



TSXV: ETMC.H E3 Metals Corp. Receives TSX Venture Exchange Approval for, and closes, acquisition of 1975293 Alberta Ltd. and files NI 43-101 Technical Report on Alberta Lithium Project

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HIGHLIGHTS

- E3 Metals Corp (TSXV: ETMC.H) receives final approval from the TSX Venture Exchange for the transaction to acquire 1975293 Alberta Ltd and the Alberta Lithium Project
- E3 Metals Corp received approval from the TSX Venture Exchange for the Technical Report NI 43-101 for the Alberta Lithium Project

Vancouver, British Columbia - (May 31, 2017) – E3 METALS CORP. (TSX.V:ETMC.H) (the “Company” or “E3 Metals”) is pleased to announce that it has received final approval from the TSX Venture Exchange (“TSXV”) and has closed its Fundamental Acquisition (as that term is defined in the policies of the TSXV) with 1975293 Alberta Ltd (“AlbertaCo”) whereby all outstanding securities of AlbertaCo have been exchanged for securities of E3 Metals (the “Transaction”) as described below. As a result of the closing of the Transaction the Company has applied to upgrade its listing to Tier 2 of the TSXV and expects to complete same shortly.

Transaction Details

E3 Metals has paid AlbertaCo \$150,000 and issued to the securities holders of AlbertaCo (i) a total of 6,000,000 common shares (the “Escrow Shares”) of the Company in exchange for 100% of the outstanding shares of AlbertaCo and (ii) 600,000 share purchase warrants (the “Warrants”) in exchange for 100% of the outstanding share purchase warrants of AlbertaCo. Each Warrant is exercisable into one common share in the capital of the Company at an exercise price of \$0.30 per share until April 19, 2020. The Escrow Shares will be deposited in escrow and are subject to release in accordance with the Value Escrow regime prescribed by the TSXV (10% on closing, 15% every 6 months thereafter). All securities issued will be subject to a resale restriction of four (4) months and one (1) day from their date of issuance.



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E3 Metals commissioned APEX Geoscience Ltd. to prepare a National Instrument 43-101 Technical Report on the oilfield lithium brine (“**Petro-Brine**”) Clearwater and Exshaw properties in Alberta, Canada (collectively the “**Alberta Lithium Project**” or the “**Project**”). The Technical Report has been posted and is available on SEDAR (www.sedar.com) and on our website (www.e3metalscorp.com/documents).

Summary of the NI 43-101 Technical Report

The Alberta Lithium Project is comprised of 10 Alberta Metallic and Industrial Mineral Permits (“**Permit**” or “**Permits**”) totaling 87,965 hectares (879.65 square kilometres) that can be further sub-divided into three separate areas, or groups of contiguous permits:

1. Clearwater Sub-Property: 7 contiguous permits totaling 62,540.1 hectares;
2. Exshaw (East) Sub-Property: 2 contiguous permits totaling 16,628.4 hectares; and
3. Exshaw (West) Sub-Property: a single permit of 8,796.1 hectares.

E3 Metals’ permits have been staked for their oilfield Petro-Brine potential. Certain oilfields saline formation waters sitting directly below oil and gas pools, or Petro-Brines, are known to contain medium to highly anomalous concentrations of lithium, and are therefore considered potential sources for large tonnages of lithium. In Alberta, lithium-enriched formation water, greater than 50 mg/L, has been historically documented by government and industry to occur within the Devonian Beaverhill Lake (Swan Hills), Winterburn (Nisku), Woodbend (Leduc) and Wabamun groups (formations) of the Alberta Sedimentary Basin. These reservoirs in Alberta are world-renowned for their oil and gas resources and are collectively known as the Devonian petroleum system, which was discovered at the Leduc No. 1 well near Leduc, Alberta, Canada on February 13, 1947. The vast hydrocarbon reserves within Alberta’s Devonian strata are attributed to the abundance of mature, excellent to good quality reservoir rocks.

By nature, saline brine coexists with oil/gas in these highly porous and permeable reservoirs (or aquifers). As such, Lithium Petro-Brine within the Alberta Lithium Project is accessible via oil/gas wells that have pumped the Petro-Brine (along with hydrocarbons) from Devonian aquifers situated at depths of between approximately 1,500 m to 3,500 m below the earth’s surface. The Petro-Brine is essentially waste-water associated with hydrocarbon products. Currently, the extracted water is treated to separate and remove petroleum products and then is re-injected back into subsurface formations. It is conceivable that existing water processing procedures could be modified to extract lithium and other elements from the Devonian aquifer systems; however at this stage of exploration there is no guarantee that lithium and associated elements (e.g., potassium, boron, and bromine) will be economically extractable from the brine with current technology.

