Consolidated Financial Statements

For the Years Ended December 31, 2022 and 2021

Independent Auditor's Report

To the Shareholders of E3 Lithium Ltd.:

Opinion

We have audited the consolidated financial statements of E3 Lithium Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of intangible assets in development

Key Audit Matter Description

As disclosed in note 7 to the consolidated financial statements, the Company had $4.3 million of intangible asset in development and not yet ready for use as at December 31, 2022. The intangible asset relates to the direct lithium extraction technology that the Company is the process of developing. An impairment assessment is conducted annually at the year-end balance sheet date or earlier if events and circumstances dictate. An impairment loss is recognized if the carrying amount of the intangible asset exceeds its recoverable amount. The assumptions applied by management in estimating the recoverable amount included projected royalties, projected annual revenues and discount rates. No impairment loss was recorded during the year.

We considered this a key audit matter due to the significant judgments made by management in developing the assumptions to determine the recoverable amount as at December 31, 2022.

Audit Response

We responded to this matter by performing procedures in relation to the recoverable amount of the intangible asset as at December 31, 2022. Our audit work in relation to this included, but was not restricted to, the following:

- Evaluated the appropriateness of the model developed by management in determining the recoverable amount of the asset.
- Tested the reasonableness of the inputs used in determining the recoverable amount of the asset to external third party information as well as industry forecasts for the lithium industry.
- With the assistance of professionals with specialized skill and knowledge in the field of valuation, assessed the appropriateness of the royalty and discount rates utilized within the model.
- Performed a sensitivity analysis on the inputs applied in the model.
- Examined the disclosure made in the consolidated financial statements.

Strategic Innovation Fund

Key Audit Matter Description

As disclosed in note 16 to the consolidated financial statements, the Company entered into the Strategic Innovation Fund agreement with the Government of Canada that outlines that the Company will be reimbursed for eligible costs not exceeding $27.0 million. Repayment of the Strategic Innovation Fund will occur the second fiscal year that the Company commences to generate revenue and shall be repaid over a period of 20 years.

We considered this a key audit matter as there may be judgement in determining when the Strategic Innovation Fund creates a liability to the Company.

Audit Response

We responded to this matter by performing procedures in relation to accounting for the Strategic Innovation Fund. Our audit work in relation to this included, but was not restricted to, the following:

- With the assistance of professionals with specialized skill and knowledge in the field of complex transactions, assessed the appropriateness of the accounting and disclosures in the consolidated financial statements relating to the Strategic Innovation Fund.
- Obtained confirmation from the Government of Canada of the amount receivable as at December 31, 2022.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leanne Bjalek.

Calgary, Alberta

MNP LLP

April 20, 2023

Chartered Professional Accountants

E3 LITHIUM

Consolidated Statements of Financial Position

As at

(CAD$ thousands)	Notes	**December 31, 2022**	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents		**13,249**	17,841
Accounts receivable	15	**4,925**	107
Due from related parties	14, 15	**88**	130
Prepaid expense		**531**	251
		18,793	18,329
Exploration and evaluation assets	5	**12,273**	4,823
Property and equipment	6	**182**	60
Intangible assets	7	**4,327**	2,539
Right-of-use assets	8	**526**	240
Total assets		**36,101**	25,991
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	15	**1,812**	724
Current portion of lease obligations	10	**92**	109
		1,904	833
Lease obligations	10	**492**	157
Decommissioning obligations	11	**233**	-
Total Liabilities		**2,629**	990
Share capital	12	**52,701**	44,359
Contributed surplus		**12,601**	5,528
Contributed capital	9	**1,987**	1,987
Accumulated other comprehensive loss		**(75)**	(75)
Deficit		**(33,742)**	(26,798)
Total shareholders' equity		**33,472**	25,001
Total liabilities and shareholders' equity		**36,101**	25,991
Nature and continuance of operations	1		
Subsequent events	16		
Commitments	19		

See accompanying notes to the consolidated financial statements.

Approved by the Board of Directors

Signed *"John Pantazopoulos"*
Chairman

Signed *"Peeyush Varshney"*
Audit Committee Chair

E3 LITHIUM

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31

(CAD$ thousands, except share and per share amounts)	Notes	2022	2021
Expenses			
Operating expenses		**156**	-
Business development and marketing		**1,535**	874
General and administrative	20	**2,971**	2,033
Share-based compensation	13	**1,985**	1,761
Financing expenses		**35**	21
Depreciation	6, 8	**175**	128
Transaction costs	12	**318**	-
Total expenses		**7,175**	4,817
Other Income			
Interest income		**231**	37
Total other income		**231**	37
Net loss and comprehensive loss		**(6,944)**	(4,780)
Per common share (dollars)			
Net loss – basic and diluted		**(0.12)**	(0.10)
Weighted average number of common shares outstanding			
Basic and diluted	12	**59,718,910**	50,235,220

See accompanying notes to the consolidated financial statements.

