E3 METALS CORP

Management Discussion and Analysis

For the Three and Six Months Ended June 30, 2022

Second Quarter Update

Imperial Oil Strategic Partnership

During the quarter, E3 Metals ("E3" or the "Company") announced a collaboration agreement with Imperial Oil Limited ("Imperial") to advance the Company's pilot project in the Clearwater area. The Imperial equity investment provided $6.35 million and was the first investment in lithium from a global energy leader. The agreement included an option to lease a portion of Imperial freehold lands within E3's Bashaw District. This provided E3 the ability to form a contiguous land block within this area with which E3 could develop a commercial lithium project. It also provided development and technical support from Imperial which may provide access to data, experience and intangible benefits that could only come from the first developer of the historic Leduc reservoir. As E3's relationship with Imperial continues to grow, the Company looks forward to deepening those connections to develop Canada's premier lithium brine resource in Alberta.

Name Change to E3 Lithium Ltd.

On June 24, 2022, at the Company's annual general meeting, the shareholders approved the name change from E3 Metals Corp to E3 Lithium Ltd. The name change reflects the singular focus of the company on lithium while retaining its globally recognized "E3" brand. Subsequent to the end of the second quarter, on July 8, 2022, those changes took effect and E3 Lithium Ltd. is now trading on the TSX Venture Exchange under the new trading symbol "**ETL**".

Milestone Updates

1. **De-risk and Upgrade the Clearwater Resource:** The Company has completed drilling Alberta's first brine production well for the purpose of lithium evaluation, with a second well underway. Subsequent to the quarter, it increased its inferred mineral resources in the newly-named Bashaw District (the "District") to 23.4 MT LCE. The District combines and expands the Clearwater Resource and Exshaw Resource areas into a consolidated resource that contains an estimated total of 59 billion m3 (59 km3) of brine formation water at an average grade of 74.5 milligram/Litre (mg/L) lithium. This makes the consolidated district one of the largest global lithium resources.

2. **De-risk and Scale-up the Ion-Exchange Technology:** The Company worked with a third-party equipment design and manufacturer using their in-house development equipment to produce an initial 20 kgs of the Company's proprietary sorbent in a single continuous run. Prior to producing this commercial quantity, the Company's development team produced in-house sorbent in quantities less than a kilogram to support internal test work. The goal of this commercial production was to validate the transition from small scale batch production in the lab to commercial scale continuous production, which has been successfully achieved. The Company has engaged several specialty equipment providers to evaluate manufacturing methods for its proprietary ion-exchange sorbent used as part of its Direct Lithium Extraction ("DLE") process. The work is to delineate a scalable manufacturing process to produce the Company's proprietary ion-exchange beads at a large scale. While the immediate need is to deliver large quantities of the sorbent material for the Company's upcoming Field Pilot Plant, the process methods developed can produce commercial quantities of the sorbent.

3. **Production of Battery Grade Lithium Hydroxide Monohydrate ("LHM") Samples:** The Company is continuing the evaluation of several commercially available processes with vendors to produce LHM samples from its lithium concentrate produced from the ion-exchange process.

Initial estimates for the milestones remain at approximately $6.0 million, $5.0 million, and $1.5 million, respectively. The success of these milestones will lay the groundwork for the planned pre-feasibility study, anticipated in 2023.

This Management Discussion and Analysis (“MD&A”) of E3 Metals provides a summary of the activities, results of operations and financial condition of the Company as at and for the three months ended June 30, 2022. The MD&A has been prepared by management as of August 15, 2022 and should be read together with the unaudited condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2022, and the MD&A and audited consolidated financial statements as at and for the year ended December 31, 2021. All amounts are stated in thousands of Canadian Dollars unless otherwise indicated.

E3 Metals is a resource and technology company with mineral properties in Alberta and an ion-exchange direct lithium extraction technology that has been developed to exploit the lithium mineral resources contained in Alberta brines. The Company’s shares trade on the TSX Venture Exchange (the “Exchange”) under the trading symbol “ETMC”.

Corporate Summary

The Company was incorporated on August 19, 1998 under the laws of British Columbia. The Company is presently a “Venture Issuer”, as defined in NI 51-102.

The Company has a wholly-owned Canadian subsidiary, 0904254 BC Ltd. (“0904254 BC”), incorporated on March 1, 2011, and a Mexican subsidiary, Mexigold Resources SA de CV (“MAU Mexico”), incorporated on March 4, 2011, whereby the Company owns 99% and 0904254 BC owns 1% of MAU Mexico. The Canadian subsidiary was dissolved in 2019.

