

Lithium Ionic Corp. EV Materials

Rating SPECULATIVE BUY	Price Target C\$4.50
LTH-TSXV	Price C\$1.47

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Market Data

52-Week Range (C\$) :	1.28 - 3.05
Avg Daily Vol (000s) :	445.16
Shares Out. (M) :	125.3
Market Cap (C\$M) :	184.1
Dividend /Shr (C\$) :	0.00
Dividend Yield (%) :	0.0



— LTH.CA
Source: FactSet

Priced as of close of business 12 December 2023

Lithium Ionic is an exploration and development company that is steadily advancing its flagship Itinga project (19.4Mt at 1.42% Li₂O and growing) in Minas Gerais state, Brazil, in addition to the earlier stage Salinas project.

New high-grade zone discovered at Bandeira

Yesterday, Lithium Ionic reported additional drill results from its flagship Bandeira project, which are part of its recently completed 50,000m exploration program across its portfolio of properties in Minas Gerais state, Brazil.

Our take: Today's results included some of the best intercepts returned to date from Bandeira, with key holes (ITDD-23-221 and ITDD-23-218) suggesting the discovery of a new high-grade zone within the mineralized area at Bandeira. Hole 221 represents the widest and highest-grade lithium drill intercept returned to date among LTH's entire portfolio of projects.

We continue to view these consistent positive results from Bandeira as a strong signal of the resource potential that still exists in the district, and on LTH's property. To date, ~90% of LTH's resource tonnage is contained in only ~1% of the company's total land package.

Drill hole highlights:

- ITDD-23-202: 2.5m at 1.78% Li₂O and 4.0m at 1.83% Li₂O
- ITDD-23-215: 8.7m at 1.78% Li₂O, including 5.1m at 2.44% Li₂O
- **ITDD-23-218: 16.2m at 1.65% Li₂O**
- ITDD-23-219: 2.7m at 1.62% Li₂O
- ITDD-23-220: 1.1m at 1.60% Li₂O and 0.4m at 2.38% Li₂O
- **ITDD-23-221: 53.7m at 1.72% Li₂O, including 39.5m at 1.87% Li₂O and 11.2m at 1.61% Li₂O**
- ITDD-23-227: 5.3m at 2.19% Li₂O

Drilling ongoing, resource upgrades on deck: While the company's planned 50,000m program is now complete, drilling continues on site at select targets including at Bandeira. With work underway on a Feasibility Study for the project, LTH is now focused on drilling to expand and upgrade the existing mineral resource (M&I+I of 29.5Mt at 1.37% Li₂O) for inclusion in the FS in early 2024.

The current resource is based on a total of 182 drill holes over 39,679m (based on an August 30 cut off) and, since then, an additional 74 holes over ~12,970m have been completed at Bandeira. Given the drilling already completed and the exploration work planned going forward, we remain optimistic on the potential upside at Bandeira, as well as the broader Itinga group of properties.

Maintain SPEC BUY; C\$4.50/sh target price: Our estimates remain unchanged at this time. Our target price remains based on 1.0x NAV. LTH currently trades at 0.33x NAV, at a discount to peers.

Potential upcoming catalysts:

