



# Management's Discussion and Analysis

For the three and six months ended June 30, 2025

# MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") has been prepared by management as of June 30, 2025, and provides a summary of the activities, results of operations, and financial condition of E3 Lithium Ltd. ("E3 Lithium" or the "Company") as at and for the three and six months ended June 30, 2025, and should be read in conjunction with the unaudited condensed consolidated financial statements as at and for the three and six months ended June 30, 2025, and the MD&A and audited consolidated financial statements for the year ended December 31, 2024, and related notes thereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in thousands of Canadian Dollars unless otherwise indicated. This MD&A should also be read in conjunction with "Forward-Looking Statements" below. Additional information about E3 Lithium is available on E3 Lithium's website [www.e3lithium.ca](http://www.e3lithium.ca) and SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), including the Company's most recently filed Annual Information Form.

## **BUSINESS OVERVIEW**

E3 Lithium is a lithium resource company with a current focus on commercial development of lithium extraction from brines contained in its mineral properties in Alberta, Canada. E3 Lithium's shares are listed on the TSX Venture Exchange under the symbol ETL, the OTCQX Exchange under the symbol EEMMF and on the Frankfurt Stock Exchange under the symbol OW3.

## **E3 LITHIUM'S UNIQUE VALUE PROPOSITION**

E3 Lithium's project location offers several key advantages: significant resources, access to existing infrastructure, advanced technologies, leading environmental stewardship and a well-established regulatory framework. All of this provides a clear pathway to commercialization as E3 Lithium aims to be one of the first battery-quality lithium projects to market in North America.

## **MARKET OUTLOOK**

Benchmark Mineral Intelligence estimates that the global lithium supply could grow by 15% to 1.5 million tonnes of lithium carbonate equivalent ("LCE") in 2025, outpacing demand growth, which is projected to increase by 20% to 1.4 million tonnes LCE. As a result of the surplus supply (estimated at approximately 72,000 tonnes LCE), lithium prices are forecast to remain at current levels for the remainder of 2025. Looking ahead to 2026, the lithium market is forecast to continue to experience a surplus of approximately 87 kt LCE with a year-over-year increase in demand and supply, which are each forecast to grow by 19%. Macroeconomic challenges and the potential impact of tariffs may limit demand growth in the near term; however, a prolonged low-price environment may partially resolve the current imbalance through increasing demand, deferral of new supply sources, and closure of existing operations<sup>1</sup>. Despite the current slower-than-anticipated adoption rates for electric vehicles ("EVs"), the long-term forecast for EV market penetration is expected to increase from 23% to more than 50%. In addition, ongoing support for battery energy storage systems, which are linked to the renewable energy generation space, continues to provide additional demand for batteries and the critical minerals required for manufacturing including lithium.

There is a growing support among Western countries, including Canada, the United States, and major European nations, to increase the volume of production and processing of critical minerals, which may also impact surplus volumes. As highlighted within the release of the G7 Critical Minerals Action Plan following the G7 Canada Summit held in June 2025 in Kananaskis, Alberta, policies from the G7 will continue to play a major factor in governing the growth of both global and domestic critical mineral supply chains. While it is difficult to predict how policy will impact future trade there is growing support for domestically produced battery-quality lithium products. Additionally, there is a growing recognition that certain non-market policies and practices in the critical minerals

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<sup>1</sup> Benchmark Minerals Intelligence Lithium Market Overview Q2 2025; Benchmark Minerals Intelligence Lithium Forecast Report Q2 2025

sector threaten national security and limit the ability to acquire critical minerals and policy enhancements are required to promote domestic investment and critical mineral development.

## **Q2 2025 HIGHLIGHTS**

### **Demonstration Facility Progress**

- On April 16, 2025 E3 Lithium reported that the critical components of the lithium extraction equipment, comprising the 30-column Direct Lithium Extraction (“DLE”) system (the “30-column system”) and associated purification and concentration equipment for Phase 1 and Phase 2 of the Demonstration Facility, were approximately 50% assembled.
- On June 2, 2025 E3 Lithium reported that the aforementioned equipment was fully fabricated and undergoing final inspections, with the skids on schedule to arrive and be assembled on-site in the Clearwater Project area over a period of six to eight weeks. Subject to regulatory approval, the equipment is expected to undergo assembly and operational and safety inspections, followed by final leak tests with commissioning targeted to commence in Q3 2025.

