

# Lithium Ionic Corp.

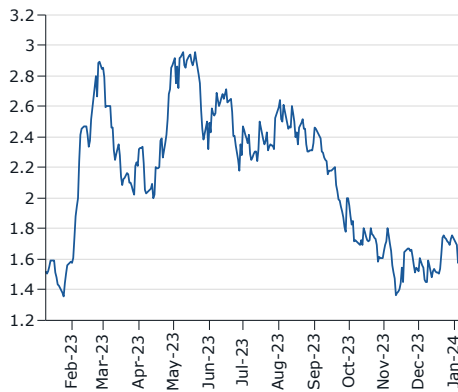
## EV Materials

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Rating <b>SPECULATIVE BUY</b>	Price Target <b>C\$4.50</b>
LTH-TSXV	Price <b>C\$1.45</b>

**Market Data**

52-Week Range (C\$) :	1.28 - 3.05
Avg Daily Vol (000s) :	395.31
Shares Out. (M) :	125.3
Market Cap (C\$M) :	181.6
Dividend /Shr (C\$) :	0.00
Dividend Yield (%) :	0.0



Source: FactSet

Priced as of close of business 8 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.

## Salinas shaping up; maiden resource on deck

This morning, Lithium Ionic reported additional drill results from its ongoing drill program at its 85% owned Salinas project located in Minas Gerais state, Brazil. The Salinas project is located ~100km north of the Itinga properties, which host LTH's flagship project Bandeira.

**Our take:** We continue to view Salinas as valuable medium-term upside for the company and today's results further validate the potential size of the project. We highlight hole BGDD-23-095, which returned 15m grading 1.59% Li<sub>2</sub>O at surface from 42m, one of the best intercepts to date. The grade of the deposit also seems to be shaping up; we estimate an average grade of ~1.30% Li<sub>2</sub>O based on the holes reported with multiple intercepts over 1.50% Li<sub>2</sub>O.

Regional successes also indicate the potential exploration upside of the project, with neighbour Latin Resources (LRS-ASX, A\$0.23 | SPEC BUY, A\$0.70/sh TP | Reg Spencer, Canaccord Genuity (Australia) Ltd.) releasing an updated mineral resource for its own Salinas project in early December (see note [here](#)). LRS's project resource now totals 70.3Mt at 1.27% Li<sub>2</sub>O, including a 41% increase at Colina compared to the June MRE and the delineation of a new deposit at Fogs Block. In 2024, LTH has planned a 50,000m drill program across its properties.

**Recent drill hole highlights at Salinas:**

- BGDD-23-095: 1.59% Li<sub>2</sub>O over 15.0m, at surface from 42m
- BGDD-23-098: 1.58% Li<sub>2</sub>O over 9.0m
- BGDD-23-100: 1.13% Li<sub>2</sub>O over 9.1m, including 1.61% Li<sub>2</sub>O over 4.0m
- BGDD-23-102: 0.96% Li<sub>2</sub>O over 11.0m, including 1.21% Li<sub>2</sub>O over 5.0m

**Maiden mineral resource at Salinas on deck:** Since May 2023, LTH has completed 105 holes totaling ~25,000m (beyond the company's initial target of 20,000m). These results will inform a maiden mineral resource at Salinas, expected "in the coming months". In our view, this MRE could be a potential re-rating catalyst for LTH and will provide upside to our current estimates, which currently attribute zero value despite the project's clear potential and proximity to LRS (bordering its deposit).

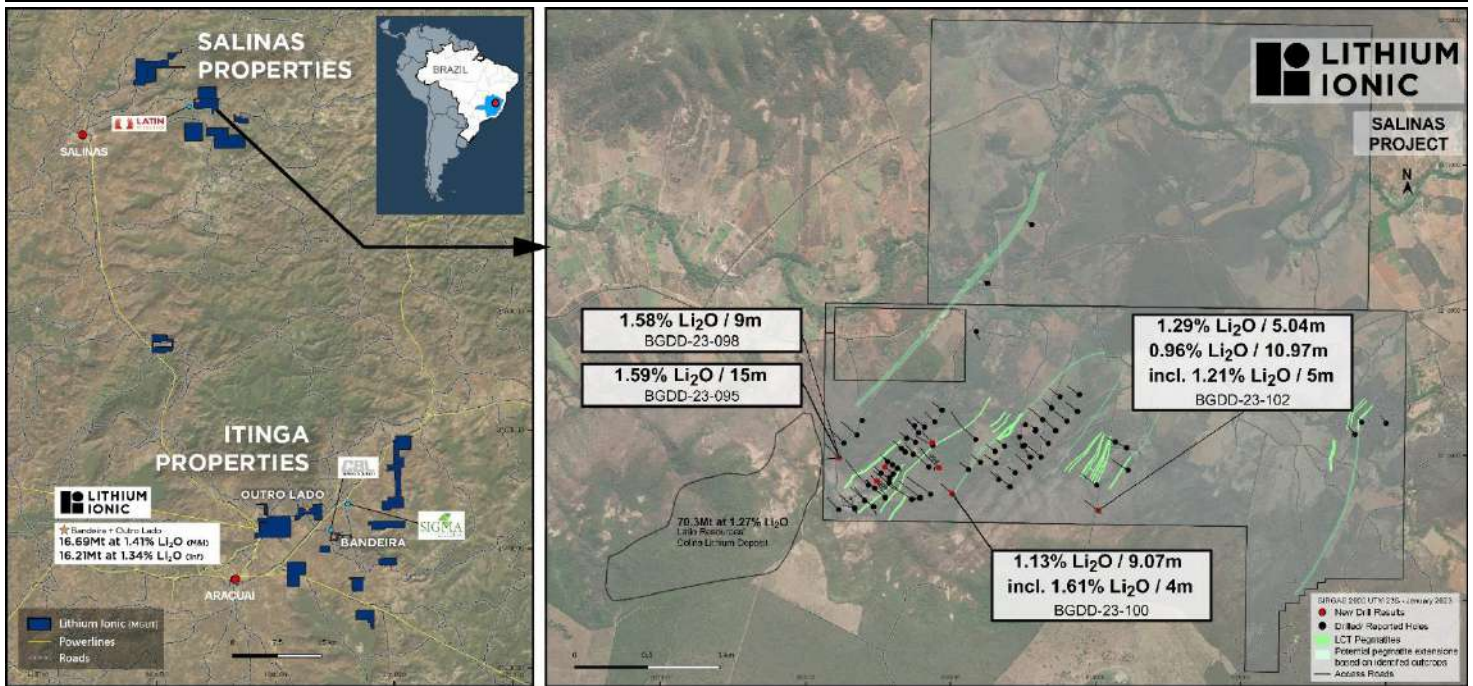
**Maintain SPEC BUY; C\$4.50/sh target price:** Our estimates remain unchanged at this time. Our target price remains based on 1.0x NAV, measured as at October 1, 2024. LTH currently trades at 0.32x NAV, an attractive discount to peers.