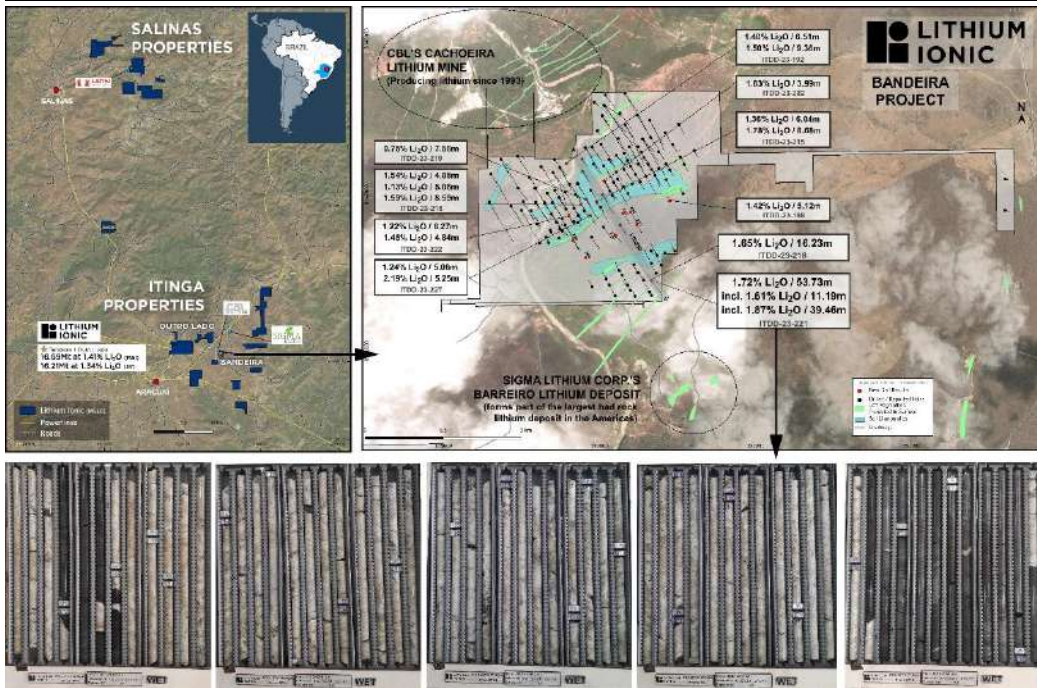
- Bandeira Feasibility Study — Q1 2024
- Bandeira EIA completion — H1 2024
- LAC approval/construction permit — mid-2024
- Maiden resource at Salinas
- District M&A (Sigma?)

Figure 1: Bandeira drill results

Hole ID	Az	Dip	From	To	Metres	Li2O (%)
ITDD-23-192	150	-77	196.40	202.91	6.51	1.40
and			346.48	355.84	9.36	1.50
ITDD-23-198	0	-90	39.07	41.24	2.17	0.67
and			67.98	71.67	3.69	0.91
and			93.91	99.03	5.12	1.42
ITDD-23-200	0	-90	69.11	71.11	2.00	1.55
ITDD-23-202	150	-58	85.10	87.62	2.52	1.78
and			258.82	262.81	3.99	1.83
ITDD-23-203	150	-50	83.29	83.69	0.40	2.48
ITDD-23-212	150	-60	110.38	112.78	2.40	1.21
ITDD-23-215	150	-52	37.48	43.52	6.04	1.36
and			203.86	212.54	8.68	1.78
including			203.86	208.94	5.08	2.44
ITDD-23-216	150	-72	55.24	60.12	4.88	1.54
and			65.36	70.42	5.06	1.13
and			197.59	206.18	8.59	1.59
ITDD-23-218	330	-62	56.17	72.40	16.23	1.65
ITDD-23-219	150	-51	56.49	64.05	7.56	0.75
including			58.54	61.54	3.00	1.11
and			197.86	200.53	2.67	1.62
ITDD-23-220	150	-50	66.48	66.89	0.41	2.38
and			76.92	78.00	1.08	1.60
ITDD-23-221	150	-60	113.37	167.10	53.73	1.72
including			113.37	124.56	11.19	1.61
including			127.64	167.10	39.46	1.87
and			187.30	189.17	1.87	1.61
and			193.77	195.63	1.86	1.81
ITDD-23-222	150	-79	57.30	63.57	6.27	1.22
and			197.78	202.62	4.84	1.45
ITDD-23-227	150	-72	9.76	14.82	5.06	1.24
and			149.37	154.62	5.25	2.19
and			179.03	181.93	2.90	1.67
ITDD-23-229	150	-60	122.55	124.72	2.17	1.30

