



**2023 Annual Report for
Water Licences MV2022L8-0008
and
MV2022L8-0009**

**Yellowknife Lithium Project, NT
North Slave Region, NT**

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Table of Contents

1	Introduction	4
a)	Brief Summary of Project Activities	4
b)	Updated Project Schedule	5
c)	Monthly and Annual Quantities of Fresh Water Obtained from All Sources (per Part B, Condition 18 of the Licences).....	5
d)	Calibration and status of water meters and Devices (per Part B, Condition 18 of the Licences)....	5
e)	Summary of Activities Conducted in accordance with the Approved Engagement Plan (per Part B, Condition 20 of the Licences)	5
f)	Traditional Knowledge.....	5
g)	Major Maintenance Activities	5
h)	Summary of Activities Conducted in accordance with the Approved Waste Management Plan ...	6
i.	Facilities and Processes Upgrades or Changes	6
ii.	Monthly and Annual Drill Waste Discharge by Location	6
iii.	Monthly and Annual Sewage Discharge by Location	6
iv.	Map depicting the location of the Sumps	7
i)	Summary of Activities Conducted in accordance with the Approved Explosives Management Plan	7
i.	Approved Facilities and Processes Upgrades or Changes	7
ii.	Monthly and annual quantities/volumes by location of explosives.....	7
iii.	Monitoring Results.....	7
iv.	Action Level exceedances	7
v.	Actions taken in response to any Action level exceedances	7
j)	Summary of Activities Conducted in accordance with the Approved Spill Contingency Plan.....	7
i.	Unauthorized Discharges Log	7
ii.	Spill Training	7
	All employees and contractors received instruction in safe fuel handling, spill response, and spill reporting as part of the site induction in accordance with the MVLWB-approved Spill Contingency Plan.	7
k)	Summary of Activities Conducted in accordance with the Approved Closure and Reclamation Plan (per Part I, Condition 1 of the Licences)	8
i.	Details of any Progressive Reclamation undertaken.....	8
ii.	A discussion on whether planning and implementation remains on schedule, and a summary of any new scheduling setbacks	8

- iii. A summary of engagement conducted regarding Closure and Reclamation 8
- iv. A list of any factors that would increase or decrease the Closure Cost Estimate the next time the Estimate is updated 8
- l) Tabular summaries of all data and information generated under the SNP annexed to this Licence, in Excel format 8
- m) Summary and interpretation of the results from the geochemical characterization and a discussion on the Potential for acid rock drainage and metal leaching 9
- n) List of any non-compliance(s) with the conditions of this Licence or any directive from the Board pursuant to the conditions of this Licence..... 9
- o) A summary of actions taken to address concerns, non-conformances, or deficiencies in any reports filed by an Inspector 9
- p) Any Other Details requested by the Board by November 30th of the Year Being Reported 9

Tables

- Table 1: Monthly and Annual Greywater Volumes Discharged by Location 6
- Table 2: Echo Area Camp Pit Latrine Sump Locations and Volumes Discharged 7

1 Introduction

Li-FT Power Ltd. (Li-FT) is a Canadian critical minerals exploration company focused on identifying and defining potential lithium resources in Canada. Li-FT is based in Vancouver, British Columbia and is publicly traded on the TSXV (LIFT), OTCQX (LIFFF), and FRA (WS0). Li-FT has assets in Quebec and the Northwest Territories (NT). In the NT, Li-FT's assets are held by its wholly-owned subsidiary, EREX International Ltd. (EREX or the Company) and include the Yellowknife Lithium Project in the North Slave Region and the CALI Project in the Dehcho Region. The Yellowknife Lithium Project (the Project) is the subject of this report.

The Project includes two exploration camps: Hidden Lake Camp, which is located on Federal Land and supports exploration in the Hidden Lake area, and Echo Area Camp, which is located on Non-Federal land and supports exploration in the Echo area. Exploration on the Big and Nite leases is generally supported out of Yellowknife. Smaller, temporary exploration camps may also be established in the future, upon Inspector approval, to support exploration activity. Exploration activities may include diamond and reverse circulation drilling, channel sampling, and trenching near pegmatite dykes. Exploration activities may also be supported with winter roads and trails.