Effective July 9, 2015, the Company's listing was transferred to the NEX board of the Exchange in accordance with TSX-V Policy 2.5 as the Company was not able to maintain the requirements for a TSX-V Tier 2 company. The Company was listed on the NEX under the symbol SAV.H.

On August 22, 2016, the Company changed its name from Mexigold Corp. to Savannah Gold Corp. and its stock symbol from MAU.H to SAV.H. The Company also consolidated its share capital on a ratio of one new post-consolidated common share for every two old pre-consolidated common shares.

Effective March 3, 2017, the Company consolidated its share capital on a ratio of five old common shares for every one new post-consolidated share. On completion of the consolidation, the Company had 3,046,021 issued and outstanding common shares.

On May 30, 2017, the Company completed a Fundamental Acquisition (as that term is defined in the policies of the Exchange) (the "Transaction") with 1975293 Alberta Ltd.(“Alberta Co”), whereby all outstanding securities of Alberta Co. have been exchanged for securities of the Company pursuant to a Definitive Share Exchange Agreement dated May 8, 2017. The Company changed its name to E3 Metals Corp. and upgraded its listing to Tier 2 of the Exchange subsequent to the closing of the Transaction.

As part of the Transaction, the Company paid Alberta Co. $0.2 million in cash to settle its outstanding debt owed to Revere Development Corp., issued a total of 6,000,000 common shares of the Company (the “Escrow Shares”) and 600,000 share purchase warrants in exchange for all of the issued and outstanding shares and share purchase warrants of Alberta Co. On May 30, 2020, the last of the Escrow Share were released and are now free-trading shares.

(CAD$ thousands, except share amounts and where noted)

SUMMARY OF OPERATIONS

Operating Expenses

	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	**2022**	2021	% Change
Operating expenses	**92**	-	n/a	**92**	-	n/a

The Company's operating expenses primarily consist of costs incurred to maintain and operate its fixed assets. Costs include lease rentals, property taxes, repairs & maintenance, etc.

The Company began to incur operating expenses in the second quarter of 2022 as lease rentals were paid to landowners in order to secure the rights required to conduct its field operations.

Business Development ("BD") and Marketing

	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	**2022**	2021	% Change
BD and marketing	**524**	230	128	**929**	448	107

The Company's marketing expenditures primarily consist of sponsorships and advertisements at various investment and ESG-based conferences. Expenses are also incurred for the service of external consultants with expertise in brand building and strategic positioning. The Company has also engaged in a digital media marketing campaign which will run for up to 12 months. The Company's business development expenditures primarily consist of building strategic relationships and exploring potential partnership opportunities. As such, the timing and amount of expenditures can fluctuate year-to-year based on the availability of business development and marketing opportunities.

For the three months and six months ended June 30, 2022, business development expenses were 128% and 107% higher than the comparable periods in 2021, respectively. Expenditures were budgeted to be higher in 2022 as the Company build its brand and increased investor outreach in the investment and ESG communities.

General and Administrative

	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	**2022**	2021	% Change
General and administrative	**770**	551	40	**1,247**	934	34

For the three and six months ended June 30, 2022, general and administrative expenses were 40% and 34% higher than the comparable periods in 2021, respectively. The increases were primarily due to higher corporate headcount. Several strategic hires were made between Q2 2021 and Q2 2022 to expand the Company's core capabilities with talent who bring the appropriate technical knowledge and experience.

(CAD$ thousands, except share amounts and where noted)

Share-Based Compensation

	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	**2022**	2021	% Change
Share-based compensation	**447**	232	93	**824**	1,197	(31)

For the three months ended June 30, 2022, share-based compensation expenses were 93% higher than the comparable period in 2021 as stock option grants were made to new hires and to existing staff for achieving key milestones for the Company.

For the six months ended June 30, 2022, share-based compensation expenses were 31% lower than the comparable period in 2021 due to a number of forfeitures during the second half of 2021. In addition, 1.8 million stock options were granted near the end of Q2 2022 and will not be fully reflected until the next quarter.

