

E3 METALS CORP.

**AMENDED AND RESTATED ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED
DECEMBER 31, 2020**

September 17, 2021

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EXPLANATORY NOTES

Unless otherwise stated, the information in this amended and restated annual information form (the “**Annual Information Form**” or “**AIF**”) is stated as at September 17, 2021.

The information presented herein reflects the details of the financial year ended December 31, 2020 of E3 Metals Corp. (the “**Company**”). Unless otherwise noted or the context otherwise indicates, the “Company”, “we”, “us” and “our” refer to E3 Metals Corp.

For an explanation of the capitalized terms and expressions and certain defined terms, please refer to the “Glossary of Terms” at Appendix “A” of this Annual Information Form.

Scientific and Technical Information

The scientific and technical information relating to the Exshaw West Property set forth in this Prospectus has been derived from or is based on the amended technical report entitled “*NI 43-101 Technical Report Lithium Resource Estimate for the Exshaw West Property, South-Central Alberta, Canada*” dated effective June 15, 2018 and amended on September 17, 2021, prepared by Gordon MacMillan, P.Geol, of Fluid Domains Inc., and Grahame Binks, MAusIMM, of Sedgman Canada Limited. (the “**Exshaw West Technical Report**”). The Exshaw West Technical Report has been filed with applicable Canadian securities regulatory authorities and is available for review under the Company’s profile on SEDAR at www.sedar.com.

The scientific and technical information relating to the Clearwater Lithium Project set forth in this Prospectus has been derived from or is based on the amended technical report entitled “*NI 43-101 Technical Report Preliminary Economic Assessment Clearwater Lithium Project*” dated effective December 21, 2020 and amended on September 17, 2021, prepared by Gordon MacMillan P.Geol. of Fluid Domains Inc., Damian Bransby-Williams, P. Eng., of SCOVAN Engineering, Scott Pattinson, P. Eng. of SCOVAN Engineering, Werner Vorster, PhD, P.Eng., C. Eng. of NORAM Engineering and Greg Owen, P. Eng. of GLJ Ltd. (the “**Clearwater PEA**”). The Clearwater PEA has been filed with applicable Canadian securities regulatory authorities and is available for review under the Company’s profile on SEDAR at www.sedar.com.

Elizabeth Lappin, Vice President of Exploration of the Company, a “qualified person” under NI 43-101, has reviewed and approved the scientific and technical disclosure relating to the Company’s mineral projects contained in this AIF.

Forward-Looking Statements

The information provided in this Annual Information Form, including information incorporated by reference, may contain “forward-looking statements” about the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other

similar or comparable words.

Forward-looking statements in this Annual Information Form may include, but are not limited to, statements regarding perceived merit of properties; capital expenditures; exploration results; budgets; work programs; permitting or other timelines; strategic plans; expectations generally about the Company's business plans; use of available funds; market price of precious and base metals; or other statements that are not statements of historical fact. Forward-looking statements may also relate to future financial conditions, results of operations, plans, objectives, performance or business developments.

Although the Company believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. The forward-looking statements in this Annual Information Form speak only as at the date they are made and are based on information currently available and on the then current expectations of the party making the statement and assumptions concerning future events. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These factors and risks include, but are not limited to: the speculative nature of investing in the Common Shares; difficulties and uncertainties inherent in mineral exploration ventures; no assurance of mineral deposit discoveries; lack of profitability of mineral ventures; substantial delays due to regulation; title deficiencies relating to the Company's mineral properties; intense competition; human error; history of net losses and negative cash flow; limited operating history; dependence on directors, officers and key personnel; the directors and officers of the Company being involved in other businesses; conflicts of interest; no guarantee that the Company's activities will result in commercial production; environmental risks and other regulatory requirements; changes in commodity prices; the COVID-19 public health crisis; concerns from local residents; no dividends; dependence on permits; third party stakeholders; lack of appropriate insurance; liquidity risks; estimates and assumptions relating to accounting policies; no return on Common Shares; price decline of Common Shares; negative analyst coverage; dilution; and other factors beyond the Company's control, as more particularly described under the heading "*Risk Factors*" in this Annual Information Form and described from time to time in documents filed by the Company with Canadian securities regulatory authorities.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including: (i) expectations and assumptions concerning timing of receipt of required shareholder and regulatory approvals, including with respect to the receipt of required licenses and third party consents, if any; (ii) expectations and assumptions concerning the success of the operations of the Company; (iii) management's current expectations, estimates and assumptions about current property interests; (iv) assumptions respecting the global economic environment and the market price and demand for minerals and metals; and (v) the Company's ability to manage its property interests and operating costs.

Consequently, all forward-looking statements made in this Annual Information Form and other documents of the Company, are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company, and/or persons acting on its behalf may issue. The Company does not undertake any obligation

to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

Presentation of Financial Information

The Company presents its financial statements in Canadian dollars. All dollar figures in this Annual Information Form are in Canadian dollars, unless otherwise indicated. All of the financial data contained in this Annual Information Form relating to the Company have been prepared using IFRS.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated on August 19, 1998 under the name BCY Ventures Inc. under the *Business Corporations Act* (British Columbia). On September 20, 2000, the Company changed its name from BCY Ventures Inc. to BCY LifeSciences Inc. At the Company's annual general meeting held on July 27, 2007, the Company received shareholder approval to change its name from BCY LifeSciences Inc. to BCY Resources Inc.

On March 16, 2011, the Company changed its name from BCY Resources Inc. to Mexigold Corp. and consolidated its share capital on a ratio of one new post-consolidated common share for every two old pre-consolidated common shares.

On August 22, 2016, the Company changed its name from Mexigold Corp. to Savannah Gold Corp. 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.

On May 30, 2017, the Company completed a Fundamental Acquisition (as that term is defined in the policies of the TSX-V) with 1975293 Alberta Ltd. ("**Alberta Co**"), whereby all outstanding securities of Alberta Co were 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.

The Company's Common Shares are listed for trading on the TSX-V under the trading symbol "ETMC". The Company is a reporting issuer in the provinces of British Columbia, Alberta and Ontario. The principal regulator of the Company is the British Columbia Securities Commission.

The head office of the Company is located at 1850 – 444 5th Avenue SW, Calgary, Alberta, T2P 2H8, Canada and the registered and records office of the Company is located at 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

As of the date hereof, the authorized capital of the Company consists of an unlimited number of Common Shares without par value, of which 53,188,906 Common Shares are issued and outstanding as fully paid and non-assessable.

Intercorporate Relationships

As at the date hereof, the Company has two Canadian subsidiaries, 1975293 Alberta Ltd. (100% owned) and 2216747 Alberta Ltd. (100% owned), and a Mexican subsidiary, Mexigold

Resources SA de CV ("**MAU Mexico**"), incorporated on March 4, 2011, whereby the Company owns 99% and 0904254 BC Ltd., a dissolved subsidiary of the Company, owns 1% of MAU Mexico. MAU Mexico is inactive and has no assets.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Financial Year Ended December 31, 2018

On February 28, 2018, the Company announced TSX-V approval to acquire three additional Metallic and Industrial Minerals ("**MIM**") Permits (the "**Fathom Ground**") from Fathom Minerals Ltd. ("**Fathom**"), a private exploration company, in the Exshaw East project area. Pursuant to the terms of the term sheet, the Company acquired (i) a 100% interest in the Permits and (ii) all technical data and reports related to the Permits in Fathom's possession, in consideration of \$35,000 and 350,000 Common Shares on closing, 150,000 of which will be subject to a voluntary one-year escrow restriction.

On May 3, 2018, the Company announced the completion of the Exshaw West Technical Report. On May 29, 2018, the Company announced the results of its initial metallurgical test work on its proprietary Ion Exchange Lithium Extraction Technology (the "**Extraction Technology**"). The testing was completed by the University of Alberta (U of A) and independently reviewed by CIMIC Group's mineral processing company, Sedgman Canada Limited, an international leader in mineral processing. The Company conducted six bench scale metallurgical tests of its Extraction Technology on lithium enriched Leduc Formation water (raw brine) from the Exshaw West Project Area. The testing produced a lithium (Li) concentrate of up to 1206 milligrams per liter (mg/L), a concentration factor of 16 times. The process was also successful in removing up to 99% of the critical metal impurities while demonstrating lithium recoveries as high as 81%. The entire concentration process was achieved in less than 3 hours.

On August 8, 2018, the Company announced that it had entered into a joint venture with Comstock Metals Ltd. ("**Comstock**") with the aim to acquire and develop prospective mineral assets in the battery metal space. Comstock brings a wealth of experience and specific contacts to support the acquisition and development of quality mineral resources in North America. As part of the joint venture agreement, Comstock's President and CEO Steven H. Goldman joined the Company as an advisor.

On August 21, 2018, the Company announced the closing of its previously announced non-brokered private placement financing by the issuance of 3,232,500 units of the Company ("**Units**") at a price of \$0.40 per Unit for gross proceeds of \$1,293,000. Each Unit comprises one common share (a "**Common Share**") and one common share purchase warrant (a "**Unit Warrant**"). Each Unit Warrant entitles the holder to acquire one Common Share with an exercise price of \$0.40 for the first four months, and an exercise price of \$0.60 thereafter until one year from the date of issuance. The financing included a purchase of 1,000,000 Units for the sum of \$400,000 by Comstock.

On October 11, 2018, the Company announced its acquisition of two new strategic MIM Permits in South-Central Alberta staked directly from the Alberta Government. Each of the new MIM Permits cover a strategic land position of the Leduc Reservoir and are directly adjacent to the Company's existing lithium mineral resources. The MIM Permits are valid for a period of 14

years from the date of their issuance.

On December 24, 2018, the Company announced the closing of its previously announced non-brokered private placement financing by the issuance of 307,500 Units at a price of \$0.40 per Unit for gross proceeds of \$123,000, each Unit comprising of one Common Share and one share purchase warrant. Each share purchase warrant is exercisable for 18 months at price of \$0.60 per common share.

Financial Year Ended December 31, 2019

On January 11, 2019, the Company announced that Dale Matheson Carr-Hilton LLP tendered its resignation as auditor at the request of the Company, as the Audit Committee and the Board of Directors was of the opinion that having a Calgary-based auditor was in the best interests of the Company as the Company's head office is located in Calgary. The Board of Directors appointed MNP LLP, Chartered Accountants to fill the vacancy in the office of auditor.

On March 4, 2019, the Company announced an achievement in the development of the Extraction Technology. A series of tests were conducted on the sorbent incorporating certain enhancements. These enhancements had enabled the Company to create a more robust sorbent, resulting in higher lithium concentrations of up to 5367 mg/L lithium, compared to previous levels of 1498 mg/L. Tests were conducted to demonstrate the performance of the enhanced sorbent by concentrating 50 times and 100 times, with resulting lithium concentrations of 3142 mg/L and 5367 mg/L, respectively. This was accomplished without sacrificing lithium recovery and maintaining very low impurities in the concentrate feedstock. Lithium recovery was 98% with 50 times concentration and 84% with 100 times, confirming very high efficiency. Greater than 99% impurity removal was observed in both cases.

