

# Lithium Ionic Corp. EV Materials

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Rating  
**SPECULATIVE BUY**

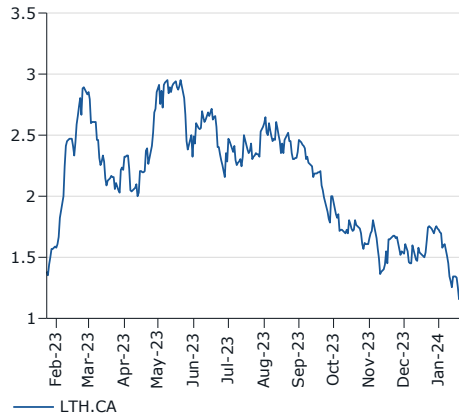
Price Target  
**C\$4.50**

LTH-TSXV

Price  
**C\$1.06**

**Market Data**

52-Week Range (C\$) :	1.00 - 3.05
Avg Daily Vol (000s) :	483.30
Shares Out. (M) :	125.3
Market Cap (C\$M) :	132.8
Dividend /Shr (C\$) :	0.00
Dividend Yield (%) :	0.0



Source: FactSet

Priced as of close of business 22 January 2024

Lithium Ionic is an exploration and development company that is steadily advancing its flagship Itinga project (~33Mt at 1.38% Li<sub>2</sub>O and growing) in Minas Gerais state, Brazil, in addition to the earlier stage Salinas project.

## More results from Bandeira; FS on deck

This morning, Lithium Ionic reported additional drill results from its flagship Bandeira project, which are part of its 50,000m exploration program completed in H2 2023 across its portfolio of properties in Minas Gerais state, Brazil.

**Our take:** Today's results continued the trend of strong results from Bandeira, with grades and widths continuing in line with recent results. 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.

With a Feasibility Study for Bandeira now well underway, we expect an upgraded resource for the project to be released this quarter. As a reminder, the current Bandeira resource only reflects drilling completed up to August 2023. LTH has completed considerable drilling since, much of which was primarily focused on expanding and upgrading the deposit. Drilling is also ongoing as part of a ~50,000m program planned for 2024.

**Drill hole highlights:**

- ITDD-23-226: 7.2m at 2.12% Li<sub>2</sub>O and 8.0m at 1.53% Li<sub>2</sub>O
- ITDD-23-228: 24.0m at 1.31% Li<sub>2</sub>O, including 6.0m at 1.86% Li<sub>2</sub>O and 10.0m at 1.67% Li<sub>2</sub>O
- ITDD-23-224: 5.9m at 1.96% Li<sub>2</sub>O and 6.0m at 1.73% Li<sub>2</sub>O
- ITDD-23-243: 10.4m at 1.33% Li<sub>2</sub>O, including 8.0m at 1.65% Li<sub>2</sub>O
- ITDD-23-210: 3.9m at 1.98% Li<sub>2</sub>O and 5.0m at 1.81% Li<sub>2</sub>O

**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, measured as at October 1, 2024. LTH currently trades at 0.24x NAV, an attractive discount to peers.

We expect LTH to re-rate higher over the next 12 months as management looks to publish a Definitive Feasibility Study, an MRE for Salinas, as well as regional exploration results. In addition, we believe there is a high chance the Bandeira project will receive its permit to proceed. We also foresee near-term M&A in Brazil (Sigma?) as a potential catalyst for other developers in the region, including Lithium Ionic.

