

Lithium Ionic Corp.

Frederic Tremblay, CFA • (514) 841-0283 • frederic.a.tremblay@desjardins.com

Liam Bergevin, Associate • (514) 809-7586 • liam.a.bergevin@desjardins.com

Rating: Buy, Risk: Speculative, Target: C\$5.25

LTH C\$1.45, TSX-V

LTH reports best intercept yet at the Salinas project, ahead of what should be a catalyst-rich 2024

The Desjardins Takeaway: Positive

LTH announced positive results from its ongoing drill program at the Salinas lithium project in Brazil. The results include the best intercept to date at the property. Drill intercept highlights include:

- 1.13% Li₂O over 27.6m, including 1.34% Li₂O over 9m, representing a new record-high intercept at Salinas from a grade x width perspective at one of the most scarcely drilled targets on the property (hole BGDD-23-109)
- 1.60% Li₂O over 11.9m, including 2.00% Li₂O over 8m near surface, from 63m (hole BGDD-23-097)
- 1.45% Li₂O over 9.8m near surface from 28.7m (hole BGDD-23-079)
- 1.34% Li₂O over 10m from 85m (hole BGDD-23-092)
- 1.35% Li₂O over 9m (hole BGDD-23-088)

The latest Salinas drill results are a reminder of LTH's continued attractive resource expansion potential (at both the Itinga and Salinas projects) and of the overall quality of its large land package in a lithium district which includes producing mines (ie Sigma and CBL). Recall that at Itinga's low-cost Bandeira deposit, the resource estimate was increased to 29.5mt (1.37% Li₂O) in October 2023 and an updated resource estimate (along with a DFS) is expected in 1Q24. At Salinas, a maiden resource estimate is expected in 2024 (likely early in the year) and we believe around 10mt looks achievable.

Other potential catalysts for 2024 include progress in a fast-tracked permitting process (recall that all of LTH's projects were granted "priority status" within the state of Minas Gerais, which could lead to Bandeira obtaining permitting around mid-2024) and potential strategic partnerships (eg offtake). **Overall, we believe that LTH likely has the most potential near-term catalysts within our lithium coverage.**

Valuation (0.25x P/NAV) looks attractive vs peers (0.32x). With several potential near-term catalysts and rapid project development, we believe LTH should trade at a premium multiple.

This report was prepared by an analyst(s) employed by Desjardins Capital Markets and who is (are) not registered as a research analyst(s) under FINRA rules. Please see disclosure section on pages 2-4 for company-specific disclosures, analyst certification and legal disclaimers.

DISCLOSURES

COMPANY-SPECIFIC DISCLOSURES

Desjardins Capital Markets has performed investment banking services for Lithium Ionic Corp. in the past 12 months.

Desjardins Capital Markets has received compensation for investment banking services from Lithium Ionic Corp. within the past 12 months.

Desjardins Capital Markets has managed or co-managed a public offering of securities for Lithium Ionic Corp. in the past 12 months.

The Desjardins Capital Markets research analyst(s) and/or associate(s) has viewed a material operation of Lithium Ionic Corp., which includes but is not limited to mines, distribution centres, warehouses, production plants and/or other facilities related to the day-to-day operations of Lithium Ionic Corp. as applicable, and the related travel expenses have not been paid for by the issuer.

ANALYST CERTIFICATION

Each Desjardins Capital Markets research analyst named on the front page of this research publication, or at the beginning of any subsection hereof, hereby certifies that (i) the recommendations and opinions expressed herein accurately reflect such research analyst's personal views about the company and securities that are the subject of this publication and all other companies and securities mentioned in this publication that are covered by such research analyst, and (ii) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by such research analyst in this publication.

STOCK RATING SYSTEM

Top Pick

Desjardins' best investment ideas—stocks that offer the best risk/reward ratio and that are expected to significantly outperform their respective peer group* over a 12-month period

Buy

Stocks that are expected to outperform their respective peer group* over a 12-month period

Hold

Stocks that are expected to perform in line with their respective peer group* over a 12-month period

Sell

Stocks that are expected to underperform their respective peer group* over a 12-month period (includes recommendations to tender to a takeover offer)

Not Rated

Stock is being covered exclusively on an informational basis

RISK QUALIFIERS

Average Risk

Risk represented by the stock is in line with its peer group* in terms of volatility, liquidity and earnings predictability

Above-average Risk

Risk represented by the stock is greater than that of its peer group* in terms of volatility, liquidity and earnings predictability

Speculative

High degree of risk represented by the stock, marked by an exceptionally low level of predictability

* Peer group refers to all of the companies that an analyst has under coverage and does not necessarily correspond to what would typically be considered an industry group. Where an analyst's coverage universe is such that 'relative' performance against a 'peer group' is not meaningful, the analyst will benchmark the rating against the most appropriate market index

Distribution of ratings

Rating category	Desjardins rating	Desjardins coverage universe (# of stocks)	% distribution	Desjardins Investment Banking (# of stocks)	% distribution
Buy	Buy/Top Pick	120	72	92	71
Hold	Hold	43	26	35	27
Sell	Sell/Tender	3	2	3	2
Total		166	100	130	100

Lithium Ionic Corp. Rating History as of 12-06-2023

Powered by: BlueMatrix



Chart legend: TP: Top Pick, B: Buy, H: Hold, S: Sell, NR: Not Rated, I: Company initiation, T: Transfer of coverage, S: Coverage suspended, DC: Coverage dropped

Full disclosures for research of all companies covered by Desjardins Capital Markets can be viewed at <https://desjardins.bluematrix.com/sellside/Disclosures.action>.