On April 4, 2019, the Company announced the closing of its previously announced non-brokered private placement financing announced by the issuance of 3,971,983 Units at a price of \$0.35 per Unit for total gross proceeds of \$1,390,194.05. Each Unit comprises one Common Share and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional Common Share at an exercise price of \$0.45 for a period of 24 months following the date of issuance.

On September 19, 2019, the Company announced that it had entered into a joint development agreement (the "**Livent JDA**") with a wholly-owned subsidiary of Livent Corporation, FMC Lithium USA Corp. ("**Livent**"), to advance the Extraction Technology. The Livent JDA was entered into to develop a process to produce battery quality lithium products from the lithium enriched brines located in the Leduc Formation in Alberta. On September 30, 2019, the Company announced that it had received conditional TSXV approval for the Livent JDA and, on October 10, 2019, the Company announced that Livent had contributed the initial US \$1.5 million dollars in relation to Livent JDA.

Under the Livent JDA, the Company and Livent agreed to accelerate the development of the Company's Extraction Technology and overall lithium production processes through two stages of development:

1. Ion Exchange ("**IX**") Project – The first stage to include finalizing the commercial readiness of the ion exchange sorbent. The sorbent is used to produce a high purity lithium concentrate from Alberta brine; and

2. Pilot Plant Project – The second stage to include the construction and operation of a custom pilot plant deployed in Alberta for testing the IX process and further processing of the concentrate into a saleable lithium product at a larger scale.

Livent also agreed to contribute up to US\$ 5.5 million to fund the Joint Development Project. As of the date of this AIF, Livent had contributed US\$1.5 million to Devco. Livent was granted additional anti-dilution rights. In consideration for the anti-dilution rights, the Company issued to Livent 594,068 Warrants exercisable at a price of \$0.40 for a period for four years from the date of the Livent JDA.

On December 18, 2019, the Company announced the closing of the first tranche of its previously announced non-brokered private placement financing by the issuance of 2,267,900 Units at a price of \$0.40 per Unit for a total gross proceeds of \$907,160. Each Unit comprises one Common Share and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one Common Share at an exercise price of \$0.60 for a period of 30 months following the date of issuance.

Financial year Ended December 31, 2020

On March 2, 2020, the Company announced the closing of the second tranche of its previously announced non-brokered private placement financing by the issuance of 3,004,500 Units at a price of \$0.40 per Unit for total gross proceeds of \$1,201,800. Each Unit comprises one Common Share and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one Common Share at an exercise price of \$0.60 for a period of 30 months following the date of issuance. Commissions comprised of \$18,000 cash and 45,000 broker warrants were issued in connection with the closing of the second tranche. These broker warrants have the same terms as the private placement warrants.

On March 11, 2020, the Company provided an update on the Extraction Technology being advanced in collaboration with Livent. The Company outlined the rapid reaction kinetics on the recovery of lithium from Alberta brine. Using brine collected from the Leduc Reservoir in Alberta on November 2019, the technical team successfully achieved reaction times from lab-based test work that demonstrated over 90% recover in less than 10 minutes, as opposed to hours. Faster reaction times while achieving high recoveries results in reduced retention time of brine in the processing equipment.

On March 26, 2020, the Company announced the addition of five MIM Permits acquired directly from the Alberta government, adding 36,434 hectares to the Company's overall permit area. The five new MIM Permits had been under review for several years as they occur along the highly prospective "Meadowbrook-Rimbey" Leduc reef trend. The Company announced the release of five non-prospective MIM Permits located at the south end of the Company's permit area which were originally staked in 2017, as part of the Company's strategy to prioritize areas with realistic commercialization potential.

On September 15, 2020, the Company announced the discovery of lithium enrichment in the Nisku Aquifer (the "**Nisku**"), located within the Company's permit area in south-central Alberta, with sampled lithium grades ranging up to 75.0 mg/L. The Nisku is located above the Leduc Aquifer. The Nisku stretches across the Company's entire permit area where the Company owns the metallic and industrial mineral rights, which include the rights to the lithium within the Nisku. The Nisku has similar geological properties to the Leduc Aquifer, and as such, it has a comparable propensity for high brine flow rates that may support the production of commercial

quantities of lithium.

On October 26, 2020, the Company announced the closing of its previously announced non-brokered private placement financing by the issuance of 3,336,750 Common Shares at a price of \$0.40 per Common Share for gross proceeds of \$1,334,700. The Company paid an aggregate \$24,570 in cash commissions to certain finders in connection with the private placement.

On November 16, 2020, the Company announced the results of the Clearwater PEA of its Clearwater Lithium Project. The Clearwater PEA outlines the estimated production of 20,000 tonnes per year of battery-quality lithium hydroxide monohydrate over a 20-year period. On November 26, 2020, the Company announced its Aquifer Management Plan and resource increase, in conjunction with the Clearwater PEA, on the Clearwater Lithium Project (see "*Mineral Projects – Clearwater Lithium Project*").

On November 26, 2020, the Company announced that Livent had decided to opt out of the Livent JDA due to resource and capital allocation considerations. The termination of the Livent JDA was effected on January 25, 2021. In connection with the termination of the Livent JDA, Livent transferred and assigned all of its rights, title and interest to the intellectual property rights under the Livent JDA to the Company. Despite opting out of the existing agreement, Livent has expressed interest to the Company in working together to further advance the direct lithium extraction technology under a different deal structure.

On December 17, 2020, the Company announced the closing of its previously announced brokered private placement led by Canaccord Genuity Corp. The placement was fully subscribed for a total of \$5,000,000.05, representing 5,882,353 Units, each Unit comprised of one Common Share and one-half of one share purchase warrant. Each whole warrant is exercisable to acquire one Common Share at a price of C\$1.40 per Common Share for a period of 24 months from the closing of the private placement.

Further Announcements Subsequent to Year End

Following the exit of Livent from the Livent JDA, the Company has brought the development of the Extraction Technology in house. On February 4, 2021, the Company announced the opening of its direct lithium extraction (DLE) development and testing facility in Calgary. This facility will be the site of the continued progression towards commercialization of the Extraction Technology, including the scaleup and lab prototype campaign in preparation for the field pilot plant. The Company has also raised an aggregate amount of \$14,300,000 through a series of equity financings to support the development of the Extraction Technology as outlined in the Company's press release dated March 9, 2021. As announced on April 6, 2021, the Company also received \$1,800,000 in non-dilutive government funding from Alberta Innovates aimed at directly supporting the advancement of the Extraction Technology. The testing facility has accelerated the development of the Extraction Technology and the Company continues to progress towards a pilot demonstration of the Extraction Technology. The development of the Extraction Technology in-house has resulted in cost reductions overall and an acceleration of the development schedule. The Company does not foresee any potential negative impact as a result of Livent opting-out of the Livent JDA.

On February 8, 2021, the Company announced the closing of its previously announced "bought deal" brokered private placement with Echelon Wealth Partners Inc. ("**Echelon**") and Canaccord Genuity Corp. (the "**Underwriters**") by issuing 6,793,300 Units, which includes the exercise of

the Underwriters' full 15% over-allotment option, for total proceeds of \$8,050,060.50, with each Unit consisting of one Common Share and one share purchase warrant. The Company also announced that it had engaged Echelon as an advisor, and in consideration had paid to Echelon an advisory fee of \$100,000 and issued 92,400 non-transferrable common share purchase warrants to Echelon. Each warrant is exercisable to acquire one common share at a price of \$1.65 for a period of 24 months.

On February 17, 2021, the Company announced the appointment of Kevin Stashin, an experienced oil and gas executive, to its Board of Directors.

On April 6, 2021, the Company announced the receipt of a government grant totaling \$1.8 million from Alberta Innovates that will assist in funding the Company's pilot plant to test the IX process and further processing of the concentrate into a saleable lithium product at a larger scale.

On June 29, 2021, the Company announced the appointment of Raymond Chow, a senior finance professional, as the Company's Chief Financial Officer, effective July 1, 2021.

On August 16, 2021, the Company announced that it had received approval to graduate to the Tier 1 of the TSXV.

On September 14, 2021, the Company announced that the Company's initial flow system test was completed successfully. As a result, the sorbent candidate used in this test was advanced to the prototype testing phase. See "*Business of the Company - Development of Lithium Extraction Technology*" for additional information.

BUSINESS OF THE COMPANY

The Company

The Company is an emerging lithium developer and lithium extraction technology innovator with a head office in Calgary, Alberta. The Company is developing its Alberta lithium project (the "**Alberta Lithium Project**") on the backbone of the mature and sophisticated Alberta oil industry that will allow the Company to catapult its development. The Company combines a significant resource and a well established local industry with its own proprietary direct lithium extraction technology (the "**Extraction Technology**") with a view to delivering lithium to market.

Alberta Lithium Project

General

The Alberta Lithium Project is a lithium brine project being developed on the backbone of the oil and gas industry in Alberta, Canada. Development and eventual construction aimed for this project differs very little in practice from the oil and gas industry as it involves much of the same types of infrastructure and know-how already well established locally. The social license is therefore well established and the Company anticipates being permitted under the same governing body.

Utilizing its Extraction Technology, the Company is developing a new source of lithium extracted from brine water aquifers underlying oil and gas fields in Alberta. The Company is aiming to

develop a process for the commercial production of high purity lithium products fed directly into lithium-ion batteries for the growing electrification of transportation, thus capitalizing on projection of significant increases in demand for these products.

MIM Permits

The Company's mineral properties are currently comprised of 48 Alberta Metallic and Industrial Minerals ("**MIM**") Permits and 22 pending MIM Permits, which includes the rights for lithium, totaling 511,303 hectares that cover the Leduc Aquifer in Southern Alberta.

MIM Permits grant the explorer the exclusive right to explore for metallic and industrial minerals for seven consecutive two-year terms (total of fourteen years), subject to traditional biannual assessment work. Work requirements for maintenance of permits in good standing are CAD \$5.00/ha for the first two-year term, CAD \$10.00/ha for each of the second and third terms, and CAD \$15.00/ha for each the fourth, fifth, sixth and seventh terms.

Properties

The Company's mineral properties can be sub-divided into four separate sub-properties, or groups of contiguous MIM Permits:

- Clearwater sub-property: 16 contiguous MIM Permits totaling 95,873 hectares (including the "**Clearwater Lithium Project**");
- Exshaw sub-property: 18 contiguous MIM Permits totaling 142,285 hectares (including the "**Exshaw Resource Area**");
- Rocky sub-property: 7 contiguous MIM Permits totaling 49,936 hectares (including the "**North Rocky Resource Area**"); and
- Meadowbrook-Rimbey sub-property: 7 contiguous MIM Permits totaling 45,532 hectares.

