



E3 LITHIUM

Condensed Consolidated Interim Financial Statements (unaudited)

As at and for the three months ended March 31, 2025

Condensed Consolidated Interim Statements of Financial Position (unaudited)

As at

(CAD\$ thousands)	Notes	March 31, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents		11,995	19,321
Accounts receivable	12, 13	1,427	1,288
Prepaid expense		567	641
		13,989	21,250
Exploration and evaluation assets	4	29,047	27,973
Property and equipment	5	314	372
Intangible assets	6	4,552	4,552
Right-of-use assets	7	770	821
Total assets		48,672	54,968
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	12	1,654	2,913
Warrant liability	11	1,038	-
Current portion of lease obligations	8	233	230
		2,925	3,143
Lease obligations	8	645	686
Decommissioning obligations	9	414	411
Total Liabilities		3,984	4,240
Share capital	10	83,792	83,492
Contributed surplus		14,366	17,810
Contributed capital		1,987	1,987
Accumulated other comprehensive loss		(75)	(75)
Deficit		(55,382)	(52,486)
Total shareholders' equity		44,688	50,728
Total liabilities and shareholders' equity		48,672	54,968
Commitments	15		

See accompanying notes to the condensed consolidated interim financial statements.

Approved by the Board of Directors

Signed "*John Pantazopoulos*"

Chairman

Signed "*Tina Craft*"

Audit Committee Chair

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)

For the three months ended March 31

(CAD\$ thousands, except share and per share amounts)	Notes	2025	2024
Expenses			
Business development and marketing		348	531
General and administrative		1,642	1,258
Share-based compensation	11	911	880
Financing expenses		20	15
Depreciation	5, 7	112	55
Total expenses		3,033	2,739
Other Income			
Interest income		137	370
Total other income		137	370
Net loss and comprehensive loss		(2,896)	(2,369)
Per common share (dollars)			
Net loss – basic and diluted		(0.04)	(0.03)
Weighted average number of common shares outstanding			
Basic and diluted		75,307,374	75,216,650

See accompanying notes to the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (unaudited)

For the three months ended March 31

(CAD\$ thousands, except share amounts)		Notes	Number of Common Shares	Share Capital	Contributed Surplus	Contributed Capital	Accumulated Other Comprehensive Income	Deficit	Total
January 1, 2024			75,069,397	83,012	15,014	1,987	(75)	(42,786)	57,152
Net loss and comprehensive loss			-	-	-	-	-	(2,369)	(2,369)
Exercise of options and warrants		10, 11	200,000	480	(204)	-	-	-	276
Share-based compensation		11	-	-	880	-	-	-	880
March 31, 2024			75,269,397	83,492	15,690	1,987	(75)	(45,155)	55,939
January 1, 2025			75,269,397	83,492	17,810	1,987	(75)	(52,486)	50,728
Net loss and comprehensive loss			-	-	-	-	-	(2,896)	(2,896)
Release of restricted share units		10, 11	190,000	300	(300)	-	-	-	-
Repurchase of warrants		11	-	-	(4,055)	-	-	-	(4,055)
Share-based compensation		11	-	-	911	-	-	-	911
March 31, 2025			75,459,397	83,792	14,366	1,987	(75)	(55,382)	44,688

See accompanying notes to the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

For the three months ended March 31

(CAD\$ thousands)	Notes	2025	2024
Cash Used in Operating Activities			
Net loss and comprehensive loss		(2,896)	(2,369)
Non-cash items:			
Share-based compensation	11	911	880
Depreciation	5, 7	112	55
Interest expense on lease obligations	8	17	12
Accretion	9	3	3
Change in non-cash working capital	16	391	3
Cash flow used in operating activities		(1,462)	(1,416)
Cash Used in Investing Activities			
Exploration and evaluation asset expenditures	4	(1,715)	(2,713)
Property and equipment expenditures	5	(3)	(33)
Intangible assets expenditures	6	-	(6)
Change in non-cash working capital	16	(1,512)	(1,691)
Cash used in investing activities		(3,230)	(4,443)
Cash from Financing Activities			
Proceeds from exercise of options and warrants	10, 11	-	276
Repurchase of warrants	11	(3,018)	-
Government grants	4, 6, 13	641	695
Repayment of lease obligations	8	(55)	(39)
Change in non-cash working capital	16	(202)	3,114
Cash from financing activities		(2,634)	4,046
Change in cash and cash equivalents		(7,326)	(1,813)
Cash and cash equivalents – beginning of period		19,321	30,018
Cash and cash equivalents – end of period		11,995	28,205