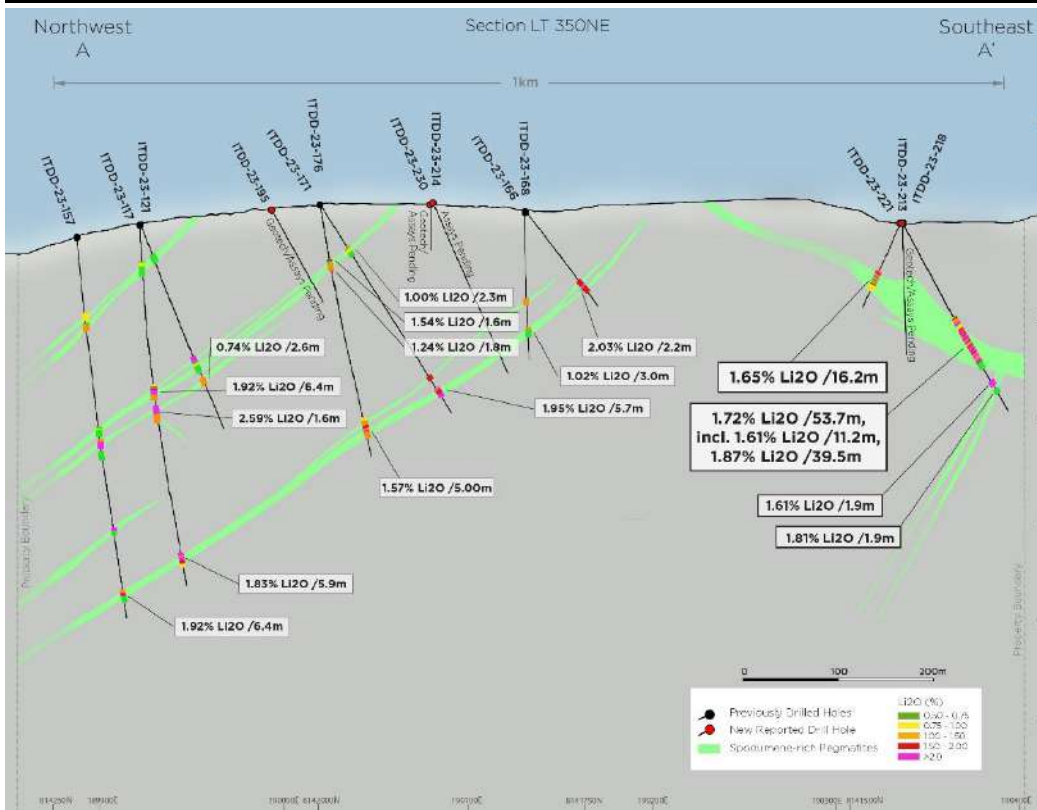
Source: Company Reports

Figure 2: Bandeira drill hole locations and drill core of ITDD-23-221



Source: Company Reports

Figure 3: Cross-section of select Bandeira drill holes



Source: Company Reports

Appendix: Important Disclosures

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Investment Recommendation

Date and time of first dissemination: December 13, 2023, 10:14 ET

Date and time of production: December 13, 2023, 10:14 ET

Target Price / Valuation Methodology:

Lithium Ionic Corp. - LTH

Our target price is based on 1.0x NAV, measured as at October 1, 2024.

Risks to achieving Target Price / Valuation:

Lithium Ionic Corp. - LTH

Exploration risk

Exploration is subject to a number of risks and can require a high rate of capital expenditure. Risks can also be associated with the conversion of inferred resources and lack of accuracy in the interpretation of geochemical, geophysical, drilling and other data. No assurances can be given that exploration will delineate mineral resources or that the company will be able to convert mineral resources into minable reserves.

Financing risk

As an exploration and development company with no operating cash flow, Lithium Ionic is reliant upon the capital markets to fund the development of its assets and the continuing business development activities. There is no guarantee that LTH will continue to be able to access capital markets should there be changes in market sentiment and/or pricing.