Pending MIM Permits (183,677 ha) are located in Clearwater, Rocky and Drumheller, adjacent to the Company's Resource areas.

See "Mineral Properties" for information on the Clearwater Lithium Project and the Exshaw West Resource Area.

The Company's four project areas were specifically selected due to their ability to deliver large volumes of water. Historical lithium concentrations in the region range as high as 135mg/L within the Leduc reservoir. The Company has focused its efforts in the region due to ease of on-the-ground access in combination with the large amount of existing infrastructure and well data associated with the production of oil and gas.

As part of the acquisition of the MIM Permits relating to the Clearwater Lithium Project, the Company signed a royalty agreement (the "**Royalty Agreement**") pursuant to which it agreed to pay to the royalty owner a perpetual production royalty equal to 2.25% (the "**Royalty**") of the gross proceeds from all products that are extracted from seven specific Clearwater Lithium Project MIM Permits. On September 24, 2020, the Company entered into an extension agreement to extend the period of the option to purchase all or a portion of the Royalty.

Pursuant to the Royalty Agreement, the Company has the right, on or before September 30, 2022, to purchase some or all of the royalty at a price of:

- \$800,000 for the entire 2.25% of the Royalty, or
- \$100,000 for each 0.25% of the Royalty, provided that the maximum amount to purchase the entire 2.25% of the Royalty will be \$800,000.

Development of Lithium Extraction Technology

With a large potential source of lithium secured, management's focus has shifted to demonstrating the technological viability of the Alberta Lithium Project. The Company's process of delivering high grade lithium hydroxide or carbonate to the market is being developed as three major steps. The first step involves pumping the brine to surface using new or existing infrastructure, or a combination of both. This process is well understood in Alberta through oil and gas production which has demonstrated that large volumes of brine can be cycled to surface and back into the aquifer. The use of existing infrastructure has the potential to reduce the Company's development costs. The second step uses the Company's Extraction Technology to extract lithium. The process both concentrates the brine and removes the majority of the impurities in one step. This technology development is the key link between the existing brine production and readily available technology potentially utilized for the third step of lithium production. The third step is the production of a high purity lithium salt and involves refining the concentrate generated from the Company's DLE process to further remove the last of the impurities and produce a high-grade lithium product for direct sale into the battery market. All other process steps may utilize existing technology modified slightly for the specifics of the Alberta Lithium Project. The Company believes the key to a feasible project in the future is the continued development of the Extraction Technology, which has demonstrated its ability to concentrate lithium and remove brine impurities. There is no guarantee that the Company will be successful in developing the Extraction Technology. See "*Mineral Projects – Clearwater Lithium Project*" and "*Risk Factors*".

The Company is currently in the process of developing the Extraction Technology and its completion will occur as a series of steps increasing the operating scale of the Extraction Technology. The Company opened its Calgary-based testing facility in early 2021 with a focus on improving the manufacturing process for its sorbent material, a critical component of the Extraction Technology. This improved sorbent has been tested rigorously by the Company in early 2021 and has achieved high performance represented by high recovery and removal of impurities, while demonstrating a robust cycle life at batch scale. The next step in the development of the Extraction Technology is continuous flow testing, which will aim to demonstrate the Company's ability to extract lithium in larger quantities. The Company anticipates that the continuous flow testing process will be completed by the end of Q4 2021. Once each sorbet form has been tested through the continuous flow testing process, selected sorbents will be used for the prototype phase. As part of the prototype phase, the Company will develop a lab scale pilot plant ("**Lab Pilot Plant**") with the aim of enabling the design of a field based pilot plant ("**Field Pilot Plant**"), such Field Pilot Plant to be located on the Alberta Lithium Project.

The Company estimates that the Lab Pilot Plant will be operating by the end of Q4 2021 and the Field Pilot Plant will be operating by the end of Q1 2023. The Company believes that a successful pilot program should enable the design of a commercial process. The Company estimates that a commercial lithium production facility will be fully operational between 2025 and

2027. There is no guarantee that the Company will be successful in developing the Lab Pilot Plant, the Field Pilot Plant or a commercial lithium production facility within these timeframes or at all. See “*Mineral Projects – Clearwater Lithium Project*” and “*Risk Factors*”.

On December 28, 2018, the Company filed a patent application for “Lithium Extraction From Low Grade Petro-Brine by Ion Exchange” and was assigned the Provisional Patent Application No. 62/786,106. The Company subsequently filed an international PTC patent on December 20, 2019. Upon issuance, the patent is expected to have a finite life (expected to be between 14 and 20 years”).

Other

The Company is continuing to review its options with respect to the current and other prospective properties.

Specialized Skills and Knowledge

Successful exploration, development and operation of the Company’s lithium projects will require access to personnel in a wide variety of disciplines, including geologists, geophysicists, engineers, drillers, managers, project managers, accounting, financial and administrative staff, and others. Since the project locations are also in jurisdictions familiar with and friendly to resource extraction, management believes that the Company’s access to the skills and experience needed for success is sufficient.

Competitive Conditions

The Company competes with numerous other companies and individuals possessing greater financial resources and technical facilities than themselves in the search for, and acquisition of, mineral claims, leases and other mineral interests, as well as the recruitment and retention of suitably qualified individuals. Inability to compete will have a negative impact on the financial position and business operations of the Company. See “*Risk Factors*” below.

Business Cycles

Mining is a cyclical industry and commodity prices fluctuate according to global economic trends and conditions. See “*Risk Factors*” below.

Economic Dependence

The Company’s business is not substantially dependent on any contract such as a contract to sell the major part of its products or services or to purchase the major part of its requirements for goods, services or raw materials, or on any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends.

Environmental Protection

Environmental risk is inherent with mining operations. The current or future operations of the Company require permits from various governmental authorities. Such operations are governed by laws and regulations that govern prospecting, mining, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety, and other matters. There can be no assurance that all permits that the

Company requires for future exploration and development of mining facilities will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on the operations of the Company.

The legal framework governing this area is constantly developing, therefore the Company is unable to fully ascertain any future liability that may arise from the implementation of any new laws or regulations, although such laws and regulations are typically strict and may impose severe penalties (financial or otherwise). The proposed activities of the Company, as with any exploration, may have an environmental impact which may result in unbudgeted delays, damage, loss and other costs and obligations including, without limitation, rehabilitation and/or compensation. There is also a risk that the operations of the Company and financial position may be adversely affected by the actions of environmental groups or any other group or person opposed in general to the activities of the Company.

Employees

The Company has 14 employees and has a small management team, and the loss of any key individual could affect the business of the Company. Additionally, the Company will be required to secure other personnel to facilitate their exploration programs on their properties. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Company.

MINERAL PROPERTIES

The following is a description of the Company's current mineral properties and the nature of the Company's interests in such properties.

The Company's principal mineral properties are the Clearwater Lithium Project, the North Rocky Resource Area, and the Exshaw West Resource Area, all located in the Leduc Reservoir. For the purposes of mineral project disclosure required to be included in this Annual Information Form, the Clearwater Lithium Project and the Exshaw West Resource Area are the Company's sole material projects.

Clearwater Lithium Project

Please refer to the technical report titled "NI 43-101 Technical Report Preliminary Economic Assessment Clearwater Lithium Project" dated effective December 21, 2020 and amended on September 17, 2021 (the "**Clearwater PEA**"), as filed on the Company's SEDAR profile, for detailed disclosure relating to:

- Project Description, Location and Access;
- History;
- Geological Setting, Mineralization and Deposit Types;
- Exploration and Drilling;
- Sample, Analysis and Data Verification;
- Mineral Processing and Metallurgical Testing;
- Mineral Resource and Mineral Reserve Estimates;
- Mining Operations;
- Processing and Recovery Methods;
- Infrastructure, Permitting and Compliance Activities;

- Capital and Operating Costs;
- Exploration, Development and Production.

The following is a summary of the Clearwater PEA, prepared by a multi-disciplinary team of Qualified Persons that include Gordon MacMillan P.Geol. of Fluid Domains Inc., Damian Bransby-Williams, P. Eng., of SCOVAN Engineering, Scott Pattinson, P. Eng. of SCOVAN Engineering, Werner Vorster, PhD, P.Eng., C. Eng. of NORAM Engineering and Greg Owen, P. Eng. of GLJ Ltd.

The Clearwater PEA is incorporated by reference herein and for full technical details, the complete text of the Clearwater PEA should be consulted.

The following summary does not purport to be a complete summary of the Clearwater Lithium Project and is subject to all the assumptions, qualifications and procedures set out in the Clearwater PEA and is qualified in its entirety with reference to the full text of the Clearwater PEA. Readers should read this summary in conjunction with the Clearwater PEA.

Property Location and Ownership

The Alberta Lithium Project consists of 48 MIM Permits that overlie the Leduc Aquifer in Southern Alberta. All permits are held 100% by 1975293 Alberta Ltd., a wholly owned subsidiary of the Company. The Alberta Lithium Project in its entirety contains 511,303 hectares (Ha) and is subdivided into 5 sub-project areas: Clearwater, Rocky, Exshaw, Drumheller, and Meadowbrook-Rimbey.

The Clearwater Lithium Project consists of 98,873 hectares covered in 16 MIM Permits. Of the 16 permits, 13 permits completely or partially intersect the Clearwater Lithium Project boundary, with 50,464 ha falling within the Clearwater Lithium Project boundary. The claims are interspersed with privately owned (Freehold) land. Several additional permits are pending in the Clearwater Lithium Project area, adjacent to the Clearwater PEA area.

Resource Estimate

The Inferred Mineral Resource Estimate, expressed as a mass of lithium carbonate equivalent, is 5.5 billion m³ of brine at 74.6 mg/L, totaling 2.2 million tonnes of LCE using a conversion factor from elemental lithium of 5.323. The Inferred Mineral Resource estimate for the CCRA is based on the total volume of water in the effective porosity, the interpolated lithium concentration, a 0.5 production factor cut-off for the Innisfail Interior and Clearwater Interior production areas, and a 0.8 production factor cut-off for the Innisfail Margin and the Wimborne Margin.

The resource is classified as inferred because geological evidence is sufficient to imply but not verify geological, grade, or aquifer quality continuity. It is reasonably expected that the majority of the Inferred Mineral Resource Estimate could be upgraded to Indicated or Measured Mineral Resources with continued exploration.