The following table summarizes the change in stock options:

	Stock Options	**Weighted Average Exercise Price ($)**
Balance, January 1, 2021	2,938,000	0.48
Granted	2,105,000	1.89
Exercised	(1,981,250)	0.51
Forfeited	(116,750)	1.65
Expired	(68,250)	0.95
Balance, December 31, 2021	2,876,750	1.42
Granted	**2,320,000**	**2.59**
Exercised	**(57,000)**	**0.78**
Forfeited	**(8,500)**	**1.38**
Balance, June 30, 2022	**5,131,250**	**1.96**

Financing Expenses

	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	**2022**	2021	% Change
Interest on leases	**9**	4	125	**15**	6	150

For the three and six months ended June 30, 2022, interest on leases were 125% and 150% higher than the comparable periods in 2021, respectively. The Company incurred higher interest expenses due to the additional corporate head office space leased to accommodate its growing workforce.

(CAD$ thousands, except share amounts and where noted)

Amortization

	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	**2022**	2021	% Change
Amortization	**43**	42	2	**99**	61	62

For the three and six months ended June 30, 2022, amortization was 2% and 62% higher than the comparable periods in 2021, respectively. The depreciable asset base increased in 2022 as the Company entered into new leases and procured new equipment for the expanding workforce.

Foreign Exchange Gain and Loss

	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	**2022**	2021	% Change
Foreign exchange (gain) and loss	**(2)**	3	(167)	**1**	9	(89)

For the three and six months ended June 30, 2022, gains and losses on foreign exchange were 167% and 89% lower than the comparable periods in 2021, respectively. The Company is exposed to foreign exchange risk through purchasing supplies and services from vendors based in the United States. Exposure is immaterial relative to the Company's annual expenditures. Gains or losses are incurred from the change in the CAD/USD exchange rate between the dates when expenses are recognized and when they are settled.

Other Income

	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	**2022**	2021	% Change
Interest income	**35**	9	289	**49**	15	227

Interest income for the three and six months ended June 30, 2022 were 289% and 227% higher than the comparable periods in 2021 due to higher interest rates earned from the Company's cash balance while the Bank of Canada continues to increase rates to control inflation.

Net Loss

The Company incurred a net loss of $1.8 million during the three months ended June 30, 2022, which was 57% higher than the comparable period in 2021. The increase in losses were primarily due to higher budgeted expenditures for drilling activities and generally in all areas of the Company's operations as it continues to execute its strategy.

The Company incurred a net loss of $3.2 million during the six months ended June 30, 2022, which was 9% higher than the comparable period in 2021. The lower increase year-to-date was primarily due to a slight offset by higher non-cash stock-based compensation incurred during the first quarter of 2021.

(CAD$ thousands, except share amounts and where noted)

CAPITAL EXPENDITURES

The Company has three main sources of capital expenditures:

- Exploration and evaluation ("E&E") assets – the acquisition of mineral permits and licenses
- Property and equipment – corporate assets such as computer equipment and software
- Intangible assets – costs incurred to further the Company's proprietary DLE technology

	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	**2022**	2021	% Change
Acquisition	**100**	1,099	(91)	**100**	1,099	(91)
Additions	**2,471**	165	1,398	**3,642**	228	1,497
Change in asset retirement costs	**153**	-	n/a	**153**	-	n/a
Total E&E expenditures	**2,724**	1,264	116	**3,895**	1,327	194
Computer equipment	**32**	13	146	**46**	29	59
Furniture and fixtures	**35**	27	30	**45**	27	67
Software licenses	**-**	9	(100)	**-**	9	(100)
Leasehold improvement	**4**	-	n/a	**4**	-	n/a
Total corporate expenditures	**71**	49	45	**95**	65	46
Acquisition	**-**	-	-	**-**	738	(100)
Additions	**755**	212	256	**1,328**	666	99
Government grant	**-**	(550)	(100)	**(500)**	(643)	(22)
Total intangible asset expenditures	**755**	(338)	(323)	**828**	761	9
Total capital expenditures	**3,550**	975	264	**4,818**	2,153	124

For the three and six months ended June 30, 2022, exploration and evaluation asset expenditures were 116% and 194% higher than the comparable periods in 2021, respectively. The higher expenditures were budgeted as the Company executes its lithium evaluation program in the Clearwater Project area. The first lithium evaluation well was spud on June 24, 2022 and the Company also acquired a well drilled and completed by a third party in the area. Accordingly, asset retirement obligations were accrued for the new wells.

Corporate asset expenditures were higher in 2022 due to suppling the increased workforce with appropriate equipment and expansion of the Company's office and lab research space.