Permitting risk

Our estimates and valuation assume the successful receipt of permits for the company's projects; however, there is no guarantee that this will be the case, or that permits will be received within our assumed timelines.

Operating risk

If and when in production, the company will be subject to risks such as plant and equipment breakdowns, metallurgical (meeting design recoveries), materials handling and other technical issues. An increase in operating costs could reduce the profitability and free cash generation from the operating assets considerably and negatively impact valuation. Furthermore, the actual characteristics of an ore deposit may differ significantly from initial interpretations, which can also materially impact forecast production from original expectations.

Jurisdictional risk

Investments in emerging markets such as Brazil pose a greater degree of risk as they are more susceptible to destabilization. As a result, Lithium Ionic's operations could be adversely impacted by political and economic instability and/or changes in government policy that could affect the ownership of assets, mining activities, exchange rates, and taxation, among others. Given the heightened jurisdictional risk and technical risk (pre-resource), we assume an elevated discount rate to value Itinga vs. the typical 8% used to value operating lithium assets in safe jurisdictions.

Commodity price and currency fluctuations

As with any mining company, LTH is directly exposed to commodity price and currency fluctuations. Commodity price fluctuations are driven by many macroeconomic forces, including inflationary pressures, interest rates and supply and demand factors. These factors could reduce the profitability, costing and prospective outlook for the business.

Distribution of Ratings:

Global Stock Ratings (as of 12/13/23)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	602	65.86%	22.76%
Hold	127	13.89%	11.81%
Sell	15	1.64%	6.67%
Speculative Buy	161	17.61%	50.31%
	914*	100.0%	

*Total includes stocks that are Under Review

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BUY: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.

HOLD: The stock is expected to generate risk-adjusted returns of 0-10% during the next 12 months.

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NOT RATED: Canaccord Genuity does not provide research coverage of the relevant issuer.

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12-Month Recommendation History (as of date same as the Global Stock Ratings table)

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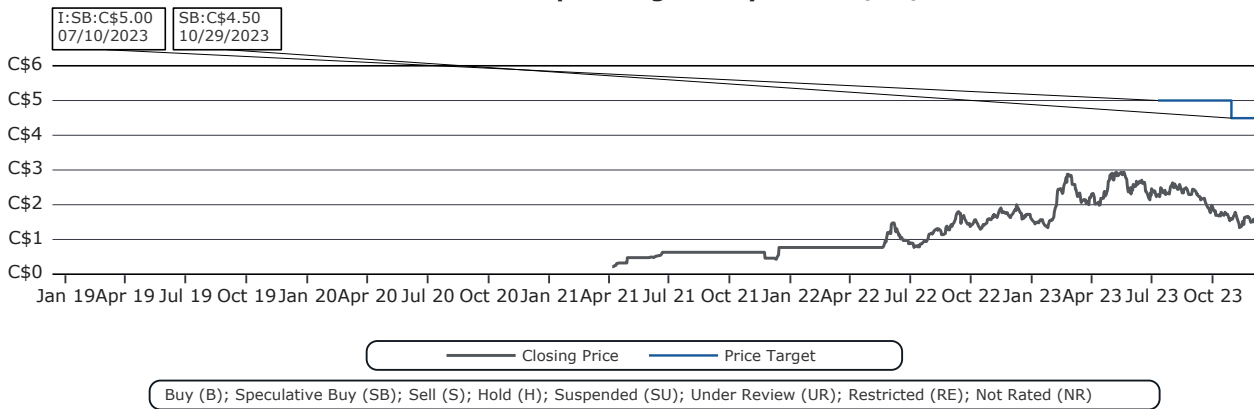
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An analyst has visited the material operations of Lithium Ionic Corp.. No payment was received for the related travel costs.

An analyst has visited the material operations of Lithium Ionic Corp.. Full payment was received for the related travel costs.

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



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