



Lithium Ionic

LTH-TSXV

 Rating
Outperform

 Price: Dec-11
\$1.48

 Target
\$5.00

 Total Rtn
238%

Drilling Results at Bandeira

Bottom Line:

Lithium Ionic released assay results for 15 drill holes at its Bandeira project in Minas Gerais, Brazil, which included the widest and highest-grade intercepts to date. The company recently completed a 50,000m drill program it had set out to execute during H2/23 across both its Itinga and Salinas properties. Drilling continues at select targets, including at Bandeira, with a focus on expanding and upgrading resources prior to a feasibility study planned for early 2024.

Key Points

Widest and highest-grade intercepts to date at Bandeira. Holes ITDD-23-221 and 218, intersected a new zone of high-grade mineralization with 1.72% Li₂O over 53.7m, including 1.87% Li₂O over 39.5m and 1.61% Li₂O over 11.2m (hole ITDD-23-221). This is the widest and highest-grade intercept returned to date across the company's entire portfolio of properties and was intersected ~100m below surface. Other highlights include: 1.65% Li₂O over 16.2m; 1.78% Li₂O over 8.7m, including 2.44% Li₂O over 5.1m; 1.50% Li₂O over 9.4m and 1.40% Li₂O over 6.5m; 1.59% Li₂O over 8.6m; and 2.19% Li₂O over 5.3m.

Drilling at Bandeira is focused on expanding and upgrading resources. A total of ~68,700m (373 holes) has been drilled at the Itinga property, which hosts the Bandeira deposit, with ~52,650m (256 holes) completed at Bandeira. The Bandeira resource estimate included in the PEA included 182 drill holes (39,679m) until the cut-off date of August 30, 2023. Since then, an additional 74 holes (~12,970m) have been completed, focusing on improving drill density and testing mineral extensions, and the deposit remains open to further growth.

Feasibility study and updated mineral resource on track for early 2024. The company is advancing feasibility study work that will include an updated mineral resource estimate, which it expects to complete in early 2024. As previously announced in late November, the company submitted its application for a Concomitant Environmental and Installation License (LAC) to the State of Minas Gerais. The LAC approval, expected in mid-2024, would result in both the environmental and social license and authorization to begin construction.

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Battery Materials

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Company Description

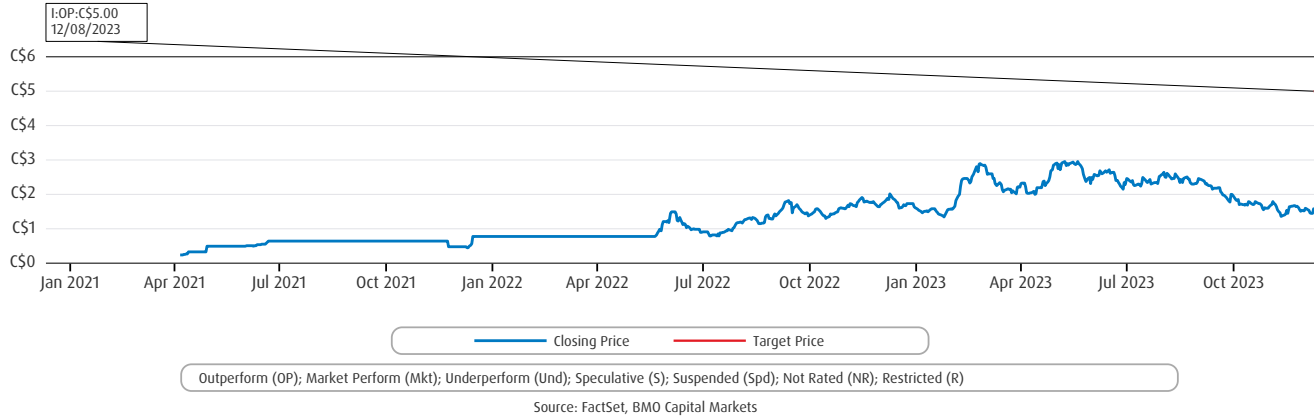
Lithium Ionic Corp. is a hard rock lithium developer focused on advancing its 100%-owned flagship Itinga Projects and its 85%-owned Salinas Project, located in Minas Gerais State, Brazil. A 2023 PEA on the company's Bandeira project outlined a low capital, low-cost underground operation expected to benefit from an accelerated permitting process and timeline to production.


 LTH-TSXV
 Research


Glossary


 Company
 Models

Lithium Ionic Corp. Rating History as of 12/11/2023



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Methodology and Risks to Target Price/Valuation for Lithium Ionic Corp. (LTH-TSXV)

Methodology: We use a NAV-based methodology to value Lithium Ionic shares consistent with other developers in the mining sector. We apply a 0.75x multiple to our calculated NAV, appropriate in our view for an early-stage development company with a low-capital project in an attractive jurisdiction.

Risks: (1) The company’s projects are early-stage and its ability to continue growing and improving the confidence of the resource base and further defining the project economics are key to its overall growth story, in our view. (2) The Bandeira PEA assumes the mining of inferred mineral resources. No mineral reserves have been estimated for the project and there is no certainty these inferred resources will have economic viability. (3) Delays in advancing the project through permitting in a timely manner could impact our assumed production start-up and negatively impact our NAV per share estimate. (4) The presence of a river over portion of the Outro Lado deposit requires further study. A river passes over a portion of the Outro Lado deposit and will not allow for open pit mining of this area. Underground mining is contemplated, and additional mine design study is required, which could adversely affect the current mineral resource estimate for this area (3.4 Mt at 1.47% Li2O). (5) Weakness in lithium and spodumene demand and commodity prices could negatively impact share price performance.

Distribution of Ratings (December 11, 2023)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
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Hold	Market Perform	50.0 %	17.6 %	51.3 %	44.7 %	41.3 %	37.5%
Sell	Underperform	2.5 %	18.2 %	2.6 %	1.3 %	0.9 %	4.8%

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(April 2013 - October 2016)

http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)

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