For the three and six months ended June 30, 2022, Intangible asset expenditures were 323% lower and 9% higher than the comparable periods in 2021, respectively. The Company will continue to allocate significant resources to develop and commercialize its proprietary lithium extraction technology.

The Company's joint venture partner elected to withdraw from an existing technology development joint venture arrangement in Q1 2021. All the joint venture's assets and liabilities were assumed by the Company in exchange for consideration of USD $1.00 dollar.

(CAD$ thousands, except share amounts and where noted)

The Company received $0.5 million in government grant in Q1 2022 from Alberta Innovates for its efforts in developing and commercializing a novel technology to address a gap or market need in Alberta. Further grants may be received and they will be recognized during the periods in which the Company has achieved the required milestones.

Impairment Analysis
The Company does not consider its exploration and evaluation or intangible assets to be impaired. The Company's ability to realize on the value of these assets is dependent on the successful completion of an economically feasible pilot plant, followed by the construction of commercial lithium production facilities. Based on the current development progress of its proprietary direct lithium extraction technology, the Company does not believe that these assets are impaired. Current market prices show that there is a short supply of lithium and that the demand for battery-grade lithium is at all-time highs.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at June 30, 2022.

RELATED PARTY TRANSACTIONS

Due from related parties of $0.1 million as at June 30, 2022 (December 31, 2021 – $0.1 million) were withholding taxes remitted on behalf of employees arising from stock option exercises during the year.

SHAREHOLDERS' EQUITY

Share Capital
The table below summarizes the change in share capital:

Number of Shares	**Six months ended June 30, 2022**	Year ended December 31, 2021
Balance, beginning of period	**57,759,871**	41,664,131
Exercise of stock options and warrants	**1,606,740**	9,302,440
Stock options exercised in prior period (1)	**100,000**	-
Issuance of shares by private placement	**-**	6,793,300
Balance, end of period	**59,466,611**	57,759,871

(1) The stock options were exercised in December 2021 but shares not issued until January 2022.

During the six months ended June 30, 2022, the Company issued 1.7 million common shares from the exercise of stock options and warrants with exercise prices between $0.40 to $1.65 per share. Total proceeds received were $2.1 million.

On February 8, 2021, the Company closed its brokered private placement by issuing 6.8 million units at a price of $1.185 per unit for gross proceeds of $8.1 million. Each unit was comprised of one common share and one unit warrant. Each unit warrant entitled the holder to acquire one additional common share at an exercise price of $1.65 for a period of 24 months following the date of issuance. The broker warrants carried the same terms as the unit warrants. As the closing price of the Company's common shares on the issue date exceeded the unit price of the private placement, no residual value was allocated to the warrants. Share issuance costs consisted of $0.7 million in cash and 0.6 million broker warrants fair valued at $1.3 million.

(CAD$ thousands, except share amounts and where noted)

During the year 2021, the Company issued 9.3 million common shares from the exercise of stock options and warrants with exercise prices between $0.40 to $1.65 per share. Total proceeds received were $9.7 million.

The regulatory fees and legal fees attributable to shares issuance for the year 2021 were $0.1 million.

Warrants
The table below summarizes the change in warrants:

	Warrant (units)	**Weighted Average Exercise Price ($)**
Balance, January 1, 2021	6,767,301	$0.93
Granted through private placement	6,793,300	1.65
Broker warrants	778,754	1.43
Exercised	(7,321,190)	1.18
Balance, December 31, 2021	7,018,165	1.43
Broker warrants	**143,912**	**1.65**
Exercised	**(1,549,740)**	**1.31**
Balance, June 30, 2022	**5,612,337**	**1.39**

Stock Options
See “Share-Based Compensation” above for summary of changes.

CRITICAL ACCOUNTING ESTIMATES

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

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company’s financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, due to/from related parties, lease obligations, and asset retirement obligations.

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and due to/from related parties approximate fair value due to their short-term nature. Those financial instruments are classified as Level 1 in the fair value measurement hierarchy. Asset retirement obligations are classified as Level 2 in the fair value measurement hierarchy. There were no transfers between levels for the six months ended June 30, 2022.

The Company's financial instruments are exposed to credit risk, currency risk, and liquidity risk.

Credit risk
Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company is exposed to credit risk with respect to its accounts receivable and due from related parties. The accounts receivable outstanding as at June 30, 2022 were refundable tax credits which carry have no credit risk. Due from related parties as at June 30, 2022 were withholding taxes triggered by the Company's current and former employees exercising their stock options. Based on management's assessment, the risk of default by the associated former and current employees was considered low.