### **Results from Phase 1 of the Lithium Metal Battery Joint Development Agreement**

- On May 22, 2025 E3 Lithium announced the initial results from the battery cells manufactured under the Joint Development Agreement with Pure Lithium Corporation (“Pure Lithium”), using E3 Lithium’s brine and DLE technology with Pure Lithium’s extraction and battery technology.
  - Several variations of lithium chloride concentrate reflecting specific locations along the E3 Lithium process flow sheet within the commercial facility design were used to make lithium metal battery-ready anodes at Pure Lithium’s Boston facility. These anodes were then assembled by Pure Lithium into batteries, and their electrochemical performance was evaluated in full cells. Notable results include:
    - Lithium Metal Purity: The various E3 Lithium brine streams achieved a very high purity level, > 99.9% pure lithium metal as tested by ICP-OES analysis.
    - Cell Performance (Life Cycle): This tests for the number of charge and discharge cycles the battery achieves while retaining 80% of its capacity. All cells achieved over 500 cycles to date.
    - Charge and Discharge Rates: This tests for the duration of a charge and discharge. These tests were conducted at a 1C:1D ratio, one hour charge time, and one hour discharge time.
- The two companies continue to collaborate on the development and planning of an integrated process that can deliver the highest purity lithium metal anodes at the lowest possible cost.

### **E3 Lithium Continues to Advance Strategic Partnerships & Offtake Agreements**

- E3 Lithium continues to progress discussions with potential customers in the automotive, battery cathode, and battery cell sectors, as well as within the energy and mining space. E3 Lithium’s goal is to secure a strategic partner for the project, either through an offtake agreement or through direct project participation.

## SUMMARY OF OPERATIONS

### Business Development and Marketing

	Three months ended June 30			Six months ended June 30		
	2025	2024	% Change	2025	2024	% Change
Business development and marketing	<b>238</b>	696	(66%)	<b>586</b>	1,227	(52%)

Business development expenditure primarily consists of costs related to establishing strategic relationships and evaluating potential offtake partnership opportunities. Marketing expenditure refers primarily to the costs of advertising, conferences, and external consulting fees incurred for brand development and strategic positioning. For the three and six months ended June 30, 2025, business development and marketing expenses were \$0.2 million and \$0.6 million compared to \$0.7 million and \$1.2 million in the same period of prior year due to the timing of marketing related expenditures.

### General and Administrative

	Three months ended June 30			Six months ended June 30		
	2025	2024	% Change	2025	2024	% Change
General and administrative	<b>1,320</b>	<b>1,216</b>	9%	<b>2,962</b>	2,474	20%

General and administrative expenses were \$1.3 million and \$3.0 million for the three and six months ended June 30, 2025, compared to \$1.2 million and \$2.5 million for the same periods in the prior year. The increase in general and administrative expenses was primarily driven by higher personnel costs and consulting fees, as the Company enhances its workforce in preparation for the Demonstration Facility and Feasibility Study.

### Share-Based Compensation

	Three months ended June 30			Six months ended June 30		
	2025	2024	% Change	2025	2024	% Change
Share-based compensation	<b>648</b>	803	(19%)	<b>1,559</b>	1,683	(7%)

Share-based compensation refers to compensation expenses resulting from the issuance and vesting of equity-based rewards. In the second quarter of 2025, share-based compensation declined by 19% and 7%, respectively, for the three and six months ended June 30, 2025 compared to the same period in 2024, primarily due to the timing of equity award vesting.



### 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	<b>1,026,000</b>	<b>0.82</b>
Forfeited/expired	<b>(545,000)</b>	<b>1.29</b>
<b>Balance, June 30, 2025</b>	<b>7,242,750</b>	<b>1.55</b>

On March 6, 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 at \$0.81 per option. 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 on the modification date.

