

Battery Materials

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 Legal Entity: BMO Nesbitt Burns Inc.



LTH-TSXV | Rating **Outperform** | Price: Jan-22 **\$1.06** | Target **\$5.00** | Total Rtn **372%**

Bandeira Assay Results; Updated Resource and Feasibility Study Expected Q1/24

Bottom Line:

Assay results announced for 16 drill holes completed at Bandeira continue to demonstrate attractive grades. 2024 drilling will focus on expanding and upgrading the deposit as well as geotechnical and condemnation drilling in preparation for mine development. Several near-term catalysts are expected, including an updated resource estimate and feasibility study for Bandeira and an initial resource estimate for Salinas (both Q1/24), and Bandeira permitting update (mid-2024).

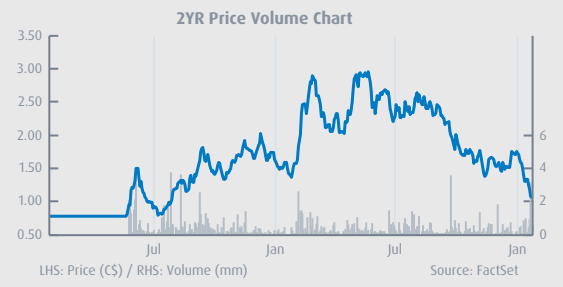
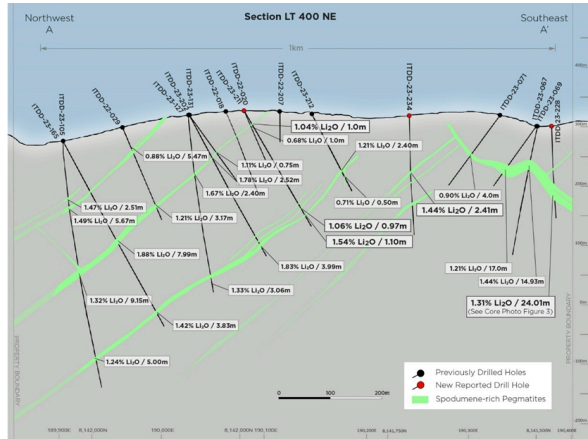
Key Points

Bandeira drilling continues to intersect attractive grades with highlights including 1.31% Li₂O over 24.0m, 2.12% Li₂O over 7.2m, and 1.96% Li₂O over 5.9m. The drill results also demonstrate high grade mineralization near surface, including 1.67% Li₂O over 10.0m and 1.65% Li₂O over 8.0m, ~100m, and ~44m down hole, respectively.

2024 drill program targeting 50,000m of drilling to upgrade and expand the existing resource. The Bandeira PEA mine plan includes the mining of ~58% of the current inferred resource, and the potential to upgrade/expand the resource for the upcoming feasibility study would provide greater confidence in the resource model and potentially allow for mine life extension beyond the 20-year PEA plan. We assume 50% resource growth across the portfolio (from 33Mt to 50Mt).

Several upcoming catalysts expected in the coming months: (1) Bandeira feasibility study and updated resource estimate (Q1/24), (2) Salinas initial resource estimate (Q1/24), and (3) updates on the company’s application for a Concomitant Environmental and Installation License (LAC), approval of which would result in the environmental and social license and authorization to begin construction.

Exhibit 1: Cross Section LT400 NE (Source: Company Filings)



LHS: Price (C\$) / RHS: Volume (mm) Source: FactSet

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.

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LTH-TSXV Research

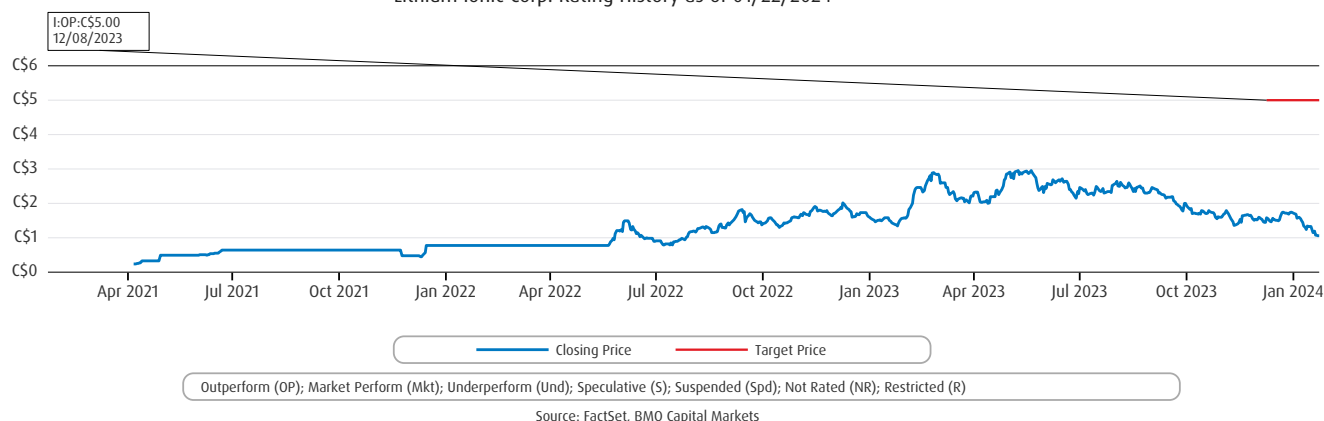


Glossary



Company Models

Lithium Ionic Corp. Rating History as of 01/22/2024



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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 (January 22, 2024)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	48.4 %	15.4 %	43.6 %	54.2 %	57.4 %	57.7%
Hold	Market Perform	49.0 %	17.9 %	51.3 %	44.3 %	40.8 %	37.5%
Sell	Underperform	2.4 %	27.3 %	3.8 %	1.4 %	1.4 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

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~ As of April 1, 2019.

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Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;

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(S) = Speculative investment;

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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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