Currency Risk
The Company's exposure to foreign currency risk is not considered to be material as it transacts primarily in the Canadian dollar.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective is to maintain sufficient readily available cash-on-hand in order to meet its liquidity requirements at any point in time.

As at June 30, 2022, the Company had a positive working capital of $12.7 million (December 31, 2021 - $17.6 million) and does not foresee a shortfall in capital within the following 12 months.

LIQUIDITY AND CAPITAL RESOURCES

The Company reported a working capital of $12.7 million as at June 30, 2022 (December 31, 2021 - $17.6 million), representing a decrease in working capital of $4.9 million due to expenditures incurred year-to-date; offset by cash inflows from the exercises of stock options and warrants during the period.

As at June 30, 2022, the Company had cash-on-hand of $14.7 million compared to cash-on-hand of $17.8 million at December 31, 2021.

During the six months ended June 30, 2022, the Company:

- used $1.8 million (2021 – $1.5 million) in operating activities;
- used $3.7 million (2021 – $0.3 million) in investing activities; and
- generated $2.5 million (2021 – $10.3 million) from its financing activities. The funds were received from the exercise of 1.6 million stock options and warrants (excluding timing difference from prior period. In addition, $0.5 million of government grants were received during the year.

RISK FACTORS

Liquidity and Capital Resources
Historically, capital requirements have been primarily funded through the sale of securities of the Company. Factors that could affect the availability of financing include the progress and results of ongoing exploration at the Company's mineral properties, the state of international debt and equity markets and investor perceptions and expectations of the global market for lithium and its derivatives. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. Based on the amount of funding raised, the Company's planned exploration or other work programs may be postponed, or otherwise revised, as necessary.

Development of the Alberta Lithium Project
The Company's business strategy depends in large part on developing the Alberta Lithium Project. The capital expenditures and time required to develop the Alberta Lithium Project are significant and the Company has not yet secured funding that it believes will be sufficient to cover its share of capital expenditure obligations for the development of the Alberta Lithium Project. If the Company is unable to develop all or any of its projects, its business and financial condition will be materially adversely affected.

The Company believes that one of the key elements to the successful development of a feasible project in the future is the continued scale-up of the Extraction Technology. The successful development of the Extraction Technology is dependent on the development of the Field Pilot Plant. The Company believes that a successful pilot program should enable the design of a commercial process. There is no guarantee that the Company will be successful in developing the Field Pilot Plant or a commercial lithium production facility within the timeframes indicated. Hence, there is no guarantee that the Company will be successful in developing the Extraction Technology. If the Company is unable to develop the Extraction Technology, its business and financial condition will be materially adversely affected.

COVID-19 Risks
The Company's business, operations and financial condition, and the market price of the Common Shares, could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines, and a general reduction in consumer activity in a number of countries. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Such public health crises can result in volatility and disruptions in the supply and demand for lithium and other minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk, share prices and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labor and fuel costs, regulatory changes, political or economic instabilities or civil unrest. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations, and financial condition and the market price of the common shares.

Ongoing travel restrictions and border closures could result in delays in the execution of the business objectives of the Company, and ultimately the timeline for reaching a commercialization decision in respect of the Company's proprietary process for lithium extraction.

Negative Operating Cash Flows
Given that the Company has yet to enter commercial production and generate cash flow, the Company had negative operating cash flow for the six months ended June 30, 2022. To the extent that the Company has negative cash flow in future periods, the Company may need to deploy a portion of its cash reserves or a portion of the proceeds of any offering of securities to fund such negative cash flow.

GOING CONCERN

As at June 30, 2022, the Company has not generated revenues from operations and has an accumulated deficit of $30.0 million (December 31, 2021 – $26.8 million) including a net loss of $3.2 million (2021 – $2.6 million) incurred during the six months ended June 30 2022. These events and conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to raise equity financing to further develop their proprietary technology and commence construction of a pilot project.

SUBSEQUENT EVENTS

Corporate Name Change and Symbol Change
On July 8, 2022, the Company effectively changed its name to "E3 Lithium Ltd." after receiving shareholders approval during its 2022 annual meeting held on June 24, 2022. On the same day, the Company started trading under its new name and ticker symbol "ETL".