### Restricted Share Units ("RSUs")

	Restricted Share Units	Weighted Average Fair Value per Award (\$)
Balance, December 31, 2024	422,000	1.54
Granted	<b>608,000</b>	<b>0.81</b>
Released	<b>(190,000)</b>	<b>1.58</b>
Forfeited	<b>(25,000)</b>	<b>0.81</b>
<b>Balance, June 30, 2025</b>	<b>815,000</b>	<b>1.01</b>

### Performance Share Units ("PSUs")

	Performance Share Units	Weighted Average Fair Value per Award(\$)
Balance, December 31, 2024	-	-
Granted	<b>739,600</b>	<b>0.81</b>
Forfeited	<b>(56,000)</b>	<b>0.81</b>
<b>Balance, June 30, 2025</b>	<b>683,600</b>	<b>0.81</b>

On March 7, 2025, the Company granted 509,600 PSUs to staff and 270,000 PSUs to directors and officers of the Company ("Insiders") under the Omnibus Equity Incentive Plan ("Omnibus Plan"). PSUs will vest upon the attainment of Performance Goals, to be achieved during a Performance Period of 24 months following grant date and are settled with common shares. PSUs vest one year from the date of grant.

More information about incentive securities can be found in note 11.

Performance Goals are as follows:

- Successful Demonstration Program
- Securing a Strategic Partner or Off-take Agreement
- Completion of Feasibility Study
- Successful Permitting, Policy and Stakeholder Engagement
- Continued Corporate Financing

## Financing Expenses

	Three months ended June 30			Six months ended June 30		
	2025	2024	% Change	2025	2024	% Change
Interest on leases	17	12	42%	34	23	48%
Accretion	3	3	-	6	6	-
	20	15	33%	40	29	38%

Financing expenses relate to interest expense from the Company's vehicle, head office, and laboratory leases as well as accretion on its decommissioning obligations from its evaluation wells and field pilot plant. During the prior year, the Company expanded its corporate head office to support a growing workforce, resulting in an increase in lease interest expense.

## Depreciation

	Three months ended June 30			Six months ended June 30		
	2025	2024	% Change	2025	2024	% Change
Depreciation	85	46	85%	197	101	95%

Depreciation in 2025 increased due to office additions from the Company's corporate head office expansion from the prior year.

## Other Income

	Three months ended June 30			Six months ended June 30		
	2025	2024	% Change	2025	2024	% Change
Interest Income	78	341	(77%)	215	711	(70%)

Interest income decreased 77% and 70% for the three and six months ended June 30, 2025, respectively, compared to the second quarter of 2024. Interest income is earned on the Company's cash balances held in interest-bearing accounts. The decrease is due attributable to a lower average cash balance compared to the same period in the prior year, as well as a reduction in prime rates.

### Net Loss

The Company incurred a net loss of \$2.2 million and \$0.03 per common share during the three months ended June 30, 2025, compared to a net loss \$2.4 million and \$0.03 per common share in the prior year period.

The Company incurred a net loss of \$5.1 million and \$0.07 per common share during the six months ended June 30, 2025, compared to a net loss \$4.8 million and \$0.06 per common share in the prior year period.

### CAPITAL EXPENDITURES

The Company has three main sources of capital expenditures:

- Exploration and evaluation (“E&E”) assets – the acquisition of mineral permits and licenses and costs related to the development of the Company’s lithium resources
- Property and equipment (“P&E”) – corporate assets such as leasehold improvements, 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		
	2025	2024	% Change	2025	2024	% Change
E&E expenditures	<b>1,766</b>	1,580	12%	<b>3,481</b>	4,293	(19%)
P&E expenditures	<b>11</b>	37	(70%)	<b>14</b>	70	(80%)
Intangible asset expenditures	<b>32</b>	8	>100%	<b>32</b>	14	>100%
<b>Total capital expenditures</b>	<b>1,809</b>	1,625	11%	<b>3,527</b>	4,377	(19%)

E&E expenditures were \$1.8 million and \$3.5 million for the three and six months ended June 30, 2025, compared to \$1.6 million and \$4.3 million in the comparative prior year period. During the prior year, E&E expenditures primarily related to costs incurred for the Company’s PFS which was completed in July 2024. E&E expenditures in the current year primarily relate to equipment, land, and engineering expenditures in preparation for the Company’s Demonstration Facility and Feasibility Study.