Mining Methods and Aquifer Management Plan

For the purposes of this Preliminary Economic Assessment of the Clearwater Lithium Project, lithium enriched brine is sourced from deep vertical or deviated wells into the Leduc aquifer. This brine will be transported to the Central Processing Facility (CPF) via underground pipelines

where lithium will be extracted from the lithium enriched brine. Lithium void brine is then returned to the Leduc aquifer through deep vertical or deviated injection wells. There are no surface mining methods utilized for this project as the brine is pumped from the subsurface aquifer and back into the aquifer; as such, it remains within in a closed-loop system. Primary extraction and the recovery of lithium is achieved through direct lithium extraction methods developed by the company and described in detail herein.

A well network with two production well groupings consisting of 21 wells at each grouping, are located north and south of the CPF. One injection well grouping location consisting of 21 wells is located proximal to the CPF. The line of injection wells is located approximately 15 km and 16 km away from the line of production wells to the north and south, respectively.

The selected well network, and its associated infrastructure, is designed to be capable of producing 140,000 m³/day over a 20-year period with 92% availability, suitable for the production of 20,000 tonnes of lithium hydroxide monohydrate (LHM). The distance between each production well network and the injection well network was also designed such that the lithium void brine from the injection wells would reach the production wells after 20 years and achieve a maximum dilution of 5%.

Mining Processing

Based on test work data received, a comprehensive design was developed which formed the basis of the preliminary process flow sheets. After pre-treatment (H₂S removal), the lithium in the brine is concentrated using E3 Metals' ion exchange sorbent material in a counter-current "sorbent-in-pulp" style system. The sorbent, assumed to be 1-2 mm in diameter, primarily absorbs lithium from brine in which the anion is mostly chloride. This process rejects the bulk of impurities which is returned to the well network in the bulk of the brine. The sorbent is eluted during which lithium is concentrated to approximately 870 mg/l Li⁺ using anolyte recycled from the electrolysis circuit.

Following the E3 IX stage, the majority of the remaining species (Ca, Mg, Sr, Mn and B) are removed by precipitation as hydroxides and carbonates.

The Li⁺ stream at this point is still too dilute for electrolysis and, after acidification to prevent membrane fouling, the lithium enriched eluate is further concentrated by Reverse Osmosis (RO) before the remaining divalent ions (Ca²⁺ and Mg²⁺) are removed in the secondary Ion Exchange (IX) circuit.

The purified brine, containing mostly Li⁺, K⁺ and Na⁺ cations, is suitable for electrolysis and crystallisation to form LiOH.H₂O.

All water removed from the brine prior to electrolysis is either used internally as make-up water or can be exported for use by others. The electrolysis process forms a weak sulphuric stream which is recycled to the elution stage reducing any need for large quantities of reagent.

Economics

A summary of the Project capital and operating costs are provided below. The full project summary of costs and the economic valuation based on the yearly production of 20,000 tonnes of LHM are detailed based on the capital and operating costs.

Table 1. Capital Costs

Capital Costs	Description	Costs (M USD)
Brine Production	Wells, pumps and pipelines	192.8
Brine Pre-Treatment	H ₂ S Removal	117.8
DLE Process (Li-IX)	Primary extraction of lithium from the brine	15.6
Lithium Production	Concentration, Polishing, Electrolysis and Crystallization	160.9
Power, Site, Transport and Labour Costs	Misc. Site and labour costs	35.1
Contingency (25%)	Applied to direct capital costs	79.8
Total		602.0
Sustaining Capital	Pump replacement, etc	108.7

The total initial capital cost of the Project for 20,000 tonnes per year production of LHM is estimated at USD 602.0 Million, inclusive of direct and indirect costs and contingency. In addition, USD 108.7 Million of sustaining capital is also estimated, with the majority of this cost associated with the replacement of brine production pumps.

Table 2. Operating Costs

Capital Costs	Description	Total Annual Costs (M USD)	Cost Per Tonne LHM (USD)
Brine Production	Wells, pumps and pipelines	19.1	954
Brine Pre-Treatment	H ₂ S Removal	19.9	993
DLE Process (Li-IX)	Primary extraction of lithium from the brine	8.3	414
Lithium Production	Concentration, Polishing, Electrolysis and Crystallization	11.3	564
Site, Labour and G&A	Power, Site, Transport, Labour and G&A Costs	14.6	732
Total		73.2	3,656

A total operating cost of USD 73.2 Million per year, or USD 3,656 per tonne LHM, are broken

out by each major project step and are inclusive of direct and indirect costs. The majority of the operating costs are associated with reagents required within the system and power consumption.

Table 3. Preliminary Economic Assessment Results

Description	Units	CAD	USD
Production	tonnes/years LHM	20,000	20,000
Project Life	Years	20	20
Total Capital Cost (CAPEX)	M \$	959.9	710.7
Total Initial Capital	M \$	812.7	602.0
Average Annual Operating Costs (OPEX)	M \$	98.8	73.2
Average Selling Price (LHM)	M \$/year	19,007	14,079
Cash Operating Costs	\$/tonne LHM	4936	3,656
Average Annual EBITDA	\$	281.6	208.6
Pre-Tax Net Present Value ("NPV") (8% discount)	\$	1,516.1	1,123.1
After-Tax Net Present Value ("MPV") (8% discount)	\$	1,106.8	819.9
Pre-Tax Internal Rate of Return ("IRR")	%	32%	32%
After-Tax Internal Rate of Return ("IRR")	%	27%	27%
Payback Period (After-Tax)	%	3.4	3.4

This preliminary economic assessment is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized.

Study Conclusions and Recommendations

Study Conclusions

1. The total Central Clearwater Resource Area Inferred Resource estimate is 5.5 billion m³ of brine with an average of 74.6 mg/L Li, totaling 2.2 million tonnes of LCE (using a conversion factor of 5.323). This resource could support resource development for at least 20 years as outlined in this Report.
2. The data evaluated indicates that the Leduc aquifer can be proactively managed to efficiently sweep the well network area of lithium; this results in the production of undiluted lithium throughout the evaluated lifetime of the project (greater than 95% original lithium concentration).
3. Similar to oil and gas activity in the area, lithium brine could be efficiently delivered to a central process facility using a well network of strategically positioned producers, injectors and pipelines. Abundant local expertise and infrastructure is available to support this development.
4. Local transmission and distribution infrastructure and natural gas fuel lines are available in the area and are one potential option to support the project's energy requirements.
5. Existing lithium processing and oilfield technologies are combined with E3's Direct Lithium Extraction (DLE) technology to form a full lithium extraction process flow sheet. The successful integration of these technologies as outlined in this Report is reasonably expected.
6. Results of lab testing of E3 Metals' proprietary Direct Lithium Extraction (DLE) technology and the efficient integration of E3's technology with available supporting lithium processing technologies improves the confidence of the estimations contained in this Report.
7. The economic evaluation demonstrates a project NPV of USD 1.1M, an OPEX of USD 3,656/tonne LHM and a pre-tax IRR of 32% at a discount rate of 8%. This positive economic analysis indicates the project has the potential to be economically viable.
8. This preliminary economic assessment is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized.

Study Recommendations

1. Further geological evaluation of the CCRA, including advanced mapping and aquifer flow testing, are required and should support an upgrade of the resource to the "Indicated" and "Measured" categories (CIM, 2014).
2. Advanced brine and rock property testing, including the analysis of brine samples deeper in the Leduc aquifer, will increase confidence in the proposed pre-treatment and well design estimates.

3. Continued engagement with local transmission service providers, distribution service providers and natural gas fuel suppliers is required to further refine energy solution design and cost estimates, including the development of a GHG reduction strategy.
4. Although the preliminary LHM production flowsheet appears to be technically feasible and robust, confirmation of the sorbent performance and stability as well as the removal efficiency of secondary contaminants through precipitation and subsequent demonstration of the overall process at pilot scale is recommended to optimise the overall process.
5. The results of the planned 2021 pilot plant demonstrating E3's DLE technology in combination with compatible lithium processing techniques, should be used in further economic evaluations including a Pre-Feasibility Study ("PFS").

Pre-Feasibility Study

The Company plans to complete a PFS of the Clearwater Lithium Project to further determine the technical and economic feasibility of the Clearwater Lithium Project. The timeframe of completing the PFS and the incurrence of the capital and operating costs summarized above is dependent on the successful scale-up of the Extraction Technology. The Company estimates that the completion of a commercial lithium production facility will be accomplished between 2025 and 2027 and will be highly dependent on the successful completion of the Extraction Technology field pilot and the results of the PFS. See "*Business of the Company - Development of Lithium Extraction Technology*" and "*Risk Factors*".

Exshaw West Resource Area

Please refer to the technical report titled "NI 43-101 Technical Report Lithium Resource Estimate for the Exshaw West Property, South-Central Alberta, Canada" dated effective June 15, 2018 and amended on September 17, 2021 (the "**Exshaw West Technical Report**"), as filed on the Company's SEDAR profile, for detailed disclosure relating to:

- Project Description and Location;
- History;
- Geological Setting, Mineralization and Deposit Types;
- Exploration and Drilling;
- Sample, Analysis and Data Verification;
- Mineral Processing and Metallurgical Testing;
- Mineral Resource and Mineral Reserve Estimates;
- Mining Operations;
- Recovery Methods;
- Infrastructure, Permitting and Compliance Activities;
- Capital and Operating Costs;
- Exploration, Development and Production.

The following is a summary of the Exshaw West Technical Report, prepared by the following Qualified Persons: Gordon MacMillan, P.Geol, of Fluid Domains Inc., and Grahame Binks, MAusIMM, of Sedgman Canada Limited.

The Exshaw West Technical Report is incorporated by reference herein and for full technical

details, the complete text of the Exshaw West Technical Report should be consulted.

The following summary does not purport to be a complete summary of the Exshaw West Resource Area and is subject to all the assumptions, qualifications and procedures set out in the Exshaw West Technical Report and is qualified in its entirety with reference to the full text of the Exshaw West Technical Report. Readers should read this summary in conjunction with the Exshaw West Technical Report.

Summary

The Exshaw West Property (EWRA) is located in the southwestern part of the Western Canada Sedimentary Basin (“**WCSB**”). In this area, the Upper Devonian (Frasnian) sediments of the Woodbend Group were deposited in a shallow inland sea bounded by the emergent Peace River Arch to the North West and the West Alberta Ridge to the south-west creating a barrier between the sea and the open ancestral Pacific to the west. It is here that the flooded carbonate platform of the Cooking Lake provided structural highs and a favorable environment for the prolific reefal buildups of the Leduc formation. The Exshaw area covers a portion of the Wimborne-Bashaw complex just east of the Meadowbrook-Rimbey Leduc trend. The Duvernay and Ireton basinal shales and carbonate muds conformably encase and overlay the Leduc buildups creating traps for hydrocarbon pools and form the aquitard for the Leduc and Cooking lake aquifer system.

