



**LITHIUM**

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

**As at and for the three and nine months ended September 30, 2023**

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

As at

(CAD\$ thousands)	Notes	September 30, 2023	December 31, 2022
<b>Assets</b>			
Current assets			
Cash and cash equivalents		35,877	13,249
Accounts receivable	12, 13	4,339	4,925
Due from related parties	11, 12	364	88
Prepaid expense		591	531
		<b>41,171</b>	<b>18,793</b>
Exploration and evaluation assets	3	16,046	12,273
Property and equipment	4	174	182
Intangible assets	5	4,709	4,327
Right-of-use assets	6	550	526
<b>Total assets</b>		<b>62,650</b>	<b>36,101</b>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities			
Accounts payable and accrued liabilities	12	3,274	1,812
Current portion of lease obligations	7	158	92
		<b>3,432</b>	<b>1,904</b>
Lease obligations	7	507	492
Decommissioning obligations	8	438	233
<b>Total Liabilities</b>		<b>4,377</b>	<b>2,629</b>
Share capital	9	82,420	52,701
Contributed surplus		14,593	12,601
Contributed capital		1,987	1,987
Accumulated other comprehensive loss		(75)	(75)
Deficit		(40,652)	(33,742)
<b>Total shareholders' equity</b>		<b>58,273</b>	<b>33,472</b>
<b>Total liabilities and shareholders' equity</b>		<b>62,650</b>	<b>36,101</b>
Nature and continuance of operations	1		
Commitments	15		

See accompanying notes to the condensed consolidated interim financial statements.

Approved by the Board of Directors

Signed "John Pantazopoulos"

Chairman

Signed "Mike O'Hara"

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	
		2023	2022	2023	2022
<b>Expenses</b>					
Operating expenses		67	34	248	126
Business development and marketing		646	280	2,119	1,209
General and administrative		1,120	677	2,882	1,925
Share-based compensation	10	713	568	1,861	1,392
Financing expenses / (recovery)		16	(22)	44	(6)
Transaction costs		-	317	-	317
Depreciation	4, 6	44	34	125	133
<b>Total expenses</b>		<b>2,606</b>	<b>1,888</b>	<b>7,279</b>	<b>5,096</b>
<b>Other Income</b>					
Interest income		144	90	369	140
<b>Total other income</b>		<b>144</b>	<b>90</b>	<b>369</b>	<b>140</b>
<b>Net loss and comprehensive loss</b>		<b>(2,462)</b>	<b>(1,798)</b>	<b>(6,910)</b>	<b>(4,956)</b>
<b>Per common share</b> (dollars)					
Net loss – basic and diluted		(0.04)	(0.03)	(0.10)	(0.08)
<b>Weighted average number of common shares outstanding</b>					
Basic and diluted		68,183,549	60,256,276	65,941,678	59,044,675

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, 2022</b>		57,759,871	44,359	5,528	1,987	(75)	(26,798)	25,001
Comprehensive loss		-	-	-	-	-	(4,956)	(4,956)
Share issuance		128,024	238	-	-	-	-	238
Share issuance costs		-	(30)	-	-	-	-	(30)
Exercise of options and warrants	9	3,151,454	3,814	(28)	-	-	-	3,786
Prepaid warrants – Imperial	10	-	-	6,350	-	-	-	6,350
Share-based compensation	10	-	-	1,392	-	-	-	1,392
<b>September 30, 2022</b>		61,039,349	48,381	13,242	1,987	(75)	(31,754)	31,781
<b>January 1, 2023</b>		63,229,773	52,701	12,601	1,987	(75)	(33,742)	33,472
Net loss and comprehensive loss		-	-	-	-	-	(6,910)	(6,910)
Share issuance	9	8,985,483	28,649	-	-	-	-	28,649
Share issuance costs	9	-	(2,778)	718	-	-	-	(2,060)
Exercise of options and warrants	9	2,535,391	3,848	(587)	-	-	-	3,261
Share-based compensation	10	-	-	1,861	-	-	-	1,861
<b>September 30, 2023</b>		74,750,647	82,420	14,593	1,987	(75)	(40,652)	58,273