**Potential upcoming catalysts:**

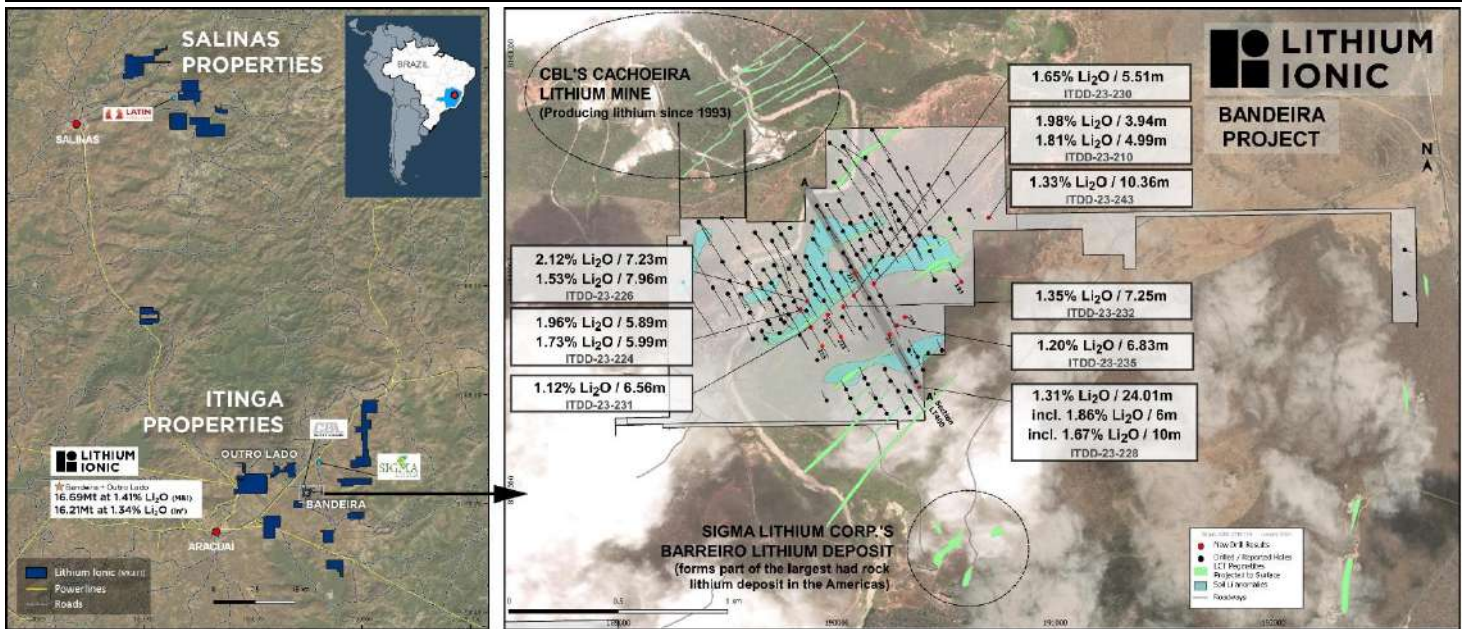
- Bandeira Feasibility Study - Q1 2024
- Bandeira EIA completion - H1 2024
- Bandeira LAC approval/construction permit - mid-2024
- Maiden mineral resource at Salinas - in the coming months
- District M&A

**Figure 1: Bandeira drill results**

Hole ID	Az	Dip	From	To	Metres	Li2O (%)
ITDD-23-193	330	-53	65.08	68.85	3.77	1.39
ITDD-23-210	150	-65	139.91	143.25	3.34	1.62
and			219.57	223.51	3.94	1.98
and			256.99	259.01	2.02	1.75
and			276.43	278.98	2.55	0.65
and			285.60	287.94	2.34	1.22
and			298.00	302.98	4.98	0.83
and			565.09	570.08	4.99	1.81
and			584.29	587.82	3.53	0.80
ITDD-23-211	150	-57	16.51	17.51	1.00	1.04
and			188.35	189.32	0.97	1.06
and			197.53	198.63	1.10	1.54
ITDD-23-223	150	-50	94.04	98.19	4.15	1.49
ITDD-23-224	150	-63	28.43	34.32	5.89	1.96
and			166.46	172.45	5.99	1.73
ITDD-23-225	150	-54	78.99	81.13	2.14	1.85
and			83.80	85.97	2.17	0.72
ITDD-23-226	150	-67	35.27	42.50	7.23	2.12
and			171.61	179.57	7.96	1.53
ITDD-23-228	0	-90	98.93	122.94	24.01	1.31
including			99.93	105.93	6.00	1.86
including			110.13	120.13	10.00	1.67
ITDD-23-230	150	-65	161.98	167.49	5.51	1.65
ITDD-23-231	150	-60	129.79	136.35	6.56	1.12
ITDD-23-232	150	-49	138.70	145.95	7.25	1.35
ITDD-23-233	150	-50	146.75	148.90	2.15	1.27
ITDD-23-234	0	-90	95.12	97.53	2.41	1.44
ITDD-23-235	0	-90	104.46	111.29	6.83	1.20
and			167.04	171.57	4.53	1.17
ITDD-23-236	0	-90	101.89	104.89	3.00	1.39
ITDD-23-243	0	-90	44.06	54.42	10.36	1.33
including			45.06	53.06	8.00	1.65

