connected by a narrow east-west trending ‘neck’. The ultimate size of the intrusion is not known but limited deep drilling and 3D geophysical models suggest that the base of the two lobes locally exceed 1 km in depth

and may extend much deeper. Critically, the property is cut by a network of criss-crossing northwest-trending and northeast-trending faults, any of which may have acted as feeder structures during emplacement of the EBL intrusion. These faults tend to produce strong, positive magnetic anomalies that reflect their infiltration by mafic dykes formed during the end-stages of magmatism associated with the EBL suite of intrusions. The internal geology of the EBL intrusion is well documented in a series of Ontario Government maps and reports and more recent academic publications. In brief, the intrusion is dominated by mafic rocks including melanocratic to leucocratic gabbronorite, olivine gabbronorite, pyroxenite and anorthosite. The lower part of the stratigraphy of the intrusion is dominated by brecciated anorthosite and leucocratic gabbronorite containing local patches of varitextured gabbronorite. This part of the intrusion represents a dynamic period of magma injection featuring high energy pulses of magma presumably channeled vertically through, and laterally away from, major feeder faults. The lower stratigraphy is the primary host to the many known palladium zones on the property.

The known distribution of palladium mineralization on the EBL property is illustrated on the map, below. Several palladium zones have been discovered over >30 years of intermittent prospecting and exploration. Most of these zones were initially thought to be related to the margins or basal contact of the intrusion. A recent re-assessment of the property data by Grid indicates a strong structural control on most of the known Pd zones on the property including a spatial association with cross-cutting faults representing potential feeders to the intrusion.



**Above:** Map showing distribution of surface samples at the East Bull Property

#### Bannockburn Nickel Project

The Bannockburn property is a nickel exploration project located in the Sudbury Mining Division, Ontario, Canada. The property package consists of mining claims obtained under option and staked by the Company. The Company has completed its option commitments to earn a 100% interest in the core claims comprising the Bannockburn property. The core part of the property is subject to a 2% NSR.

Grid commissioned an Independent National Instrument 43-101 Technical Report on its Bannockburn Nickel Project located in the Matachewan area, approximately 100 km south of Timmins, Ontario. The author was Caracle Creek International Consulting Inc. of Sudbury, Ontario. The Technical Report was initiated to summarize all relevant geological and historical exploration information on the Bannockburn Property (including 84 drill holes) and obtain independent recommendations for future exploration at the Property. Grid believes that the results of the report indicate that the Bannockburn Nickel Project is directly analogous to the large mineral resources that Canada Nickel has defined at Crawford. The full report was filed on SEDAR dated February 17, 2021.

## 5. SUMMARY OF QUARTERLY RESULTS

### Selected financial information for the last 8 fiscal quarters:

	2021 Q3	2021 Q2	2021 Q1	2020 Q4
	\$	\$	\$	\$
(a) Net income (loss)	(383,793)	(724,028)	212,627	(1,139,053)
(b) Basic and diluted loss per share	(0.00)	(0.01)	0.00	(0.02)

	2020 Q3	2020 Q2	2020 Q1	2019 Q4
	\$	\$	\$	\$
(a) Net loss	(122,078)	(191,445)	(862,102)	(74,571)
(b) Basic and diluted loss per share	(0.00)	(0.00)	(0.02)	(0.00)

### Comments on quarterly results

#### 2021 – Q3

The 2021 period included \$175,415 (2020 - \$46,723) office, general and administrative expense due to increased marketing expenses and \$79,883 (2020 - \$9,378) professional and consulting fees due mainly to increased project due diligence.

#### 2021 – Q2

The 2021 period included \$388,550 (2020 - \$47,600) share based payment expense.

#### 2021 – Q1

The 2021 period included \$519,761 (2020 - \$51,600) flow through share premium income and Nil (2020 - \$445,400) share based compensation.

#### 2020 – Q4

Results for the quarter were a loss of \$1,139,053 vs \$74,571 for the 2019 period. The 2020 period included; deferred tax expense of \$966,000 (2019 – Nil); professional and consulting fees of \$132,754 (2019 - \$25,234) – the higher Q4 2020 fees relate to the financings done in that quarter.

#### 2020 – Q3

Results for the quarter were a loss of \$122,079 vs \$209,431 for the 2019 period. The 2020 period included share-based payments of nil (2019 – \$36,000); professional and consulting fees of \$9,378 (2019 - \$51,080) – in 2019 there were on going marketing campaigns.

## 6. LIQUIDITY

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

The Company has working capital at September 30, 2021 of \$3,126,526 (December 31, 2020 – \$2,555,509).

## 7. CAPITAL RESOURCES

During the six months ended September 30, 2021, there were no unusual factors that affected the Company's capital resources.

## 8. OFF-BALANCE SHEET ARRANGEMENTS

At September 30, 2021 and 2020, the Company did not have any off-balance sheet arrangements.