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	
		2023	2022	2023	2022
<b>Cash Used in Operating Activities</b>					
Net loss and comprehensive loss		<b>(2,462)</b>	(1,798)	<b>(6,910)</b>	(4,956)
Non-cash items:					
Share-based compensation	10	<b>713</b>	568	<b>1,861</b>	1,392
Depreciation	4, 6	<b>44</b>	34	<b>125</b>	133
Interest expense on lease obligations	7	<b>13</b>	4	<b>37</b>	19
Accretion	8	<b>3</b>	1	<b>7</b>	1
Gain on lease		-	(18)	-	(18)
Transaction costs		-	238	-	238
Change in non-cash working capital	16	<b>(12)</b>	(982)	<b>221</b>	(595)
Cash flow used in operating activities		<b>(1,701)</b>	(1,953)	<b>(4,659)</b>	(3,786)
<b>Cash Used in Investing Activities</b>					
Acquisition of exploration and evaluation assets		-	-	-	(100)
Exploration and evaluation asset expenditures	3	<b>(4,282)</b>	(5,351)	<b>(7,323)</b>	(8,993)
Property and equipment expenditures	4	<b>(1)</b>	(3)	<b>(33)</b>	(98)
Intangible assets expenditures	5	<b>(478)</b>	(976)	<b>(2,262)</b>	(2,304)
Change in non-cash working capital	16	<b>505</b>	2,579	<b>998</b>	3,996
Cash used in investing activities		<b>(4,256)</b>	(3,751)	<b>(8,620)</b>	(7,499)
<b>Cash from Financing Activities</b>					
Proceeds from share issuance, net of issuance costs	9	<b>21,535</b>	-	<b>26,589</b>	(30)
Proceeds from exercise of options and warrants	9, 10	<b>982</b>	1,694	<b>3,261</b>	3,786
Proceeds from Imperial Warrants	10	-	6,350	-	6,350
Government grants	3, 5, 13	<b>1,869</b>	-	<b>5,628</b>	500
Repayment of lease obligations	7	<b>(40)</b>	(12)	<b>(64)</b>	(76)
Change in non-cash working capital	16	<b>(657)</b>	40	<b>493</b>	-
Cash from financing activities		<b>23,689</b>	8,072	<b>35,907</b>	10,530
<b>Change in cash and cash equivalents</b>					
		<b>17,732</b>	2,368	<b>22,628</b>	(755)
Cash and cash equivalents – beginning of period		<b>18,145</b>	14,718	<b>13,249</b>	17,841
<b>Cash and cash equivalents – end of period</b>		<b>35,877</b>	17,086	<b>35,877</b>	17,086

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, 2023, the Company has not generated revenues from operations and has an accumulated deficit of \$40.7 million (December 31, 2022 – \$33.7 million) including a net loss of \$6.9 million (September 30, 2022 – \$5.0 million) as at and for the nine months ended September 30, 2023. The Company’s ability to continue as a going concern is dependent upon its ability to raise equity financing to evaluate and confirm the economics of using Direct Lithium Extraction (“DLE”) technology in its upcoming Pre-Feasibility Study and move towards commercial production of battery grade Lithium Hydroxide Monohydrate (“LHM”).

These condensed consolidated interim financial statements have been prepared on a going concern basis as the Company has sufficient liquidity with \$37.7 million in positive working capital as at September 30, 2023 and does not foresee a cash shortfall within the next twelve months (note 12).

## 2. BASIS OF PRESENTATION

### Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting. Certain information and footnote disclosures normally included in the annual audited consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) in effect on January 1, 2023, have been omitted or condensed. These condensed consolidated interim financial statements should be read in conjunction with the Company’s December 31, 2022 audited consolidated financial statements. These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 27, 2023.

### 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. Significant 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, 2022 annual audited consolidated financial statements.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)  
September 30, 2023 and 2022

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

### 3. EXPLORATION AND EVALUATION ASSETS

<b>Carrying Value</b>	
Balance, January 1, 2022	4,823
Acquisition	100
Additions	10,089
Change in decommissioning costs (note 8)	229
Government grant (note 13)	(2,968)
Balance, December 31, 2022	12,273
Additions	<b>7,323</b>
Change in decommissioning costs (note 8)	<b>198</b>
Government grant (note 13)	<b>(3,748)</b>
<b>Balance, September 30, 2023</b>	<b>16,046</b>

### 4. 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, 2022	68	32	36	3	139
Additions	69	82	5	29	185
Balance, December 31, 2022	137	114	41	32	324
Additions	<b>20</b>	<b>2</b>	<b>-</b>	<b>11</b>	<b>33</b>
<b>Balance, September 30, 2023</b>	<b>157</b>	<b>116</b>	<b>41</b>	<b>43</b>	<b>357</b>