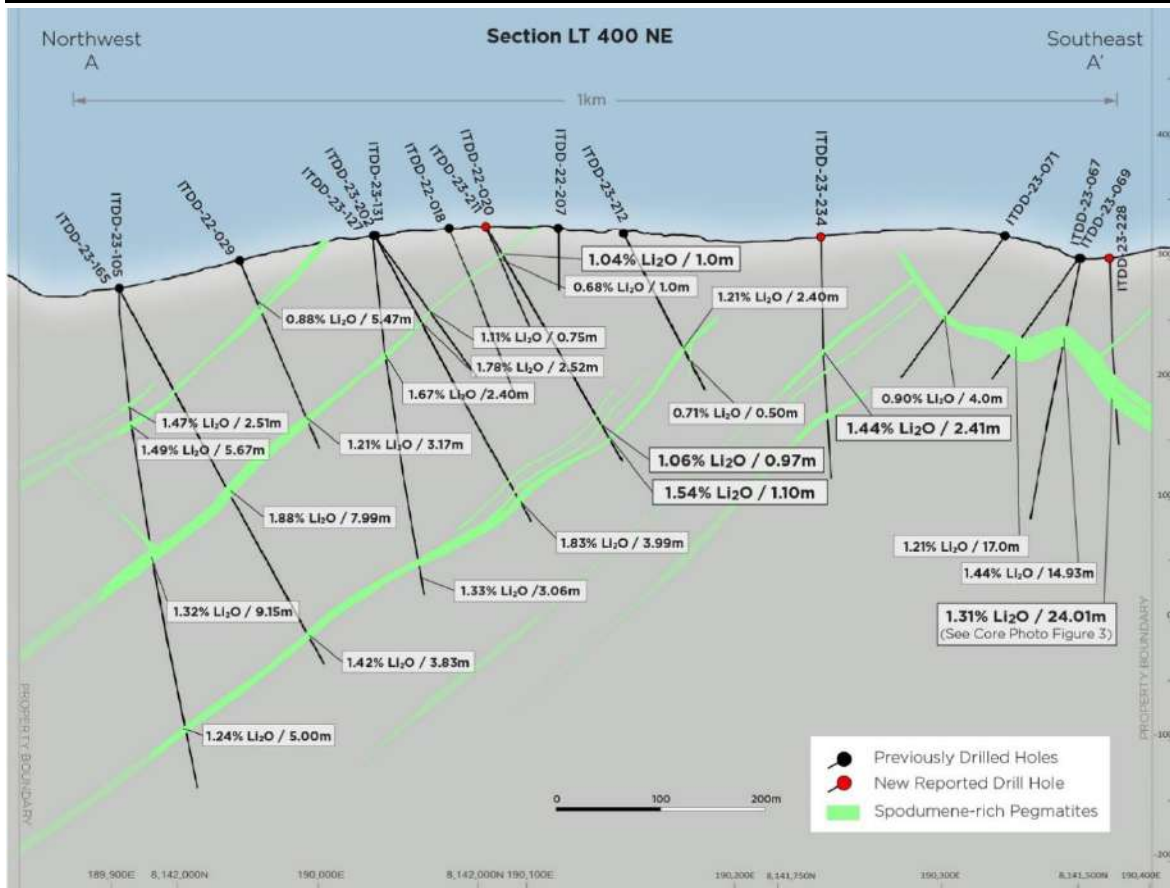
Source: Company Reports

**Figure 2: Drill hole locations at Bandeira**



Source: Company Reports

**Figure 3: Cross-section of key results at Bandeira**



Source: Company Reports



# Appendix: Important Disclosures

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## **Investment Recommendation**

Date and time of first dissemination: January 23, 2024, 11:29 ET

Date and time of production: January 23, 2024, 11:29 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 01/23/24)**

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	599	65.18%	22.70%
Hold	138	15.02%	11.59%
Sell	13	1.41%	7.69%
Speculative Buy	159	17.30%	50.31%
	919*	100.0%	

\*Total includes stocks that are Under Review

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**BUY:** The stock is expected to generate returns greater than 10% during the next 12 months.

**HOLD:** The stock is expected to generate returns from -10% to 10% during the next 12 months.

**SELL:** The stock is expected to generate returns less than -10% during the next 12 months.

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

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\*As of January 1, 2024, the Ratings History Chart will reflect the new Canaccord Genuity Ratings System as defined above.

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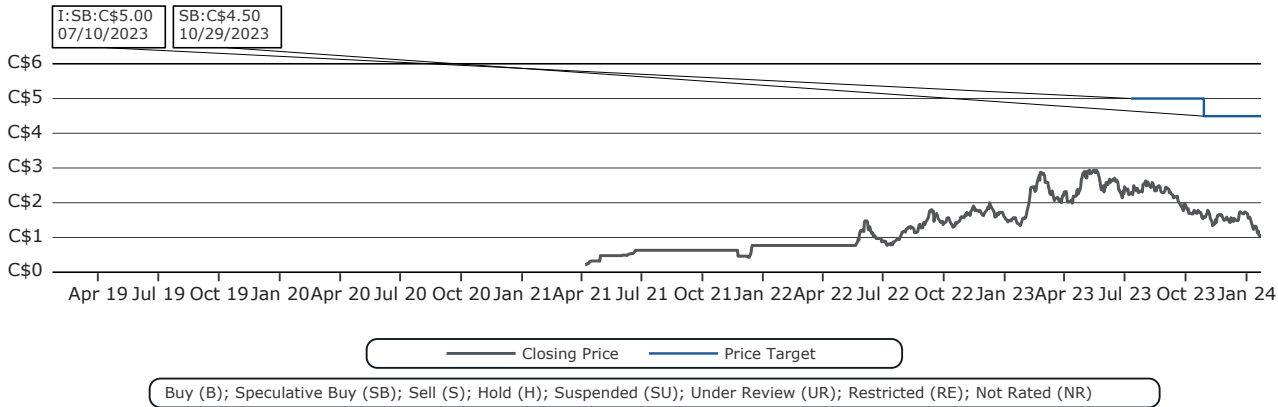
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An analyst has visited the material operations of Lithium Ionic Corp.. No payment was received for the related travel costs.

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 01/22/2024**



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