This Annual Report is being filed with the Mackenzie Valley Land and Water Board (MVLWB) in accordance with Part B, Condition 19 of both Water Licence MV2022L8-0008 (for Non-Federal areas) and Water Licence MV2022L8-0009 (for Federal areas) and summarizes activities and monitoring undertaken at the Company's Yellowknife Lithium Project in calendar year 2023. For ease of comparison, each subheading of this report has been directly aligned with the reporting requirements outlined in Schedule 1 of MV2022L8-0008 and MV2022L8-0009 (the Licences), which are identical.

a) Brief Summary of Project Activities

In 2023, EREX undertook exploration work to evaluate the presence and quality of lithium-bearing minerals, predominantly spodumene, in the pegmatite dykes that occur on leases held by EREX. Mapping, prospecting, and surface sampling was conducted in the summer of 2023. 198 holes were drilled on EREX's leases in 2023. Water for drilling was pumped from approved sources in proximity to the drill holes. Drill cuttings were placed in natural depressions in accordance with EREX's Waste Management Plan. Saw-cut channel sampling using gas powered saws was also conducted on outcropping exposures of the pegmatite dykes. Construction of the Thompson-Lundmark winter road began in late 2023.

The Hidden Lake Camp was established in 2023 to serve drill crews, geologists and associated technicians, and environmental scientists conducting exploration and environmental baseline studies in the area. Access to the Hidden Lake Camp during summer occurred via helicopter or float equipped fixed wing aircraft. Waste products generated by the Hidden Lake Camp and associated activities were managed according to EREX's Waste Management Plan.

The Echo Area Camp was established in 2023 to serve drill crews, geologists and associated technicians, and environmental scientists conducting exploration and environmental baseline studies in the area. Access to the Echo area was occurred via helicopter or float equipped fixed wing aircraft. Waste generated at the Echo Area Camp and associated activities were managed according to EREX's Waste Management Plan.

b) Updated Project Schedule

Exploration activities aimed at defining the extent and quality of potential lithium resources will continue seasonally and as needed through the term of this Licence throughout the Project area.

c) Monthly and Annual Quantities of Fresh Water Obtained from All Sources (per Part B, Condition 18 of the Licences)

All water uses by month, year, and water source are outlined in Appendix A. Daily water usage can be found in the Monthly Surveillance Network Program (SNP) reports filed on the MVLWB public registry at <https://mvlwb.com/registry/mv2022l8-0009> and are discussed in Section L of this report. No exceedances of daily water allotments or annual lake-specific water usage allotments occurred in 2023.

d) Calibration and status of water meters and Devices (per Part B, Condition 18 of the Licences)

Water use to the drill units was measured by GPI 01N31GM flow meters. GPI 01N31GM are factory calibrated for water with no user adjustment or calibration available. Where flow meters could not practically be installed inline with the pump due to freezing conditions, water volumes were calculated using full tank fills (e.g., on water trucks) or by multiplying the maximum pump flow rate by the recorded time of pump use.

e) Summary of Activities Conducted in accordance with the Approved Engagement Plan (per Part B, Condition 20 of the Licences)

EREX communicated with interested and potentially affected parties regarding its activities via text, phone, and email throughout 2023. EREX sent pre-application information to interested and potentially affected parties by email. EREX held a number of virtual and in-person meetings to inform interested and potentially affected parties of its plans and solicit feedback. EREX also held an open house in Yellowknife in the autumn of 2023 in an effort to reach members of the public at large and provide an opportunity for them to provide feedback on the Project and EREX's plans for its winter exploration program.

f) Traditional Knowledge

EREX conducted archaeological studies, including Archaeological Overview Assessments and Archaeological Impact Assessments (AIA), in accordance with Conditions 56 and 57 Land Use Permit MV2022C0021 in 2023. Elders from a number of Indigenous communities joined the technical team on the ground for the AIAs. Exploration activities were adjusted based on the outcome of the studies, including Traditional Knowledge provided during the surveys. EREX also hosted an elders mapping session with members of the Yellowknives Dene First Nation on February 9th, 2023.