E3 Metals has yet to conduct any Petro-Brine sampling, analytical work, drilling, recovery test work, or mineral resource estimate work at the Alberta Lithium Project.

Historical water chemistry data compilation shows that the Winterburn Group (Nisku Formation), Woodbend Group (Leduc Formation) and Wabamun Group contain the highest concentrations of lithium enriched Petro-Brine in the Project area. E3 Metals has the mineral rights to all of these formations within our Permit areas, including the highly productive Leduc Reservoir. Lithium concentrations range up to 135mg/L within the reservoir E3 Metals holds, within and directly adjacent to the Permit areas.

A reservoir analysis to determine potential water production was conducted using currently available data from oil/gas wells previously drilled. Analytical models were created for vertical and horizontal wells in which the aquifer was assumed to be circular with constant pressure boundary at 17,200 m. A ‘minimum required flow-rate’ value of 3,000 m³ of water per day sustained for 1,000 hours was used as



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a benchmark to estimate the minimum effective permeability required for the Project. A minimum practically achievable bottom hole pressure of 500 kPa was used. Based on these parameters, a minimum permeability of approximately 15 **millidarcy** (mD) was required to reach the minimum required flow-rate of 3,000m³/d. The inflow performance relationship was then estimated for analytical models with: 1) average expected permeability (20 mD); and 2) highest expected permeability (80 mD). The results for the vertical wells returned maximum water flow rates of 5,000 m³ per day (at 20 mD) and 20,500 m³ per day (at 80 mD).

For horizontal well simulations, the aquifer was modeled as a single homogeneous reservoir. A well length of 1600 m and a minimum practically achievable bottom hole pressure of 1500 kPa was used. It was found that a minimum permeability of around 5 mD was required to reach the minimum required flow-rate. The inflow performance relationship was estimated for analytical models using three permeability scenarios: 1) lowest viable (5 mD); 2) average expected (20 mD); and 3) highest expected (80 mD). Models for horizontal wells returned maximum water flow rates of 3,300 m³ per day (at 5 mD), 8,100 m³ per day (at 20 mD) and 26,500 m³ per day (at 80 mD).

Devonian petroleum system within the Clearwater and Exshaw properties represents a mature petroleum field, and therefore, generates large volumes of Petro-Brine. That is, in the early history of this oilfield, most wells started out pumping hundreds to thousands of barrels of petroleum products per day, which required little active pumping to extract. However, at present most of the wells produce excessive amounts of formation water in comparison to petroleum products due to increased pumping to generate crude oil.

It is concluded that the Devonian petroleum system underlying E3 Metals' Clearwater and Exshaw properties yield historical lithium-enriched Petro-Brine and that petro-operators in the area are active and continue to produce petroleum with large volumes of waste formation water.

Over the next 6 months, E3 Metals will focus efforts to identify key areas for, and proceed to conduct, lithium sampling as part of the overall Company strategy. The purpose of this sampling is to confirm historical results in areas known to contain lithium as well as conduct sampling in areas where the Petro-Brine is expected to contain lithium, but has yet to be tested.

The longer-term goal for the Company is to complete the work necessary to develop a Mineral Resource over at least one area, likely multiple areas, within the Project. The path the Company plans to take to accomplish this goal is outlined below.

- Sample the Petro-Brine within the known lithium enriched areas
- Explore new and untested areas for lithium enrichment in Petro-Brine by systematically sampling across our permit area
- Identify a target area for our maiden Mineral Resource based on the results obtained
- Develop a lithium extraction solution with a two-pronged approach
 - Working with lithium process companies and testing our brine with their existing process methodologies Developing our own solution through key industry collaborations
 - Leverage the existing reservoir data available from the oil/gas industry to develop a reservoir model
- Combine the reservoir model and lithium sampling results to complete E3 Metals' maiden Mineral Resource strategically selected from one of our multiple project areas