E3 LITHIUM

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31

(CAD$ thousands, except share amounts)	Notes	Number of Common Shares	Share Capital	Contributed Surplus	Contributed Capital	Accumulated Other Comprehensive Income	Deficit	Total
January 1, 2021		41,664,131	28,052	3,141	997	(75)	(22,018)	10,097
Net loss and comprehensive loss		-	-	-	-	-	(4,780)	(4,780)
Share issuance	12	6,793,300	8,050	-	-	-	-	8,050
Share issuance costs	12	-	(2,173)	1,313	-	-	-	(860)
Exercise of options and warrants	13	9,302,440	10,430	(687)	-	-	-	9,743
Share-based compensation	13	-	-	1,761	-	-	-	1,761
Additions to contributed capital	9	-	-	-	990	-	-	990
December 31, 2021		57,759,871	44,359	5,528	1,987	(75)	(26,798)	25,001
Net loss and comprehensive loss		-	-	-	-	-	(6,944)	(6,944)
Share issuance – Finder's Fee	12	128,024	238	-	-	-	-	238
Share issuance costs	12	-	(30)	-	-	-	-	(30)
Exercise of options and warrants	12	5,341,878	8,134	(1,262)	-	-	-	6,872
Prepaid warrants	13	-	-	6,350	-	-	-	6,350
Share-based compensation	13	-	-	1,985	-	-	-	1,985
December 31, 2022		63,229,773	52,701	12,601	1,987	(75)	(33,742)	33,472

See accompanying notes to the consolidated financial statements.

E3 LITHIUM

Consolidated Statements of Cash Flows

For the years ended December 31

(CAD$ thousands)	Notes	2022	2021
Cash Used in Operating Activities			
Net loss and comprehensive loss		**(6,944)**	(4,780)
Non-cash items:			
Share-based compensation	13	**1,985**	1,761
Depreciation	6, 8	**175**	128
Interest expense on lease obligations	10	**31**	17
Accretion	11	**4**	-
Loss on lease		**(24)**	-
Transaction costs	12	**238**	-
Change in non-cash working capital	20	**(951)**	29
Cash flow used in operating activities		**(5,486)**	(2,845)
Cash Used in Investing Activities			
Acquisition of exploration and evaluation assets	5	**(100)**	(1,099)
Exploration and evaluation asset expenditures	5	**(10,089)**	(847)
Property and equipment expenditures	6	**(185)**	(82)
Intangible assets expenditures	7	**(3,700)**	(1,557)
Acquisition of joint operation, net of cash received	9	**-**	222
Change in non-cash working capital	20	**1,367**	-
Cash used in investing activities		**(12,707)**	(3,363)
Cash from Financing Activities			
Proceeds from share issuance, net of issuance costs	12	**(30)**	7,190
Proceeds from exercise of options and warrants	12	**6,872**	9,743
Proceeds from prepaid warrants	12	**6,350**	-
Government grants	5, 7, 16	**4,880**	643
Repayment of lease obligations	10	**(91)**	(95)
Repayment of long-term notes		**-**	(150)
Change in non-cash working capital	20	**(4,380)**	-
Cash from financing activities		**13,601**	17,331
Change in cash and cash equivalents		**(4,592)**	11,123
Cash and cash equivalents – beginning of year		**17,841**	6,718
Cash and cash equivalents – end of year		**13,249**	17,841

See accompanying notes to the consolidated 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 under the symbol ETL. On July 8, 2022, the Company effectively changed its name to E3 Lithium Ltd., previously known as E3 Metals Corp. The Company’s head office and principal address is located at 1520 – 300 5th Avenue SW, Calgary, AB, T2P 3C4.

As at December 31, 2022, the Company has not generated revenues from operations and has an accumulated deficit of $33.7 million (2021 – $26.8 million) including a net loss of $6.9 million (2021 – $4.8 million) as at and for the year ended December 31, 2022. The Company’s ability to continue as a going concern is dependent upon its ability to raise equity financing to further develop its proprietary technology and commence construction of a pilot project.