See accompanying notes to the condensed consolidated interim financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

E3 Lithium Ltd. (“E3 Lithium” or the “Company”) is a lithium resource company with a current focus on commercial development of lithium extraction from brines contained in its mineral properties in Alberta. E3 Lithium’s shares are listed on the TSX Venture Exchange, the OTCQX, and Frankfurt Stock Exchange under the symbols ETL, EEMMF, and OW3, respectively. On July 8, 2022, the Company effectively changed its name to E3 Lithium Ltd., previously known as E3 Metals Corp. The Company’s head office and principal address is located at 1520, 300-5th Avenue SW, Calgary, AB, T2P 3C4.

As at March 31, 2025, the Company has not generated revenues from operations and has an accumulated deficit of \$55.4 million (December 31, 2024 – \$52.5 million) including a net loss of \$2.9 million (March 31, 2024 – \$2.4 million) as at and for the three months ended March 31, 2025. The Company’s ability to continue as a going concern is dependent upon its ability to raise equity financing to progress its upcoming demonstration facility, feasibility study, and move towards a commercial lithium project.

These condensed consolidated interim financial statements have been prepared on a going concern basis as the Company has sufficient liquidity with \$11.1 million in working capital as at March 31, 2025, and does not foresee a cash shortfall within the next twelve months (note 12).

2. BASIS OF PRESENTATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting. Certain information and footnote disclosures normally included in the annual audited consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) in effect on January 1, 2025, have been omitted or condensed. These condensed consolidated interim financial statements should be read in conjunction with the Company’s December 31, 2024, audited consolidated financial statements. These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 28, 2025.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. All financial information is presented in the Company’s functional currency, which is Canadian dollars.

Use of estimates and judgments

The preparation of these condensed consolidated interim financial statements requires that management make estimates, judgments, and assumptions based on available information at the date of the condensed consolidated interim financial statements. Actual results may differ from estimates as future confirming events occur. Material estimates and judgments used in the preparation of the condensed consolidated interim financial statements have been prepared using the same judgments, estimates, and assumptions as reported in the Company’s December 31, 2024, audited consolidated financial statements, aside from a non-material change in property and equipment useful lives. See note 3 for further details.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

New and amended standards adopted by the Company

The following IFRS amendments were adopted in 2025:

- Amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates*, clarifying how to determine a foreign exchange spot rate for a currency which lacks exchangeability. These amendments are not applicable to the Company at this time.

Recent accounting pronouncements not yet adopted

The IASB has issued the following new standard and amendments that will become effective in future years:

- Amendments to IFRS 9, *Financial Instruments*, and IFRS 7, *Financial Instruments: Disclosures*, clarifying treatment of financial assets which have contingencies connected to ESG features, and clarifying when to record payments made with electronic payment methods, respectively. The Company is assessing the impact of the amendments on the Company's consolidated financial statements. These changes are effective January 1, 2026.
- New standard IFRS 18, *Presentation and Disclosure in Financial Statements*, requiring a more structured approach to financial statement disclosure to allow for comparability across entities. This standard will take effect January 1, 2027, and will impact the Company but the full effect is still being evaluated as more clarity is provided.

Property and equipment ("P&E")

Effective January 1, 2025, the Company revised its method of depreciating computer and equipment, furniture and fixtures, and software licenses from the declining balance method to the straight-line method to better reflect the usage pattern and expected future economic benefits of these assets. The change resulted in an adjustment in the current year which is not material.

