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Lithium Ionic Corp.

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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.

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RISK QUALIFIERS

Average Risk

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

Buy

Stocks that are

outperform their

expected to

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

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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

Speculative

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

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Risk represented by the stock is greater than

that of its peer group* in terms of volatility,

liquidity and earnings predictability

Above-average Risk

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Sell	Sell/Tender	3	2	3	2
Total		166	100	130	100

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

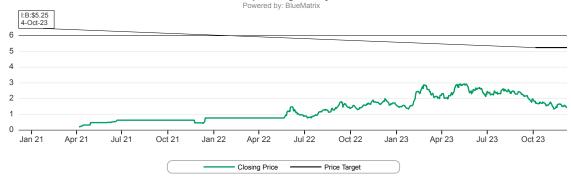


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