



# **E3 LITHIUM**

**Condensed Consolidated Interim Financial Statements (unaudited)**

**As at and for the three and nine months ended September 30, 2025**

## Condensed Consolidated Interim Statements of Financial Position (unaudited)

As at

(CAD\$ thousands)	Notes	September 30, 2025	December 31, 2024
<b>Assets</b>			
Current assets			
Cash and cash equivalents		3,890	19,321
Accounts receivable	12, 13	2,767	1,288
Prepaid expense		738	641
Assets held for sale	17	1,792	-
		<b>9,187</b>	21,250
Exploration and evaluation assets	4	29,912	27,973
Property and equipment	5	270	372
Intangible assets	6	4,584	4,552
Right-of-use assets	7	665	821
<b>Total assets</b>		<b>44,618</b>	54,968
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities			
Accounts payable and accrued liabilities	12	2,101	2,913
Current portion of lease obligations	8	239	230
		<b>2,340</b>	3,143
Lease obligations	8	555	686
Decommissioning obligations	9	421	411
<b>Total Liabilities</b>		<b>3,316</b>	4,240
Share capital	10	84,302	83,492
Contributed surplus		15,067	17,810
Contributed capital		1,987	1,987
Accumulated other comprehensive loss		(75)	(75)
Deficit		(59,979)	(52,486)
<b>Total shareholders' equity</b>		<b>41,302</b>	50,728
<b>Total liabilities and shareholders' equity</b>		<b>44,618</b>	54,968
Subsequent events	10		
Commitments	15		

See accompanying notes to the condensed consolidated interim financial statements.

Approved by the Board of Directors

Signed "Chris Doornbos"

Chairman

Signed "Tina Craft"

Audit Committee Chair

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

For the three and nine months ended September 30

(CAD\$ thousands, except share and per share amounts)	Notes	Three Months Ended		Nine Months Ended	
		2025	2024	2025	2024
<b>Expenses</b>					
Business development and marketing		309	364	895	1,591
General and administrative		1,576	1,722	4,538	4,196
Share-based compensation	11	420	728	1,979	2,411
Finance expenses		19	14	59	43
Depreciation	5, 7	83	52	280	153
<b>Total expenses</b>		<b>2,407</b>	<b>2,880</b>	<b>7,751</b>	<b>8,394</b>
<b>Other Income</b>					
Interest income		43	278	258	989
<b>Total other income</b>		<b>43</b>	<b>278</b>	<b>258</b>	<b>989</b>
<b>Net loss and comprehensive loss</b>		<b>(2,364)</b>	<b>(2,602)</b>	<b>(7,493)</b>	<b>(7,405)</b>
<b>Per common share</b> (dollars)					
Net loss – basic and diluted		(0.03)	(0.03)	(0.10)	(0.10)
<b>Weighted average number of common shares outstanding</b>					
Basic and diluted		75,331,282	75,269,397	75,430,135	75,251,879

See accompanying notes to the condensed consolidated interim financial statements.

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

For the nine months ended September 30

(CAD\$ thousands, except share amounts)	Notes	Number of Common Shares	Share Capital	Contributed Surplus	Contributed Capital	Accumulated Other Comprehensive Income	Deficit	Total
<b>January 1, 2024</b>		75,069,397	83,012	15,014	1,987	(75)	(42,786)	57,152
Net loss and comprehensive loss		-	-	-	-	-	(7,405)	(7,405)
Exercise of options and warrants	10, 11	200,000	480	(204)	-	-	-	276
Share-based compensation	11	-	-	2,411	-	-	-	2,411
<b>September 30, 2024</b>		<b>75,269,397</b>	<b>83,492</b>	<b>17,221</b>	<b>1,987</b>	<b>(75)</b>	<b>(50,191)</b>	<b>52,434</b>
<b>January 1, 2025</b>		75,269,397	83,492	17,810	1,987	(75)	(52,486)	50,728
Net loss and comprehensive loss		-	-	-	-	-	(7,493)	(7,493)
Release of restricted share units	10, 11	201,000	309	(309)	-	-	-	-
Exercise of options	10, 11	203,437	501	(358)	-	-	-	143
Repurchase of warrants	11	-	-	(4,055)	-	-	-	(4,055)
Share-based compensation	11	-	-	1,979	-	-	-	1,979
<b>September 30, 2025</b>		<b>75,673,834</b>	<b>84,302</b>	<b>15,067</b>	<b>1,987</b>	<b>(75)</b>	<b>(59,979)</b>	<b>41,302</b>

See accompanying notes to the condensed consolidated interim financial statements.