Strategic Agreement with Imperial Oil Limited ("IOL")
The Company announced a collaboration with IOL to advance its lithium-extraction pilot in Alberta. Under the agreement, the Company would continue to operate the Clearwater project and retain its IP, with technical and development support from IOL as areas such as water and reservoir management. The agreement also includes access for E3 to freehold lands in the area, which are operated by IOL.

As part of the agreement, IOL has agreed to invest $6.35 million into E3 at a pre-paid price of $1.86 per warrant and the issuance of 3,413,979 warrants. Each warrant provides the holder the option to exercise the warrant for one common share of E3. The warrants are immediately exercisable, non-transferrable, expire in 24 months and are non-refundable.

Subject to the TSX Venture Exchange's approval, E3 will pay a one-time 5% finder's fee, being equal to $0.3 million based on the amount of IOL's investment. The finder has elected to take 25% of the fee in cash and 75% of the fee in common shares of E3. Accordingly, the Company will issue the finder 128,024 shares on closing.

The Company received TSX Venture Exchange approval to issue the prepaid warrants and the 128,024 common shares on July 8, 2022.

(CAD$ thousands, except share amounts and where noted)

SUMMARY OF QUARTERLY INFORMATION

	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Net loss	(1,848)	(1,310)	(1,198)	(942)
Net loss per share	(0.03)	(0.02)	(0.02)	(0.02)
Total assets	28,035	25,729	25,991	19,890
Total liabilities	3,306	1,125	990	725
Common shares outstanding	59,466,611	58,291,018	57,759,871	53,426,406

	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Net loss	(1,053)	(1,587)	(951)	(370)
Net loss per share	(0.02)	(0.03)	(0.03)	(0.01)
Total assets	20,052	20,348	10,641	7,195
Total liabilities	606	520	544	878
Common shares outstanding	52,968,406	52,509,731	41,664,131	30,496,151

SELECTED ANNUAL INFORMATION

	2021	2020	2019
Net loss	**(4,780)**	(2,095)	(2,372)
Loss per share	**(0.10)**	(0.07)	(0.10)
Total assets	**25,991**	10,641	4,479
Total liabilities	**990**	544	456
Capital expenditures	**3,680**	796	448

Forward-looking statements

These forward-looking statements are based on current expectations and various estimates, factors and assumptions, and involve known and unknown risks, uncertainties and other factors. All statements, other than statements of historical fact, included herein, including without limitation, statements about the Company's ability to effectively implement its planned exploration programs; unexpected events and delays in the course of its exploration and drilling programs; the ability of the Company to raise the capital necessary to conduct its planned exploration programs and to continue exploration on its properties; the failure to discover any significant amounts of lithium or other minerals on any of the Company's properties; the fact that the Company's properties are in the exploration stage and exploration and development of mineral properties involves a high degree of risk and few properties which are explored are ultimately developed into producing mineral properties; the fact that the mineral industry is highly competitive and E3 Metals will be competing against competitors that may be larger and better capitalized, have access to more efficient technology, and have access to reserves of minerals that are cheaper to extract and process; the fluctuations in the price of minerals and the future prices of minerals; the fact that if the price of minerals deceases significantly, any minerals discovered on any of the Company's properties may become uneconomical to extract; the continued demand for minerals and lithium; that fact that resource figures for minerals are estimates only and no assurances can be given than any estimated levels of minerals will actually be produced; governmental regulation of mining activities and oil and gas in Alberta and elsewhere, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection; environmental regulation, which mandate, among other things, the maintenance of air and water quality standards and land reclamation, limitations on the general, transportation, storage and disposal of solid and hazardous waste; environmental hazards which may exist on the properties which are unknown to E3 Metals at present and which have been caused by previous or existing owners or operators of the properties; reclamation costs which are uncertain; the fact that commercial quantities of minerals may not be discovered on current properties or other future properties and even if commercial quantities of minerals are discovered, that such properties can be brought to a stage where such mineral resources can profitably be produced there from; the failure of plant or equipment processes to operate as anticipated; the inability to obtain the necessary approvals for the further exploration and development of all or any of the Company's properties; risks inherent in the mineral exploration and development business; the uncertainty of the requirements demanded by environmental agencies; the Company's ability to hire and retain qualified employees and consultants necessary for the exploration and development of any of E3 Metals' properties and for the operation of its business; and other risks related to mining activities that are beyond the Company's control.

Forward-looking statements contained herein are made as of the date of this MD&A, and the Company disclaims any obligation to update any forward-looking statements, except as required by law, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.