<b>Accumulated Depreciation</b>					
Balance, January 1, 2022	(34)	(6)	(36)	(3)	(79)
Depreciation	(42)	(18)	(2)	(1)	(63)
Balance, December 31, 2022	(76)	(24)	(38)	(4)	(142)
Depreciation	<b>(25)</b>	<b>(14)</b>	<b>(2)</b>	<b>-</b>	<b>(41)</b>
<b>Balance, September 30, 2023</b>	<b>(101)</b>	<b>(38)</b>	<b>(40)</b>	<b>(4)</b>	<b>(183)</b>

<b>Carrying Value</b>					
Balance, December 31, 2022	61	90	3	28	182
<b>Balance, September 30, 2023</b>	<b>56</b>	<b>78</b>	<b>1</b>	<b>39</b>	<b>174</b>

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)  
September 30, 2023 and 2022

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

## 5. INTANGIBLE ASSETS

<b>Carrying Value</b>	
Balance, January 1, 2022	2,539
Additions	3,700
Government grant (note 13)	(1,912)
Balance, December 31, 2022	4,327
Additions	2,262
Government grant (note 13)	(1,880)
<b>Balance, September 30, 2023</b>	<b>4,709</b>

The Company's intangible assets relate to its DLE technology that is currently under development.

## 6. RIGHT-OF-USE ASSETS

<b>Cost</b>	
Balance, January 1, 2022	326
Additions	561
Disposals	(89)
Changes in estimates	(239)
Balance, December 31, 2022	559
Additions	108
<b>Balance, September 30, 2023</b>	<b>667</b>
<b>Accumulated Depreciation</b>	
Balance, January 1, 2022	(86)
Depreciation	(112)
Disposals	34
Changes in estimates	131
Balance, December 31, 2022	(33)
Depreciation	(84)
<b>Balance, September 30, 2023</b>	<b>(117)</b>
<b>Carrying Value</b>	
Balance, December 31, 2022	526
<b>Balance, September 30, 2023</b>	<b>550</b>



Notes to the Condensed Consolidated Interim Financial Statements (unaudited)  
September 30, 2023 and 2022

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

## 7. LEASE OBLIGATIONS

<b>Carrying Value</b>	
Balance, January 1, 2022	266
Additions	561
Disposals	(61)
Interest	31
Repayments	(91)
Changes in estimates	(122)
Balance, December 31, 2022	584
Additions	<b>108</b>
Interest	<b>37</b>
Repayments	<b>(64)</b>
<b>Balance, September 30, 2023</b>	<b>665</b>
<b>Carrying Value</b>	
Future minimum lease payments	790
Discount	(125)
<b>Balance, September 30, 2023</b>	<b>665</b>
Current portion of lease obligations	158
Lease obligations	507

The Company's leases at September 30, 2023 relate to vehicle leases, corporate head office, and the research lab facility. A discount rate of 8.00% was used to determine the present value of the lease obligations.

## 8. DECOMMISSIONING OBLIGATIONS

<b>Carrying value</b>	
Balance, January 1, 2022	-
Additions	152
Additions - acquisition	77
Accretion	4
Balance, December 31, 2022	233
Additions	<b>198</b>
Accretion	<b>7</b>
<b>Balance, September 30, 2023</b>	<b>438</b>
Expected to be incurred within one year	<b>128</b>
Expected to be incurred beyond one year	<b>310</b>

Decommissioning obligations as at September 30, 2023 were determined using a risk-free rate of 3.23% (December 31, 2022 – 3.23%) and inflation rate of 2.00% (December 31, 2022 – 2.00%). Additions in the period relate to the construction of the field pilot infrastructure on the 1-16 well site. The undiscounted and inflated total future decommissioning obligations were estimated to be approximately \$0.2 million with abandonment and reclamation costs expected to be incurred in the next 10 years.

## 9. SHARE CAPITAL

### Authorized Share Capital

Unlimited common shares with no par value.

Number of Shares	September 30, 2023	December 31, 2022
Balance, beginning of period	63,229,773	57,759,871
Share issuance	8,985,483	-
Exercise of stock options and warrants	2,535,391	5,241,878
Stock options exercised in prior period <sup>(1)</sup>	-	100,000
Shares issued – Finder's fee	-	128,024
<b>Balance, end of period</b>	<b>74,750,647</b>	<b>63,229,773</b>

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

On September 26, 2023, the Company closed a bought deal public offering (the “September Offering”) for gross proceeds of \$23.0 million, including full exercise of the overallotment option for proceeds of \$3.0 million. Share issuance costs in relation to the September Offering were \$2.1 million, comprised of \$1.6 million in cash commissions and closing costs, and \$0.5 million in broker warrants (note 10) issued to the underwriters. Under the September Offering, the Company issued 6.5 million common shares at a price of \$3.55 per common share.