## Condensed Consolidated Interim Statements of Cash Flows (unaudited)

For the three and nine months ended September 30

(CAD\$ thousands)	Notes	Three Months Ended		Nine Months Ended	
		2025	2024	2025	2024
<b>Cash Used in Operating Activities</b>					
Net loss and comprehensive loss		<b>(2,364)</b>	(2,602)	<b>(7,493)</b>	(7,405)
Non-cash items:					
Share-based compensation	11	<b>420</b>	728	<b>1,979</b>	2,411
Depreciation	5, 7	<b>83</b>	52	<b>280</b>	153
Interest expense on lease obligations	8	<b>15</b>	11	<b>49</b>	34
Accretion	9	<b>4</b>	4	<b>10</b>	10
Change in non-cash working capital	16	<b>(148)</b>	432	<b>457</b>	(12)
Cash flow used in operating activities		<b>(1,990)</b>	(1,375)	<b>(4,718)</b>	(4,809)
<b>Cash Used in Investing Activities</b>					
Exploration and evaluation asset expenditures	4	<b>(2,164)</b>	(1,733)	<b>(5,645)</b>	(6,026)
Property and equipment expenditures	5	<b>(8)</b>	(147)	<b>(22)</b>	(217)
Intangible assets expenditures	6	-	(2)	<b>(32)</b>	(16)
Change in non-cash working capital	16	<b>546</b>	928	<b>(1,404)</b>	(1,825)
Cash used in investing activities		<b>(1,626)</b>	(954)	<b>(7,103)</b>	(8,084)
<b>Cash from Financing Activities</b>					
Proceeds from exercise of options	10, 11	<b>143</b>	-	<b>143</b>	276
Repurchase of warrants	11	-	-	<b>(4,055)</b>	-
Government grants	4, 6, 13	<b>644</b>	477	<b>1,914</b>	1,852
Repayment of lease obligations	8	<b>(57)</b>	(39)	<b>(171)</b>	(118)
Change in non-cash working capital	16	<b>(610)</b>	44	<b>(1,441)</b>	3,754
Cash (used in) from financing activities		<b>120</b>	482	<b>(3,610)</b>	5,764
<b>Change in cash and cash equivalents</b>					
		<b>(3,496)</b>	(1,847)	<b>(15,431)</b>	(7,129)
Cash and cash equivalents – beginning of period		<b>7,386</b>	24,736	<b>19,321</b>	30,018
<b>Cash and cash equivalents – end of period</b>		<b>3,890</b>	22,889	<b>3,890</b>	22,889

See accompanying notes to the condensed consolidated interim financial statements.

## 1. NATURE AND CONTINUANCE OF OPERATIONS

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

As at September 30, 2025, the Company has not generated revenues from operations and has an accumulated deficit of \$60.0 million (December 31, 2024 – \$52.5 million) including a net loss of \$7.5 million (September 30, 2024 – \$7.4 million) as at and for the three and nine months ended September 30, 2025. The Company’s ability to continue as a going concern is dependent upon its ability to raise equity financing to progress its upcoming demonstration facility, feasibility study, and move towards a commercial lithium project.

These condensed consolidated interim financial statements have been prepared on a going concern basis as the Company has sufficient liquidity with \$6.8 million in working capital as at September 30, 2025, and does not foresee a cash shortfall within the next twelve months (note 10 and 12).

## 2. BASIS OF PRESENTATION

### Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting. Certain information and footnote disclosures normally included in the annual audited consolidated financial statements prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) in effect on January 1, 2025, have been omitted or condensed. These condensed consolidated interim financial statements should be read in conjunction with the Company’s December 31, 2024, audited consolidated financial statements. These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 20, 2025.

### Basis of measurement

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

### Use of estimates and judgments

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

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these condensed consolidated interim financial statements are the same as those set out in the annual audited consolidated financial statements for the year ended December 31, 2024. Unless otherwise stated, these policies have been consistently applied to all periods presented.