g) Major Maintenance Activities

No major maintenance activities were conducted in 2023. The Hidden Lake and Echo camps were constructed in 2023. Construction of the Thompson-Lundmark winter road began in late 2023.

h) Summary of Activities Conducted in accordance with the Approved Waste Management Plan

i. Facilities and Processes Upgrades or Changes

Waste management facilities were constructed at the Hidden Lake and Echo Area camps in 2023 in accordance with the MVLWB-approved management plans and Project Descriptions submitted to the MVWLB previously. No other upgrades or changes to waste management facilities were made in 2023.

ii. Monthly and Annual Drill Waste Discharge by Location

Drilling waste was pumped from the drill to authorized natural depressions in accordance with the Waste Management Plan. The locations and volumes of drilling waste placement are provided by month in Appendix B.

iii. Monthly and Annual Sewage Discharge by Location

Hidden Lake Camp

All sewage was incinerated in Incinolet toilets and transferred off site to an approved waste management facility in Yellowknife, in accordance with the Waste Management Plan. Monthly and annual greywater discharged by sump location is provided in Table 3.

Table 1: Monthly and Annual Greywater Volumes Discharged by Location

Sump ID	EG1	EG2	HG1	HG2	HG3
UTM Zone	12N	12N	12N	12N	12N
UTM E	436334	436334	370536	370640	370646
UTM N	6922915	6922912	6938542	6938427	6938418
Sump Type	Greywater	Greywater	Greywater	Greywater	Greywater
Jurisdiction	Territorial	Territorial	Federal	Federal	Federal
Jun Vol. (m3)	0	0	0.33	1.32	4.97
Jul Vol. (m3)	0	0	4.53	18.1	67.88
Aug Vol. (m3)	0	0	1.81	7.23	27.11
Sept Vol. (m3)	0.7	0.3	3.44	13.74	51.53
Oct Vol. (m3)	0.7	0.3	2.73	10.92	40.95
Nov Vol. (m3)	2.1	0.9	0.07	0.26	0.98
Dec Vol. (m3)	2.1	0.9	0.04	0.14	0.53
Annual Total Vol. (m3)	5.6	2.4	12.93	51.72	193.94

Echo Area Camp

Blackwater was collected in pit latrines located on non-Federal Land at least 100 m from the Ordinary Highwater Mark of the nearest watercourse unless otherwise authorized by an Inspector. Blackwater sumps were approximately 2 metres long, 0.5 metres wide, and 1.5 metres deep. Blackwater sumps were treated with lime on an as-needed basis.

Table 2: Echo Area Camp Pit Latrine Sump Locations and Volumes Discharged

Sump Name	UTM Zone	UTM Easting	UTM Northing	Waste Type	Waste Volume (m3)	Date of Use	Date of Closure
T1	12N	436373	6922948	Sewage	<1.5	09/20/2023	N/A
T2	12N	436310	6922928	Sewage	<1.5	09/20/2023	N/A
T3	12N	436365	6922958	Sewage	<1.5	09/20/2023	N/A
T4	12N	436308	6922937	Sewage	<1.5	09/20/2023	N/A
T5	12N	438718	6922662	Sewage	0	N/A	N/A

iv. **Map depicting the location of the Sumps**

All sump locations are depicted in the Figures presented in Appendix C.

i) **Summary of Activities Conducted in accordance with the Approved Explosives Management Plan**

No explosives have been required for the Project to date. As such, no Explosives Management Plan has been developed for the Project.

i. **Approved Facilities and Processes Upgrades or Changes**

Not applicable.

ii. **Monthly and annual quantities/volumes by location of explosives**

Not applicable.

iii. **Monitoring Results**

Not applicable.

iv. **Action Level exceedances**

Not applicable.

v. **Actions taken in response to any Action level exceedances**

Not applicable.

j) **Summary of Activities Conducted in accordance with the Approved Spill Contingency Plan**

i. **Unauthorized Discharges Log**

No spills meeting NT/NU reporting thresholds occurred under this Licence in 2023.

ii. **Spill Training**

All employees and contractors received instruction in safe fuel handling, spill response, and spill reporting as part of the site induction in accordance with the MVLWB-approved Spill Contingency Plan.

k) Summary of Activities Conducted in accordance with the Approved Closure and Reclamation Plan (per Part I, Condition 1 of the Licences)

Version 2.0 of Closure and Reclamation Plan and associated Security Estimate was provided to the MVLWB with the applications to amend MV2022C0021, MV2022L8-0008, MV2022L8-0009.