The Leduc limestone deposits are partially to completely replaced by dolomite, a process that enhanced the porosity and permeability of the reservoir. Current data suggests that the Cooking lake remains predominantly limestone. The main oil, gas and Li-brine mineralization accumulations in E3 Metals' properties occur in dolomitized reefs of Devonian Leduc age at true vertical depths greater than 1,400 meters in the subsurface. Many of the wells in this area in their early history started out at hundreds to thousands of barrels per day of petroleum products and required little active pumping to extract. However, at present most of the wells produce excessive amounts of formation water in comparison to petroleum products. Formation water production in the EWRA averaged approximately 1,400 m³/day over the last 5 years (GeoSCOUT™).

E3 Metals' exploration activities consisted of brine sampling from existing oil production wells. Samples were collected from existing Leduc Formation producing oil and gas wells by field technicians contracted from Maxxam Analytics in Red Deer, Alberta. All wells producing solely from the Leduc Formation, without any additional concurrent zone production (commingling from other formations), were earmarked for sampling, and were accessed based on availability. Oil and gas operators generally cycle wells, so several field programs were completed to collect samples. Samples were either collected directly at the wellhead, or at test separators, by Maxxam employees wearing self-breathing apparatuses due to the presence of H₂S (hydrogen sulfide) gas. A documented sampling procedure ensured that samples were collected, sealed and labeled to avoid contamination and tampering. Proper chain of custody measures were in place.

Laboratory analyses consisted of a round robin of a synthetic Li-standard, created by the University of Alberta, which was sent to 5 laboratories. Based on the accuracy of the results and logistical considerations, AGAT and Maxxam laboratories were chosen as the Project labs. AGAT and Maxxam were selected as the primary and check labs respectively, based on the merits of their respective precisions in the NI 43-101 Technical Report Lithium Resource Estimate for the Central Clearwater Property, South-Central Alberta, Canada (Spanjers 2017).

Four aquifers (Leduc Reef Margin, Leduc Platform Interior, Clive Channel Area, and Cooking Lake Interior) and 14 hydrostratigraphic subdivisions (Joffre, Wood River, Malmo, Duhamel, New Norway, Bashaw, Nevis, Mikwan, Three Hills Creek, North Lagoon, South Lagoon, Clive, Clive Channel, and Cooking Lake Platform) were defined for the resource model. The aquifers and their properties were determined by facies geometry, well logs, core, well drill stem test data and isopach maps.

The inferred resource estimate was developed in three stages: 3-D modeling to calculate the volume of the reservoir, an evaluation of the reservoir properties to estimate the volume of producible brine and the potential to recover the brine, and variography using simple kriging to assess lithium concentration distribution.

Geostatistical software was used to determine the variography of 30 points and assess the manner in which Li concentrations vary spatially. Simple kriging of data points in the EWRA area predicted the lithium concentration distribution. The mean Li concentration of the EWRA was 75 mg/L.

An optimized production well network design, the schedule of production from the well networks and the dispersion of low-concentration lithium injected water have not yet been determined. For the purposes of estimating the inferred lithium resource mass, a 50% production factor has been applied to the total mass of lithium that could be produced. The selection of a 50% production factor is considered conservative as it represents the proportion of lithium that would be produced at the time the advective front arrives at the production well. Prior to that time, the lithium concentrations will decrease from 100% formation water as the relative proportion of injected water increases. The production factor may increase as more detailed studies are completed.

The mineral resource estimate for the EWRA is 19.5 billion m³ at an average grade of 75 mg/L, which equates to 3,900,000 tonnes of LCE. This resource estimate is classified as inferred due to the geological evidence being sufficient to imply but not verify geological, grade or quality continuity. It is reasonably expected that the majority of the Inferred Mineral Resource Estimate could be upgraded to Indicated Mineral Reserves with continued exploration. Production well networks with rates of up to 20,000 m³/d and life spans of up to 44 years are expected before the injected water reaches the production well.

The characterization used a significant amount of existing data from existing oil and gas production activity but relatively few Li-brine analyses. Additional well samples are needed, where possible, to confirm brine chemistry through time and build the larger dataset. The cost of collecting and analyzing additional samples is estimated at \$50,000. The existing samples from wellhead and separators do not give a vertical profile of the sampled wells or the Li-brines within each of the identified aquifers. Vertical profile sampling of Li concentrations within the reservoir at one or more locations is recommended at an estimated cost of \$200,000 each. The available permeability measurements are representative of a scale of meters to 10s of meters. Further investigation of the reservoir permeability would be beneficial to the development of modifying factors. This work, and the upgrading of the resource to measured and indicated has an estimated cost of \$1,000,000.

Metallurgical testing was completed by the University of Alberta (U of A) and independently reviewed by Sedgman Canada Limited, an international leader in mineral processing. The testing focused on E3 Metals' "Concentration step", which involves a unique ion exchange technology to process low grade Alberta brine to produce a higher-grade lithium concentrate

solution with low impurity levels. This step also results in a reduction of brine liquid volume. Six bench scale metallurgical tests were conducted using ion exchange technology on lithium enriched Leduc Formation water (raw brine) from the Exshaw West Project Area. The testing produced a lithium (Li) concentrate of up to 1,206 milligrams per liter (mg/L) and a concentration factor of 16 times. The process was also successful in removing up to 99% of the critical metal impurities while demonstrating lithium recoveries as high as 81%. The entire concentration process was achieved in less than 3 hours.

Further development of the ion exchange chemistry is required to achieve optimized results which include; lithium recoveries greater than 95%, greater than 20 times lithium concentration with continued greater than 99% removal of critical impurities removal. The ion-exchange chemistry will also be manufactured into a porous resin material that will be robust enough to be re-used in repetitive sorption/desorption cycles. This material will be tested in a continuous flow ion exchange column at the laboratory scale. E3 Metals will also be initiating test work through the University of Alberta and external experts to test electrolysis technology that would produce lithium hydroxide from the concentrated lithium solution produced from ion exchange step. This testing will further refine the Company's direct brine extraction flowsheet. The cost to complete additional lithium extraction test work is estimated at \$700,000.

RISK FACTORS

You should carefully consider the risks described below, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form, and all other information contained in this Annual Information Form. The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows and consequently the price of the Common Shares could be materially and adversely affected.

Risks Relating to our Business

Reliance on Key Personnel

The senior officers of the Company are critical to its success. In the event of the departure of a senior officer, the Company believes that it will be successful in attracting and retaining qualified successors, but there can be no assurance of such success. Recruiting qualified personnel as the Company grows is critical to its success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited, and competition for such persons is intense. As the Company's business activity grows, it will require additional key financial, administrative, engineering, geological and other personnel. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on future cash flows, earnings, results of operations and the financial condition of the Company. The Company is particularly at risk at this state of its development as it relies on a small management team, the loss of any member of which could cause severe adverse consequences.

Substantial Capital Requirements and Liquidity

The Company anticipates that it will incur substantial capital expenditures for the continued exploration and development of its projects in the future. The Company currently has no revenue and may have limited ability to undertake or complete future drilling or exploration programs and process studies. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects. Sales of substantial amounts of securities may have a highly dilutive effect on the ownership or share structure of the Company. Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future sales of Common Shares.

The Company has not yet commenced commercial production at any of its properties and as such, it has not generated positive cash flows to date and has no reasonable prospects of doing so unless successful commercial production can be achieved at the Company's projects. The Company expects to continue to incur negative investing and operating cash flows until such time as it enters into commercial production. This will require the Company to deploy its working capital to fund such negative cash flow and to seek additional sources of financing. There is no assurance that any such financing sources will be available or sufficient to meet the Company's requirements. There is no assurance that the Company will be able to continue to raise equity capital or that the Company will not continue to incur losses.

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 Lab Pilot Plant, which will enable 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 Lab Pilot Plant, the Field Pilot Plant or a commercial lithium production facility within the timeframes as indicated in this Annual Information Form or at all. 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.

The Company plans to complete a PFS of the Clearwater Lithium Project to further determine the technical and economic feasibility of the Clearwater Lithium Project. The timeframe of completing the PFS is dependent on the successful completion of the Extraction Technology field pilot. If the Company is unable to develop the Extraction Technology, the Company may not be able to complete the PFS. As a result, its business and financial condition will be materially adversely affected.

Property Commitments

The Company's properties may be subject to various land payments, royalties and/or work commitments. Failure by the Company to meet its payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests.

Exploration and Development

Exploring and developing natural resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted, such that it is neither feasible nor practical to proceed. Natural resource exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of natural resources, any of which could result in work stoppages, damage to property, and possible environmental damage. If any of the Company's exploration programs are successful, there is a degree of uncertainty attributable to the calculation of resources and corresponding grades and in the analysis of the economic viability of future development and mineral extraction. Until actually extracted and processed, the quantity of lithium reserves and grade must be considered as estimates only. In addition, the quantity of reserves and resources may vary depending on commodity prices and various technical and economic assumptions. Any material change in quantity of reserves, grade or recovery ratio, may affect the economic viability of the Company's properties. In addition, there can be no assurance that results obtained in pilot plants will be duplicated in larger scale tests under on-site conditions or during production. The Company closely monitors its activities and those factors which could impact them, and employs experienced consulting, engineering, and legal advisors to assist in its risk management reviews where it is deemed necessary.

Operational Risks

The Company will be subject to a number of operational risks and may not be adequately insured for certain risks, including: environmental contamination, liabilities arising from historic operations, accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labor disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena such as inclement weather conditions, floods, earthquakes, ground movements, cave-ins, and encountering unusual or unexpected geological conditions and technological failure of exploration methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the property of the Company, personal injury or death, environmental damage or, regarding the exploration or development activities of the Company, increased costs, monetary losses and potential legal liability and adverse governmental action. These factors could all have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Additionally, the Company may be subject to liability or sustain loss for certain risks and hazards against which the Company cannot insure or which the Company may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the

Company's future cash flows, earnings, results of operations and financial condition.

Construction Risks

As a result of the substantial expenditures involved in development projects, developments are prone to material cost overruns versus budget. The capital expenditures and time required to develop new projects are considerable and changes in cost or construction schedules can significantly increase both the time and capital required to build the project.

Construction costs and timelines can be impacted by a wide variety of factors, many of which are beyond the control of the Company. These include, but are not limited to, weather conditions, ground conditions, availability and performance of contractors and suppliers, delivery and installation of equipment, design changes, accuracy of estimates and availability of accommodations for the workforce.

Project development schedules are also dependent on obtaining the governmental approvals necessary for the operation of a project. The timeline to obtain these government approvals is often beyond the control of the Company. A delay in start-up or commercial production would increase capital costs and delay receipt of revenues.