#### New and amended standards adopted by the Company

The following IFRS amendments were adopted in 2025:

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

#### Recent accounting pronouncements not yet adopted

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

- Amendments to IFRS 9, *Financial Instruments*, and IFRS 7, *Financial Instruments: Disclosures*, clarifying treatment of financial assets which have contingencies connected to ESG features, and clarifying when to record payments made with electronic payment methods, respectively. These changes are effective January 1, 2026.
- New standard IFRS 18, *Presentation and Disclosure in Financial Statements*, requiring a more structured approach to financial statement disclosure to allow for comparability across entities. This standard will take effect January 1, 2027.
- New standard, IFRS 19, *Subsidiaries without Public Accountability: Disclosures*, can be followed when a subsidiary does not have public accountability, and has a parent that produces consolidated accounts under IFRS standard. This standard will take effect January 1, 2027.

The Company is assessing the impacts of adopting these changes on its consolidated financial statements.

#### Property and equipment (“P&E”)

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

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

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

#### Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, or employee benefit assets which continue to be measured in

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accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and, equipment are no longer amortized or depreciated.

#### 4. EXPLORATION AND EVALUATION ASSETS

<b>Carrying Value</b>	
Balance, January 1, 2024	20,777
Additions	9,673
Change in decommissioning costs (note 9)	8
Government grant (note 13)	(2,485)
Balance, December 31, 2024	27,973
Additions	<b>5,645</b>
Transfer to assets held for sale (note 17)	<b>(1,792)</b>
Government grant (note 13)	<b>(1,914)</b>
<b>Balance, September 30, 2025</b>	<b>29,912</b>

#### 5. PROPERTY AND EQUIPMENT

<b>Cost</b>	<b>Computer Equipment</b>	<b>Furniture and Fixtures</b>	<b>Software Licenses</b>	<b>Leasehold Improvement</b>	<b>Total</b>
Balance, January 1, 2024	159	117	52	43	371
Additions	104	185	8	1	298
Balance, December 31, 2024	263	302	60	44	669
Additions	<b>19</b>	<b>2</b>	-	<b>1</b>	<b>22</b>
<b>Balance, September 30, 2025</b>	<b>282</b>	<b>304</b>	<b>60</b>	<b>45</b>	<b>691</b>

<b>Accumulated Depreciation</b>					
Balance, January 1, 2024	(109)	(42)	(45)	(4)	(200)
Depreciation	(48)	(26)	(8)	(15)	(97)
Balance, December 31, 2024	(157)	(68)	(53)	(19)	(297)
Depreciation	<b>(57)</b>	<b>(56)</b>	<b>(5)</b>	<b>(6)</b>	<b>(124)</b>
<b>Balance, September 30, 2025</b>	<b>(214)</b>	<b>(124)</b>	<b>(58)</b>	<b>(25)</b>	<b>(421)</b>

<b>Carrying Value</b>					
Balance, December 31, 2024	106	234	7	25	372
<b>Balance, September 30, 2025</b>	<b>68</b>	<b>180</b>	<b>2</b>	<b>20</b>	<b>270</b>

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## 6. INTANGIBLE ASSETS

<b>Carrying Value</b>	
Balance, January 1, 2024	4,511
Additions	52
Government grant (note 13)	(11)
Balance, December 31, 2024	4,552
Additions	<b>32</b>
<b>Balance, September 30, 2025</b>	<b>4,584</b>

## 7. RIGHT-OF-USE ASSETS

<b>Cost</b>	
Balance, January 1, 2024	668
Additions	608
Disposals	(227)
Balance, December 31, 2024	1,049
<b>Balance, September 30, 2025</b>	<b>1,049</b>

<b>Accumulated Depreciation</b>	
Balance, January 1, 2024	(150)
Depreciation	(157)
Disposals	79
Balance, December 31, 2024	(228)
Depreciation	<b>(156)</b>
<b>Balance, September 30, 2025</b>	<b>(384)</b>

<b>Carrying Value</b>	
Balance, December 31, 2024	821
<b>Balance, September 30, 2025</b>	<b>665</b>

## 8. LEASE OBLIGATIONS

<b>Carrying Value</b>	
Balance, January 1, 2024	637
Additions	608
Disposals	(211)
Interest	55
Repayments	(173)
Balance, December 31, 2024	916
Interest	<b>49</b>
Repayments	<b>(171)</b>
<b>Balance, September 30, 2025</b>	<b>794</b>

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<b>Carrying Value</b>	
Future minimum lease payments	914
Discount	(120)
<b>Balance, September 30, 2025</b>	<b>794</b>
Current portion of lease obligations	239
Lease obligations	555
<b>Balance, September 30, 2025</b>	<b>794</b>

The Company's leases at September 30, 2025, relate to vehicle leases, corporate head office, and the research lab facility. A discount rate between 4.99% and 8.00% was used to determine the present value of the lease obligations.