## 9. TRANSACTIONS BETWEEN RELATED PARTIES

Director's fees, professional fees and other compensation of directors and key management personnel were as follows for the nine months ended September 30, 2021:

	2021	2020
	\$	\$
Short-term compensation and benefits	<b>386,611</b>	371,991
Share-based payments (stock option, RSU and DSU grants)	<b>315,504</b>	396,950
<b>Total key management compensation</b>	<b>702,115</b>	768,941

Short-term compensation and benefits charged to exploration and evaluation assets amounted to \$181,820 (2020 – \$146,240).

Amounts due to key management personnel included in accounts payable amounted to \$22,645 (2020 – \$22,694).

Legal fees were charged by a legal firm during the six months ended September 30, 2021, of which an officer of the Company is an employee, for legal and corporate secretarial services in the amount of \$46,758 (2020 - \$45,108). Accounts payable and accrued liabilities includes Nil owing to the legal firm (2020 – Nil).

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

See also Note 8(a) to the Company’s September 30, 2021, interim unaudited condensed consolidated financial statements.

## **10. PROPOSED TRANSACTIONS**

With the exception of the proposed Transaction with Lithium Royalty Corp. presented on page 4, there are no proposed transactions other than normal ongoing activities.

## **11. CRITICAL ACCOUNTING ESTIMATES**

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

### **Capitalization of mining interest costs**

Management has determined that exploration and evaluation costs incurred during the year have future economic benefits. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits.

### **Impairment of mining interests and capital assets**

While assessing whether any indications of impairment exist for mining interest assets and capital assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, and economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of mining interest assets. Internal sources of information include the manner in which mining interest assets and capital assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates may include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company’s mining interests, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or



adverse current economics can result in a write-down of the carrying amounts of the Company's mining interests and capital assets.

#### **Income taxes and recoverability of potential deferred tax assets**

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

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

#### **Share-based payments**

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

#### **Mineral reserve estimates**

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

### **Commitments and contingencies**

Refer to Notes 6 and 9 of the Company's September 30, 2021 interim unaudited condensed consolidated financial statements.

### **Recent and future pronouncements**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after July 1, 2021 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 and 8 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets (“IAS 37”) was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e., a full-cost approach. Such costs include both the incremental costs of the contract (i.e., costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g., contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 16 – Property, Plant and Equipment (“IAS 16”) was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

## **12. FINANCIAL ASSETS, AND OTHER INSTRUMENTS**

### **Financial assets**

#### **Initial recognition and measurement**

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

#### **Subsequent measurement – financial assets at amortized cost**

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

#### Subsequent measurement – financial assets at FVOCI

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

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

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

#### Subsequent measurement – financial assets at FVPL

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

#### Derecognition

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

#### Impairment of financial assets

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

### **Financial liabilities**

#### Initial recognition and measurement

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

#### Subsequent measurement – financial liabilities at amortized cost

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

#### Derecognition

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

### **Credit Risk**

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

### **Liquidity Risk**

The Company's main source of liquidity is derived from its common stock issuances. As at September 30, 2021, the Company had current assets of \$3,539,309 (December 31, 2020 - \$3,166,809) to settle current liabilities of \$412,783 (December 31, 2020 - \$611,300). All the Company's financial liabilities have contractual maturities that are subject to normal trade terms.

### **Interest Rate Risk**

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

### **Market Risk**

#### Foreign Currency Risk

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

#### Price Risk

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

### **Sensitivity Analysis**

Management's view with respect to interest rate and foreign exchange risks is as follows:

- (i) The Company receives low interest rates on its cash and cash equivalent balances and, as such, the Company does not have significant interest rate risk.
- (ii) The Company does not have exposure to foreign exchange risk.

### **Land access and permitting**

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

### **Operating Risk**

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

## **13. DISCLOSURE OF OUTSTANDING SHARE DATA**

### **Share Capital**

#### Common Shares

As at September 30, 2021, there were 94,292,302 common shares of the Company outstanding and 92,492,302 as at the date hereof (December 31, 2020 – 77,882,099).

#### Warrants

At September 30, 2021, and the date hereof, there were a total of 27,599,681 warrants outstanding (December 31, 2020 – 20,312,040).

#### Options

At September 30, 2021, there were a total of 5,680,000 stock options outstanding and 5,930,000 at the date hereof.

RSU's and DSU's

At September 30, 2021, there were a total of 200,000 RSU's and 950,000 DSU's outstanding.

**Directors and officers of the Company**

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

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

**Additional Information**

Additional information about the Company including the financial statements, press releases and other filings are available on the internet at [www.sedar.com](http://www.sedar.com) and additional supplemental information is available on the Company website at [www.gridmetalscorp.com](http://www.gridmetalscorp.com).