P&E will be depreciated over their estimated useful lives indicated below:

Asset Class	Depreciation Policy
Computer Equipment	2 years
Furniture and Fixtures	5 years
Software Licenses	1 year
Leasehold Improvement	Term of lease

4. EXPLORATION AND EVALUATION ASSETS

Carrying Value	
Balance, January 1, 2024	20,777
Additions	9,673
Change in decommissioning costs (note 9)	8
Government grant (note 13)	(2,485)
Balance, December 31, 2024	27,973
Additions	1,715
Government grant (note 13)	(641)
Balance, March 31, 2025	29,047

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)
March 31, 2025 and 2024

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

5. PROPERTY AND EQUIPMENT

Cost	Computer Equipment	Furniture and Fixtures	Software Licenses	Leasehold Improvement	Total
Balance, January 1, 2024	159	117	52	43	371
Additions	104	185	8	1	298
Balance, December 31, 2024	263	302	60	44	669
Additions	-	2	-	1	3
Balance, March 31, 2025	263	304	60	45	672
Accumulated Depreciation					
Balance, January 1, 2024	(109)	(42)	(45)	(4)	(200)
Depreciation	(48)	(26)	(8)	(15)	(97)
Balance, December 31, 2024	(157)	(68)	(53)	(19)	(297)
Depreciation	(28)	(26)	(5)	(2)	(61)
Balance, March 31, 2025	(185)	(94)	(58)	(21)	(358)
Carrying Value					
Balance, December 31, 2024	106	234	7	25	372
Balance, March 31, 2025	78	210	2	24	314

6. INTANGIBLE ASSETS

Carrying Value	
Balance, January 1, 2024	4,511
Additions	52
Government grant (note 13)	(11)
Balance, December 31, 2024	4,552
Balance, March 31, 2025	4,552

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)
March 31, 2025 and 2024

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

7. RIGHT-OF-USE ASSETS

Cost	
Balance, January 1, 2024	668
Additions	608
Disposals	(227)
Balance, December 31, 2024	1,049
Balance, March 31, 2025	1,049
Accumulated Depreciation	
Balance, January 1, 2024	(150)
Depreciation	(157)
Disposals	79
Balance, December 31, 2024	(228)
Depreciation	(51)
Balance, March 31, 2025	(279)
Carrying Value	
Balance, December 31, 2024	821
Balance, March 31, 2025	770

8. LEASE OBLIGATIONS

Carrying Value	
Balance, January 1, 2024	637
Additions	608
Disposals	(211)
Interest	55
Repayments	(173)
Balance, December 31, 2024	916
Interest	17
Repayments	(55)
Balance, March 31, 2025	878
Carrying Value	
Future minimum lease payments	1,030
Discount	(152)
Balance, March 31, 2025	878
Current portion of lease obligations	233
Lease obligations	645
Balance, March 31, 2025	878

The Company's leases at March 31, 2025, relate to vehicle leases, corporate head office, and the research lab facility. A discount rate between 4.99% and 8.00% was used to determine the present value of the lease obligations.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)
March 31, 2025 and 2024

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

9. DECOMMISSIONING OBLIGATIONS

Carrying value	
Balance, January 1, 2024	390
Additions – estimate change	8
Accretion	13
Balance, December 31, 2024	411
Accretion	3
Balance, March 31, 2025	414
Expected to be incurred within one year	-
Expected to be incurred beyond one year	414

Decommissioning obligations as at March 31, 2025, were determined using a risk-free rate of 3.23% (December 31, 2024 – 3.23%) and inflation rate of 3.00% (December 31, 2024 – 3.00%). The undiscounted and inflated total future decommissioning obligations were estimated to be approximately \$0.4 million with abandonment and reclamation costs expected to be incurred in the next 10 years.

10. SHARE CAPITAL

Authorized Share Capital

Unlimited common shares with no par value.

Number of Shares	March 31, 2025	December 31, 2024
Balance, beginning of period	75,269,397	75,069,397
Exercise of stock options and warrants	-	200,000
Release of restricted share units	190,000	-
Balance, end of period	75,459,397	75,269,397

2025

During the three months ended March 31, 2025, the Company issued 0.2 million common shares through the release of restricted share units with a release price of \$0.78.

2024

During the year ended December 31, 2024, the Company issued 0.2 million common shares from the exercise of stock options with an exercise price of \$1.38. Total proceeds received were \$0.3 million year to date.