These consolidated financial statements have been prepared on a going concern basis as the Company has sufficient liquidity with $17.0 million in positive working capital as at December 31, 2022 and does not foresee a cash shortfall within the next twelve months (note 15).

2. BASIS OF PRESENTATION

Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) in effect on January 1, 2022. The policies set out below are consistently applied to all periods presented, unless otherwise noted. These consolidated financial statements were authorized for issue by the Board of Directors on April 20, 2023.

Basis of measurement
These consolidated financial statements have been prepared on a historical cost basis, except as disclosed in note 3. All financial information is presented in the Company’s functional currency, which is Canadian dollars.

Use of estimates and judgements
The preparation of the consolidated financial statements requires that management make estimates, judgments, and assumptions based on available information at the date of the financial statements. Actual results may differ from estimates as future confirming events occur. Significant estimates and judgments used in the preparation of the consolidated financial statements are disclosed in note 4.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Assets, liabilities, revenues and expenses of the subsidiaries are recognized in accordance with the Company's accounting policies. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

The subsidiaries of the Company are as follows:

	Country of Incorporation	Percentage Ownership December 31, 2022	Percentage Ownership December 31, 2021
1975293 Alberta Ltd.	Canada	100%	100%
Mexigold Resources SA de CV ("Mexigold") (1)	Mexico	100%	100%
2216747 Alberta Ltd. ("ABHI") (2)	Canada	100%	100%
2437798 Alberta Ltd. (3)	Canada	100%	-

(1) Mexigold is inactive and has no assets.
(2) On January 25, 2021, the Company acquired the remaining 50% of ABHI from its joint venture partner. See note 9 for further details.
(3) A new corporation was established on June 10, 2022

Functional currency

The functional currency of each legal entity is measured using the currency of the primary economic environment in which it operates. The Company's functional and presentation currency is Canadian dollars.

Foreign currency translation

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items are measured at historical cost using the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Realized and unrealized gains and losses arising on the translation or settlement of foreign currency transactions are recognized in the consolidated statements of loss and comprehensive loss in the period in which they arise.

Cash and cash equivalents

Cash includes cash held at financial institutions, term deposits, and other highly liquid investments with maturity of three months or less at the time of purchase.

Joint operation

The Company accounts for its share of the assets, liabilities and expenditures of a jointly controlled entity using the proportionate consolidation method.

Financial instruments
E3 Lithium's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and due from related parties. The Company recognizes financial assets and financial liabilities when the Company becomes a party to the contractual provisions of the instrument.

Measurement
Financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial instrument's classification, as described below. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or when the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are removed from the financial statements when the liability is extinguished either through settlement of or release from the obligation of the underlying liability.

Amortized Cost
Financial assets are measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual cash flows give rise on specified dates to cash flows that are solely payments of principal and interest. Financial liabilities are measured at amortized cost using the effective interest method. Accounts receivable, accounts payable and accrued liabilities and due from related parties are carried at amortized cost.

Fair Value Through Other Comprehensive Income ("FVTOCI")
A financial asset shall be measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payment of Principal and Interest ("SPPI") on the principal amount outstanding. The Company has no financial instruments carried at FVTOCI.

Fair Value Through Profit or Loss ("FVTPL")
All financial assets that do not meet the definition of being measured at amortized cost or FVTOCI are measured at FVTPL. A financial liability is classified as measured at FVTPL if it is held-for-trading, or designated as FVTPL on initial recognition. For financial assets and liabilities, the Company may make an irrevocable election to designate an asset at FVTPL. If the election is made it is irrevocable, meaning that asset, liability, or group of financial instruments must be recorded at FVTPL until that asset, liability or group of financial instruments are derecognized. The Company has cash carried at FVTPL.

Financial assets and liabilities are offset and the net amount is reported on the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Exploration and evaluation ("E&E") assets
E&E costs include expenditures for an area where technical and commercial feasibility has not yet been demonstrated. E&E costs include but are not limited to: mineral permit acquisition costs, geological, geochemical, and geophysical studies, land acquisitions, technical services, seismic, exploratory drilling, and estimated decommissioning costs.

E&E costs are recognized on the date that the Company acquires legal rights to explore a mineral property and are classified within E&E until technical and economic feasibility is determined, at which time E&E assets are tested for impairment and reclassified to property and equipment. E&E assets are not depleted. Gains and losses on disposal of any E&E is determined by comparing the proceeds from disposal with the carrying amount of the related E&E and is recognized as a gain or loss on disposal in the consolidated statements of loss and comprehensive loss.