LEGAL DISCLAIMERS

Chart legend: TP: Top Pick, B: Buy, H: Hold, S: Sell, NR: Not Rated, I: Company initiation, T: Transfer of coverage, S: Coverage suspended, DC: Coverage dropped

Each Desjardins Capital Markets research analyst named on the front page of this research publication, or at the beginning of any subsection hereof, hereby certifies that (i) the recommendations and opinions expressed herein accurately reflect such research analyst's personal views about the company and securities that are the subject of this publication and all other companies and securities mentioned in this publication that are covered by such research analyst, and (ii) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by such research analyst in this publication.

Desjardins Capital Markets™ is a trademark used by Desjardins Securities Inc., Desjardins Securities International Inc. and Fédération des caisses Desjardins du Québec, wholly owned subsidiaries of Mouvement des caisses Desjardins.

Dissemination of Research

Desjardins Capital Markets makes all reasonable effort to provide research simultaneously to all eligible clients. Research is available to our institutional clients via Bloomberg, FactSet, FirstCall Research Direct, Reuters and Thomson ONE. In addition, sales personnel distribute research to institutional clients via email, fax and regular mail.

Additional Disclosures

Desjardins Capital Markets equity research analysts are compensated from revenues generated by various Desjardins Capital Markets businesses, including Desjardins Capital Markets' Investment Banking Department. Desjardins Capital Markets will, at any given time, have a long or short position or trade as principal in the securities discussed herein, related securities or options, futures, or other derivative instruments based thereon. The reader should not rely solely on this publication in evaluating whether or not to buy or sell the securities of the subject company. Desjardins Capital Markets expects to receive or will seek compensation for investment banking services within the next three months from all issuers covered by Desjardins Capital Markets Research.

Legal Matters

This publication is issued and approved for distribution in Canada by Desjardins Securities Inc., a member of the Canadian Investment Regulatory Organization (CIRO) and a member of the Canadian Investor Protection Fund (CIPF). In the US, this publication is issued via the exemptive relief described in SEC Rule 15a-6, and through reliance on Desjardins Securities International Inc., a member of FINRA and SIPC.

This publication is provided for informational purposes only, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such offer or solicitation would be prohibited. The securities mentioned in this publication may not be suitable for all types of investors; their prices, value and/or income they produce may fluctuate and/or be adversely affected by exchange rates. This publication does not take into account the investment objectives, financial situation or specific needs of any particular client of Desjardins Capital Markets. Before making an investment decision on the basis of any recommendation made in this publication, the recipient should consider whether such recommendation is appropriate, given the recipient's particular investment needs, objectives and financial circumstances. Desjardins Capital Markets suggests that, prior to acting on any of the recommendations herein, you contact one of our client advisors in your jurisdiction to discuss your particular circumstances. Since the levels and bases of taxation can change, any reference in this publication to the impact of taxation should not be construed as offering tax advice; as with any transaction

having potential tax implications, clients should consult with their own tax advisors. Past performance is not a guarantee of future results.

This publication may contain statistical data cited from third party sources believed to be reliable, but Desjardins Capital Markets does not represent that any such third party statistical information is accurate or complete, and it should not be relied upon as such. All estimates, opinions and recommendations expressed herein constitute judgments as of the date of this publication and are subject to change without notice.

US institutional customers: Desjardins Securities Inc. distributes and accepts responsibility for the contents of this report subject to the terms and limitations set out above. Securities offered in the United States are offered through Desjardins Securities International Inc., member of FINRA (www.finra.org) the US Securities and Exchange Commission and the SIPC. This communication and its contents are for institutional use only. Institutions receiving this report should effect transactions in securities in the report through Desjardins Securities International Inc.

Although each company issuing this publication is a wholly owned subsidiary of Mouvement des caisses Desjardins, each is solely responsible for its contractual obligations and commitments, and any securities products offered or recommended to or purchased or sold in any client accounts (i) will not be insured by the Federal Deposit Insurance Corporation ("FDIC"), the Canada Deposit Insurance Corporation or other similar deposit insurance, (ii) will not be deposits or other obligations of Mouvement des caisses Desjardins, (iii) will not be endorsed or guaranteed by Mouvement des caisses Desjardins, and (iv) will be subject to investment risks, including possible loss of the principal invested.

The Desjardins trademark is used under licence.

© 2023 Desjardins Securities Inc. All rights reserved. Unauthorized use, distribution, duplication or disclosure without the prior written permission of Desjardins Securities is prohibited by law and may result in prosecution.

OFFICES**Montreal**

1170 Peel Street
Suite 300
Montreal, Quebec H3B 0A9
(514) 987-1749

Toronto

25 York Street
Suite 1000
Toronto, Ontario M5J 2V5
(416) 607-3001

Calgary

110 9th Avenue SW
Suite 410
Calgary, Alberta T2P 0T1
(877) 532-6601

Vancouver

401 West Georgia Street
Suite 1050
Vancouver, British Columbia
V6B 5A1
(604) 656-2665