## 9. DECOMMISSIONING OBLIGATIONS

<b>Carrying value</b>	
Balance, January 1, 2024	390
Additions – estimate change	8
Accretion	13
Balance, December 31, 2024	411
Accretion	<b>10</b>
<b>Balance, September 30, 2025</b>	<b>421</b>
Expected to be incurred within one year	-
Expected to be incurred beyond one year	<b>421</b>

Decommissioning obligations as at September 30, 2025, were determined using a risk-free rate of 3.23% (December 31, 2024 – 3.23%) and inflation rate of 3.00% (December 31, 2024 – 3.00%). The undiscounted and inflated total future decommissioning obligations were estimated to be approximately \$0.4 million with abandonment and reclamation costs expected to be incurred in the next 10 years.

## 10. SHARE CAPITAL

### Authorized Share Capital

Unlimited common shares with no par value.

<b>Number of Shares</b>	<b>September 30, 2025</b>	<b>December 31, 2024</b>
Balance, beginning of period	<b>75,269,397</b>	75,069,397
Exercise of stock options	<b>203,437</b>	200,000
Release of restricted share units	<b>201,000</b>	-
<b>Balance, end of period</b>	<b>75,673,834</b>	75,269,397

### 2025

During the nine months ended September 30, 2025, the Company issued 0.2 million common shares through the release of restricted share units with a release price of \$0.78, and 0.2 million common shares from the exercise of stock options with an exercise price of \$0.81. Total proceeds received were \$0.1 million year to date.

## 2024

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

### *Subsequent event*

In October 2025, the Company closed the October Offering for gross proceeds of \$13.4 million, including a partial over-allotment exercise for proceeds of \$1.3 million. Share issuance costs in relation to the October Offering were \$0.9 million comprised of cash commissions and closing costs. Under the October Offering, the Company issued 11.2 million common shares and 5.8 million warrants. Each warrant entitles the holder to acquire one additional common share at an exercise price of \$1.50 until the expiry date of October 14, 2028.

## 11. SHARE-BASED COMPENSATION

### Warrants

The following table summarizes the change in warrants:

	Warrant (units)	Weighted Average Exercise Price (\$)
Balance, January 1, 2024	3,752,416	0.32
Balance, December 31, 2024	3,752,416	0.32
Warrant repurchase <sup>(1)</sup>	<b>(3,413,979)</b>	-
Forfeited/expired	<b>(338,437)</b>	3.50
<b>Balance, September 30, 2025</b>	<b>-</b>	<b>-</b>

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

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

On February 28, 2025, the Company and IOL entered into a Project Completion Agreement to finalize the rights and lease agreements for the freehold mineral tenure held by IOL for the Company's use in its Clearwater Project. The strategic agreement provided a mineral lease for 110 sections of the IOL freehold interest in the Clearwater Project Area with a primary term and renewable 10-year term on the mineral title. The Project Completion Agreement includes the cancellation of 3,413,979 warrants granted to IOL upon the payment of \$4.2 million, payable over the first three quarters of 2025. This agreement created a financial liability for the repurchase of the warrants and was recorded in accordance with IFRS 9.

As of September 30, 2025, the Company had paid \$4.2 million to IOL and all 3.4 million warrants were cancelled.

There are no warrants outstanding or exercisable as at September 30, 2025.

### Incentive Securities

The shareholders of the Company previously approved a stock option plan (the "Plan") pursuant to which options can be granted to the Company's directors, officers, employees, and other contractors to purchase

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the Company's common shares. The Company has since implemented the Omnibus Equity Incentive Plan (the "Omnibus Plan"), which provides flexibility to the Company to grant equity-based incentive awards in the form of Options, restricted share units ("RSUs"), performance share units ("PSUs"), and deferred share units ("DSUs", and together with Options, RSUS, and PSUs, "Awards"). The Omnibus Plan is the Company's only equity compensation plan.

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

### Stock Options

The following table summarizes the change in stock options:

	Stock Options	Weighted Average Exercise Price (\$)
Balance, January 1, 2024	4,816,250	2.50
Granted	3,163,000	1.54
Exercised	(200,000)	1.38
Forfeited/expired	(1,017,500)	3.04
Balance, December 31, 2024	6,761,750	2.05
Granted	<b>1,326,000</b>	<b>0.82</b>
Exercised	<b>(203,437)</b>	<b>0.81</b>
Forfeited/expired	<b>(1,381,560)</b>	<b>1.54</b>
<b>Balance, September 30, 2025</b>	<b>6,502,753</b>	<b>1.52</b>

The weighted average life of options outstanding at September 30, 2025, is 2.8 years (December 31, 2024 – 3.1 years).