Environmental Risks

All phases of mineral exploration and development businesses present environmental risks and hazards and are subject to environmental regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances used and or produced in association with natural resource exploration and production operations. The legislation also requires that facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures, and a breach may result in the imposition of fines and penalties, some of which may be material.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that the application of environmental laws to the business and operations of the Company will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Commodity Price Fluctuations

The prices of commodities vary on a daily basis. Price volatility could have dramatic effects on the results of operations and the ability of the Company to execute its business plan. The price of lithium materials may also be reduced by the discovery of new lithium deposits, which could not only increase the overall supply of lithium (causing downward pressure on its price), but could draw new firms into the lithium industry which would compete with the Company.

Volatility of the Market Price of the Shares

Securities of junior companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. The Common Share price is also likely to be significantly affected by delays experienced in progressing with development plans, a decrease in investor appetite for junior stocks, or in adverse changes in the Company's financial condition or results of operations as reflected in the Company's quarterly and annual financial statements. Other factors unrelated to performance that could have an effect on the price of the Common Shares include the following:

- (a) the trading volume and general market interest in the Common Shares could affect a shareholder's ability to trade significant numbers of common shares; and
- (b) the size of the public float in the Common Shares may limit the ability of some institutions to invest in the Company's securities.

As a result of any of these or other factors, the market price of the Common Shares at any given point in time might not accurately reflect the Company's long-term value. Securities class action litigation has been brought against companies following years of volatility in the market price of their securities. The Company could in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Cost Estimates

The Company prepares estimates of operating costs and/or capital costs for each operation and project. The Company's actual costs are dependent on a number of factors, including royalties, the price of lithium and by-product metals and the cost of inputs used in exploration activities. The Company's actual costs may vary from estimates for a variety of reasons, including labour and other input costs, commodity prices, general inflationary pressures and currency exchange rates. Failure to achieve cost estimates or material increases in costs could have an adverse impact on the Company's future cash flows, profitability, results of operations and financial condition.

Future Share Issuances May Affect the Market Price of the Shares

In order to finance future operations, the Company may raise funds through the issuance of additional Common Shares or the issuance of debt instruments or other securities convertible into Common Shares. The Company cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares or the dilutive effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares.

Economic and Financial Market Instability

Global financial markets have been volatile and unstable at times since the global financial crisis, which began in 2007. Bank failures, the risk of sovereign defaults, other economic conditions and intervention measures have caused significant uncertainties in the markets. The resulting disruptions in credit and capital markets have negatively impacted the availability and terms of credit and capital. High levels of volatility and market turmoil could also adversely impact commodity prices, exchange rates and interest rates. In the short term, these factors, combined with the Company's financial position, may impact the Company's ability to obtain

equity or debt financing in the future and, if obtained, the terms that are available to the Company. In the longer term, these factors, combined with the Company's financial position could have important consequences, including the following:

- (a) increasing the Company's vulnerability to general adverse economic and industry conditions;
- (b) limiting the Company's ability to obtain additional financing to fund future working capital, capital expenditures, operating and exploration costs and other general corporate requirements;
- (c) limiting the Company's flexibility in planning for, or reacting to, changes in the Company's business and the industry; and
- (d) placing the Company at a disadvantage when compared to competitors that have less debt relative to their market capitalization.

Financing Risks

The Company's development and exploration activities may require additional external financing. There can be no assurance that additional capital or other types of financing will be available when needed or that, if available, the terms of such financing will be acceptable to the Company. Furthermore, if the Company raises additional capital by offering equity securities or securities convertible into equity securities, any additional financing may involve substantial dilution to existing shareholders. Failure to obtain sufficient financing could result in the delay or indefinite postponement of exploration, development, construction or production of any or all of the Company's mineral properties. The cost and terms of such financing may significantly reduce the expected benefits from new developments or render such developments uneconomic.

Industry Competition and International Trade Restrictions

The international resource industries are highly competitive. The value of any future reserves discovered and developed by the Company may be limited by competition from other world resource mining companies, or from excess inventories. Existing international trade agreements and policies and any similar future agreements, governmental policies or trade restrictions are beyond the control of the Company and may affect the supply of and demand for minerals, including lithium, around the world.

Governmental Regulation and Policy

Mining operations and exploration activities are subject to extensive laws and regulations. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labor standards, occupational health, waste disposal, protection and remediation of the environment, toxic and radioactive substances, transportation safety and emergency response, and other matters. Compliance with such laws and regulations increases the costs of exploring, developing, constructing, and operating projects. It is possible that, in the future, the costs, delays and other effects associated with such laws and regulations may impact decisions of the Company with respect to the exploration and development of properties, such as the properties in which the Company has an interest. The Company will be required to expend significant financial and managerial resources to comply with such laws and regulations. Since legal requirements change frequently, are subject to interpretation and may be enforced in varying degrees in practice, the Company is unable to predict the ultimate cost of compliance with these

requirements or their effect on operations. Furthermore, future changes in governments, regulations and policies and practices, such as those affecting exploration and development of the Company's properties could materially and adversely affect the results of operations and financial condition of the Company in a particular year or in its long-term business prospects.

Permitting

The Company's operations, development projects and exploration activities are subject to receiving and maintaining licenses, permits and approvals, including regulatory relief or amendments, (collectively, "**permits**") from appropriate governmental authorities. Before any development on any of its properties the Company must receive numerous permits, and continued operations at the Company's properties is also dependent on maintaining, complying with and renewing required permits or obtaining additional permits.

The Company may be unable to obtain on a timely basis or maintain in the future all necessary permits required to explore and develop its properties, commence construction or operation of facilities and properties or maintain continued operations. Delays may occur in connection with obtaining necessary renewals of permits for the Company's existing operations and activities, additional permits for existing or future operations or activities, or additional permits associated with new legislation. It is possible that previously issued permits may become suspended or revoked for a variety of reasons, including through government or court action.

Risk Related to the Cyclical Nature of the Lithium Business

The lithium business and the marketability of the products that are produced are affected by worldwide economic cycles. At the present time, the significant demand for lithium and other commodities in many countries is driving increased prices, but it is difficult to assess how long such demand may continue. Fluctuations in supply and demand in various regions throughout the world are common.

Title Claims and First Nations Rights

The Company has investigated its rights to explore and exploit its projects and, to the best of its knowledge, its rights in relation to lands covering the projects are in good standing. Nevertheless, no assurance can be given that such rights will not be revoked, or significantly altered, to the Company's detriment. There can also be no assurance that the Company's rights will not be challenged or impugned by third parties.

Although the Company is not aware of any existing title uncertainties with respect to lands covering material portions of its projects, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Certain of the Company's properties may be subject to the rights or the asserted rights of various community stakeholders, including First Nations and other indigenous peoples. The presence of community stakeholders may impact the Company's ability to develop or operate its mining properties and its projects or to conduct exploration activities. Accordingly, the Company is subject to the risk that one or more groups may oppose the continued operation, further development or new development or exploration of the Company's current or future mining properties and projects.

Such opposition may be directed through legal or administrative proceedings, or through protests or other campaigns against the Company's activities.

Governments in many jurisdictions must consult with, or require the Company to consult with, indigenous peoples with respect to grants of mineral rights and the issuance or amendment of project authorizations. Consultation and other rights of indigenous peoples may require accommodation including undertakings regarding employment, royalty payments and other matters. This may affect the Company's ability to acquire within a reasonable time frame effective mineral titles, permits or licenses in any jurisdictions in which title or other rights are claimed by First Nations and other indigenous peoples, and may affect the timetable and costs of development and operation of mineral properties in these jurisdictions. The risk of unforeseen title claims by indigenous peoples also could affect existing operations as well as development projects. These legal requirements may also affect the Company's ability to expand or transfer existing operations or to develop new projects.

Community Relations and License to Operate

The Company's relationship with the host communities where it operates is critical to ensure the future success of its existing operations and the construction and development of its projects. There is an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Certain non-governmental organizations ("**NGOs**"), some of which oppose globalization and resource development, are often vocal critics of extractive industries and their practices. Adverse publicity generated by such NGOs or others related to extractive industries generally, or the Company's exploration or development activities specifically, could have an adverse effect on the Company's reputation. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, which could have a material adverse impact on the Company's results of operations, financial condition and prospects. While the Company is committed to operating in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk.

Acquisition and Integration Risks

As part of its business strategy, the Company has sought and will continue to seek new operating, development and exploration opportunities in the extractive industry. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, if at all, or that any acquisition or business arrangement completed will ultimately benefit its business. Such acquisitions may be significant in size, may change the scale of the Company's business and may expose the Company to new geographic, political, operating, financial or geological risks. Further, any acquisition the Company makes will require a significant amount of time and attention of the Company's management, as well as resources that otherwise could be spent on the operation and development of the Company's existing business.

Any future acquisitions would be accompanied by risks, such as a significant decline in the relevant metal price after the Company commits to complete an acquisition on certain terms; the quality of the mineral deposit acquired proving to be lower than expected; the difficulty of

assimilating the operations and personnel of any acquired companies; the potential disruption of the Company's ongoing business; the inability of management to realize anticipated synergies and maximize the Company's financial and strategic position; the failure to maintain uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; and the potential for unknown or unanticipated liabilities associated with acquired assets and businesses, including tax, environmental or other liabilities. In addition, the Company may need additional capital to finance an acquisition. Debt financing related to any acquisition may expose the Company to the risks related to increased leverage, while equity financing may cause existing shareholders to suffer dilution. There can be no assurance that any business or assets acquired in the future will prove to be profitable, that the Company will be able to integrate the acquired businesses or assets successfully or that it will identify all potential liabilities during the course of due diligence. Any of these factors could have a material adverse effect on the Company's business, prospects, results of operations and financial condition.

No Revenue and Negative Cash Flow

The Company has negative cash flow from operating activities and does not currently generate any revenue. Lack of cash flow from the Company's operating activities could impede its ability to raise capital through debt or equity financing to the extent required to fund its business operations. In addition, working capital deficiencies could negatively impact the Company's ability to satisfy its obligations promptly as they become due. If the Company does not generate sufficient cash flow from operating activities, it will remain dependent upon external financing sources. There can be no assurance that such sources of financing will be available on acceptable terms or at all.

Legal and Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company may become subject could have a material adverse effect on the Company's business, prospects, financial condition, and operating results. There are no current claims or litigation outstanding against the Company.

Insurance

The Company is also subject to a number of operational risks and may not be adequately insured for certain risks, including: accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labor disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena such as inclement weather conditions, floods, earthquakes, tornados, thunderstorms, ground movements, cave-ins, and encountering unusual or unexpected geological conditions and technological failure of exploration methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the properties of the Company, personal injury or death, environmental damage or, regarding the exploration or development activities of the Company, increased costs, monetary losses and potential legal liability and adverse governmental action, all of which could have an adverse impact on the Company's future cash flows, earnings, results of operations

and financial condition. The payment of any such liabilities would reduce the funds available to the Company. If the Company is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy.