11. SHARE-BASED COMPENSATION

Warrants

The following table summarizes the change in warrants:

	Warrant (units)	Weighted Average Exercise Price (\$)
Balance, January 1, 2024	3,752,416	0.32
Balance, December 31, 2024	3,752,416	0.32
Warrant repurchase	(2,560,484)	-
Balance, March 31, 2025	1,191,932	0.32

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)
March 31, 2025 and 2024

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

Warrants outstanding and exercisable as at March 31, 2025:

Grant date	Exercise price (\$)	Expiry Date	Remaining Life (years)	Warrants Outstanding and Exercisable
July 8, 2022 ⁽¹⁾	-	July 8, 2025	0.3	853,495
June 8, 2023	2.25	June 8, 2025	0.2	14,137
September 26, 2023	3.55	September 26, 2025	0.5	324,300

(1) The Company received a prepayment of \$6.35 million for the warrants issued at an exercise price of \$1.86 per warrant from Imperial Oil Limited ("IOL"). The warrants can be exercised at no further cost to IOL.

During the second quarter of 2024, as part of E3 Lithium and IOL's continued collaboration under the strategic agreement first announced in June 2022, the two companies agreed to increase access to additional freehold lands across the Clearwater Area. The Company also agreed to extend the terms of the warrants (the "IOL Warrants") for an additional 12 months, exercisable until July 8, 2025.

On February 28, 2025, the Company and IOL entered into a Project Completion Agreement to finalize the rights and lease agreements for the freehold mineral tenure held by IOL for the Company's use in its Clearwater Project. The strategic agreement provided a mineral lease for 110 sections of the IOL freehold interest in the Clearwater Project Area with a primary term and renewable 10-year term on the mineral title. The Project Completion Agreement includes the cancellation of 3,413,979 warrants granted to IOL upon the payment of \$4.15 million, payable over the first three quarters of 2025. This agreement created a financial liability for the repurchase of the warrants and was recorded in accordance with IFRS 9.

As of March 31, 2025, the Company has paid \$3.1 million to IOL and 2.6 million warrants were cancelled.

Incentive Securities

The shareholders of the Company previously approved a stock option plan (the "Plan") pursuant to which options can be granted to the Company's directors, officers, employees, and other contractors to purchase the Company's common shares. The Company has since implemented the Omnibus Equity Incentive Plan (the "Omnibus Plan"), which provides flexibility to the Company to grant equity-based incentive awards in the form of Options, restricted share units ("RSUs"), performance share units ("PSUs"), and deferred share units ("DSUs", and together with Options, RSUs, and PSUs, "Awards"). The Omnibus Plan is the Company's only equity compensation plan.

The Company follows the policies of the Toronto Stock Exchange where the number of common shares issued through the options granted under the Plan may not exceed 11,290,409 of the issued and outstanding common shares of the Company at the date of granting of options. Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price, and the vesting conditions of the options.

Stock Options

The following table summarizes the change in stock options:

	Stock Options	Weighted Average Exercise Price (\$)
Balance, January 1, 2024	4,816,250	2.50
Granted	3,163,000	1.54
Exercised	(200,000)	1.38
Forfeited/expired	(1,017,500)	3.04
Balance, December 31, 2024	6,761,750	2.05
Granted	986,000	0.82
Forfeited/expired	(343,750)	1.58
Balance, March 31, 2025	7,404,000	1.54

The weighted average life of options outstanding at March 31, 2025, is 3.1 years (December 31, 2024 – 3.1).

The fair value of options granted was estimated using the Black-Scholes Option Pricing Model based on the date of grant and the following assumptions:

	2025	2024
Risk-free interest rate	2.70% to 2.87%	3.15% to 4.17%
Expected stock price volatility	89%	73% to 92%
Expected life	Five years	One to five years
Fair value per option granted	\$0.57 to \$0.61	\$0.76 to \$1.22
Forfeiture rate	11.6% to 12.2%	5.71%

On March 7, 2025, the Company repriced all non-executive staff's current and non-exercised stock options. There were 2.1 million stock options with an exercise price between \$1.10 to \$2.75 revalued to \$0.81 per unit. All other terms of the options remain the same. The modification resulted in an increase in incremental fair values ranging from \$0.04 to \$0.24 per option, which was calculated as the difference between the fair value of the repriced options and the original options at the modification date.