Property and equipment ("P&E")
P&E expenditures are recorded at cost less accumulated depreciation and impairment losses. P&E costs include its purchase price and costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent expenditures are measured if the cost can be measured reliably and future economic benefits are probable. Gains and losses on disposal of any P&E is determined by comparing the proceeds from disposal with the carrying amount of the related P&E and is recognized as a gain or loss on disposal in the consolidated statements of loss and comprehensive loss.

P&E is depreciated over their estimated useful economic lives at the following rates and basis:

Asset Class	Depreciation Policy
Computer Equipment	55% declining balance
Furniture and Fixtures	20% declining balance
Software Licenses	100% declining balance
Leasehold Improvement	Straight-line over term of lease

Intangible assets
Development expenditures are capitalized as intangible assets only if the expenditure can be measured reliably, the process is technically and commercially feasible, future economic benefits are probable to the Company and the Company has sufficient resources to complete the development and use or sell the asset. Otherwise, it is recognized in the consolidated statements of loss and comprehensive loss as incurred. Subsequent to initial recognition, development expenditures are measured at costs less accumulated amortization and any accumulated impairment losses.

Leases
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement date, right-of-use assets are measured at cost, where cost comprises (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

A lease liability is initially measured at the present value of the unpaid lease payments, discounted using the lessee's incremental borrowing rate applied to the lease liabilities. Subsequently, the Company measures a lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Share capital
The Company records proceeds from share issuances net of share issue costs as equity.

Proceeds and issue costs from unit placements are allocated between shares and warrants. The value of the share component and warrant is credited to share capital with any residual value attributed to the warrant. Upon exercise of the warrant, consideration paid by the warrant holder together with the amount previously recognized is recorded as an increase to share capital. In the event there is a change to the warrant terms (price or exercise date), no change is made to the initial value recognized for the warrant.

Impairment of assets
Financial assets
The Company makes use of a simplified approach in recognizing lifetime expected credit losses for financial assets measured at amortized cost. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Company assesses impairment of financial assets measured at amortized cost on a collective basis when they possess shared credit risk characteristics

Non-financial assets
The Company assesses whether there are indications of impairment of non-financial assets at each reporting date. If indications of impairment exist, the Company estimates the asset or Cash Generating Unit (“CGU”)s recoverable amount, which is the higher of an asset or CGUs fair value less costs of disposal (“FVLCD”) and its value-in-use (“VIU”). See note 4 for the Company’s determination of CGUs.

FVLCD represents the value for which an asset or CGU could be sold in an arms-length transaction. VIU is estimated as the discounted present value of future cash flows expected to arise from the continued use of the asset or CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and an impairment loss is recognized in the consolidated statements of loss and comprehensive loss.

Intangible assets with indefinite useful lives, intangible assets not yet available for use, and goodwill are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Government grants
The Company has applied for, and received, grants from various provincial and federal government agencies. These grants are recognized as eligible costs are incurred and/or defined milestones are achieved and there is reasonable certainty the Company will be in compliance with the conditions of the grant agreements. Grant funds received are offset against the related costs incurred.

Share-based compensation

Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received unless the fair value of the goods or services cannot be reliably measured. The transaction would then be measured at the fair value of the equity instruments issued. For stock options, the cost of the option is expensed or capitalized as an addition to non-monetary assets depending on the reason for the grant. The corresponding amount is recorded to contributed surplus. The fair value of options granted is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Income taxes

Income tax expense is comprised of current and deferred tax. Taxes are recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity.

Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized on temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill, the initial recognition of assets or liabilities that affect both accounting and taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

Loss per share

Loss per share is computed by dividing net loss by the weighted average number of shares outstanding during the reporting period.

Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Provisions, contingent liabilities, and contingent assets
Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingent assets and liabilities are not recognized. Contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic resources is remote. Contingent assets are disclosed where an economic inflow of resources is probable.

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS, AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgments, and assumptions concerning the future. Management reviews these estimates, judgments, and assumptions on an ongoing basis by relying on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

Going concern
Management has applied judgment in the assessment of the Company's ability to continue as a going concern when preparing the consolidated financial statements. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considers a wide range of factors relating to current and expected profitability and potential sources of financing.

Joint arrangements
The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over other companies. Management has used its judgment to determine when control exists and consolidation is required or when the Company has joint control and proportional consolidation is required. Determination of the date that the Company's interest in the subsidiary changed from joint control to control also requires significant judgment.