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

	2025	2024
Risk-free interest rate	2.6% to 2.9%	3.3% to 4.2%
Expected stock price volatility	71% to 89%	73% to 92%
Expected life	Three to five years	One to five years
Fair value per option granted	\$0.39 to \$0.63	\$0.80 to \$1.58

On March 6, 2025, the Company repriced all non-executive staff's current and non-exercised stock options. There were 2.1 million stock options with an exercise price between \$1.10 to \$2.75 revalued to \$0.81 per unit. All other terms of the options remain the same. The modification resulted in an increase in incremental fair values ranging from \$0.04 to \$0.24 per option, which was calculated as the difference between the fair value of the repriced options and the original options at the modification date.

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

	<b>Modification Price</b>	Original Exercise Price
Risk-free interest rate	2.6% to 2.7%	2.6% to 2.7%
Expected stock price volatility	67% to 85%	67% to 85%
Expected life	One to five years	One to five years
Fair value per option granted	\$0.25 to \$0.54	\$0.08 to 0.50

During the three and nine months ended September 30, 2025, the Company incurred \$0.2 million and \$1.4 million (September 30, 2024 - \$0.6 million and \$2.3 million) in share-based compensation expense related to stock options.

Stock options outstanding and exercisable as at September 30, 2025:

Exercise price (\$)	Weighted average exercise price	Weighted average remaining Life (years)	Outstanding
\$0.00 - \$1.00	\$0.83	3.5	2,807,753
\$1.01 - \$2.00	\$1.61	2.2	1,750,000
\$2.01 - \$3.00	\$2.46	2.3	1,935,000
\$3.01 - \$5.00	\$4.40	0.9	10,000
<b>Outstanding, end of period</b>	<b>\$1.52</b>	<b>2.8</b>	<b>6,502,753</b>
<b>Exercisable, end of period</b>	<b>\$1.85</b>	<b>2.1</b>	<b>2,836,501</b>

### RSUs

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

	Restricted Share Units	Weighted Average Fair Value per Award (\$)
Balance January 1, 2024	-	-
Granted	427,000	1.54
Forfeited/expired	(5,000)	1.58
Balance, December 31, 2024	422,000	1.54
Granted	<b>628,000</b>	<b>0.81</b>
Released	<b>(201,000)</b>	<b>1.54</b>
Forfeited/expired	<b>(32,000)</b>	<b>0.81</b>
<b>Balance, September 30, 2025</b>	<b>817,000</b>	<b>1.01</b>

The weighted average life of RSUs outstanding at September 30, 2025, is 2.2 years (December 31, 2024 – 0.2).

During the three and nine months ended September 30, 2025, the Company incurred \$0.1 million and \$0.4 million (September 30, 2024 – \$0.1 and \$0.1 million) in share-based compensation expenses related to RSUs.

### **PSUs**

During the first quarter of 2025, the Company issued PSUs under the Omnibus Plan. The terms and conditions of PSU grants, including the quantity, type of award, award date, vesting conditions, applicable vesting periods and other terms and conditions with respect to the award, as determined by the Board, will be set out in participant PSU agreements, as applicable. PSUs shall be settled by the issuance of Common Shares, a cash payment or any combination thereof, to be determined at the discretion of the Board at the time of settlement.

The following table summarizes the change in PSUs:

	<b>Performance Share Units</b>	<b>Weighted Average Fair Value per Award(\$)</b>
Balance, December 31, 2024	-	-
Granted	<b>779,600</b>	<b>0.82</b>
Forfeited/expired	<b>(72,000)</b>	<b>0.81</b>
<b>Balance, September 30, 2025</b>	<b>707,600</b>	<b>0.82</b>

The weighted average life of PSUs outstanding at September 30, 2025, is 1.4 years (December 31, 2024 – nil).

During the three and nine months ended September 30, 2025, the Company incurred \$0.07 million and \$0.2 million (September 30, 2024 – nil and nil) in share-based compensation expenses related to PSUs.

## **12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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

### **Credit Risk**

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company is exposed to credit risk with respect to its carrying balances of accounts receivable.