The fair value of options modified was estimated using the Black-Scholes Option Pricing Model based on the date of modification and the following assumptions:

	Modification Price	Original Exercise Price
Risk-free interest rate	2.63% to 2.72%	2.63% to 2.72%
Expected stock price volatility	67 to 85%	67 to 85%
Expected life	One to five years	One to five years
Fair value per option granted	\$0.25 to \$0.54	\$0.08 to 0.50
Forfeiture rate	11.6%	11.6%

During the three months ended March 31, 2025, the Company incurred \$0.8 million (March 31, 2024 - \$0.8 million) in share-based compensation expense related to stock options.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)
March 31, 2025 and 2024

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

Stock options outstanding and exercisable as at March 31, 2025:

	Exercise price (\$)	Weighted average exercise price	Weighted average remaining Life (years)	Outstanding
\$0.00 - \$1.00		\$0.81	3.7	3,094,000
\$1.01 - \$2.00		\$1.62	2.6	2,080,000
\$2.01 - \$3.00		\$2.48	2.8	2,220,000
\$3.01 - \$4.00		\$4.40	3.4	10,000
Outstanding, end of period		\$1.54	3.1	7,404,000
Exercisable, end of period		\$1.79	2.5	2,651,501

RSUs

The Company issues RSUs under the Omnibus Plan. The terms and conditions of RSU grants, including the quantity, type of award, award date, vesting conditions, applicable vesting periods and other terms and conditions with respect to the award, as determined by the Board, will be set out in participant RSU agreements, as applicable. RSUs shall be settled by the issuance of Common Shares, a cash payment or any combination thereof, to be determined at the discretion of the Board at the time of settlement. The following table summarizes the change in RSUs:

	Restricted Share Units	Weighted Average Fair Value per Award(\$)	Weighted average remaining Life (years)
Balance, December 31, 2024	422,000	1.54	0.2
Granted	600,000	0.81	1.4
Released	(190,000)	1.58	-
Balance, March 31, 2025	832,000	1.01	1.4

The weighted average life of RSUs outstanding at March 31, 2025, is 1.4 years (December 31, 2024 – 0.2).

During the three months ended March 31, 2025, the Company incurred \$0.1 million (March 31, 2024 – 0.04) in share-based compensation expenses related to RSUs.

PSUs

During the first quarter, the Company issued PSUs under the Omnibus Plan. The terms and conditions of PSU grants, including the quantity, type of award, award date, vesting conditions, applicable vesting periods and other terms and conditions with respect to the award, as determined by the Board, will be set out in participant PSU agreements, as applicable. PSUs shall be settled by the issuance of Common Shares, a cash payment or any combination thereof, to be determined at the discretion of the Board at the time of settlement. The following table summarizes the change in PSUs:

	Performance Share Units	Weighted Average Fair Value per Award(\$)	Weighted average remaining Life (years)
Balance, December 31, 2024	-	-	-
Granted	739,600	0.81	1.9
Balance, March 31, 2025	739,600	0.81	1.9

The weighted average life of PSUs outstanding at March 31, 2025, is 1.9 years (December 31, 2024 – nil).

During the three months ended March 31, 2025, the Company incurred \$0.02 million (March 31, 2024 – nil) in share-based compensation expenses related to PSUs.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Cash and cash equivalents, trade and other receivables, and trade and other payables, are initially recognized at fair value and subsequently measured at amortized cost. Warrant liabilities are considered financial derivative instruments and included in current liabilities. The Company's financial derivative instruments are classified as financial assets or liabilities at fair value through profit or loss and are reported at fair value with changes in fair value recorded in net income or loss. The carrying value of the Company's financial instruments approximate their fair value due to the relatively short periods to maturity of the instruments.

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 carrying balances of accounts receivable.

Accounts receivable outstanding as at March 31, 2025, relate to government grants (note 13) and refundable tax credits which have minimal credit risk.

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 and readily available cash-on-hand in order to meet its liquidity requirements at any point in time.

As at March 31, 2025, the Company has positive working capital of \$11.1 million (December 31, 2024 - \$18.1 million) and does not foresee a shortfall in capital within the next twelve months.

13. GOVERNMENT GRANTS

Completed

Alberta Innovates ("AI")

On April 6, 2022, the Company was awarded a \$1.8 million grant to assist in the scale up and development of its field pilot plant. The Company has received the full amount of this grant as the final payment was received in 2024 upon completion of the field pilot plant.

Natural Resources Canada's ("NRCan") Critical Minerals Research, Development, and Demonstration ("CMRDD")

On March 7, 2023, the Company announced it was awarded \$3.5 million in funding through NRCan's CMRDD program. The funds are non-dilutive and non-repayable. The funds were used to support the construction and operation of the Company's field pilot plant. The Company has submitted and been reimbursed for eligible expenses throughout the term of the agreement. The Company has received the full amount of this grant as the final payment was received in 2024 upon completion of the field pilot plant.