Establishing CGUs
For the purpose of assessing impairment of its non-financial assets the Company determines the CGU, defined as being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The determination and classification of CGUs is subject to estimation uncertainty and may have a significant impact on subsequent impairment analysis. The Company has one CGU as at December 31, 2022.

Amortization of E&E assets and Intangible assets
Amortization of E&E assets usually does not commence until assets are placed in service. Amortization of intangible assets begins when the asset is available for use. The Company applies judgement with respect to its determination of whether E&E and intangible assets have reached a feasible stage to commence amortization.

Impairment of E&E Assets
The Company's exploration and evaluation assets are evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amounts is performed and an impairment loss is recognized to the extent that the carrying values exceeds the recoverable amounts. The evaluation of indications of impairment for E&E assets includes consideration of both external and internal sources of information, including such factors as market and economic conditions, commodity prices, future plans for the Company's mineral properties and mineral resources and/or reserve estimates.

Impairment of other non-financial assets
In assessing impairment, management estimates the recoverable amount of each asset or CGU. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Share-based compensation
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Determining the fair value of such share-based awards requires estimates as to the appropriate valuation model and the inputs for the model which require assumptions including the rate of forfeiture of options granted, the expected life of the option, the Company's share price and its expected volatility, the risk-free interest rate and expected dividends.

Income taxes
The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and the actual amounts of taxes may vary from the estimates made by management.

Decommissioning obligations
Decommissioning obligations are present obligations for the cost of dismantling, site restoration, and remediation activities. Decommissioning obligations are recognized at the present value of future liabilities using a risk-free discount rate and accretion of the provision over time is recognized in the consolidated statements of loss and comprehensive loss.

Changes in the timing of restoration, estimated future cash flows, and discount rates are reflected in changes in estimates. Decommissioning costs are capitalized in the underlying asset and depreciated on a unit of production basis.

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

5. EXPLORATION AND EVALUATION ASSETS

Carrying Value	
Balance, January 1, 2021	2,877
Acquisitions	1,099
Additions	847
Balance, December 31, 2021	4,823
Acquisition	**100**
Additions	**10,089**
Change in decommissioning costs (note 11)	**229**
Government grant (note 16)	**(2,968)**
Balance, December 31, 2022	**12,273**

On September 8, 2022 the Company closed its $0.1 million acquisition of a third party well located in the Clearwater Project Area within the Bashaw District.

On September 30, 2022 the Company purchased a gross overriding royalty for $0.8 million in the Clearwater Project Area. As part of the original agreement, the Company had the option to purchase the royalty by September 30, 2022. The royalty would have provided the original owner with 2.25% of gross revenue from any metallic and industrial mineral production in the Clearwater Project Area within the Bashaw District.

6. PROPERTY AND EQUIPMENT

Cost	**Computer Equipment**	**Furniture and Fixtures**	**Software Licenses**	**Leasehold Improvement**	**Total**
Balance, January 1, 2021	24	3	27	3	57
Additions	44	29	9	-	82
Balance, December 31, 2021	68	32	36	3	139
Additions	**69**	**82**	**5**	**29**	**185**
Balance, December 31, 2022	**137**	**114**	**41**	**32**	**324**
Accumulated Depreciation					
Balance, January 1, 2021	(20)	(2)	(27)	(3)	(52)
Depreciation	(14)	(4)	(9)	-	(27)
Balance, December 31, 2021	(34)	(6)	(36)	(3)	(79)
Depreciation	**(42)**	**(18)**	**(2)**	**(1)**	**(63)**
Balance, December 31, 2022	**(76)**	**(24)**	**(38)**	**(4)**	**(142)**
Carrying Value					
Balance, December 31, 2021	34	26	-	-	60
Balance, December 31, 2022	**61**	**90**	**3**	**28**	**182**

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

7. INTANGIBLE ASSETS

Carrying Value	
Balance, January 1, 2021	887
Acquisition (note 9)	738
Additions	1,557
Government grant (note 16)	(643)
Balance, December 31, 2021	2,539
Additions	**3,700**
Government grant (note 16)	**(1,912)**
Balance, December 31, 2022	**4,327**

The Company's intangible assets relate to its Direct Lithium Extraction technology.