No activities related to closure and reclamation were undertaken in 2023, with the exception of progressive reclamation of each drill site.

i. Details of any Progressive Reclamation undertaken

All 198 drill sites that were used in 2023 have been reclaimed in accordance with Conditions 81 and 82 of the Land Use Permit and the MVLWB-approved Closure and Reclamation Plan. In the October 13, 2023 Environmental Inspection Report conducted for Land Use Permit MV2022C0021,¹ the Inspector reported “...progressive reclamation of all completed drill sites is occurring and the Permittee/Contractors cooperation to comply with Condition #81 (Natural Vegetation) & #82 (Progressive Reclamation) of the land use permit is appreciated.”

ii. A discussion on whether planning and implementation remains on schedule, and a summary of any new scheduling setbacks

Project planning and implementation remains on schedule with exploration activities planned to continue as needed over the duration of the terms of these exploration water licences.

iii. A summary of engagement conducted regarding Closure and Reclamation

Engagement related to the updated Closure and Reclamation Plan, and the Project as a whole, was outlined in an update to the Engagement Record submitted with the Engagement Plan submitted with the applications amend MV2022C0021, MV2022L8-0008, MV2022L8-0009 in the spring and autumn of 2023.

iv. A list of any factors that would increase or decrease the Closure Cost Estimate the next time the Estimate is updated

The closure cost estimate for MV2022C0021, MV2022L8-0008, and MV2022L8-0009 was most recently updated during the MVLWB-administered process to amend MV2022C0021, MV2022L8-0008, and MV2022L8-0009 and was approved by the MVLWB on December 12, 2023. No factors that would further increase or decrease these estimates have been identified.

l) Tabular summaries of all data and information generated under the SNP annexed to this Licence, in Excel format

Only SNP Station 1 was active in 2023, and relates to daily monitoring of water volumes used. This information has been provided in Excel format, as Appendix D of this report. Monthly SNP Reports were also filed with the MVLWB for this period and are available on the public registry.

¹ https://registry.mvlwb.ca/Documents/MV2022C0021/EREX%20-%20Inspection%20Report%20-%20October%2013,%202023%20-%20Oct%2013_23.pdf

There were no exceedances of either the daily water use limits for the Licences (299 m³/day, combined) or of the source-specific annual water use limits in 2023.

m) Summary and interpretation of the results from the geochemical characterization and a discussion on the Potential for acid rock drainage and metal leaching

No geochemical characterizations were undertaken in 2023.

n) List of any non-compliance(s) with the conditions of this Licence or any directive from the Board pursuant to the conditions of this Licence

There were no instances of non-compliance with the Water Licences. At the end of 2023, the only outstanding directive from the MVLWB was to update the Closure and Reclamation Plan (Version 2.1) for a conformity check by January 15th, 2024.

o) A summary of actions taken to address concerns, non-conformances, or deficiencies in any reports filed by an Inspector

No substantive concerns, non-conformances, or deficiencies were noted during any of the Inspections that took place in 2023. Minor items noted by the Inspectors at the time of the Inspection were addressed as quickly as possible to the Inspectors' satisfaction and no future actions were required.

p) Any Other Details requested by the Board by November 30th of the Year Being Reported

No other requests that required further reporting were made by the MVLWB prior to November 30, 2023.

Appendix A. Monthly and Annual Quantities of Freshwater Used by Source

Appendix B. Monthly and Annual Quantities of Drill Waste by Location

Appendix C. Maps of Water Use and Sump Locations

Appendix D. Daily Water Use by Source

Provided in Excel format.