In Progress

Strategic Innovation Fund ("SIF")

On November 28, 2022, the Company was awarded a \$27 million grant from the Government of Canada's Innovation, Science and Economic Development's SIF to support several aspects of the Company's resource and technology development up until commercial production. Eligible costs under the agreement are reimbursed at 33.94% to a maximum of \$27 million.

Contingent on the Company's success and reaching commercial lithium production, the grant becomes repayable at 1.4 times the amount disbursed from the SIF grant. The repayment period begins the second-year post project completion at a rate of 1% of annual gross business revenues over a 20-year period. Currently, it is possible but not probable whether the Company will realize an outflow of benefits to settle the contingent obligation as the Company has not yet achieved commercial production. The Company has not recognized a provision at March 31, 2025 (December 31, 2024 – nil).

As at March 31, 2025, life-to-date claims under the SIF grant is \$10.3 million (December 31, 2024 - \$9.7 million) and the contingent obligation related to SIF is estimated to be \$14.4 million (December 31, 2024 - \$13.6 million). As at March 31, 2025, there is \$1.3 million in accounts receivable related to SIF grants (December 31, 2024 - \$1.1 million).

Emissions Reduction Alberta ("ERA")

On August 15, 2024, ERA announced a \$5 million investment to support E3 Lithium's path to commercialization. The funds are non-dilutive and non-repayable and are reported on a milestone basis. The Company plans to use the funds towards its integrated Lithium Brine Demonstration Facility with the goal to produce lithium carbonate from brines within the Leduc reservoir in Alberta.

As at March 31, 2025, there have been no claims submitted to date.

Critical Minerals Investment Fund ("CMIF")

On March 20, 2025, CMIF announced \$4.4 million in non-refundable funding to support E3 Lithium's path to commercialization. The Company plans to use the funds to undertake preconstruction work on the necessary transportation and energy infrastructure to develop the Clearwater Project. This includes facilitating electrical connection and substation power studies, transportation assessments, and the associated engagement initiatives, which are key deliverables for supporting the Demonstration Facility and Feasibility Study.

As at March 31, 2025, there has been \$0.04 million claimed (December 31, 2024 - nil) and as at March 31, 2025, there is \$0.04 million in accounts receivable related to CMIF grants (December 31, 2024 - nil).

14. CAPITAL MANAGEMENT

The Company's objective is to maintain a strong structure and sufficient liquidity to meet its short and long-term business objectives. Sources of capital for the Company include equity issuances and funding and grants from various government agencies. The Company is not exposed to any external capital requirements.

15. COMMITMENTS & CONTINGENCIES

Commitments

The following is a summary of the Company's estimated commitments as at March 31, 2025:

As at March 31,	2025	2026	2027	2028	2029	Thereafter	Total
Office leases ⁽¹⁾	262	353	356	256	129	-	1,356
Mineral license fees	1,805	1,805	1,805	6,961	1,805	14,440	28,621
Total	2,067	2,158	2,161	7,217	1,934	14,440	29,977

(1) Represents undiscounted estimated operating cost payments for office and lab leases.

In December 2022, amendments to the Metallic and Industrial Minerals Tenure regulation were approved by Cabinet and effective January 1, 2023. Under the new regulation, brine-hosted mineral rights are granted through new agreements: brine-hosted minerals license and brine-hosted minerals lease. Brine-hosted mineral licenses are available for a 5-year, non-renewable term. Holders of brine-hosted mineral licenses have exclusive rights to apply from brine-hosted mineral leases with 10-year primary terms and indefinite continuation.

16. SUPPLEMENTAL DISCLOSURES

The following table provide a detailed breakdown of changes in non-cash working capital during the three months ended March 31:

Changes in Non-Cash Working Capital	2025	2024
Accounts receivable	(139)	3,122
Accounts payable and accrued liabilities	(1,258)	(1,758)
Prepaid expenses	74	62
Total change in non-cash working capital	(1,323)	1,426
Operating activities	391	3
Investing activities	(1,512)	(1,691)
Financing activities	(202)	3,114
Total change in non-cash working capital	(1,323)	1,426