8. RIGHT-OF-USE ASSETS

Cost	
Balance, January 1, 2021	43
Additions	326
Disposals	(43)
Balance, December 31, 2021	326
Additions	**561**
Disposals	**(89)**
Changes in estimates	**(239)**
Balance, December 31, 2022	**559**

Accumulated Depreciation	
Balance, January 1, 2021	(28)
Depreciation	(101)
Disposals	43
Balance, December 31, 2021	(86)
Depreciation	**(112)**
Disposals	**34**
Changes in estimates	**131**
Balance, December 31, 2022	**(33)**

Carrying Value	
Balance, December 31, 2021	240
Balance, December 31, 2022	**526**

The Company entered into two new leases during 2022 for the corporate head office and research lab facility. Lease terms for the previous corporate head office and research lab facility were remeasured resulting in a change in estimates.

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

9. JOINT OPERATION

Under the terms of the Unanimous Shareholder Agreement ("USA") entered in September 2019 with FMC Lithium USA Corp ("Livent"), the Company acquired a 50% ownership interest of ABHI. As part of the USA, the Company granted ABHI a perpetual and royalty-free license for its proprietary Ion-Exchange technology. Per *IFRS 11 – Joint Arrangements*, the Company's ownership interest in ABHI was considered a joint operation and recognizes the assets, liabilities, and expenses in relation to its interest in ABHI through proportionate consolidation.

In October 2019, Livent contributed USD $1.5 million (approximately CAD $2.0 million) to ABHI as funding for its research and development project. The contribution was made without recourse and the Company's share of contribution was recognized as contributed capital.

Livent elected to withdraw from its participation in ABHI in January 2021. The terms of the withdrawal are outlined below per the USA:

- The Company had the right to acquire Livent's 50% working interest in ABHI for USD $1.00 dollar free and clear of all encumbrances.
- All ABHI Intellectual Property and developments was transferred to the Company for USD $1.00 dollar.
- Any remaining funds from Livent's capital contribution to ABHI shall be for the sole benefit of ABHI.

The acquisition of Livent's working interest in ABHI was accounted for as an asset purchase since ABHI did not meet the definition of a business per *IFRS 3 – Business Combinations*. The difference between the fair value of ABHI's assets and the Company's consideration was recorded as an addition to contributed capital:

Cash	222
Accounts receivable	30
Intangible assets	738
Total assets acquired	990
Consideration paid (1)	-
Contributed capital	**990**

(1) Consideration paid was USD $1.00 dollar.

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

10. LEASE OBLIGATIONS

Carrying Value	
Balance, January 1, 2021	18
Additions	326
Interest	17
Repayments	(95)
Balance, December 31, 2021	266
Additions	**561**
Disposals	**(61)**
Interest	**31**
Repayments	**(91)**
Changes in estimates	**(122)**
Balance, December 31, 2022	**584**

Carrying Value	
Future minimum lease payments	732
Discount	(148)
Balance, December 31, 2022	**584**
Current portion of lease obligations	92
Lease obligations	492

The Company's leases at December 31, 2022 relate to the corporate head office and a research lab facility. A discount rate of 8.00% was used to determine the present value of the lease obligations.

11. DECOMMISSIONING OBLIGATIONS

Carrying value	
Balance, January 1, 2022	**-**
Additions	**152**
Additions - acquisition	**77**
Accretion	**4**
Balance, December 31, 2022	**233**
Expected to be incurred within one year	**-**
Expected to be incurred beyond one year	**233**

Decommissioning obligations as at December 31, 2022 were determined using a risk-free rate of 3.23% and inflation rate of 2.00%. The undiscounted and inflated total future decommissioning obligations were estimated to be approximately $0.3 million with abandonment and reclamation costs expected to be incurred in the next 10 years.

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

12. SHARE CAPITAL

Authorized Share Capital
Unlimited common shares with no par value.

Number of Shares	**December 31, 2022**	December 31, 2021
Balance, beginning of period	**57,759,871**	41,664,131
Exercise of stock options and warrants	**5,241,878**	9,302,440
Shares issued by private placement	**-**	6,793,300
Stock options exercised in prior period (1)	**100,000**	-
Shares issued – Finder's fee	**128,024**	-
Balance, end of period	**63,229,773**	57,759,871

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

2022
During the year ended December 31, 2022, the Company issued 5.3 million common shares from the exercise of stock options and warrants with exercise prices between $0.40 to $1.65. Total proceeds received were $6.8 million year to date. The regulatory fees and legal fees attributable to shares issued for the year ended December 31, 2022 were $0.1 million.