On June 8, 2023, the Company closed a bought deal public offering (the “June Offering”) for gross proceeds of \$5.6 million. Share issuance costs in relation to the June Offering were \$0.7 million, comprised of \$0.5 million in cash commissions and closing costs and \$0.2 million in broker warrants (note 10) issued to the underwriters. Under the June Offering, the Company issued 2.5 million common shares at a price of \$2.25 per common share.

## 10. SHARE-BASED COMPENSATION

### Warrants

The following table summarizes the change in warrants:

	Warrant (units)	Weighted Average Exercise Price (\$)
Balance, January 1, 2022	7,018,165	1.43
Broker warrants	484,722	1.65
Imperial warrants <sup>(1)</sup>	3,413,979	-
Exercised	(5,173,978)	1.30
Forfeited/expired	(92,243)	1.40
Balance, December 31, 2022	5,650,645	0.65
Broker warrants	<b>465,669</b>	<b>3.16</b>
Exercised	<b>(1,331,641)</b>	<b>1.71</b>
Forfeited/expired	<b>(1,032,257)</b>	<b>1.65</b>
<b>Balance, September 30, 2023</b>	<b>3,752,416</b>	<b>0.32</b>

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)  
September 30, 2023 and 2022

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

Warrants outstanding and exercisable as at September 30, 2023:

Grant date	Exercise price (\$)	Expiry Date	Remaining Life (years)	Warrants Outstanding and Exercisable
July 8, 2022 <sup>(1)</sup>	-	July 8, 2024	0.8	3,413,979
June 8, 2023	2.25	June 8, 2025	1.7	14,137
September 26, 2023	3.55	September 26, 2025	2.0	324,300

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

The fair value of broker warrants issued as part of the Offerings were estimated using the Black-Scholes Option Pricing Model based on the date of grant and the following assumptions:

	2023
Risk-free interest rate	5.00%
Expected stock price volatility	87%
Expected life	Two years
Expected dividend yield	-
Fair value per option granted	\$1.54

### Stock Options

The shareholders of the Company have approved a stock option plan (the "Plan") pursuant to which options can be granted to the Company's directors, officers, employees and other contractors to purchase the Company's common shares. The Company 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 10% 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.

The following table summarizes the change in stock options:

	Stock Options	Weighted Average Exercise Price (\$)
Balance, January 1, 2022	2,876,750	1.42
Granted	2,750,000	2.57
Exercised	(67,900)	0.91
Forfeited/expired	(533,083)	2.17
Balance, December 31, 2022	5,025,767	1.98
Granted	<b>1,510,000</b>	<b>2.34</b>
Exercised	<b>(1,203,750)</b>	<b>0.82</b>
Forfeited/expired	<b>(269,517)</b>	<b>2.50</b>
<b>Balance, September 30, 2023</b>	<b>5,062,500</b>	<b>2.33</b>

The weighted average life of options outstanding at September 30, 2023 is 3.3 years (December 31, 2022 – 2.8).

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)  
September 30, 2023 and 2022

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

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

	2023	2022
Risk-free interest rate	3.15% to 3.56%	1.46% to 2.58%
Expected stock price volatility	86% to 89%	95% to 96%
Expected life	Five years	One to four years
Expected dividend yield	-	-
Fair value per option granted	\$1.51 to \$1.82	\$1.92 to \$1.96
Forfeiture rate	3.24% to 4.01%	2.63% to 3.48%

During the three months and nine months ended September 30, 2023 the Company incurred \$0.7 million and \$1.9 million (September 30, 2022 - \$0.6 million and \$1.4 million) in share-based compensation expense, respectively, in relation to the stock option plan.

Stock options outstanding and exercisable as at September 30, 2023:

Exercise price (\$)	Weighted average exercise price	Weighted average remaining Life (years)	Outstanding
\$0.00 - \$1.00	\$0.70	0.1	200,000
\$1.01 - \$2.00	\$1.56	1.7	807,500
\$2.01 - \$3.00	\$2.47	4.1	3,755,000
\$3.01 - \$4.00	\$3.72	0.4	300,000
<b>Outstanding, end of period</b>	<b>\$2.33</b>	<b>3.3</b>	<b>5,062,500</b>
<b>Exercisable, end of period</b>	<b>\$2.16</b>	<b>1.54</b>	<b>1,566,250</b>

## 11. RELATED PARTY TRANSACTIONS

Amounts due from related parties of \$0.4 million as at September 30, 2023 (December 31, 2022 - \$0.1 million) were withholding taxes remitted on behalf of directors arising from stock option exercises. Subsequent to the quarter, amounts due to the Company have been repaid in full.