No assurance can be given that insurance to cover the risks to which the Company's activities are subject will be available at all or at commercially reasonable premiums. The Company is not currently covered by any form of environmental liability insurance, since insurance against environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is unavailable or prohibitively expensive. This lack of environmental liability insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Conflicts of Interest

The Company's directors and officers are or may become directors or officers of other mineral resource companies or reporting issuers or may acquire or have significant shareholdings in other mineral resource companies and, to the extent that such other companies may participate in ventures in which the Company may, or may also wish to participate, the directors and officers of the Company may have a conflict of interest with respect to such opportunities or in negotiating and concluding terms respecting the extent of such participation.

The Company and its directors and officers will attempt to minimize such conflicts. If such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which several directors, or officers, may have a conflict. In determining whether or not the Company will participate in a particular program and the interest to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

Dividends

The Company has never paid cash dividends on its Common Shares, and does not expect to pay any cash dividends in the future in favor of utilizing cash to support the development of our business. Any future determination relating to the Company's dividend policy will be made at the discretion of the Board of Directors and will depend on a number of factors, including future operating results, capital requirements, financial condition and the terms of any credit facility or other financing arrangements the Company may obtain or enter into, future prospects and other factors the Company's Board of Directors may deem relevant at the time such payment is considered. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on their investment in the Shares for the foreseeable future.

Time and Cost Estimates

Actual time and costs may vary significantly from estimates for a variety of reasons, both within and beyond the control of the Company. Failure to achieve time estimates and significant increases in costs may adversely affect the Company's ability to continue exploration, develop

the Company's projects and ultimately generate sufficient cash flows. There is no assurance that the Company's estimates of time and costs will be achievable.

Consumables Availability and Costs

The Company's planned exploration, development and operating activities, including the profitability thereof, will continue to be affected by the availability and costs of consumables used in connection with the Company's activities. Of significance, this may include piping, fuel and electricity. Other inputs such as labor, consultant fees and equipment components are also subject to availability and cost volatility. If inputs are unavailable at reasonable costs, this may delay or indefinitely postpone planned activities. Furthermore, many of the consumables and specialized equipment used in exploration, development and operating activities are subject to significant volatility. There is no assurance that consumables will be available at all or at reasonable costs.

Mineral Resource Uncertainties

There can be no assurances that any of the mineral resources stated in this AIF or published technical reports of the Company will be realized. Until a deposit is actually extracted and processed, the quantity of mineral resources or reserves, grades, recoveries and costs must be considered as estimates only. In addition, the quantity of mineral resources or reserves may vary depending on, among other things, product prices. Any material change in the quantity of mineral resources or reserves, grades, dilution occurring during mining operations, recoveries, costs or other factors may affect the economic viability of stated mineral resources or reserves. In addition, there is no assurance that mineral recoveries in limited, small scale laboratory tests or pilot plants will be duplicated by larger scale tests or during production. Fluctuations in lithium prices, results of future drilling, metallurgical testing, actual mining and operating results, and other events subsequent to the date of stated mineral resources and reserves estimates may require revision of such estimates. Any material reductions in estimates of mineral resources or reserves could have a material adverse effect on the Company.

Lithium Demand

Lithium is considered an industrial mineral and the sales prices for the different lithium compounds are not public. Lithium is not a traded commodity like base and precious metals. Sales agreements are negotiated on an individual and private basis with each different end-user. Therefore, it is possible that the sales prices used in the Clearwater PEA will be different than the actual prices at which the Company is able to sell its lithium compounds. In addition, there are a limited number of producers of lithium compounds and it is possible that these existing producers will try to prevent newcomers from entering the chain of supply by increasing their production capacity and lowering sales prices. Factors such as foreign currency fluctuation, supply and demand, industrial disruption and actual lithium market sale prices could have an adverse impact on operating costs and stock market prices and on the Company's ability to fund its activities. In each case, the economics of the Alberta Lithium Project could be materially adversely affected, even to the point of being rendered uneconomic.

Global Financial Conditions

Global financial conditions have been subject to continued volatility. Government debt, the risk of sovereign defaults, political instability and wider economic concerns in many countries have been causing significant uncertainties in the markets. Disruptions in the credit and capital

markets can have a negative impact on the availability and terms of credit and capital. Uncertainties in these markets could have a material adverse effect on the Company's liquidity, ability to raise capital and cost of capital. High levels of volatility and market turmoil could also adversely impact commodity prices, exchange rates and interest rates and have a detrimental effect on the Company's business.

COVID-19

The Company's business, operations, and financial condition, and the market price of the 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 will depend on future developments in Canada, the U.S. and globally, including the development and widespread availability of efficient and accurate testing options and effective treatment options or vaccines. Despite the approval of certain vaccines by the regulatory bodies in Canada and the U.S., the ongoing evolution of the development and distribution of an effective vaccine also continues to raise uncertainty. 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.

Analyst Coverage

The trading market of the Common Shares depends, to some extent, on the research and reports that securities or industry analysts publish about the Company or its business. The Company has no control over these analysts. If one or more of the analysts who covers the Company should downgrade the Common Shares or change their opinion of the Company's business prospects, the Company's share price would likely decline. If one or more of these analysts ceases coverage of the Company or fails to regularly publish reports on the Company, the Company could lose visibility in the financial markets, which could cause the Company's share price or trading volume to decline.

DIVIDENDS AND DISTRIBUTIONS

The Company has not paid dividends to its shareholders to date and does not anticipate paying cash dividends on the Common Shares in the foreseeable future. The Company's current policy is to retain cash flows to finance the exploration and development of its mineral properties and

to otherwise invest in the Company's business. The future payment of dividends will be dependent upon the financial requirements of the Company to fund further growth, the financial condition of the Company and other factors, which the Board of Directors may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future if at all.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

As of the date hereof, the authorized capital of the Company consists of an unlimited number of Common Shares, of which 53,188,906 Common Shares are issued and outstanding as fully paid and non-assessable.

The holders of Common Shares are entitled to dividends, if, as and when declared by the Board, to receive notice of and attend all meetings of shareholders, to one vote per Common Share at such meetings and, upon liquidation, to rateably receive the assets of the Company as are distributable to the holders of the Common Shares.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions and there are no provisions which are capable of requiring a security holder to contribute additional capital.

Options

The Stock Option Plan of the Company provides for the grant of Options to eligible individuals in accordance with the terms of the Stock Option Plan. The Stock Option Plan is the Company's only equity compensation plan. It was approved by the Company's shareholders at its annual general meeting held on December 17, 2020.

The following information is intended to be a brief description and summary of the material features of the Stock Option Plan:

1. The options are non-assignable and non-transferable (except that the Optionee's heirs or administrators can exercise any portion of the outstanding option, up to one year from the Optionee's death).
2. The number of shares subject to each option is determined by the Board provided that the 2020 plan, together with all other previously established or proposed share compensation arrangements may not, during any 12 month period, result in:
 - a) the number of options granted to any one Person exceeding 5% of the issued shares of the Company; or
 - b) the number of options granted to any one Consultant exceeding 2% of the issued shares of the Company; or

- c) the number of options granted to all Persons retained to provide Investor Relations Activities of a number shares exceeding 2% of the issued shares of the Company.
3. The exercise price of an option may not be set at less than Discounted Market Price.
4. The options may be exercisable for a period of up to 10 years, (subject to extension where the expiry date falls within a “blackout period”).
5. Disinterested shareholder approval will be obtained for any reduction in the exercise price if the Optionee is an Insider of the Company at the time of the proposed amendment.
6. For stock options granted to Employees, Consultants or Management Company Employees, the Company and the Optionee are responsible for ensuring and confirming that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.
7. Any options granted to any Optionee who is a Director, Employee, Consultant or Management Company Employee must expire within a reasonable period following the date the Optionee ceases to be in that role (in general, the Exchange considers anything not exceeding 12 months to be a reasonable period for these purposes).

As at the date of this Annual Information Form, the Company has 3,461,750 options outstanding.

Warrants

The Company may issue share purchase warrants (“**Warrants**”) from time to time entitling the holder thereof to purchase Common Shares. As of the date of this Annual Information Form, the Company has 11,194,281 Warrants outstanding.

MARKET FOR SECURITIES

Trading Price and Volume

The Company’s Common Shares are listed for trading on the TSX-V under the symbol “ETMC”. The Company’s Common Shares first began trading on June 20, 2017. On September 16, 2021, the last trading day before the date of this AIF, the closing price of the Common Shares on the TSX-V was \$2.05. The following table sets out the price ranges and trading volumes on the TSX-V of the Common Shares for each month of the most recently completed financial year and also more recent months:

Date	High (\$)	Low (\$)	Trading Volume
September 1 – 16, 2021	2.56	1.69	2,695,816
August 1 – 31, 2021	1.90	1.66	2,173,703

Date	High (\$)	Low (\$)	Trading Volume
July 2021	1.95	1.60	2,013,532
June 2021	2.25	1.53	4,041,845
May 2021	2.47	1.85	2,278,211
April 2021	3.05	1.76	5,162,676
March 2021	3.74	2.25	5,547,572
February 2021	5.37	2.50	13,406,489
January 2021	2.45	0.87	7,423,323
December 2020	1.03	0.81	3,293,860
November 2020	1.73	0.62	11,730,885
October 2020	0.76	0.435	4,843,488
September 2020	0.45	0.28	2,182,920
August 2020	0.35	0.26	420,401
July 2020	0.39	0.27	1,009,206
June 2020	0.315	0.255	664,624
May 2020	0.31	0.23	423,490
April 2020	0.35	0.24	702,830
March 2020	0.36	0.19	374,495
February 2020	0.405	0.32	592,953
January 2020	0.435	0.35	871,087

PRIOR SALES

The Company issued the following securities during the most recently completed financial year ended December 31, 2020:

Units and Common Shares

Date	Class of Security	Amount Issued	Issue Price per Security
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Date	Class of Security	Amount Issued	Issue Price per Security
March 2, 2020	Units ⁽¹⁾	3,004,500	\$0.40
September 20, 2020	Common Shares ⁽²⁾	18,750	\$0.40
October 26, 2020	Common Shares	3,336,750	\$0.40
December 17, 2020	Units ⁽³⁾	5,882,353	\$0.85
December 17, 2020	Units ⁽⁴⁾	117,646	N/A

Notes:

- (1) Each Unit comprised of one Common Share and one share purchase warrant. Each whole warrant entitles the holder to acquire one Common Share at an exercise price of \$0.60 for a period of 30 months following the date of issuance.
- (2) Common Shares issued in connection with a shares for debt settlement.
- (3) Each Unit comprised of one Common Share and one-half of one share purchase warrant. Each whole warrant is exercisable to acquire one Common Share at an exercise price of C\$1.40 per Common Share for a period of 24 months from the closing of the private placement.
- (4) Compensation Units issued to agents in connection with the December 17, 2020 brokered private placement of Units. Each Unit is comprised of one Common Share and one-half of one share purchase warrant. Each whole warrant is exercisable to acquire one Common Share at an exercise price of C\$1.40 per Common Share for a period of 24 months from the closing of the private placement.