Strategic Agreement with Imperial Oil Limited ("IOL" or "Imperial")
In 2022, the Company announced a collaboration with IOL to advance its lithium-extraction pilot in Alberta. Under the agreement, the Company would continue to operate the Clearwater project and retain its intellectual property, with technical and developmental support from IOL in areas such as water and reservoir management. The agreement also includes access for E3 Lithium to freehold lands in the area, which are operated by IOL.

As part of the agreement, IOL agreed to invest $6.35 million into E3 Lithium through the purchase of 3.4 million warrants at a pre-paid price of $1.86 per warrant. Each warrant provides IOL the option to exercise the warrant for one common share of E3 Lithium at no further cost to IOL. The warrants are immediately exercisable, non-transferrable, and are non-refundable with expiry on July 8, 2024.

The Company paid a one-time 5% finder's fee, being equal to $0.3 million based on the amount of IOL's investment. The finder elected to take 25% of the fee in cash and 75% of the fee in common shares of E3 Lithium. The Company issued the finder 128,024 shares on closing at $1.86 per share. The Company received TSX Venture Exchange approval to issue the prepaid warrants and the 128,024 common shares on July 8, 2022.

2021
During the year ended December 31, 2021, the Company issued 9.3 million common shares from the exercise of stock options and warrants with exercise prices between $0.40 to $1.65 per share. Total proceeds received were $9.7 million year to date. The regulatory fees and legal fees attributable to shares issued for the year ended December 31, 2021 were $0.1 million.

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

Brokered private placement

On February 8, 2021, the Company closed its brokered private placement by issuing 6.8 million units at a price of $1.185 per unit for gross proceeds of $8.1 million. Each unit was comprised of one common share and one unit warrant. Each unit warrant entitled the holder to acquire one additional common share at an exercise price of $1.65 for a period of 24 months following the date of issuance. The broker warrants carried the same terms as the unit warrants. As the closing price of the Company's common shares on the issue date exceeded the unit price of the private placement, no residual value was allocated to the warrants. Share issuance costs consisted of $0.7 million in cash and 0.6 million broker warrants fair valued at $1.3 million.

13. SHARE-BASED COMPENSATION

Warrants

The following table summarizes the change in warrants:

	Warrant (units)	Weighted Average Exercise Price ($)
Balance, January 1, 2021	6,767,301	0.93
Granted through private placement	6,793,300	1.65
Broker warrants	778,754	1.43
Exercised	(7,321,190)	1.18
Balance, December 31, 2021	7,018,165	1.43
Broker warrants	**484,722**	**1.65**
Imperial warrants (note 12)	**3,413,979**	**-**
Exercised	**(5,173,978)**	**1.30**
Forfeited/expired	**(92,243)**	**1.40**
Balance, December 31, 2022	**5,650,645**	**0.65**

Warrants outstanding and exercisable as at December 31, 2022:

Grant date	Exercise price ($)	Expiry Date	Remaining Life (years)	Warrants Outstanding and Exercisable
February 8, 2021	1.65	February 8, 2023	0.11	2,144,266
February 8, 2021 (1)	1.185	February 8, 2023	0.11	92,400
July 8, 2022 (2)	-	July 8, 2024	1.52	3,413,979
	0.65		**0.96**	**5,650,645**

(1) Upon exercise of each warrant, the warrant holder is entitled to one common share and one additional warrant of the Company. Each additional warrant carries an exercise price of $1.65 and has the same expiry date as the original warrant.

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

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

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, 2021	2,938,000	0.48
Granted	2,105,000	1.89
Exercised	(1,981,250)	0.51
Forfeited/expired	(185,000)	1.39
Balance, December 31, 2021	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**

The weighted average life of options outstanding at December 31, 2022 is 2.84 years (2021 – 2.40).

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

	2022	**2021**
Risk-free interest rate	1.46% to 3.52%	0.21% to 0.84%
Expected stock price volatility	90% to 96%	92% to 98%
Expected life	One to five years	One to four years
Expected dividend yield	-	-
Fair value per option granted	$1.74 to $1.96	$0.63 to $3.00
Forfeiture rate	2.82%	2.68%

During the year ended December 31, 2022, the company incurred $2.0 million (2021 - $1.8 million) in share-based compensation expense in relation to the stock option plan.