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In connection with the closing of the Fundamental Acquisition, Messrs. Karan Thakur, Marco Strub and Mervyn Pinto have resigned, and Chris Doornbos, Paul Reinhart, Mike O'Hara and Jeremy Read have been appointed directors of the Company. Additionally Peeyush Varshney has resigned as President and Chris Doornbos has been appointed President and Chief Executive Officer. Ms. Debbie Lew has been appointed Chief Financial Officer. A brief background of each director and officer follows:

Chris Doornbos, President, Chief Executive Officer and Director

Mr. Doornbos has a broad range of experience in developing mineral projects across the globe. His experience covers the spectrum from greenfields exploration to project development. Mr. Doornbos has a strong technical background and has successfully driven projects through to the development stages, including a very successful record of expanding resources by using innovative and out-of-the-box thinking. Mr. Doornbos emphasizes risk management, developing and managing an exceptional technical team and well-strategized project generation, with a clear focus on developing and capturing value for shareholders. He is the CEO of Revere Development Corp. and was the Vice-President of Exploration for MinQuest Ltd.

Jeremy Read, Director

Mr. Read is a seasoned mineral resource industry executive, having worked on a broad range of precious and base metals projects in Australia, Africa, North America, India and Scandinavia. He has wide-ranging experience in project generation, greenfields, brownfields and project development. Mr. Read spent 11 years working for BHP in Africa and Australia, including several years as the manager of BHP's Australian exploration team. From 2003, Mr. Read has concentrated on developing junior mineral resource companies, creating and capturing value for shareholders. He has been the managing director of four Australian Securities Exchange-listed resource companies: Discovery Metals, Meridian Minerals, Avalon Minerals and MinQuest Ltd. Mr. Read has also listed companies on the Alternative Investment Market in London and the Botswana Stock Exchange.

Mike O'Hara, Director

Mr. O'Hara is an oil and gas executive and registered professional engineer with 35 years of experience in founding, developing and managing profitable, growth-oriented oil and gas companies. He has a solid record in the evaluation, negotiation and acquisition of high-quality oil and gas properties and joint venture opportunities. Formerly, Mr. O'Hara was the president of Bernum Petroleum Ltd., president, director and founder of Xergy Processing Inc., and CEO, president, director and founder of Calahoo Petroleum Ltd., a Toronto Stock Exchange-listed exploration and production company, sold in 2000 to Samson Petroleum for approximately \$130-million.

Peeyush Varshney, Director

Mr. Varshney has been actively involved in the capital markets since 1996 and has been a principal of Varshney Capital Corp., a private merchant banking, venture capital and corporate advisory firm, since 1996. Mr. Varshney obtained a bachelor of commerce degree (finance) in 1989 and a bachelor of laws in 1993, both from the University of British Columbia. He then articulated at a large regional business law firm in Vancouver, B.C., from 1993 to 1994 and has been a member of the Law Society of British Columbia since September, 1994. Mr. Varshney is also director of TSX-listed Mountain Province Diamonds Inc., and TSX Venture Exchange-listed Canada Zinc Metals Corp. and Margaret Lake Diamonds Inc.



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Paul Reinhart, Director

Mr. Reinhart brings his over 30 years of experience in providing early-stage project financing and advisory services. Mr. Reinhart's experience and expertise in the resource exploration business include Kokanee Explorations, Far West Mining and Bearing Resources. He is currently CEO of Sora Capital Corp., an investment issuer focused on the technology industry. He is also president of Vanhart Capital Corp., a privately held investment company, specializing in financing and advisory services for early-stage companies.

Debbie Lew, Chief Financial Officer

Ms. Lew has been with Varshney Capital, a Vancouver-based merchant banking, venture capital and corporate advisory services firm, for over 16 years and took on the management role in finance and administration in 2006. Ms. Lew obtained her designation as a CPA and CGA in 2007. Ms. Lew is a director and/or officer of various publicly traded companies.

Mr. Chris Doornbos, President and CEO stated: "We are very pleased to have completed this transaction so quickly. We entered into the original LOI on April 24th, and have now completed the acquisition of 1975293 Alberta Ltd. and E3 Metal's complete reorganization. I would like to thank all those who worked so hard to get this accomplished. I'd also like to welcome all shareholders of our revitalized Company. We have entered into an exciting and emerging sector and have an energized management team ready to implement our go forward strategy. We have many initiatives underway; we look forward to keeping you informed of our progress."