Options

Date of Issuance	Class of Security	Amount Issued	Exercise Price per Option
February 5, 2020	Options	75,000	\$0.40
October 8, 2020	Options	100,000	\$0.43
		200,000	\$0.40
October 30, 2020	Options	55,000	\$0.40
November 13, 2020	Options	25,000	\$0.43
November 18, 2020	Options	214,750	\$0.40
December 1, 2020	Options	100,000	\$0.43
December 3, 2020	Options	25,000	\$0.43

Warrants

Date of Issuance	Class of Security	Amount Issued	Exercise Price per Warrant
March 2, 2020	Warrants	52,500	\$0.60

Date of Issuance	Class of Security	Amount Issued	Exercise Price per Warrant
October 8, 2020	Warrants	175,000	\$0.45
October 26, 2020	Warrants	25,000	\$0.45
October 30, 2020	Warrants	50,000	\$0.45
November 6, 2020	Warrants	1,860	\$0.45
November 13, 2020	Warrants	72,500	\$0.45
November 18, 2020	Warrants	75,102	\$0.45
		296,875	\$0.60
November 24, 2020	Warrants	41,463	\$0.45
		49,000	\$0.60
December 1, 2020	Warrants	102,000	\$0.45
		12,500	\$0.60
December 9, 2020	Warrants	210,000	\$0.45
December 17, 2020	Warrants	210,178	\$0.85

Other than disclosed above, the Company did not issue any securities that are outstanding as at the date of this Annual Information Form, that are not listed or quoted on a marketplace that have been issued by the Company during the most recently completed financial year ended December 31, 2020.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

To the knowledge of the Company, there are no securities of the Company that are in escrow or subject to contractual restrictions on transfer.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets out, as at the date hereof, for each of our directors and executive officers, the person's name, province or state, and country of residence, position(s) with us, the date on which he or she became a director or executive officer, and his or her principal occupation and previously held positions for the last five years. The table also indicated the number and percentage of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by the directors and executive officers. Our directors are expected to hold

office until our next annual meeting of shareholders. Our directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders.

Name, province or state and country of residence and position with the Company	Principal occupation for past five years	Director/Officer since	Number and Percentage of Common Shares
<p>Christopher Doornbos Alberta, Canada</p> <p>Chief Executive Officer, President & Director</p>	<p>Professional Geologist and President and Chief Executive Officer of the Corporation and Revere Development Corp. Former Vice President of Exploration of MinQuest Ltd.</p>	<p>May 30, 2017</p>	<p>1,115,280 Common Shares</p> <p>(2.10%)</p>
<p>Peeyush Varshney, LLB⁽³⁾⁽⁴⁾ British Columbia, Canada</p> <p>Independent Director</p>	<p>Principal and Director of Varshney Capital Corp (“VCC”) from November 1999 to present. Director and/or executive officer of various publicly traded companies.</p>	<p>May 18, 2017</p>	<p>126,706 Common Shares</p> <p>(0.24%)</p>
<p>John Pantazopoulos⁽³⁾⁽⁵⁾ Alberta, Canada</p> <p>Corporate Secretary and Director</p>	<p>Former Chief Financial Officer and Corporate Secretary of the Corporation. CEO of Lucky Strike Energy Ltd. Former CEO and CFO of Next Hydrogen Corporation. Former Vice President ATB Financial. Former Senior Vice President and CFO of Tangle Creek Energy Ltd.</p>	<p>November 5, 2020</p>	<p>20,000 Common Shares</p> <p>(0.04%)</p>

<p>Mike O'Hara⁽³⁾⁽⁴⁾⁽⁵⁾ Alberta, Canada</p> <p>Independent Director</p>	<p>Registered professional engineer and an oil & gas executive. Consultant for Grafton Asset Management. Former President of Bernum Petroleum Ltd. Former Director & Founder of Xergy Processing Inc and Calahoo Petroleum Ltd.</p>	<p>May 30, 2017</p>	<p>135,000 Common Shares</p> <p>(0.25%)</p>
<p>Kevin Stashin⁽⁴⁾⁽⁵⁾ British Columbia, Canada</p> <p>Independent Director</p>	<p>Former President and CEO of NAL Resources Management Limited. Former VP Exploitation and VP Operations of Devon Canada. Chair of the Board of the Petroleum Technology Alliance of Canada.</p>	<p>February 17, 2021</p>	<p>20,000 Common Shares</p> <p>(0.24%)</p>
<p>Raymond Chow Alberta, Canada</p> <p>Chief Financial Officer</p>	<p>Former Associate Director at ATB Financial. Former Director of Finance and Interim CFO of Tangle Creek Energy Ltd. Partner of iCount Consulting Inc.</p>	<p>July 1, 2021</p>	<p>Nil</p>
<p>Elizabeth Lappin British Columbia, Canada</p> <p>VP Exploration & Corporate Affairs</p>	<p>Founder of Castle Rock Consulting Ltd. Senior Geologist at Cenovus Energy Inc. Geologist at Encana Corporation.</p>	<p>December 22, 2017</p>	<p>100,000 Common Shares</p> <p>(0.19%)</p>

Notes:

- (1) For the purposes of disclosing positions held in the Corporation, "Corporation" includes the Corporation and any parent or subsidiary thereof.
- (2) The information as to province and country of residence, principal occupation and number of shares beneficially owned by the nominees (directly or indirectly or over which control or direction is exercised) is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees.
- (3) Member of the Corporation's Audit Committee.
- (4) Member of the Corporation's Compensation Committee.
- (5) Member of the Corporation's Governance Committee.

As of the date of this AIF, the Company's directors and officers beneficially own, control or direct, directly or indirectly, 1,516,986 Common Shares.

Cease Trade Orders and Bankruptcies

None of our directors or executive officers is, as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity, or after that person ceased to act in such capacity but resulting from an event that occurred while that person was acting in such capacity, was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation in each case for a period of more than 30 consecutive days.

None of our directors, or executive officers, or to our knowledge, our shareholders holding a sufficient number of securities to affect materially the control of our Company (i) is as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director or executive officer of any company (including us) that, while that person was acting in that capacity, or within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.

Penalties or Sanctions

None of our directors or executive officers, or to our knowledge, our shareholders holding a sufficient number of securities to affect materially the control of our Company, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of our knowledge, there are no known existing or potential conflicts of interest between us and our directors, executive officers or other members of management as a result of their outside business interests as at the date of this Annual Information Form. However, as certain of our directors and officers also serve as directors and officers of other companies, it is possible that a conflict of interest may arise between their duties to us and their duties to such other companies. Conflicts, if any, will be subject to the procedures and remedies provided under BCBCA. See "*Directors and Officers*".

PROMOTERS

No person will be, or has been within the two most recently completed financial years or during the current financial year, a promoter of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not party to any legal proceedings or regulatory actions and no such proceedings are known to the Company to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of (i) the directors or executive officers of the Company, (ii) the shareholders who beneficially own, control or direct, directly or indirectly, more than 10% of the voting securities of the Company, or (iii) any associate or affiliate of the persons referred to in (i) and (ii), has or has had any material interest, direct or indirect, in any transaction within the three years before the date of this Annual Information Form or in any proposed transaction that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

Related Party Transactions

The Company has not engaged in any Non-Arm's Length Party transactions since its incorporation, other than those set out in the Financial Statements.

TRANSFER AGENT AND REGISTRAR

The Company has appointed Computershare Trust Company of Canada at its office located at 510 Burrard Street, second floor, Vancouver, British Columbia, V6C 3B9, as the transfer agent and registrar for the Common Shares.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the Company has not entered into any material contracts during its most recently completed financial year.

INTERESTS OF EXPERTS

The following persons or companies whose profession or business gives authority to a statement made by the person or company are named in the Annual Information Form as having prepared or certified a part of that document or a report of valuation described in the Annual Information Form:

1. The Company's Financial Statements have been audited by MNP LLP, Chartered Financial Accountants, who are independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia;

2. The Clearwater PEA was authored by the following Qualified Persons: Gordon MacMillan P.Geol. of Fluid Domains Inc., Damian Bransby-Williams, P. Eng., of SCOVAN Engineering, Scott Pattinson, P. Eng. of SCOVAN Engineering, Werner Vorster, PhD, P.Eng., C. Eng. of NORAM Engineering and Greg Owen, P. Eng. of GLJ Ltd.; and
3. The Exshaw West Technical Report was authored by the following Qualified Persons: Gordon MacMillan, P.Geol, of Fluid Domains Inc., and Grahame Binks, MAusIMM, of Sedgman Canada Limited.

Based on information provided by the experts, the registered or beneficial interest, direct or indirect, in any securities or other property of the Company or of one of the Company's associates or affiliates of each of the above experts represents less than one per cent of the Company's outstanding securities. None of the above experts is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Additional financial information is provided in the Financial Statements and the management's discussion and analysis for its most recently completed financial year.

APPENDIX “A” GLOSSARY OF TERMS

“Annual Information Form”	means this amended and restated annual information form of the Company;
“BCBCA”	means the <i>Business Corporations Act</i> (British Columbia);
“Board of Directors”	means the board of directors of the Company;
“Clearwater PEA”	means the amended technical report titled “Amended NI 43-101 Technical Report Preliminary Economic Assessment Clearwater Lithium Project” dated effective December 21, 2020 and amended on September 17, 2021;
“Clearwater Lithium Project”	means the property consisting of 65,873 hectares covered in 16 MIM Permits overlying the Leduc Reservoir in Southern Alberta in addition to several additional MIM Permits Pending;
“Common Shares”	means the common shares in the capital of the Company;
“Company”	means E3 Metals Corp.;
“Financial Statements”	means the audited financial statements of the Company for the year ended December 31, 2020;
“LCE”	means lithium carbonate equivalent;
“IFRS”	means International Financial Reporting Standards;
“MIM Permits”	means Metallic and Industrial Minerals permits;
“NI 43-101”	means National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i> ;
“Options”	means options in the capital of the Company issued in accordance with the Stock Option Plan;
“Qualified Person”	has the meaning given to such term under NI 43-101;
“Securities Laws”	means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to an issuer;
“Stock Option Plan”	means the stock option plan of the Company, which was last approved by the shareholders of the Company on December 17, 2020;
“TSX-V”	Means the TSX Venture Exchange; and
“Warrants”	means share purchase warrants in the capital of the Company, all of which are exercisable into Common Shares.