Stock options outstanding and exercisable as at December 31, 2022:

Exercise price ($)	**Weighted average exercise price**	**Weighted average remaining Life (years)**	**Outstanding**
$0.40 - $0.70	$0.55	0.58	1,000,000
$1.08 - $1.77	$1.50	2.05	1,220,767
$2.05 - $3.00	$2.56	4.38	2,480,000
$3.20 - $3.57	$3.68	1.14	325,000
Outstanding, end of year	**$1.98**	**2.84**	**5,025,767**
Exercisable, end of year	**$1.18**	**0.95**	**2,029,417**

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

14. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers. During the years ended December 31, 2022 and 2021, the remuneration for key management personnel was as follows:

For the year ended December 31,	2022	2021
Salaries and benefits	**849**	500
Share-based compensation	**651**	862
Total	**1,500**	1,362

Amounts due from related parties of $0.1 million as at December 31, 2022 (2021 - $1.4 million) were withholding taxes remitted on behalf of employees arising from stock option exercises during the year.

15. 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 for the year ended December 31, 2022. 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 December 31, 2022 were refundable tax credits which have minimal credit risk. Due from related parties as at December 31, 2022 were withholding taxes remitted on behalf of current and former employees from exercising their stock options. 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 December 31, 2022, the Company has positive working capital of $17.0 million (December 31, 2021 - $17.6 million) and does not foresee a shortfall in capital within the next twelve months.

16. GOVERNMENT GRANTS

Alberta Innovates ("AI")
On April 6, 2021, the Company was awarded a $1.8 million grant to assist in the scale up and development of its field pilot plant. The Company received $0.5 million from the AI grant in Q1 2022 and life-to-date has received a total of $1.1 million as at December 31, 2022. The remaining amount is expected to be claimed after the completion of the field pilot in 2023.

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 December 31, 2022.

As at December 31, 2022, life-to-date claims under the SIF grant is $4.4 million and the contingent obligation related to SIF is estimated to be $6.4 million.

Natural Resources Canada's ("NRCan") Critical Minerals Research, Development, and Demonstration ("CMRDD")
Subsequent to year end, 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.

17. CAPITAL MANAGEMENT

The Company's objective is to maintain a strong balance sheet 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.

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

18. INCOME TAXES

For the year ended December 31,	2022	2021
Loss before income taxes	**(6,944)**	(4,780)
Combined statutory tax rate	**23.0%**	23.0%
Computed tax recovery	**(1,597)**	(1,099)
Effects resulting from:		
Share-based compensation	**457**	405
Other	**55**	(352)
Change in unrecognized deferred tax assets	**1,085**	1,046
Total	**-**	-

The Company has the following unrecognized deductible temporary differences and unused losses for which no deferred tax asset has been recognized:

As at December 31,	2022	2021
Exploration and evaluation assets	**-**	511
Investment tax credits	**3,147**	739
Lease obligation	**584**	-
Share issuance costs	**1,642**	2,225
SR&ED	**380**	380
Non-capital loss carry-forward	**14,578**	11,961
Other	**231**	27
Total	**20,562**	15,843

The deferred tax asset (liability) is comprised of the following:

As at December 31,	2022	2021
Exploration and evaluation assets	**(5,175)**	**(276)**
Non-capital loss carry-forward	**5,175**	**276**
Total	**-**	-

At December 31, 2022, the Company has non-capital losses of $20.7 million that will expire between 2022 and 2042.

19. COMMITMENTS

The following is a summary of the Company's estimated commitments as at December 31, 2022:

As at December 31,	2023	2024	2025	2026	2027	Thereafter	Total
Office leases [(1)]	185	271	245	245	245	82	1,273
Mineral license fees	1,804	1,804	1,804	1,804	1,804	-	9,020
Total	**1,989**	**2,075**	**2,049**	**2,049**	**2,049**	**82**	**10,293**

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

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

20. SUPPLEMENTAL DISCLOSURES

The Company's general and administrative expenses consist of the following:

For the year ended December 31,	2022	2021
Wages and benefits (1)	**1,376**	624
General expenses	**1,595**	1,409
Total	**2,971**	2,033

(1) Total wages and benefits were $3,312 (2021 - $1,678), of which $1,936 (2021 - $1,054) were capitalized to exploration and evaluation and intangible assets.

The following table provide a detailed breakdown of changes in non-cash working capital:

For the year ended December 31,	2022	2021
Accounts receivable	**(4,818)**	(24)
Due to/from related parties	**42**	(196)
Prepaid expenses	**(280)**	(165)
Accounts payable and accrued liabilities	**1,092**	414
Total change in non-cash working capital	**(3,964)**	29
Operating activities	**(951)**	29
Investing activities	**1,367**	-
Financing activities	**(4,380)**	
Total change in non-cash working capital	**(3,964)**	29