Accounts receivable outstanding as at September 30, 2025, relate to government grants (note 13) and refundable tax credits which have minimal credit risk.

### **Currency Risk**

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

### **Liquidity Risk**

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

As at September 30, 2025, the Company had positive working capital of \$6.8 million (December 31, 2024 - \$18.1 million) and does not anticipate a shortfall in capital within the next twelve months. In October 2025, the Company closed the October Offering for gross proceeds of \$13.4 million, including a partial over-allotment exercise for proceeds of \$1.3 million. Share issuance costs in relation to the October Offering were \$0.9 million comprised of cash commissions and closing costs. Under the September Offering, the Company issued 11.2 million common shares at an issue price of \$1.07 and the equivalent of 5.8 million whole warrants at an issue price of \$0.26. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of \$1.50 until the expiry date of October 14, 2028.

### 13. GOVERNMENT GRANTS

#### **Completed**

##### *Alberta Innovates (“AI”)*

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

##### *Natural Resources Canada’s (“NRCan”) Critical Minerals Research, Development, and Demonstration (“CMRDD”)*

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

#### **In Progress**

##### *Strategic Response Fund (“SRF”)*

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

Contingent on the Company’s success and reaching commercial lithium production, the grant becomes repayable at 1.4 times the amount disbursed from the SRF grant. The repayment period begins the second-year post project completion at a rate of 1% of annual gross business revenues over a 20-year period. Currently, it is possible but not probable whether the Company will realize an outflow of benefits to settle the contingent obligation as the Company has not yet achieved commercial production. The Company has not recognized a provision at September 30, 2025 (December 31, 2024 – nil).

As at September 30, 2025, life-to-date claims under the SRF grant are \$11.5 million (December 31, 2024 - \$9.7 million) and the contingent obligation related to SRF is estimated to be \$16.1 million (December 31, 2024 - \$13.5 million). As at September 30, 2025, there is \$2.5 million in accounts receivable related to SRF grants (December 31, 2024 - \$1.1 million).

##### *Emissions Reduction Alberta (“ERA”)*

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

As at September 30, 2025, there have been no claims submitted to date.

*Critical Minerals Infrastructure Fund (“CMIF”)*

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

As at September 30, 2025, life-to-date claims under the CMIF grant are \$0.1 million, and as at September 30, 2025, there is \$0.05 million in accounts receivable relates to CMIF grants.

**14. CAPITAL MANAGEMENT**

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

**15. COMMITMENTS & CONTINGENCIES**

**Commitments**

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

<b>As at September 30,</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>Thereafter</b>	<b>Total</b>
Office leases <sup>(1)</sup>	75	302	305	235	129	-	1,046
Mineral license fees	1,805	1,805	1,805	6,961	1,805	14,440	28,621
Freehold license fees	-	100	100	100	100	600	1,000
Power distribution fees	-	69	69	157	157	627	1,079
<b>Total</b>	<b>1,880</b>	<b>2,276</b>	<b>2,279</b>	<b>7,453</b>	<b>2,191</b>	<b>15,667</b>	<b>31,746</b>

<sup>(1)</sup> Represents undiscounted estimated operating cost payments for office and lab leases.

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

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)  
September 30, 2025 and 2024

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

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## 16. SUPPLEMENTAL DISCLOSURES

The following table provides a detailed breakdown of changes in non-cash working capital during the three and nine months ended September 30:

<b>Changes in Non-Cash Working Capital</b>	<b>For the Three Months ended September 30,</b>		<b>For the Nine Months ended September 30,</b>	
	<b>2025</b>	2024	<b>2025</b>	2024
Accounts receivable	(706)	193	(1,479)	3,760
Accounts payable and accrued liabilities	703	1,211	(812)	(1,895)
Prepaid expenses	(209)	-	(97)	52
Total change in non-cash working capital	(212)	1,404	(2,388)	1,917
Operating activities	(148)	432	457	(12)
Investing activities	546	928	(1,404)	(1,825)
Financing activities	(610)	44	(1,441)	3,754
Total change in non-cash working capital	(212)	1,404	(2,388)	1,917

## 17. ASSET HELD FOR SALE

During the third quarter of 2025, the Company announced the sale of its non-core Saskatchewan-based assets and classified these assets as held for sale in the statement of financial position at September 30, 2025. The assets were recorded at the lower of their carrying amount and estimate fair value less costs to sell at \$1.8 million.