In the first quarter of 2024, the Company selected a third-party DLE to move forward with its first project for commercial operations. Internal resources have been reallocated towards the Company’s project development resulting in limited costs being included in intangible expenditures.

P&E expenditures were minimal for the three and six months ended June 30, 2025, and 2024. The Company incurred higher P&E expenditures in the prior year due to increased headcount and the corporate head office expansion.

### Impairment Analysis

As at June 30, 2025, there were no indicators of impairment and the Company does not consider its exploration and evaluation or intangible assets to be impaired.

### OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at June 30, 2025.

## LIQUIDITY AND CAPITAL RESOURCES

During the six months ended June 30, 2025, the Company:

- used \$2.7 million (2024 – \$3.4 million) in operating activities primarily due to increases in general and administrative expenses offset by interest income;
- used \$5.5 million (2024 – \$7.1 million) in investing activities primarily due to early engineering and subcontracting work on the Demonstration Facility as well as the procurement of long-lead equipment;
- used \$3.7 million in financing activities (2024 – received \$5.3 million) primarily as a result of a \$4.2 million payment for the cancellation of 3.4 million warrants with IOL, which is offset by the receipt of government grants in support of the Company's move to commercialization.

The Company reported a working capital of \$8.3 million at June 30, 2025 (December 31, 2024 - \$18.1 million). As at June 30, 2025, the Company had net cash on hand of \$7.4 million compared to cash on hand of \$19.3 million at December 31, 2024.

### 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 that 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 June 30, 2025 (December 31, 2024 – nil).

As at June 30, 2025, life-to-date claims under the SIF grant are \$10.9 million (December 31, 2024 - \$9.7 million) and the contingent obligation related to SIF is estimated to be \$15.3 million (December 31, 2024 - \$13.5 million). As at June 30, 2025, there is \$1.9 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 June 30, 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-repayable 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 June 30, 2025, life-to-date claims under the CMIF grant are \$0.1 million, and as at June 30, 2025, there is \$0.1 million in accounts receivable relates to CMIF grants.

### **Share Capital**

The table below summarizes the change in share capital:

<b>Number of Shares</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Balance, beginning of period	<b>75,269,397</b>	75,069,397
Exercise of stock options	-	200,000
Release of restricted share units	<b>190,000</b>	-
<b>Balance, end of period</b>	<b>75,459,397</b>	75,269,397

### **2025**

During the six months ended June 30, 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.

At August 26, 2025, there were 75,552,147 common shares in the capital of E3 Lithium issued and outstanding.

## 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 <sup>(1)</sup>	(3,413,979)	-
Forfeited/expired	(14,137)	2.25
<b>Balance, June 30, 2025</b>	<b>324,300</b>	<b>3.55</b>

(1) In 2022, the Company received a prepayment of \$6.4 million from Imperial Oil Limited ("IOL") for warrants issued at an exercise price of \$1.86 per warrant; the warrants could be exercised at no further cost to IOL. In 2025, these warrants were repurchased from IOL and cancelled by the Company.

During the second quarter of 2024, as part of E3 Lithium and IOL's continued collaboration under a 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 \$4.2 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 June 30, 2025, the Company had paid \$4.2 million to IOL and all 3.4 million warrants were cancelled.

## Stock Options

See "Share-Based Compensation" above for summary of changes.

## Commitments

The following is a summary of the Company's estimated commitments as at June 30, 2025:

As at June 30,	2025	2026	2027	2028	2029	Thereafter	Total
Office leases <sup>(1)</sup>	175	353	356	256	129	-	1,269
Mineral license fees	1,805	1,805	1,805	6,961	1,805	14,440	28,621
<b>Total</b>	<b>1,980</b>	<b>2,158</b>	<b>2,161</b>	<b>7,217</b>	<b>1,934</b>	<b>14,440</b>	<b>29,890</b>

(1) Represents undiscounted estimated operating costs 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.

## **MATERIAL ACCOUNTING ESTIMATES**

The Company's material accounting estimates are based on note 4 of the Annual Consolidated Financial Statements. In preparation of the Annual Consolidated Financial Statements, estimates may be necessary to make a determination of the carrying value of certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the Annual Consolidated Financial Statements. Management regularly reviews assumptions used for estimates. Additionally, 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.