Amounts owing were related to withholding taxes which, due to recent tax legislation changes, are now payable upon the exercise of options. Due to the large withholding tax amounts and Company imposed black outs around critical development milestones, the Company provided withholding tax relief until directors were able to sell shares.

On October 4, 2023, it was outlined that certain insiders planned on selling a portion of their shares to pay for the associated tax liabilities. The insiders continue to remain supportive of the Company and collectively agreed to sell only the minimum required number of shares to cover tax liability from their exercise and related expenses.

## 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

All of the Company's financial instruments are classified as Level 1 in the fair value measurement hierarchy and there were no transfers between levels during the nine months ended September 30, 2023. Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. The Company's financial instruments are exposed to credit risk, currency risk, and liquidity risk.

### **Credit Risk**

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

Accounts receivable outstanding as at September 30, 2023 relate to government grants (note 13) and refundable tax credits which have minimal credit risk. Due from related parties as at September 30, 2023 were withholding taxes remitted on behalf of current and former employees from exercising their stock options (note 11). Based on management's assessment, the risk of default is considered low.

### **Currency Risk**

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

### **Liquidity Risk**

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

As at September 30, 2023, the Company has positive working capital of \$37.7 million (December 31, 2022 - \$17.0 million) and does not foresee a shortfall in capital within the next twelve months.

## 13. GOVERNMENT GRANTS

### *Alberta Innovates ("AI")*

In the prior year, 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. As at September 30, 2023, life-to-date claims under AI is \$1.4 million (December 31, 2022 - \$1.1 million) and the Company has received \$1.4 million (December 31, 2022 - \$1.1 million). The remaining amount is expected to be claimed upon the completion of the field pilot plant.

### *Strategic Innovation Fund ("SIF")*

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

Contingent on the Company's success and reaching commercial lithium production, the grant becomes repayable at 1.4 times the amount disbursed from the SIF grant. The repayment period begins the second-year post project completion at a rate of 1% of annual gross business revenues over a 20-year period. Currently, it is possible but not probable whether the Company will realize an outflow of benefits to settle the contingent obligation as the Company has not yet achieved commercial production. The Company has not recognized a provision at September 30, 2023 (December 31, 2022 – nil).

As at September 30, 2023, life-to-date claims under the SIF grant is \$6.1 million (December 31, 2022 - \$4.4 million) and the contingent obligation related to SIF is estimated to be \$8.5 million (December 31, 2022 - \$6.4 million).

*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 will be used to support the construction and operation of the Company's field pilot plant. The Company shall submit and be reimbursed for eligible expenses on an ongoing basis throughout the term of the agreement.

As at September 30, 2023, life-to-date claims under the NRCan CMRDD grant are \$3.5 million. As at September 30, 2023, \$2.9 million is included in accounts receivable on the condensed consolidated interim statements of financial position.

#### 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

The following is a summary of the Company's estimated commitments as at September 30, 2023:

As at September 30,	2023	2024	2025	2026	2027	Thereafter	Total
Office leases <sup>(1)</sup>	76	271	245	245	245	82	1,164
Mineral license fees	1,804	1,804	1,804	1,804	1,804	-	9,020
<b>Total</b>	<b>1,880</b>	<b>2,075</b>	<b>2,049</b>	<b>2,049</b>	<b>2,049</b>	<b>82</b>	<b>10,184</b>

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

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)  
September 30, 2023 and 2022

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

**16. SUPPLEMENTAL DISCLOSURES**

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

	Three Months Ended		Nine months Ended	
	September 30,		September 30,	
<b>Changes in Non-Cash Working Capital</b>	<b>2023</b>	2022	<b>2023</b>	2022
Accounts receivable	<b>(762)</b>	(208)	<b>586</b>	(246)
Accounts payable and accrued liabilities	<b>584</b>	1,796	<b>1,462</b>	3,783
Due to/from related parties	<b>(23)</b>	10	<b>(276)</b>	42
Prepaid expenses	<b>37</b>	39	<b>(60)</b>	(178)
<b>Total change in non-cash working capital</b>	<b>(164)</b>	1,637	<b>1,712</b>	3,401
Operating activities	<b>(12)</b>	(982)	<b>221</b>	(595)
Investing activities	<b>505</b>	2,579	<b>998</b>	3,996
Financing activities	<b>(657)</b>	40	<b>493</b>	-
<b>Total change in non-cash working capital</b>	<b>(164)</b>	1,637	<b>1,712</b>	3,401