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 Definitive 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: Drill hole locations at Salinas**



Source: Company Reports

**Figure 2: Salinas drill results**

Hole ID	Az	Dip	From	To	Metres	Li2O (%)
BGDD-23-094	310	-79	206.50	208.50	2.00	0.58
and			223.17	226.40	3.23	0.48
and			279.34	282.39	3.05	1.41
BGDD-23-095	310	-70	42.16	57.16	15.00	1.59
BGDD-23-098	260	-75	199.70	208.70	9.00	1.58
BGDD-23-099	0	-90	63.06	66.10	3.04	0.95
and			109.22	114.22	5.00	0.93
including			109.22	112.22	3.00	1.24
BGDD-23-100	310	-60	120.18	129.25	9.07	1.13
including			120.18	124.18	4.00	1.61
BGDD-23-101	310	-60	nsv			
BGDD-23-102	310	-60	65.94	70.98	5.04	1.29
and			75.43	86.40	10.97	0.96
including			76.43	81.43	5.00	1.21

Source: Company Reports

# Appendix: Important Disclosures

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## **Investment Recommendation**

Date and time of first dissemination: January 09, 2024, 08:50 ET

Date and time of production: January 09, 2024, 08:50 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 01/09/24)**

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	601	65.47%	22.80%
Hold	135	14.71%	11.85%
Sell	14	1.53%	7.14%
Speculative Buy	160	17.43%	51.25%
	918*	100.0%	

\*Total includes stocks that are Under Review

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**HOLD:** The stock is expected to generate returns from -10% to 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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\*As of January 1, 2024, the Ratings History Chart will reflect the new Canaccord Genuity Ratings System as defined above.

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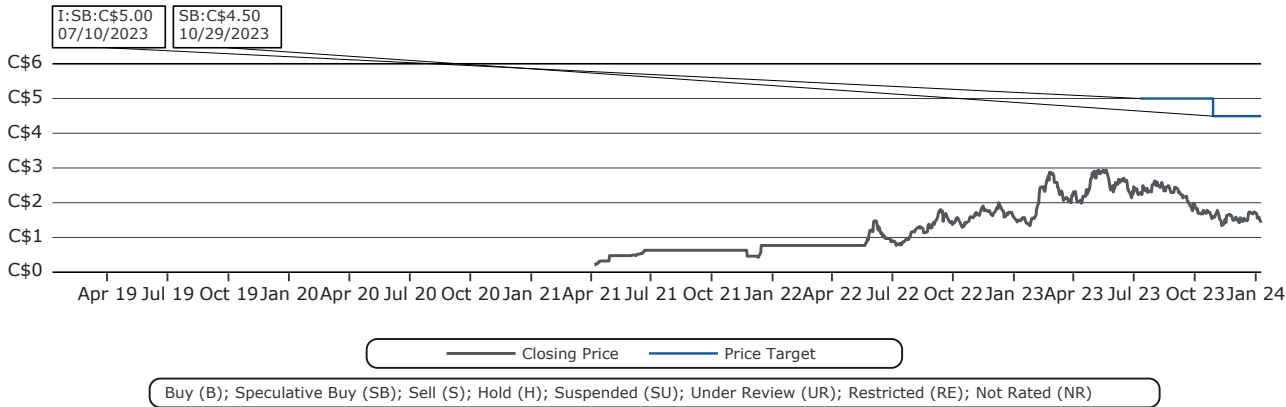
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An analyst has visited the material operations of Lithium Ionic Corp.. No payment was received for the related travel costs.

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 01/08/2024**



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