E3 Lithium's critical accounting estimates that may impact financial and operating results include:

- Estimates regarding the evaluation of progress towards establishing the technical feasibility and commercial viability of E&E assets and intangible assets;
- Estimates of share-based compensation and inputs into the Black-Scholes Option Pricing Model including risk-free interest rate, expected stock price volatility, expected life, expected dividend yields, and the fair value per option granted;
- Estimated values of decommissioning obligations include the expected amount and timing of future cash flows and discount rate used;
- Estimates of deferred income taxes incorporating management's interpretation of tax regulations and legislation in various tax jurisdictions.

## **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. 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 June 30, 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 June 30, 2025, the Company has positive working capital of \$8.3 million (December 31, 2024 - \$18.1 million) and does not anticipate a shortfall in capital within the next twelve months.

## **RISK FACTORS**

### **Liquidity and Capital Resources**

The Company's development and exploration activities may depend upon the Company's ability to obtain financing through equity financing, debt financing, joint ventures or other means. 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, perceptions of investors and potential joint venture partners 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 Clearwater Lithium Project**

The Company's business strategy depends in large part on developing the Clearwater Lithium Project. The capital expenditures and time required to develop the Clearwater 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 Clearwater 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 use of DLE. There is no guarantee that the Company will be successful in developing a commercial lithium production facility or obtaining funding related to these activities within the timeframes indicated or at all. There is no guarantee that the Company will be successful in developing DLE or utilizing others DLE, and its business and financial condition could be materially adversely affected.

### **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 its financial year ended December 31, 2024. 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. The Company's ability to progress the Clearwater Project is dependent upon its ability to raise financing through equity financing, debt financing, joint ventures or other means in order to progress its upcoming demonstration facility, feasibility study, and move towards a commercial lithium project.

## SUMMARY OF QUARTERLY INFORMATION

	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Net loss	(2,233)	(2,896)	(2,295)	(2,602)
Net loss per share	(0.03)	(0.04)	(0.03)	(0.03)
Total assets	45,754	48,672	54,968	55,308
Total liabilities	2,651	3,984	4,240	2,874
Common shares outstanding	75,459,397	75,307,374	75,269,397	75,269,397

  

	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Net loss	(2,434)	(2,369)	(2,134)	(2,462)
Net loss per share	(0.03)	(0.03)	(0.03)	(0.04)
Total assets	55,994	59,000	61,987	62,650
Total liabilities	1,686	3,061	4,835	4,377
Common shares outstanding	75,269,397	75,269,397	75,069,397	74,750,647

## SELECTED ANNUAL INFORMATION

	2024	2023	2022
Net loss	(9,700)	(9,044)	(6,944)
Loss per share	(0.13)	(0.13)	(0.12)
Total assets	54,968	61,987	36,101
Total liabilities	4,240	4,835	2,629
Capital expenditures	10,023	15,622	14,074

## **FORWARD-LOOKING STATEMENTS**

Except for statements of historical fact relating to the Company, certain information included in this MD&A may constitute forward-looking statements. Generally, forward-looking statements can be identified by the use of forward-looking language such as “plans”, “expects”, “budgets”, “schedules”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, “proposed”, “potential” or variations of such words and phrases, and statements that certain actions, events or results “may”, “could”, “would”, “might”, “will be taken”, “will occur” or “will be achieved”. Statements concerning “mineral resource” or “mineral reserve” estimates (within the meaning of NI 43-101) may also be deemed to be forward-looking information to the extent that they involve estimates of mineralization. Forward-looking statements are based on the opinions and estimates of E3 Lithium as of the date such statements are made. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of E3 Lithium to be materially different from those expressed or implied by such forward-looking statements, including, but not limited to, risks related to: 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 capital through equity financing, debt financing, joint ventures or other means in order to meet its milestones, conduct its planned exploration programs and to continue exploration and development 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 Lithium 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 decreases 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 that 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 Lithium 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 therefrom; 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 Lithium’s properties and for the operation of its business; and other risks related to mining activities that are beyond the Company’s control as well as the risks discussed in the annual information form of the Company (“AIF”) under the heading “Risk Factors”. The risks discussed in this MD&A and in the AIF are not exhaustive of the factors that may affect any of the forward-looking statements.



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.

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